

**Mid-America Regional Council
Regional 911 System and
Public Safety Communications Board**

***Financial Report
July 31, 2024***

FINANCIAL PERFORMANCE
JANUARY 1 – JUNE 30, 2024

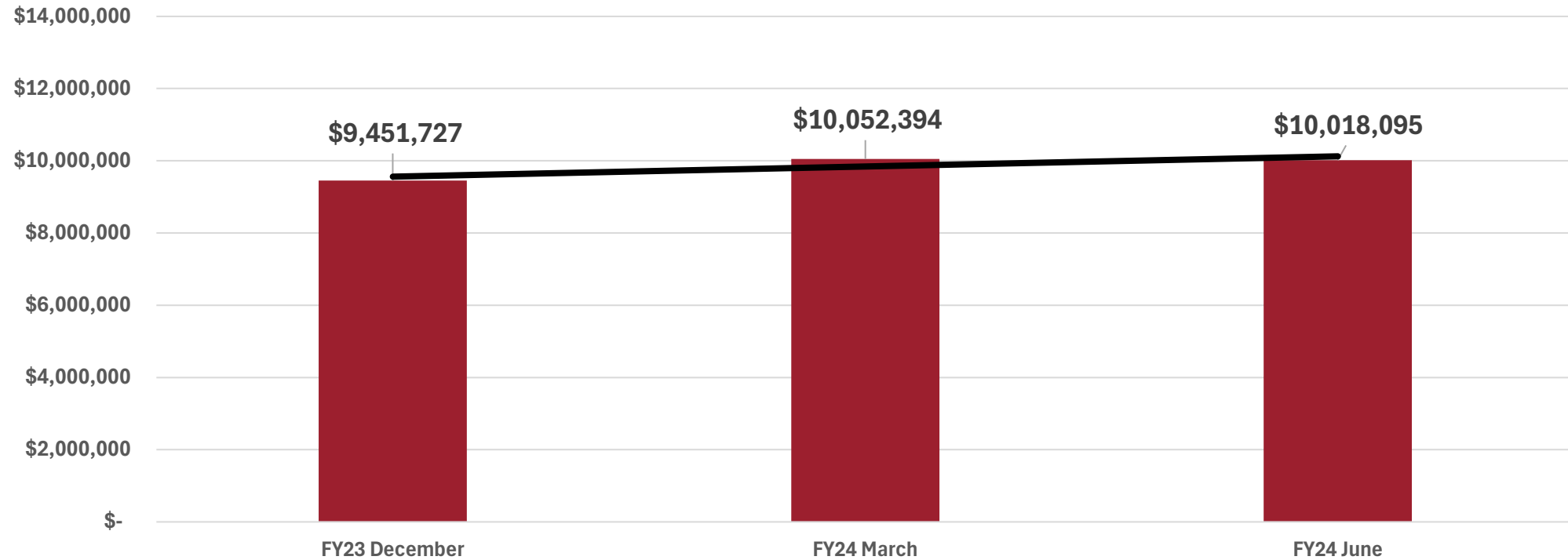
2024 Regional 911 System Budget: YTD June



Budget Category	911 Network	Translation Service	911 SS7	Cyber Security	GIS Maintenance	911 Training	Tower Maintenance	911 Equipment Maintenance	Cost Share Requests/ New Project/Misc.	MARC Coordination	Capital Projects/ Equipment Fund	Capital Projects Reserve Fund	Total
FY24 Budgeted Expenses	\$2,400,000	\$ 54,600	\$95,000	\$208,000	\$ 412,445	\$111,831	\$ 414,000	\$2,222,845	\$ 77,000	\$ 3,074,693	\$ 1,627,500	\$ 32,550	\$ 10,730,464
FY24 YTD June Actual Expenses	1,072,517	45,505	38,737	69,000	88,372	28,476	56,144	668,236	29,973	1,533,536	1,004,812	-	4,635,308
Proj. FY24 Expenses Remaining	\$1,327,483	\$ 9,095	\$56,263	\$139,000	\$ 324,073	\$ 83,355	\$ 357,856	\$1,554,609	\$ 47,027	\$ 1,541,157	\$ 622,688	\$ 32,550	\$ 6,095,156
FY24 YTD June Budgeted \$ Spent	\$1,200,000	\$ 27,300	\$47,500	\$104,000	\$ 206,222	\$ 55,916	\$ 207,000	\$1,111,422	\$ 38,500	\$ 1,537,347	\$ 813,750	\$ 16,275	\$ 5,365,232
FY24 YTD June Actual \$ Spent	1,072,517	45,505	38,737	69,000	88,372	28,476	56,144	668,236	29,973	1,533,536	1,004,812	-	4,635,308
FY24 YTD June (Over) / Under Budget	\$ 127,483	\$ (18,205)	\$ 8,763	\$ 35,000	\$ 117,850	\$ 27,440	\$ 150,856	\$ 443,186	\$ 8,527	\$ 3,811	\$ (191,062)	\$ 16,275	\$ 729,924
FY24 YTD June Budgeted % Spent	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
FY24 June YTD Actual % Spent	45%	83%	41%	33%	21%	25%	14%	30%	39%	50%	62%	0%	43%
6/30/24 Program Reserve (Cash)	\$ -	\$ -	\$ -	\$325,442	\$ 151,488	\$ 90,132	\$ -	\$1,624,420	\$ -	\$ 717,770	\$ 6,378,103	\$ 730,740	\$ 10,018,095
12/31/23 Program Reserve (Cash)	-	-	-	292,108	35,579	65,948	-	1,224,429	-	618,346	6,501,658	713,659	9,451,727
FY24 Increase (Decrease)	\$ -	\$ -	\$ -	\$ 33,334	\$ 115,909	\$ 24,184	\$ -	\$ 399,991	\$ -	\$ 99,424	\$ (123,555)	\$ 17,081	\$ 566,368

- The 911 System program reserve has increased from \$9.5M at 12/31/23 to \$10.0M at 6/30/24. The reserve is equivalent to ~11 months of FY24 budgeted expenses.
- FY24 YTD has seen softer expenses than budgeted in GIS, Tower, and Equipment maintenance categories due to timing of projects (HVAC).
- FY24 YTD has seen higher expense than budgeted in Capital Projects (due to timing of PY funded projects occurring in the CY - VESTA host upgrades) and Translation Services (mix of callers).

Program Reserves: 2024 Trend



- Program reserves have increased \$566K or 6% during FY24 through June.

911 SYSTEM: FUND BALANCE POLICY & INTEREST ALLOCATION

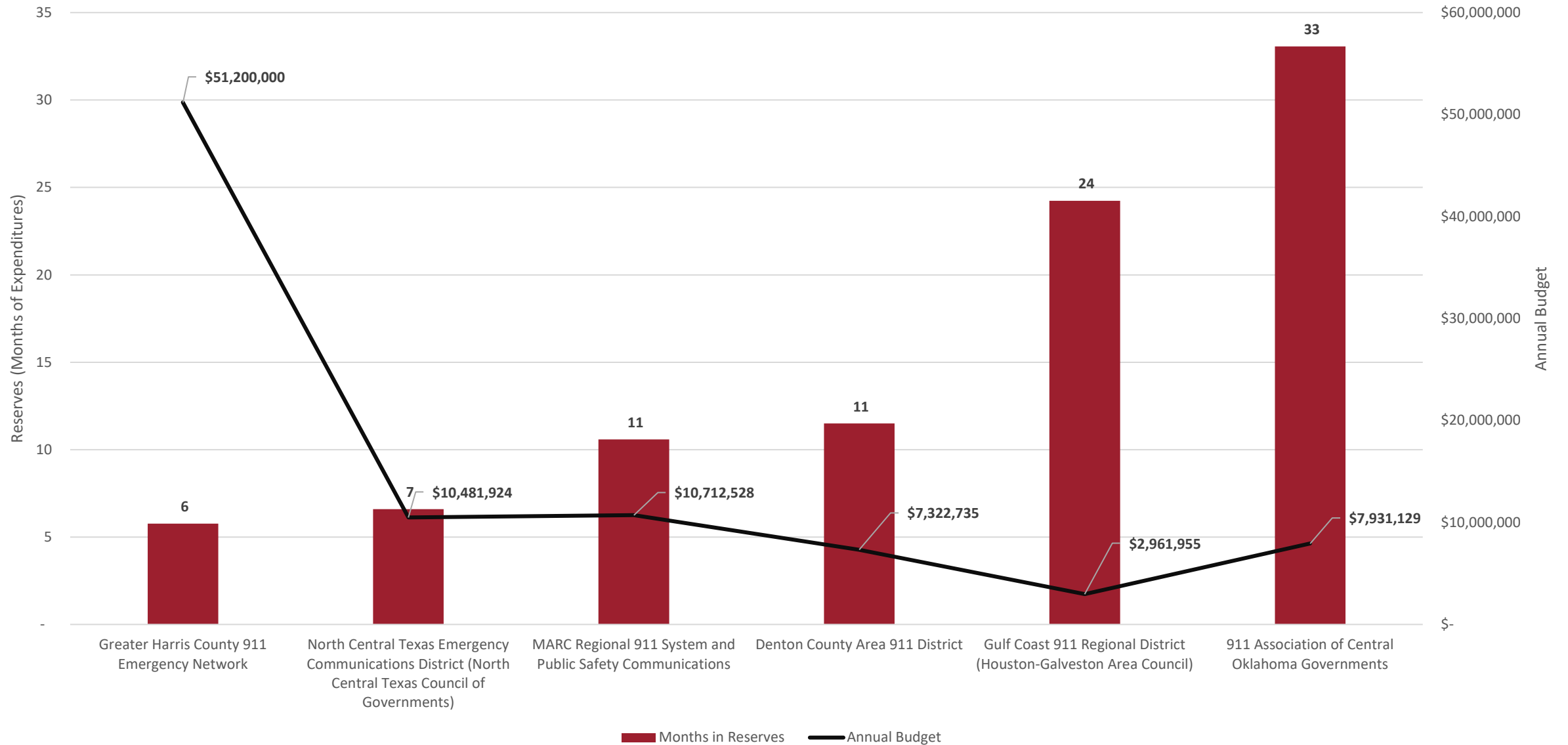
Since the PSC Board Last Met

- MARC staff identified five similar 911 programs and compared fund balance and interest allocation practices/policies (results on following slides). MARC's team also reviewed possible interest allocation options.
- MARC staff met with the PSC board chairs on June 18th to discuss findings from benchmarking exercise and present interest allocation options.
- Recommendations from the PSC board chairs on fund balance policy updates and interest allocation practice will be discussed at the end of the presentation.

Comparable 911 System Reserves

Organization/Program	Annual Budget	\$ Amount of Reserves	Months in Reserves	Organizational Structure	Allocates Interest Earnings
Greater Harris County 911 Emergency Network	\$ 51,200,000	\$ 24,600,000	6	Separate Organization	Yes
North Central Texas Emergency Communications District (North Central Texas Council of Governments)	\$ 10,481,924	\$ 5,763,633	7	Inside COG	No
<i>MARC Regional 911 System and Public Safety Communications</i>	<i>\$ 10,712,528</i>	<i>\$ 9,451,727</i>	<i>11</i>	<i>Inside COG</i>	<i>No</i>
Denton County Area 911 District	\$ 7,322,735	\$ 7,015,272	11	Separate Organization	Yes
Gulf Coast 911 Regional District (Houston-Galveston Area Council)	\$ 2,961,955	\$ 5,983,215	24	Inside COG	No
911 Association of Central Oklahoma Governments	\$ 7,931,129	\$ 21,860,354	33	Separate Organization	Yes

Comparable 911 System Reserves (Continued)



Comparable 911 System Reserves (Continued)

- Based on our research of other comparable systems (most recent annual audit or budget document), fund balance levels and interest allocation arrangements varied. MARC's fund balance target was somewhere in the middle of the range.
- Systems inside a Council of Governments organization (MARC is a COG) did not receive interest earnings while stand-alone organizations/districts did invest and receive interest earnings.
- We believe MARC's 911 system should receive interest earnings and 12-15 months of expenses is a reasonable fund balance target.

- MARC has:
 - a primary banking relationship at Security Bank (where 911 funds are held along with all other cash)
 - funds are fully collateralized through a repurchase agreement (interest earned at half of federal funds rate)
 - A portion of MARC's general fund balance invested in several separate securities at Country Club Bank
 - Several small checking accounts for our senior centers
- MARC's Board-approved investment policy allows investments in the following:
 - U.S. Treasury securities
 - Securities issued by agencies of the U.S. Government
 - Repurchase agreements
 - Collateralized public deposits (certificates of deposit)
 - Banker's acceptances
 - Commercial paper
- Money market accounts (considered cash equivalent per GAAP) are also an allowable option under MARC's investment policy. However, money market accounts are subject to \$250K of FDIC insurance and are subject to interest rate fluctuations based on market activity.

MARC's Current State Investments (Continued)

- MARC has traditionally not allocated interest to funds of programs that are embedded in MARC but think the 911 System is an exception.
- Currently, any interest earned is a revenue to MARC's General Fund, which is the fund that includes local dues revenues from cities and counties and is expended to support organization-wide initiatives and projects.
- MARC does have two programs for which we serve as a fiscal agent that allocate interest monthly per terms of agreement: the Solid Waste Management District (SWMD) (a legislatively established organization that contracts with MARC for services) and a childcare scholarship fund.

- Fund Balance Policy - Target:
 - Update the fund balance policy **target** from 18 months of program expenses to 12-15 months
 - Current fund balance ~11 months of program expenses
- Fund Balance Policy - Interest Allocation:
 - Based on risk tolerance (preservation of principal vs maximization of return), current market factors, and administrative burden considerations, the PSC Board chairs recommend keeping the 911 fund balance liquid and invested in MARC's funds held with Security Bank, which are included in a **repurchase agreement**.
 - This allows funds to be fully collateralized (limits preservation of principal risk) while earning a rate of interest equal to half of the federal funds rate (currently 2.75%).
 - Interest revenue will be attributed to the 911 program monthly based on prior month-end reserve balances (excluding receivables) and will appear on quarterly financial reports provided to the board.
 - The board will be notified of any pertinent changes in repurchase account rates at Security Bank (due to changes in Federal Funds rates).

Reserve Policy Updates: Target and Interest

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.