

FINANCIAL REPORT

Fiscal Year 2024

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Message from the Chief Financial and Administrative Officer

I am pleased to present the financial condition and operating results of the First Responder Network Authority (FirstNet Authority) for fiscal year (FY) 2024, along with the report of the independent auditors, Harper, Rains, Knight & Company, P.A. This fulfills the statutory requirements established by Section 6209 of Public Law No. 112-96, Title VI, 126 Statute 156, which created the FirstNet Authority as an independent authority within the National Telecommunications and Information Administration of the U.S. Department of Commerce.

For the twelfth consecutive year, the FirstNet Authority's auditors have provided an unmodified opinion on the FirstNet Authority's FY 2024 Financial Statements. The auditors perform procedures to obtain audit evidence about the amounts and disclosures in the financial statements to provide reasonable assurance that the financial statements are free from material misstatement.

Strong financial stewardship. Throughout FY 2024, the FirstNet Authority demonstrated strong stewardship of its financial resources, ensuring they were effectively managed to support its mission. This careful oversight allowed the FirstNet Authority to continue overseeing the development and operation of the Nationwide Public Safety Broadband Network (NPSBN), fulfilling the mandates outlined in its enabling legislation.

Financial sustainability through self-sufficiency. The FirstNet Authority operates as a self-sustaining entity, as required by statute, and does not rely on annual congressional funding. Its financial sustainability is supported through a contractual agreement with AT&T. In March 2024 and September 2024, AT&T submitted its annual fee payments for the exclusive use of the FirstNet Authority's 20 megahertz of telecommunications spectrum in Band 14. In accordance with the terms of the NPSBN contract, these payments were recorded as contract revenue and contract liability on the FirstNet Authority Statements of Operations and Balance Sheet.

Advancing the NPSBN and supporting public safety agencies. In FY 2024, the FirstNet Authority made success-based payments to AT&T for completed milestones of the NPSBN contract. As of September 30, 2024, the FirstNet Authority has recognized \$6.7 billion in assets, at cost, related to the NPSBN. As of September 30, 2024, more than 28,500 public safety agencies were using 6.1 million service connections on the network.

Investing in network improvements for public safety. As both a statutory mandate and a top priority, the FirstNet Authority ensures that funds received from AT&T are reinvested to enhance and expand the NPSBN. In 2024, the FirstNet Authority approved a \$684 million budget package to support operations for fiscal year 2025 and advance opportunities for network innovation and improvements. Of this budget, \$534 million was specifically allocated to investments in network coverage and emerging technologies, reflecting the FirstNet Authority's ongoing commitment to strengthening the capabilities of the NPSBN. These strategic investments underscore the FirstNet Authority's dedication to delivering a state-of-the-art broadband communications network that empowers public safety agencies in their life saving mission.

William B. Fillman

William Fillman
Acting Chief Financial and Administrative Officer, First Responder Network Authority



Introduction and Background



Introduction and Background

History, Purpose and Mission

The attacks of September 11, 2001, exposed a critical gap in the communication systems used by public safety agencies nationwide: the failure of police, fire and emergency services to communicate effectively due to incompatible radio systems. In response, the 9/11 Commission Report urged Congress to create a reliable, dedicated, interoperable, and nationwide high-speed network for public safety agencies. In the years after the report's release, public safety organizations and associations united to advocate for legislation that would establish such a network, ensuring that first responders could communicate seamlessly during emergencies.

As a result, Congress passed the Middle Class Tax Relief and Job Creation Act of 2012 (the Act). The Act created the First Responder Network Authority (FirstNet Authority) as an independent authority within the U.S. Department of Commerce's National Telecommunications and Information Administration (NTIA).

The FirstNet Authority is the federal entity charged with overseeing the building, deployment, and operation of the FirstNet network — the nationwide public safety broadband network, or NPSBN. The Act also authorized the Federal Communications Commission to allocate 20 megahertz of spectrum for public safety use and provide \$7 billion out of spectrum auction revenues to build the network. The Act included provisions outlining the authorities, duties, and responsibilities of the FirstNet Authority, required audit and self-reporting, and established the FirstNet Authority's governance structure and advisory committees. Specifically, the Act charged the FirstNet Authority with responsibilities for self-funding and continued network investment to support the ongoing evolution of the network and public safety communications ecosystem.

In March 2017, the FirstNet Authority awarded a 25-year network contract to AT&T to build, operate, maintain, and enhance the FirstNet network. AT&T successfully completed the initial five-year buildout of the FirstNet network in 2023, and now the FirstNet Authority is working to expand, enhance, and evolve the network for our nation's first responders.

The FirstNet Authority continues to collaborate with local, state, federal, and tribal public safety in every state and U.S. territory, as well as the District of Columbia. By creating meaningful partnerships, the FirstNet Authority works to raise awareness about the FirstNet network's capabilities and ensure the network grows in a manner that best reflects first responder's communication needs.

Fiscal Year 2024 Overview

The FirstNet Authority's fiscal year (FY) begins October 1 and ends September 30. FY 2024 marked the FirstNet Authority's twelfth consecutive year of operations, and this year was focused on expanding and evolving the FirstNet network for public safety use. Through targeted investment and ongoing public safety engagement, the FirstNet Authority continues to serve as a catalyst for technology and innovation.

In FY 2024, the FirstNet Authority achieved the following milestones:

- **Network evolution investment:** In February 2024, the FirstNet Authority and its network partner AT&T announced a 10-year, \$6.3 billion investment to accelerate the FirstNet network's evolution to 5G, enhance coverage, and expand mission critical services. This strategic investment will create a standalone 5G core, upgrade the deployables fleet with 5G connectivity, and result in 1,000 new cell sites within the next two years — among other capabilities.
- **Coverage Investment:** In August 2024, the FirstNet Authority authorized a second major strategic investment of approximately \$2 billion to expand the network. Over the next decade, the investment will improve coverage where public safety users need it, with a focus on tribal, territorial, and rural areas.
- **Operational support/resources for public safety:** In FY 2024, the FirstNet Authority continued to provide operational support and resources for public safety agencies nationwide, conducting 55 pre-planning and post-event engagements. Support included events like the solar eclipse in April 2024, Super Bowl LVIII, the Democratic and Republican national conventions, and the 150th running of the Kentucky Derby. Additionally, over 2,500 solutions were triaged and deployed across the country for public safety facing disasters like hurricanes and wildfires.
- **Updated Emergency Management Resource Guide:** The Emergency Management Resource Guide is a reference tool designed to help emergency managers and other first responders understand the FirstNet network's features and capabilities and how to integrate them into daily operations. The FirstNet Authority updated the Emergency Management Resource Guide with the latest information and delivered a Spanish translation to assist public safety officials who are bilingual or whose jurisdictions are predominantly Spanish speaking.
- **5x5: The Public Safety Innovation Summit:** The FirstNet Authority co-hosted the second annual 5x5 summit with the National Institute of Standards and Technology's Public Safety Communications Research Division. The 5x5 summit hosted more than 560 attendees and featured over 70 live technology demos, including presentations from local Chicago-area public safety agencies. The event brought together leaders in public safety, industry, and academia, fostering discussions about the future of public safety communications.
- **Ongoing public safety engagement:** In the past year, the FirstNet Authority team hosted over 1,400 engagements with more than 53,000 public safety stakeholders, spanning various disciplines, levels of government, and representing all 56 states and territories. These engagements have resulted in critical insights, which have helped guide ongoing improvements and the evolution of the FirstNet network.
- **International engagement:** In addition to collaborating with domestic public safety agencies in FY 2024, the FirstNet Authority worked with over 35 countries to improve public safety access to broadband across the globe. The FirstNet Authority also engaged with international partners at 5x5: The Public Safety Innovation Summit.

The summit featured a live panel with representatives from around the world to share recent public safety technology advancements and best practices.

Keeping Promises, Meeting Challenges, and Committing to Innovation

The FirstNet network was purpose-built for public safety and, through the ongoing efforts of the FirstNet Authority, continues to evolve in response to their dynamic needs. Driven by our commitment to innovation and advocacy, the FirstNet Authority remains dedicated to working with its network contractor, AT&T, to provide a broadband network that includes the tools and technology necessary to help safeguard our communities.



1.0 Financial Statements

1.0 Financial Statements

1.1 Balance Sheets

First Responder Network Authority
Balance Sheets
As of September 30, 2024 and 2023
(In Thousands)

ASSETS	FY 2024		FY 2023	
Current Assets				
Cash (Note 2)	\$	992,425	\$	882,519
Restricted Cash (Note 2)		558		547
Accounts Receivable		69		57
Advances and Prepayments		95		95
Total Current Assets		993,147		883,218
Property, Plant, and Equipment, Net (Note 3)		4,050		3,630
Nationwide Public Safety Broadband Network (NPSBN), Net (Note 4)		5,364,451		5,616,721
Other Assets, Net (Note 5)		5,644		4,375
Operating Lease Right-Of-Use Assets (Note 6)		2,664		3,697
TOTAL ASSETS	\$	6,369,956	\$	6,511,641
LIABILITIES				
Current Liabilities				
Accounts Payable	\$	38,962	\$	349,262
Accrued Payroll and Leave		5,311		6,602
Contract Liability (Note 7)		286,221		195,000
Operating Lease Liabilities (Note 6)		1,162		1,114
Total Current Liabilities		331,656		551,978
Non-Current Liabilities				
Operating Lease Liabilities (Note 6)		1,602		2,755
TOTAL LIABILITIES	\$	333,258	\$	554,733
EQUITY (Note 9)				
Contributed Capital from U.S. Government	\$	6,962,927	\$	6,962,927
Accumulated Loss		(926,229)		(1,006,019)
TOTAL EQUITY	\$	6,036,698	\$	5,956,908
TOTAL LIABILITIES AND TOTAL EQUITY	\$	6,369,956	\$	6,511,641

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

1.2 Statements of Operations

First Responder Network Authority
Statements of Operations
For the Years Ending September 30, 2024 and 2023
(In Thousands)

Operating Revenues	FY 2024		FY 2023	
Nationwide Public Safety Broadband Network Contract Revenue (Note 7)	\$	469,854	\$	195,000
Total Operating Revenues		469,854		195,000
Operating Expenses				
Personnel Compensation and Benefits (Note 11)		50,089		46,410
Contractual Services (Note 12)		28,698		54,054
Other General and Administrative		6,942		6,353
Depreciation and Amortization (Notes 3, 4, and 5)		304,628		284,390
Total Operating Expenses		390,357		391,207
Operating Income (Loss)		79,497		(196,207)
Gain (Loss) on Disposition of Assets (Note 3)		293		(58)
Loss on Financing Sources		-		(19)
NET INCOME (LOSS)	\$	79,790	\$	(196,284)

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

1.3 Statements of Cash Flows

First Responder Network Authority
Statements of Cash Flows
For the Years Ending September 30, 2024 and 2023
(In Thousands)

Cash Flows from Operating Activities	FY 2024		FY 2023	
Net Income (Loss)	\$	79,790	\$	(196,284)
Adjustments to reconcile Net Income (Loss) to Net Cash				
Depreciation and Amortization Expense		304,628		284,390
Reduction in Carrying Amount of Right-Of-Use Asset		1,033		994
Bad Debt Expense		-		20
(Gain)/Loss on Disposition of Assets		(293)		58
Changes in Operating Assets and Liabilities:				
Increase in Accounts Receivable		(12)		(34)
Increase in Advances and Prepayments		-		(1)
(Decrease)/Increase in Accounts Payable		(17,238)		14,713
(Decrease)/Increase in Accrued Payroll and Leave		(1,291)		627
Decrease in Operating Lease Liabilities		(1,105)		(1,056)
Increase in Contract Liability		91,221		-
NET CASH PROVIDED BY OPERATING ACTIVITIES		456,733		103,427
Cash Flows from Investing Activities				
Purchases of Capitalized NPSBN		(343,675)		(133,848)
Purchases of Property, Plant, and Equipment		(1,141)		(729)
Purchases of Other Assets		(2,000)		(2,175)
NET CASH USED IN INVESTING ACTIVITIES		(346,816)		(136,752)
Net Increase/(Decrease) in Cash and Restricted Cash		109,917		(33,325)
Cash and Restricted Cash, Beginning of Year		883,066		916,391
CASH AND RESTRICTED CASH, END OF YEAR (Note 2)	\$	992,983	\$	883,066
Non-Monetary Transactions				
Non-Cash Gain (Loss) on Disposition of Property, Plant, and Equipment	\$	293	\$	(58)
Deferred Rent (included in Accounts Payable on the Balance Sheets)		-		234
Non-Cash Purchases of NPSBN Assets (included in Accounts Payable on the Balance Sheets)		35,078		328,140
NON-MONETARY TRANSACTIONS	\$	35,371	\$	328,316

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



2.0 Notes to the Financial Statements

2.0 Notes to the Financial Statements

Note 1. Reporting Entity and Summary of Significant Accounting Policies

1. A – Description of Reporting Entity

The First Responder Network Authority (FirstNet Authority) was established by Public Law No. 112-96, *Title VI, 126 Stat. 156, Middle Class Tax Relief and Job Creation act of 2012* (Public Law 112-96 or the Act) as an independent authority within the National Telecommunications and Information Administration (NTIA) of the U.S. Department of Commerce (the Department). The FirstNet Authority is headed by a Board of 15 individuals 12 appointed by the Secretary of Commerce, along with the Secretary of Homeland Security, the Attorney General of the United States, and the Director of the Office of Management and Budget (OMB). The FirstNet Authority's statutory mandate is to ensure the establishment of an interoperable, high-speed Nationwide Public Safety Broadband Network (NPSBN or FirstNet network) for public safety.

As established by the Act, 20 megahertz (MHz) of spectrum in the 700 MHz band, commonly known as Band 14, was dedicated for use as the FirstNet network by the Federal Communications Commission (FCC), an independent third-party agency, for use in establishing the NPSBN. The FirstNet Authority obtained \$7 billion of capital contributions from the U.S. Government as a result of proceeds from certain FCC spectrum license auctions and is expected to be fully funded and self-sustaining through these contributions and its public-private partnership with AT&T.

On January 13, 2016, the FirstNet Authority issued its Request for Proposals (RFP) for the deployment of the nationwide public safety broadband network. The RFP was the result of input to more than 13 Requests for Information, two public Industry Days, and a year of dialogue with the public safety community. The RFP provided for a single award, Indefinite Delivery-Indefinite Quantity (IDIQ) contract with fixed price payments.

In 2017, following an open and transparent competitive bidding process, the FirstNet Authority awarded a 25-year contract to AT&T to design, build, deploy, operate, and maintain the NPSBN. In exchange for AT&T's commitments to establish the network, the FirstNet Authority pays fixed-price milestone payments based on success-based achievements related to core network and radio access network operating capabilities to support network buildout and reinvestment. Throughout the 25-year contract, the FirstNet Authority provides exclusive access to Band 14 spectrum capacity for secondary use by AT&T and its customers when not in use by public safety subscribers. In exchange for this exclusive secondary access, AT&T is required to pay certain fixed payments to the FirstNet Authority totaling \$18 billion over the 25-year contract. The FirstNet Authority executed an amendment to its contract with AT&T in January 2024. Prior to the amendment, the contract established annual fixed payments made each September in advance for the following fiscal year. The amendment changed the timing and amount of the fixed payments owed from AT&T, however the grand total remained \$18 billion. The amendment did not impact any previous payments already made by AT&T. As a result of the amendment, there is still an advance payment due annually in September for the following fiscal year, however there are certain additional interim fixed payments due. After an initial interim payment due in March 2024, annual interim payments are due in January of fiscal years 2025 through 2033. After the amendment, fixed payments range from \$82 million to \$1.148 billion, and total future fixed payments owed as of the amendment date was \$17.010 billion. See *Note 7 – Revenue Recognition* for further details regarding the AT&T revenue agreement.

As of September 30, 2024, more than 28,500 public safety agencies and organizations were using over 6.1 million service connections on the network.

1. B – Basis of Presentation

The accompanying financial statements of the FirstNet Authority have been prepared in conformity with U.S. Generally Accepted Accounting Principles (GAAP), based on accounting standards issued by the Financial Accounting Standards Board (FASB), the private sector standards-setting body. The Federal Accounting Standards Advisory Board (FASAB) has been designated as the standards-setting body for federal financial reporting entities, with respect to the establishment of GAAP. However, the FASAB allows certain federal reporting entities including the FirstNet Authority, to utilize FASB standards for financial statement presentations where the entity can demonstrate that the needs of their primary users would best be met through the application of FASB standards.

Public Law 112-96 delegates financial and operational authority to the FirstNet Authority, allowing it to operate similarly to private business enterprises. The FirstNet Authority's primary funding does not come from annual Federal appropriations. After an initial capital contribution from Federal Communications Commission spectrum auction proceeds, the FirstNet Authority finances its ongoing operations through revenues earned under its arrangement with AT&T to provide access to 20 MHz of spectrum for secondary use.

In compliance with the Act, the FirstNet Authority's financial statements, presented based on FASB and not FASAB standards, are subject to an annual audit by an independent auditor.

The FirstNet Authority has determined to present its financial statements based on FASB standards.

1. C – Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts in these financial statements. On an ongoing basis, the FirstNet Authority reevaluates estimates, which are based on historical experience and various assumptions that management believes are reasonable under the circumstances. However, actual results may differ from those estimates.

1. D – Cash

As of September 30, 2024 and 2023, the FirstNet Authority has recorded as Cash the aggregate amount of funds from all sources, including proceeds from the initial capital contribution through the auction of certain FCC spectrum licenses specified by the Act. Cash is held at the U.S. Department of the Treasury in the NTIA Network Construction Fund, First Responder Network Authority Fund, and the NTIA Public Safety Trust Fund. See *Note 2 – Cash and Restricted Cash* for further details.

1. E – Restricted Cash

Restricted Cash represents the FirstNet Authority cash that is not available for general use. The FirstNet Authority treats funds sequestered by the Budget Control Act of 2011 as Restricted Cash until such time as the sequestered funds are made available. See *Note 2 – Cash and Restricted Cash* for further details.

1. F – Accounts Receivable

Accounts Receivable typically consist of amounts owed to the FirstNet Authority by NTIA, other Federal agencies and the public.

Amounts due from Federal agencies are considered fully collectable. As of September 30, 2024 and 2023, Accounts Receivable consists of intragovernmental receivables related to amounts under reimbursable service agreements between the FirstNet Authority and NTIA. As of September 30, 2024 and 2023, all receivables were considered fully collectible and an allowance for doubtful accounts was not recorded.

1. G – Advances and Prepayments

Advances and Prepayments represent payments made pursuant to intragovernmental agreements for services to be performed by contractors in future periods to support the FirstNet Authority's mission, strategic, programmatic, and administrative objectives. Prepaid goods and services are expensed as the goods and services are provided.

1. H – Property, Plant, and Equipment, Net

Property, Plant, and Equipment (PP&E) includes capital assets used in operations when the estimated useful life is two years or more. PP&E is stated at historical cost, which includes all costs related to acquisition, delivery, and installation, less accumulated depreciation and amortization. The FirstNet Authority depreciates and amortizes the cost of PP&E using the straight-line method over the estimated useful lives of respective assets. Leasehold improvements are depreciated over the shorter of the estimated useful life of the respective asset or the remaining lease term. See *Note 3 – Property, Plant, and Equipment, Net* for further details.

1. I – Other Assets

Other Assets represent costs associated with Geographical Mapping Data and Drive test Data collections used to measure the coverage and performance of the NPSBN. Other Assets are stated at historical cost, which includes all costs related to acquisition and to bring assets to the condition and location necessary for intended use, less accumulated amortization. The FirstNet Authority amortizes the cost of Other Assets using the straight-line method over the estimated useful life of the asset. See *Note 5 – Other Assets, Net* for further details.

1. J – Operating Leases

The FirstNet Authority leases certain office facilities under operating leases in Reston, Virginia, and Boulder, Colorado.

The FirstNet Authority determines if an arrangement is a lease at inception. A lease exists when an arrangement conveys the right to control the use of identified tangible property for a period of time in exchange for consideration.

A lease liability is recognized at the lease commencement date based on the present value of lease payments and the applicable discount rate. A right-of-use asset is recognized at lease commencement equal to the related lease liability, adjusted for any prepaid or deferred rent, initial direct costs, and lease incentives. Some of the FirstNet Authority's leases include provisions for future increases in lease payments after commencement for changes in an index or rate, such as the change in General Services Administration (GSA) market rental rates. Absent a requirement to remeasure the lease liability and right-of-use asset otherwise, increases to lease payments after commencement based on changes in an index or rate are expensed as incurred and the lease liability and right-of-use asset are not remeasured.

The lease term at the commencement date used for lease recognition includes periods covered by options to extend or not terminate the lease, provided that such options are reasonably certain to be exercised or not terminated.

The FirstNet Authority has elected the practical expedient to not recognize lease liabilities and right-of-use assets for leases with a term of 12 months or less (short-term leases). Lease expense for short-term leases is included in Other General and Administrative expenses in the *Statement of Operations*.

Some of the FirstNet Authority's leases include the provision of non-lease components, such as building and security services. The FirstNet Authority has elected the practical expedient to not separate lease and related non-lease components for purposes of lease accounting.

The FirstNet Authority has chosen to elect the practical expedient available to non-public business entities to use a risk-free rate as the discount rate for purposes of lease accounting. The FirstNet Authority uses published U.S. treasury rates for a term commensurate with the related lease for recognition and measurement of lease liabilities and right-of-use assets.

Operating lease expense is recognized on a straight-line basis based on undiscounted lease payments and the assessed lease term. Straight-line lease expense includes both amortization of the right-of-use asset and imputed interest on the lease liability. Variable lease expenses, including those related to future increases in lease payments for changes in an index or rate, are expensed as incurred. Straight-line lease expense and variable lease expense of operating leases are included in Other General and Administrative expenses in the *Statement of Operations*. See *Note 6 – Leases* for further details.

1. K – Impairment of Long-Lived Assets

The FirstNet Authority evaluates its long-lived assets for potential impairment when events or circumstances indicate that the carrying value of the assets may not be recoverable. Recoverability is assessed at the asset group level and is based on whether the respective asset group's carrying value exceeds its estimated future undiscounted cash flows. When the carrying value of an asset group is determined to not be recoverable, an impairment loss is recognized based on the excess of the carrying value of related long-lived assets over respective estimated fair value. There were no impairment charges for the years ended September 30, 2024 and 2023.

1. L – Accounts Payable

Accounts Payable are primarily related to accrued NPSBN milestone deliverables and contractual services payable to AT&T.

1. M – Accrued Payroll and Leave

Accrued payroll and leave includes salaries, wages, and other compensation earned by employees, but not disbursed as of September 30, 2024 and 2023. Annual leave and compensatory time earned leave are accrued as liabilities when earned and the accruals are reduced as leave is taken. These liabilities reflect salary or wage rates of employees as of the respective Balance Sheet date. Accrued leave is recorded net of advances.

1. N – Contract Liability

Fixed up-front annual payments are received from AT&T under the NPSBN contract for exclusive secondary use of Band 14 spectrum. These payments are initially recognized as a contract liability

and are subsequently amortized on a straight-line basis over the applicable fiscal year. See *Note 7 – Revenue Recognition* for further details.

1. O – Employee Retirement Plans and Postretirement Benefits other than Pensions

The FirstNet Authority employees participate in the U.S. government contributory Civil Service Retirement System (CSRS) or Federal Employees' Retirement System (FERS), in which the FirstNet Authority and employees make contributions according to plan requirements. Consistent with reporting under multi-employer pension plans, the FirstNet Authority does not report CSRS and FERS assets, accumulated plan benefits or future liabilities, if any, applicable to its employees. This data is reported for plan participants by the U.S. Office of Personnel Management (OPM). Postretirement benefits for the FirstNet Authority employees, specifically health care costs and life insurance, are administered and paid by OPM through appropriations received from the U.S. government. The FirstNet Authority does not reimburse OPM for these payments. The FirstNet Authority financial statements do not include the costs of employee retirement plans and employee postretirement benefits paid or to be paid by OPM, or the actuarial liabilities for such benefits.

1. P – Revenue Recognition

The FirstNet Authority generates revenues under its arrangement with AT&T to provide access to Band 14 for secondary use by AT&T and its customers when not in use by public safety subscribers. As of the start of FY 2018, the right to secondary access commenced and the FirstNet Authority began to receive payments from AT&T.

The FirstNet Authority recognizes revenue over time, based on the contract term and respective transaction price, as it satisfies its performance obligation to provide continuous access to Band 14 to AT&T during the contract term used for accounting purposes. The FirstNet Authority's license for exclusive use of Band 14 for the NPSBN is subject to periodic reauthorizations by the FCC, which are subject to Congress's reauthorization of the FirstNet Authority. For revenue recognition purposes, the contract term is limited to the periods FirstNet Authority is authorized to use its Band 14 license without restriction by the FCC or through Congress, as reauthorizations past such period are outside the control of the FirstNet Authority.

Reauthorizations through the FCC or through Congress are considered a contract modification, which is accounted for as the creation of a new contract for revenue recognition purposes. In such situation, fixed payments from the date of reauthorization through the remaining contract term used for revenue recognition purposes are recognized as revenue on a straight-line basis over the remaining contract term used for revenue recognition purposes.

Payments received in advance of revenue recognition are recognized as contract liabilities. See *Note 7 – Revenue Recognition* for further details.

1. Q – Tax Status

The FirstNet Authority is not subject to Federal, state, or local income taxes. Accordingly, no provision for income taxes is recorded and reported in the FirstNet Authority's Statements of Operations. The FirstNet Authority has no uncertain tax positions.

1. R – Recently Issued Accounting Standards

In November 2024, the FASB issued Accounting Standards Update 2024-03 "Income Statement: Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-40):

Disaggregation of Income Statement Expenses" to improve the disclosures about an entity's expenses. Upon adoption, we will be required to disclose in the notes to the financial statements a disaggregation of certain expense categories included within the expense captions on the face of the Statement of Operations. The amendments in this update are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted, and the standard can be applied either prospectively or retrospectively. We are currently assessing adoption timing and the effect that the updated standard will have on our financial statement disclosures

Other new pronouncements issued but not effective until after September 30, 2024 are not expected to have a material impact on the FirstNet Authority's Financial Statements.

Note 2. Cash and Restricted Cash

Restricted Cash represents the FirstNet Authority cash that is not available for general use. As of September 30, 2024 and 2023, \$558 thousand and \$547 thousand, respectively, were temporarily restricted from use by the FirstNet Authority due to a temporary reduction in direct spending authority as calculated by OMB and imposed under the Budget Control Act of 2011.

The following table shows the reconciliation of total Cash and Restricted Cash reported on the *Balance Sheets* to the amounts presented on the *Statements of Cash Flows* as of September 30, 2024 and 2023:

<i>In Thousands</i>		FY 2024		FY 2023
Cash	\$	992,425	\$	882,519
Restricted Cash		558		547
Total Cash and Restricted Cash shown in the Statements of Cash Flows	\$	992,983	\$	883,066

Note 3. Property, Plant, and Equipment, Net

The following table summarizes Property, Plant, and Equipment as of September 30, 2024 and 2023:

<i>In Thousands</i>	<u>Estimated Useful Life in Years</u>	FY 2024	FY 2023
Equipment	3 - 10	\$ 7,613	\$ 7,462
Leasehold Improvements	3 - 4	3,416	3,416
Internal Use Software	3 - 7	627	627
Other Property, Plant, and Equipment	3 - 4	1,662	1,662
Construction In Progress - Real Property		32	-
Property, Plant, and Equipment, at cost		13,350	13,167
Less: Accumulated depreciation and amortization		9,300	9,537
Property, Plant, and Equipment, Net		\$ 4,050	\$ 3,630

For the years ended September 30, 2024 and 2023, depreciation and amortization expense was \$1.0 million and \$945 thousand, respectively, and is included in *Depreciation and Amortization* in the *Statements of Operations*. For the year ended September 30, 2024, the FirstNet Authority exchanged

owned equipment for new equipment resulting in a non-cash gain of \$308 thousand, offset by losses on asset disposals of \$15 thousand, for a net total of \$293 thousand. For the year ended September 30, 2023, loss of \$58 was recognized in respect of asset disposals, with no other asset exchange transactions of impact on gains or losses.

Note 4. Nationwide Public Safety Broadband Network, Net

The FirstNet Authority awarded a 25-year contract to AT&T to design, build, deploy, operate, and maintain the NPSBN in 2017. The NPSBN is an interoperable nationwide high-speed broadband network dedicated to public safety. As part of this service contract arrangement, the FirstNet Authority has granted the right to use the network to AT&T but does not have ownership of the underlying equipment. As such, this arrangement creates a prepaid-type asset that provides for services and maintenance of the network over the 25-year term.

In exchange for establishing and maintaining the NPSBN, AT&T is entitled to fixed-price milestone payments based on success-based achievements related to core network and radio access network operating capabilities. Upon achievement of a milestone, the FirstNet Authority accrues the related fixed milestone payment. The delivered milestone is capitalized or expensed after inspection and acceptance by the FirstNet Authority and capitalized milestone assets are amortized using the straight-line method over the remaining life of the contract.

NPSBN capitalized milestone assets are stated at cost, less accumulated amortization. Amortization expense is included in *Depreciation and Amortization* in the *Statements of Operations*.

The following table summarizes the Nationwide Public Safety Broadband Network, Net asset as of September 30, 2024 and 2023:

<i>In Thousands</i>	<u>Estimated Useful Life in Years</u>	FY 2024	FY 2023
Nationwide Public Safety Broadband Network (Task Orders 6 and 9)	4 - 7	\$ 14,872	\$ 10,550
Nationwide Public Safety Broadband Network (All Other Task Orders)	19 - 25	6,660,236	6,613,945
Nationwide Public Safety Broadband Network, at cost		6,675,108	6,624,495
Less: Accumulated amortization		1,310,657	1,007,774
Nationwide Public Safety Broadband Network, Net		\$ 5,364,451	\$ 5,616,721

For the year ended September 30, 2024, amortization expense was \$302.9 million. For the year ended September 30, 2024, the FirstNet Authority disbursed \$343.7 million for NPSBN services received, and \$35.1 million remained unpaid as September 30, 2024 and is included in *Accounts Payable* on the *Balance Sheets*.

For the year ended September 30, 2023, amortization expense was \$282.9 million. For the year ended September 30, 2023, the FirstNet Authority disbursed \$133.8 million for NPSBN services received, and \$328.1 million remained unpaid as of September 30, 2023, and is included in *Accounts Payable* on the *Balance Sheets*.

As of September 30, 2024, estimated NPSBN amortization expense for each of the next five fiscal years is as follows:

<i>In Thousands</i>	Total	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
<i>Estimated Amortization Expense</i>	\$ 1,778,668	\$ 354,304	\$ 356,091	\$ 356,091	\$ 356,091	\$ 356,091

Note 5. Other Assets, Net

The following table summarizes Other Assets, Net as of September 30, 2024 and 2023:

<i>In Thousands</i>	<u>Estimated Useful Life in Years</u>	FY 2024	FY 2023
Geographical Mapping Data and Drive test Data	3 - 10	\$ 8,462	\$ 6,462
Other Assets, at cost		8,462	6,462
Less: Accumulated amortization		2,818	2,087
Other Assets, Net		\$ 5,644	\$ 4,375

For the years ended September 30, 2024 and 2023, amortization expense for Other Assets was \$732 thousand and \$453 thousand, respectively, and is included within *Depreciation and Amortization on the Statements of Operations*.

As of September 30, 2024, estimated Other Assets amortization expense for each of the next five fiscal years is as follows:

<i>In Thousands</i>	Total	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
<i>Estimated Amortization Expense</i>	\$ 4,985	\$ 997	\$ 997	\$ 997	\$ 997	\$ 997

Note 6. Leases

The FirstNet Authority leases office facilities under operating leases in Reston, Virginia, and Boulder, Colorado with the General Services Administration (GSA), an independent third-party agency.

The leases each had a stated term of ten years. The Reston facility is under lease through March 2029 and the Boulder facility is under lease through March 2026. The FirstNet Authority may terminate each lease with four months' notice. The right to terminate was not considered reasonably certain for both leases, and the stated terms were used for lease accounting purposes.

Lease payments under the leases include both fixed and variable payments. The Boulder lease includes an annual increase to fixed lease payments for changes in the GSA market rental rate. The impact of any changes in the GSA rate are expensed as incurred. The leases include variable payments for building services, security services, and other common area services based on actual operating expenses incurred by the lessor. These variable costs are expensed as incurred.

For each of the years ended September 30, 2024 and 2023, lease expense was \$1.2 million.

For the years ended September 30, 2024 and 2023, *Operating Lease Right-of-use Assets* included in the *Balance Sheet* were \$2.7 million and \$3.7 million, net of accumulated amortization of \$1.0 million and \$994 thousand, respectively.

The following table provides additional information regarding the FirstNet Authority's leases as of and for the year ended September 30, 2024:

<i>Weighted Average Remaining Lease Term</i>	FY 2024
Operating leases (months)	38
<i>Weighted Average Discount Rate</i>	
Operating leases	3.67%
<u>Supplemental Cash Flow Information (in thousands)</u>	
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flow from operating leases	\$ 1,225

The table below shows a reconciliation of undiscounted lease payments for the first five years and thereafter to the total operating lease liabilities presented in the accompanying Balance Sheets as of September 30, 2024:

<u>Maturities of operating lease liabilities (in thousands)</u>	<u>Total</u>
FY 2025	\$ 1,236
FY 2026	776
FY 2027	364
FY 2028	364
FY 2029	182
Total undiscounted lease payments	2,922
Less: interest	(158)
Present value of future lease payments	2,764
Less: current portion of lease liabilities	1,162
Non-current portion of lease liabilities	\$ 1,602

Note 7. Revenue Recognition

The FirstNet Authority earns revenue under its contract with AT&T to provide AT&T with secondary access to use Band 14 when not in use by public safety subscribers.

The FirstNet Authority has concluded that its promise is a single performance obligation that is a series of distinct days that have the same pattern of transfer to the customer. The customer is granted continuous access to the spectrum during the assessed contract term, and the FirstNet Authority satisfies its performance obligation as access is provided each day. A time-elapsed output method is used to measure progress because the FirstNet Authority transfers control daily over the assessed contract term.

Under the Act, the FCC granted the FirstNet Authority an initial 10-year license through November 2022 for exclusive rights to the Band 14 spectrum allocated by Congress for the NPSBN and established a process for the FirstNet Authority to seek renewal of that license prior to its expiration. The FirstNet Authority filed an application for renewal prior to expiration of the original license term. On May 26, 2023, the FCC issued an order granting renewal of the FirstNet Authority's Band 14 license for a ten-year period through November 15, 2032, effective as of November 15, 2022. A portion of the renewal license period is subject to Congress's reauthorization of the FirstNet Authority. Under the Act, the FirstNet Authority is authorized by Congress through February 2027. For purposes of revenue recognition, the contract term is limited to the shorter of the period that the FirstNet Authority has a license for exclusive use of Band 14 from the FCC or is authorized by Congress and covers a full fiscal year.

Based on its original contract with AT&T, the FirstNet Authority identified an original contract term for Fiscal Year 2018 through Fiscal Year 2022, limited to the fiscal years covered by its original 10-year license to Band 14 from the FCC. The FirstNet Authority identified a follow-on contract term for Fiscal Year 2023 through 2026 for the period covered by the renewal of its Band 14 license from the FCC through its current authorization by Congress. For the follow-on contract term, annual fixed payments and straight-line revenue were \$195 million. Fixed payments were due each September in advance for the following fiscal year. Payments made in advance were recognized as a contract liability.

On January 30, 2024, FirstNet Authority amended its contract with AT&T. The amendment changed the amount and frequency of payments owed by AT&T for certain fiscal years but did not change the grand total of payments owed by AT&T under the contract. The amendment did not change the FirstNet Authority's promised performance obligations to AT&T. Given the identified performance obligation of a series of days to provide secondary access to AT&T, the amendment was accounted for as the termination of the existing and creation of a new contract prospectively from the amendment date. The prospective contract for revenue recognition had a contract term of February 2024 through Fiscal Year 2026. The total transaction price of \$1.619 billion is comprised of future payments owed by AT&T for periods through Fiscal Year 2026 of \$1.489 billion and the contract liability at the amendment date of \$130 million. Revenue is recognized on a straight-line basis during the prospective contract term.

For the years ended September 30, 2024 and 2023, the FirstNet Authority recognized revenue of \$469.9 million and \$195.0 million, respectively.

As of September 30, 2024, the FirstNet Authority had \$1.215 billion of transaction price allocated to unsatisfied performance obligations. As of September 30, 2024, the FirstNet Authority expects to recognize \$607.3 million in revenue for each of Fiscal Years 2025 and 2026.

As of September 30, 2024 and 2023, the FirstNet Authority recorded a contract liability of \$286.2 million, and \$195.0 million, respectively. The FirstNet Authority recognized \$195 million of revenue for each of Fiscal Years 2024 and 2023 attributable to contract liabilities as of September 30, 2023 and 2022, respectively.

Note 8. Commitments and Contingencies

A contingency is an existing condition, situation, or set of circumstances involving uncertainty as to a possible gain or loss. A loss contingency is recognized, including related to litigations, claims, and assessment, if it is probable a loss has been incurred and if the amount of the loss is estimable.

As of June 4, 2025, management was not aware of any actual or potential commitments affecting the FirstNet Authority.

As of June 4, 2025, management was not aware of any threatened or pending legal claims or other potential loss contingencies affecting the FirstNet Authority.

Note 9. Equity

Contributed Capital represents transfers of cash from NTIA and the contributed proceeds from the auction of certain FCC spectrum licenses specified by the Act.

Under the Act, the FCC granted FirstNet Authority exclusive rights to the single nationwide Public Safety Wireless Network License, Station WQQE234, for use of 20 MHz of spectrum in the 700 MHz band at no cost for an initial ten-year term through November 2022. In May 2023, this license was extended for an additional ten years as of November 2022. On May 26, 2023, the FCC issued an order granting renewal of the FirstNet Authority's Band 14 license for a ten-year period through November 15, 2032, effective as of November 15, 2022. A portion of the renewal license period is subject to Congress's reauthorization of the FirstNet Authority. The FCC has no cost basis in the spectrum license that was contributed to FirstNet Authority. Therefore, the FirstNet Authority has not recognized in its financial statements any value within assets or equity related to the spectrum license granted by the FCC.

The following table summarizes Equity as of and for the years ended September 30, 2024 and 2023:

FY 2024

<i>In Thousands</i>	Contributed Capital from U.S. Government		Accumulated Loss	Total
Beginning Balance, October 1, 2023	\$	6,962,927	\$ (1,006,019)	\$ 5,956,908
Net Income		-	79,790	79,790
Ending Balance, September 30, 2024	\$	6,962,927	\$ (926,229)	\$ 6,036,698

FY 2023

<i>In Thousands</i>	Contributed Capital from U.S. Government		Accumulated Loss	Total
Beginning Balance, October 1, 2022	\$	6,962,927	\$ (809,735)	\$ 6,153,192
Net Loss		-	(196,284)	(196,284)
Ending Balance, September 30, 2023	\$	6,962,927	\$ (1,006,019)	\$ 5,956,908

Note 10. Related Party Transactions

The FirstNet Authority considers NTIA, as well as the Department, comprised of the Office of the Secretary (OS) and OS Working Capital Fund, to be related parties.

The FirstNet Authority, as a Federal entity within NTIA, is subject to certain nexus and control from NTIA and the Department. NTIA assesses the FirstNet Authority a portion of the costs it incurs, exercising its oversight functions and the FirstNet Authority's share of certain centralized NTIA and Departmental costs.

The FirstNet Authority has entered into service agreements with NTIA and the Department to provide certain services, such as human resources management, legal advice and representation, and acquisition services that cannot be acquired more efficiently from another source.

Related party activities as of and for the years ended September 30, 2024 and 2023 are summarized in the tables below:

FY 2024

In Thousands

Related Party	Purchases and Assessments	Reimbursed Expenses	Accounts Receivable	Accounts Payable
NTIA	\$ 2,046	\$ 144	\$ 30	\$ -
The Department	\$ 704	\$ -	\$ -	\$ 42

FY 2023

In Thousands

Related Party	Purchases and Assessments	Reimbursed Expenses	Accounts Receivable	Accounts Payable
NTIA	\$ 1,162	\$ 144	\$ 57	\$ -
The Department	\$ 668	\$ -	\$ -	\$ 11

Note 11. Personnel Compensation and Benefits

For the years ended September 30, 2024 and 2023, Personnel Compensation and Benefits expense was \$50.1 million and \$46.4 million, respectively. These expenses include salaries, wages, and other compensation earned by employees such as tuition reimbursement and student loan forgiveness payments to qualifying employees.

Note 12. Contractual Services

For the years ended September 30, 2024 and 2023, Contractual Services expense was \$28.7 million and \$54.1 million, respectively. Contractual Services include expenses incurred on contracts with vendors to assist the FirstNet Authority with strategic and programmatic support, including external consulting and advisory services that were primarily contracted in support of the deployment, launch, and sustainment of the NPSBN. The \$25.45 million decrease is primarily comprised of \$12.7

million in one-time expenses incurred during FY 2023 for operations and maintenance of the NPSBN and \$12.8 million in contractual services incurred during FY 2023 to support overall program management, strategy, and analytics services to provide oversight to the NPSBN contract.

Note 13. Subsequent Events

Subsequent events were evaluated by the FirstNet Authority through June 4, 2025, which is the date these financial statements were available to be issued.



3.0 Independent Auditors' Report

3.0 Independent Auditors' Report



Independent Auditors' Report

Secretary, U. S. Department of Commerce
FirstNet Board

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the First Responder Network Authority ("FirstNet Authority") which comprise the balance sheets as of September 30, 2024 and 2023, and the related statements of operations and cash flows for the fiscal years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the First Responder Network Authority as of September 30, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and

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Responsibilities of Management for the Financial Statements (continued)

fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the FirstNet Authority's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the FirstNet Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about FirstNet Authority's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The information in the Message from the Chief Financial and Administrative Officer and Introduction and Background sections of this report are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the FirstNet Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the FirstNet Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the FirstNet Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the FirstNet Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Secretary, U. S. Department of Commerce
FirstNet Board

Purpose of the Other Reporting Required by Government Auditing Standards

The purpose of the communication described in the Other Reporting Required by *Government Auditing Standards* section is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the FirstNet Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Harper, Raino, Knight & Company, P.A.

June 4, 2025
Washington, DC

Status of Prior Year Findings
Exhibit I

First Responder Network Authority

Status of Prior Year Findings

September 30, 2024

Title of Finding From FY23 Audit Report	Prior Year Status	Current Year Status
Financial Reporting	Material Weakness	Resolved