

Mid-America Regional Council (MARC)
Regional 911 System and Public Safety Communications (PSC)
Fund Balance/Reserves Policy
July 31, 2024

In 2024, further efforts were made to formally establish a 911 System Fund Balance/Reserve Policy to provide parameters, guidelines, and targets surrounding the sources and uses of the 911 System Reserve Fund. The 911 System Reserve Fund is vital to hedge against risk and to provide financial support for the program if needed, for:

- **Cash Flow:** MARC makes upfront payments monthly to certain vendors then invoices participating agencies who reimburse MARC for the upfront payments. Cash flow is needed to front these payments. Occasional grants may also require upfront funding.
- **Safety Net:** Funding streams for the 911 system are stable, however there is always a potential risk of changes in federal and state legislation or local jurisdiction budget decisions.
- **Equipment and Facility Related Purchases:** The 911 system includes pieces of large capital equipment that are critical to the network. A four-year plan is in place for upgrades, replacements, and additions. Maintenance funding is budgeted for preventative activities, however additional funding may be needed to make unplanned but necessary facility and equipment repairs or purchases. Technology costs are known to increase quickly, and substantially, and actual costs can exceed estimated expenses.
- **Unexpected Costs:** From time to time, unexpected situations requiring additional professional services (such as legal counsel) arise.
- **New Opportunities:** Reserve funds allow the PSC Board to take advantage of opportunities for new technology or new programmatic opportunities, and to provide matching funds that may be required for new grants obtained.

It is the goal of the PSC Board to maintain a target 911 System Reserve of between 12 and 15 months of budgeted program expenses. Reserves are defined as the accumulation of MARC Regional 911 System member contributions in excess of program expenses. Members contribute amounts monthly to MARC for 911 System expenses based on an annual fiscal year budget. Any funds received in a given fiscal year are intended to fund expenses of the fiscal year. If funds received in a given fiscal year exceed annual program expenses, the excess is intended to roll into the accumulated fund balance at the end of the fiscal year. At the end of each fiscal year, the net total of surpluses from each expense category will be considered part of the accumulated 911 System Reserve.

911 System Reserves are held at Security Bank under MARC's repurchase agreement. This repurchase agreement ensures full-collateralization of the funds and receives interest monthly equal to ½ of the federal funds rate. Monthly, MARC staff will allocate interest to the 911

program financials based on the prior month-end 911 System fund balance.

Consideration of future year budget implications will occur at the completion of each fiscal year prior to preparation of the next fiscal year's budget. Cost-sharing contributions for budget categories are based on estimated costs for each category, each year, taking into account carryover. The total MARC Regional 911 System Reserve fund balance is restricted for future program expenses, contingencies, special initiatives and other uses as determined by the MARC PSC Board and is considered a program reserve.

The MARC PSC Board will measure its compliance with this policy as of December 31 each year, as soon as practical after final year-end financial information becomes available.

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