Denco Area 9-1-1 District

Fiscal Year 2016

DRAFT

Financial Plan
Denco Area 9-1-1 District

Fiscal Year 2016
Financial Plan

Section 1

Preface
To: Denco Area 9-1-1 District Participating Jurisdictions

Date: June 12, 2015

Subject: Denco Area 9-1-1 District Fiscal Year 2016 Financial Plan

The Denco Area 9-1-1 District Board of Managers, at its June 11, 2015, regular meeting, approved the “draft” Denco Area 9-1-1 District Fiscal Year 2016 Financial Plan and authorized the District’s staff to forward it to all participating jurisdictions for review and comment. On behalf of the Board, I request that your governing body review the following budget and provide us with any comments prior to August 14, 2015.

This financial plan reflects Denco’s commitment to provide a state-of-the-art, high availability, emergency 9-1-1 system to the citizens of the district, while preserving our long term financial viability; a tradition that began 25 years ago on August 18, 1990, when the first 9-1-1 call was made in the Denco district.

As the increasingly mobile and data-centric populace demands more interactivity with the 9-1-1 system, and with the higher cost of providing advanced technology, we are mindful of the need for a sustainable approach and have taken a long-term look at both revenue and expenses. The recommended budget maintains the quality programs our partner agencies rely upon while taking important steps to fully leverage the newly installed next generation 9-1-1 system.

This summer, as we celebrate our 25th year of service, we will implement text-to-911 services permitting any citizen to request public safety services via a text message. This advanced capability will not only assist callers who must remain silent while seeking help, but will also provide a new lifeline for speech and/or hearing impaired citizens across the district.

In 2016, the district will also focus on enhancing GIS data being used for a variety of public safety purposes. In the near future, this data will have a significantly enhanced role in the routing of all 9-1-1 calls, especially those coming from wireless devices.

The District will continue its strong commitment to its core 9-1-1 training programs and public education. The 2016 budget will also fund acquisition of land for a future data center to enhance the continuity of operations of the 9-1-1 system and related infrastructure.

Denco is committed to providing our citizens the most technologically advanced and best managed systems and services available. Please review the attached budget and provide us with any comments, either in support of the plan as proposed, or suggestions for improvement. If you have any questions or need additional information, please do not hesitate to contact Mark Payne, our executive director, at (972) 221-0911 or by email at mark.payne@denco.org. The Denco Area 9-1-1 District Board of Managers will adopt a final 2016 budget during our regular meeting in September.

The Denco Area 9-1-1 District Board of Managers and staff appreciate your support and confidence.

Jack Miller, Chairman
Board of Managers

www.denco.org
To: Denco Area 9-1-1 District Participating Jurisdictions
Date: June 12, 2015
Subject: Denco Area 9-1-1 District Fiscal Year 2015 Financial Plan

Enclosed is a copy of the “Draft” Denco Area 9-1-1 District Fiscal Year 2016 Financial Plan for your jurisdiction’s review and comment. Texas Health and Safety Code requires the District to submit the draft budget to its participating jurisdictions for a 45-day review and comment period. After the review and comment period, the District’s board of managers will adopt a budget for 2016 based on the feedback received. A copy of the statute and approval policy is included in Section 5 of the draft budget.

At its June 11, 2015 regular meeting, the Denco Area 9-1-1 District Board of Managers unanimously approved the enclosed “Draft” financial plan to be submitted to its participating jurisdictions for consideration. The District requests that your jurisdiction review the proposed budget and submit comments to the Denco board prior to August 14, 2015. At its regular meeting on September 10, 2015, the Denco board will consider final approval of the 2016 Financial Plan. If the District does not receive a response from individual jurisdictions, it will assume, according to statute, that those jurisdictions support the draft budget.

Please fax responses to Denco at (972) 420-0709, email them to Carla Flowers, Director of Administration, at carla.flowers@denco.org or mail them to P.O. Box 293058, Lewisville, Texas 75029-3058. A PDF version of the 2016 financial plan can be downloaded from Denco’s website, www.denco.org.

The enclosed budget includes the following sections that provide an overview of both the operations of the Denco Area 9-1-1 District and its financial position:

Section 1: Preface

This section includes memorandums from Jack Miller, Chair of the Denco Board of Managers, and me. It provides a brief summary of the District’s strategic plans for fiscal year 2016 and an overview of the approval process.

Section 2: District Overview

The District overview provides a brief summary about the history of the Denco Area 9-1-1 District and its current operations. It also provides background information about the 9-1-1 system, its terminology and the benefits it provides.
Section 3: Financial Plan Summary

Section 3 includes an executive summary of the budget; providing an overview of the District's plans and their impact on its financial position. Also included is a Summary of Cost Classifications that briefly describes the expenditure categories included in the budget.

Section 4: Anticipated Revenues and Proposed Expenditures

Section 4 includes a spreadsheet that summarizes the overall budget for fiscal year 2016, followed by two worksheets that give more detail about the anticipated revenues and proposed expenditures for the year. The section also includes a five-year projection spreadsheet that depicts both the growth and decline of the District's fund balance and a graph reflecting the actual fund balance for the past five years and that projected for the next five.

Section 5: Reference Materials

The final section includes reference material that provides guidelines under which the District operates. Included are copies of resolutions defining the budget approval process, a copy of House Bill 1984 that provides the statutory requirements for budget approval and a copy of the legislation under which Denco operates.

The District is pleased to provide your jurisdiction with a copy of the “Draft” Denco Area 9-1-1 District Fiscal Year 2016 Financial Plan for consideration. The plan provides the District the financial resources necessary to meet the fiscal year 2016 requirements and a reserve fund to meet the future long-term challenges while maintaining at least a 20% annual reserve balance to meet emergency needs, should they occur.

If you have any questions, need additional information or would like for me to meet with your staff or governing body, please do not hesitate to call me at (972) 221-0911 or email me at mark.payne@denco.org. I would welcome the opportunity to meet with you and discuss the enclosed budget and the operations of the Denco Area 9-1-1 District.

Thanks for your continued support of the Denco Area 9-1-1 District.

Mark Payne, Executive Director
Denco Area 9-1-1 District

Fiscal Year 2016
Financial Plan

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

On August 8, 1987, Denton County held a special election to confirm the creation of the Emergency Communication District of Denton County and authorize a 9-1-1 emergency service fee, not to exceed 3.0% of the base rate of the principal service supplier per month, to be charged by the District for the purpose of establishing and maintaining E9-1-1 in Denton County. By a margin of
13,086 to 3,024, the voters favored the creation of the emergency communication district. After the special election, the city and county governing bodies within Denton County passed resolutions of participation. The resolutions stated that the city or county would become a participating jurisdiction in the District pursuant to the provisions of the Emergency Telephone Number Act.

The participating jurisdictions of the District are the following:

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

On December 8, 1987, the District's board of managers ordered the levy and collection of the emergency service fee to commence with the January 1988 billing cycle. The board ordered the service fee, collected by the telephone companies, to be charged at a rate of 3.0% of the current base rate of GTE Southwest (now Verizon). In 1992, the board capped the emergency service fee, for basic levels of wireline telephone service charged to customers in the district, at $0.27 for residential customers, $0.71 for business customers and $1.13 for trunks. (The same fees remain in effect today.)

On June 28, 1988, the board of managers named the Emergency Communications District of Denton County, Denco Area 9-1-1 District.

**Organizational 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 the board. Board members serve staggered two-year terms and are eligible for reappointment. The following members currently sit on the board of managers:
**Board Member**  
Mr. Jack Miller, Chair  
Mr. Bill Lawrence, Vice Chair  
Asst. Chief Terry McGrath, Secretary  
Ms. Sue Tejml  
Mr. Jim Carter  
Mr. Rob McGee  

**Represents**  
Denton County Commissioners Court  
Denton County Commissioners Court  
Denton County Fire Chiefs’ Association  
Participating Cities  
Participating Cities  
Verizon, Advisory  

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.

The Denco Area 9-1-1 District's staff is responsible for performing all the duties that may be required for the District to accomplish its mission within the framework provided by the board. The “Draft” Denco Area 9-1-1 District Fiscal Year 2016 Financial Plan provides for thirteen full-time and one part-time staff members who provide the planning, operations, and maintenance functions for the District. The organizational structure of the District includes Administration and Operational program areas that serve the 9-1-1 PSAPs and emergency service providers within the district. Operational program areas —sometimes referred to as Direct Services— include: 9-1-1 Systems, Public Education, and Training and Education Development.

Included in the organizational chart on the following page, are the titles of staff members in each functional area.
Board of Managers

Executive Director

Director of Administration

Deputy Executive Director

Executive Assistant

Administrative Assistant

Operations Specialist

Operations Specialist

9-1-1 Systems Tech

9-1-1 Systems Tech

GIS Supervisor

Addressing Coordinator

Public Education Coordinator

Training Coordinator

Microwave Technician (PTE)
Mission, Values and Goals Statement

Mission

The mission of the Denco Area 9-1-1 District is to provide an efficient, effective enhanced 9-1-1 emergency telecommunications system that assists its member jurisdictions in response to police, fire and medical emergency calls.

Values

The Denco Area 9-1-1 District pledges to uphold the following values:

Value 1: The control of District operations is the responsibility of member jurisdictions and the board of managers.

Value 2: The District will provide the most reliable, efficient, cost-effective and proven technologies within available resources.

Goals

The Denco Area 9-1-1 District has the following goals that support its endeavor to carry out its mission.

Goal 1: To represent the interests of member jurisdictions, emergency service providers and end users by establishing and providing the means for the Denco Area 9-1-1 District to accomplish its mission, values, goals and objectives.

Goal 2: To manage the Denco Area 9-1-1 District in an objective, efficient, effective and responsive manner.

Goal 3: To increase public awareness of 9-1-1 issues and promote the proper use of the 9-1-1 system.

Goal 4: To provide training programs which enable Public Safety Answering Point (PSAP) personnel to effectively process 9-1-1 calls.

Goal 5: To provide and maintain advanced, effective 9-1-1 Systems that are compatible with changing communication technologies.

Goal 6: To assure that 9-1-1 calls, from all sources, are routed properly to PSAPs and that PSAPs have the most accurate, reliable, and useable data at all times.
Designated Core Competencies

The Denco Area 9-1-1 District has identified the following core competencies as a means for measuring its efficiency, effectiveness and overall performance.

**Integrity/Honesty**

Instills mutual trust and confidence; creates a culture that fosters high standards of ethics; behaves in a fair and ethical manner toward others, and demonstrates a sense of corporate responsibility and commitment to public service.

**Responsive Customer Service**

Balancing interests of a variety of clients, readily readjusts priorities to respond to pressing and changing client demands. Anticipates and meets the needs of clients; achieves quality end products; is committed to continuous improvement of services.

**Team Work**

Encourages and facilitates cooperation within the organization and with customer groups; fosters commitment, team spirit, pride, and trust. Develops leadership in others through coaching, mentoring, rewarding, and guiding employees. Actively participates in healthy debate and discussion sharing personal points of view and rational for individual thinking; once decision has been made, openly supports and owns the majority decision as if it were his or her own; doesn’t undermine or second guess majority decision after the fact.

**Flexibility**

Open to change and new information; adapts behavior and work methods in response to new information, changing conditions or unexpected obstacles. Adjusts rapidly to new situations warranting attention and resolution.

**Decisiveness**

Exercises good judgment by making sound and well informed decisions; perceives the impact and implications of decisions; makes effective and timely decisions, even when data is limited or solutions produce unpleasant consequences; is proactive and achievement oriented.
Background Information

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 public safety answering point (PSAP) 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 and will be able to accept text messages to 9-1-1 by the end of fiscal year 2015.
- 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 PSAPs in the Denco Area 9-1-1 District are part of a common network, allowing each to transfer calls, conference multiple PSAPs 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 PSAPs 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 PSAP.

ALI (Automatic Location Identification). ALI provides the caller's name and address on a computer monitor at the PSAP 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 PSAP. 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 below).

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 PSAP (See also NG9-1-1). NENA’s Detailed Functional and Interface Standard for NG9-1-1 (i3), which describes a PSAP 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 PSAPs.
**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 computer-aided dispatch, paging, mapping and radio communications. Denco has 64 integrated workstations at its eleven (11) operational, and one (1) backup, PSAP(s).

**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 Public Safety Answering Points (PSAPs) and other emergency service organizations.

**Phase I.** Wireless Phase I Enhanced 9-1-1 is the Federal Communication Commission (FCC) mandate to the wireless telephone industry and to 9-1-1 requiring the routing of wireless 9-1-1 calls to appropriate PSAPs and the provision of the callers' ANI to the telecommunicators.

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

**PSAP (Public Safety Answering Point).** The location of the equipment used to answer 9-1-1 emergency calls. The following are the twelve (12) PSAPs that are currently capable of answering 9-1-1 calls in the Denco Area 9-1-1 District:

- City of Carrollton Communications
- City of Denton Police Department
- Denton County Sheriff's Office
- Town of Flower Mound Police Department
- City of Highland Village Police Department
- City of Roanoke Police Department
- City of Lake Dallas Police Department
- City of Lewisville Police Department
- City of The Colony Police Department
- University of North Texas Police Department
- Texas Woman's University Police Department
- Denco Backup and Training PSAP

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

**SR (Selective Routing).** Selective Routing provides automatic routing of 9-1-1 calls, based on the caller's location, to the appropriate PSAP. 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.
Denco Area 9-1-1 District

Fiscal Year 2016
Financial Plan

Section 3

Financial Plan Summary

Summary of Cost Classifications
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The 2016 Financial Plan for the Denco Area 9-1-1 District provides funding for the continued delivery of high-quality services that the citizens and PSAPs in the Denco district have come to rely upon for the past 25 years. Those trusted services include: the support of all elements of the 9-1-1 system (e.g. database, routing, networks and equipment) throughout the district; addressing and mapping services; public education and training services; and the continuing legislative and regulatory advocacy services that Denco provides in Austin and Washington D.C. In addition to these ongoing services, the District is continually updating its strategic plans to focus on providing the most efficient and effective services available within its financial resources.

Fiscal year 2015 saw Denco move into a new-systems maintenance mode following the completion of the Next Generation 9-1-1 (NG9-1-1) implementation project in October 2014. Fiscal year 2016 will focus on the continuing improvement of all programs and services, as well as several new initiatives.

Financial Plan Overview

Section 4 of the Denco Area 9-1-1 District Fiscal Year 2016 Financial Plan provides the following spreadsheets that summarize the budget: “Summary of Anticipated Revenues and Proposed Expenditures”; “Anticipated Revenues, Proposed Expenditures”; and “Five Year Projections”. Also provided, following the spreadsheets is a graph that depicts the Cash Fund Balance (Assigned and Unassigned). It provides a picture of the actual change in fund balance from fiscal year 2010 through estimated 2015, and projections through 2020.

Anticipating a steady growth in 9-1-1 service fee revenues, Denco will continue to be in a financially sound position that will allow for the implementation of additional infrastructure enhancements and NG9-1-1 services as they become available in the marketplace. The board will continue to monitor this revenue trend closely to insure adequate funds are available to deliver exceptional service and enhance Denco’s 9-1-1 system as needed to accomplish its mission.

Denco has no debt at the current time. It prides itself in being fiscally responsible by planning ahead to meet future technology requirements.
Summary of Anticipated Revenues and Proposed Expenditures

The summary spreadsheet provides information about the financial position of the District at the beginning of fiscal year 2016, its projected revenues and expenditures for the year, and the financial position at the end of the year. The Beginning of Year Estimated Fund Balance represents the total cash and invested funds balance at the end of the current fiscal year. The End of Year Estimated Fund Balance is the amount anticipated at the end of fiscal year 2016, and is anticipated to decrease by $381,277.

Revenues

Total revenues anticipated for fiscal year 2016 are $5,012,239, with 95.6% being derived from 9-1-1 service fee revenue. The wireless service fee growth is projected at 3.0%. Estimated interest earned on investments is projected to increase slightly as a 12-month investment in Certificate of Deposits in the CDARS will mature in January 2016. Total revenue anticipated for fiscal year 2016 is projected to be $291,669 more than the fiscal year 2015 estimated budget.

The following summarizes specific assumptions utilized in forecasting fiscal year 2016 revenues:

Service Fee Revenue Assumptions

- Incumbent Local Exchange Carriers (i.e. Verizon, AT&T, and CenturyLink) wireline 9-1-1 service fee revenue will continue to decline, but the consumer migration from traditional wireline services Voice over IP and digital voice services will offset these reductions resulting in a modest 1.0 - 1.5 percent increase in wireline revenues.

- Verizon’s substantial drop in 9-1-1 service fee revenues in the first four months of fiscal year 2015, followed by smaller decreases in the subsequent four months, will continue at the slower 2.5 to 3.0 percent rate through this fiscal year and into fiscal year 2016.

- Wireless 9-1-1 service fee revenues will continue to grow at a rate of 2.5 - 3.0 percent.
Non-Service Fee Revenue Assumptions

- Expectations of better market interest rates should provide for slightly improved interest returns. Interest revenue is estimated to be nearly $22,000 in fiscal year 2016.

- Newly classified revenue items include income for registration fees charged to training program participants from agencies outside of the Denco Area 9-1-1 District. Since establishing the training program, Denco has permitted non-district agencies to participate by paying a registration fee to supplement the cost of the training. This approach has permitted the district to receive subsidization of its training program while enhancing the educational opportunity for all participants. In fiscal year 2016, training program revenue is projected at $26,000.

- In fiscal year 2015, the district and Denton County agreed to share the cost of a part-time microwave technician to maintain the jointly owned countywide public safety microwave system. The joint ownership agreement obligates each agency to equally share in the cost of maintaining the system. For fiscal year 2016, the part-time microwave technician is budgeted at .4 FTE resulting in reimbursement from Denton County in the amount of $15,000.

- The planned North Texas Emergency Communications Center in fiscal year 2016 will require additional coordination with the municipal emergency communications districts of Addison, Coppell and Farmers Branch. The fiscal year 2016 budget includes $138,800 revenue from these municipal districts to fully fund their share of GIS services and additional equipment/maintenance.

- Denco and Denton County have a long-standing agreement for Denco 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.
Expenditures

The total expenditures proposed in the fiscal year 2016 financial plan reflect a 28%, or $1,173,266, increase in spending as compared to the estimated expenditures for fiscal year 2015. Factoring in the additional miscellaneous revenue in 2016 reduces the spending increase to 23%.

Personnel

Total personnel expenditures proposed in 2016 are $1,489,207, or 27.6% of the total budget, representing an increase in this budget section of $183,861 when compared with the estimated fiscal year 2015 budget. This 14.1% increase is largely attributable to filling of three staff positions left unfilled for portions of fiscal year 2015.

Health insurance costs through TML MultiState IEBP will increase by 5.0% in 2016. An independent review in 2015 of four large healthcare plans providers, offering ten comparable plans to Denco’s current TML MultiState IEBP health plan, confirmed that TML MultiState IEBP is still the most cost effective plan provider for the District.

A 13.1% increase in the salary line item has been included in the 2016 financial plan to include a full year of payroll for the three (3) partially staffed positions and one (1) part-time (.4 FTE) staff position in fiscal 2015. 2.0% of this increase is included for potential merit-based pay adjustments.

Total benefit expenditures proposed in fiscal year 2016 are $64,461 more than estimated in the current fiscal budget; again attributable to filling vacant positions. The proposed benefits package is 30.6% of the total personnel budget.

The TCDRS proposed budget line item remains at 16.0% of salary. This is an elected contribution rate and 10.9% over the TCDRS 2016 plan year requirement. The higher contribution rate helps to mitigate the impact of future rate increases due to market volatility and retiree payments, and continues to provide better return on investment than elsewhere. Denco’s current funded ratio is 104.7%. This investment should allow the District to reduce its contribution in the future if required.
**Administration**

The total administration expenditures proposed for fiscal year 2016 is $311,250 or 5.8% of the total budget expenditures. Proposed spending is $23,688 less than estimated fiscal year 2015 spending.

Relative reductions in spending from 2015 to 2016 include costs associated with Denco’s 25<sup>th</sup> service anniversary celebration, the purchase/assembly of cubicle furniture for additional staff, legal expenses, computer software, contract staffing, and a document imaging project.

Minor increases in electrical utilities and building related maintenance expenses increased projected spending in Building Services to $12,625 in fiscal year 2016.

**Direct Services**

Direct Services expenditures include 9-1-1 technical and operational elements, Geographic Information Systems and database, the training program, public education, and supporting capital projects. These services account for 64.7% of the fiscal year 2016 budget.

**Technical Services**

In October 2014, Denco completed the PSAP transition to the Next Generation 9-1-1 infrastructure through the deployment of advanced call answering equipment at each of the twelve 9-1-1 centers and transition to IP selective routing and network services. During fiscal year 2015, technical staff has focused on completing the migration of all telecommunications service providers from the legacy network to the advanced NG9-1-1 ingress point. Staff has continued to make technical and operational refinements to the system configuration and planning for future system enhancements. Care has been taken to methodically decommission equipment and network facilities that supported the legacy 9-1-1 system.

Fiscal year 2016 will focus on the continuing evolution of 9-1-1 services by taking advantage of the advanced infrastructure and system capabilities of Denco’s new 9-1-1 system. It is anticipated that staff will complete the full deployment of advanced text-to-911 services before the end of fiscal year 2015. PSAP continuity of operations will be enhanced by leveraging the IP network and roles based Telecommunicator login profiles, while preparing the district for spatial routing capability by significantly improving GIS data. Additionally,
Denco’s public education, PSAP support and Telecommunicator training programs will see expansion.

The following bullets highlight direct services expenditures in the proposed 2016 budget:

- An additional 9-1-1 technician position was established during fiscal year 2015 budget process by reclassifying and downgrading a manager position. Although this position is authorized and funded, management has continued to closely monitor the technical workload and so far has retained the position as vacant. This position is recommended for continued authorization in the event the post-NG9-1-1 cutover workload stabilizes at a level which would require additional resources for Denco to maintain its high quality monitoring and response capabilities.

- A part-time microwave technician position has been created to maintain the jointly owned countywide public safety microwave system. The employment of a highly skilled technician on a part-time basis permits focused system maintenance at a significantly reduced cost of outsourcing. The salary of the microwave technician is shared between Denco and Denton County.

- The proposed budget includes hardware and telecommunications costs of transitioning the current trunks for outbound calling at each of the PSAPs from analog out-dial to digital T1 service. The benefits associated with this transition include significantly increased capacity with minimal long-term cost implications. The new out-dial service will enable each PSAP to determine individual phone numbers for display in the caller ID data field.

- Coinciding with the relocation of the City of Carrollton PSAP to the Cyrus One facility, Denco will extend the countywide microwave ring. The cost to reconfigure the microwave network and extend the ring to include the new PSAP location is approximately $240,000.

- Due to the relocation of the Carrollton PSAP remote from the host site, the proposed budget includes additional IP network costs at approximately $24,000.

- Two technician vans were replaced in fiscal year 2015 with smaller, more cost effective vehicles. The proposed fiscal year 2016 budget includes $30,000 for an additional technician van of similar configuration. All Denco
vehicles are acquired and equipped through government cooperative purchasing plans.

GIS Services

A core requirement for a fully transitioned NG9-1-1 system is highly accurate map data that will support the eventual routing of wireline and wireless 9-1-1 calls. In 2014 and 2015, Denco conducted full assessments of its GIS data and has identified areas of needed enhancement for spatial-based routing readiness. The work plan includes improvements to the GIS file structure, data accuracy, enhanced procedures, procurement of advanced software, and expansion of workload capacity and subject matter expertise. The proposed fiscal year 2016 budget includes the following:

- Expansion of staff workload capacity, through an intern or staff position, to support digitization of address points within each of the jurisdictions in the district. Fiscal year 2016 includes $50,000 for additional GIS support which could be acquired through an employee, contractor or consultant. The proposed budget also includes an ESRI GIS mapping software license to support a contractor or employee.

- Consulting services to assist with GIS data accuracy improvements to ensure Denco’s GIS data meets or exceeds industry standards for NG9-1-1 migration.

- Development of a comprehensive quality assurance/quality control program to result in the establishment of a single, high-quality, “gapless” regional GIS dataset that is available to all local governments in the district to support public safety.

- Purchase of enhanced GIS data management software to perform quality assurance comparisons across multiple datasets. The software will support workflow improvements to sync Denco and other local governments on a common platform for GIS maintenance.

Continuity of PSAP Operations and Training Enhancements

The transition to NG9-1-1 provides enhanced availability for PSAP call-taking anywhere on the Denco emergency services IP network. This increased availability offers tremendous opportunity to improve continuity of PSAP operations in the event of a natural, intentional or technological disaster resulting
in the disruption of PSAP operations. The proposed fiscal year 2016 budget includes $185,000 in hardware, software and equipment costs to establish multi-jurisdictional back-up PSAP capabilities at both of Denco’s host sites.

By establishing back-up operational capability at the host sites, reliability of disaster response operations is improved by the elimination of remote connectivity to the call answering location. At host Site B, the computer based training room will be reconfigured with an improved layout. This layout not only provides added value to the district in the event of a disaster, but also enhances Denco’s training program by offering availability of additional training opportunities in a realistic environment.

**Training Services**

Denco continues to offer one of the most active telecommunicator training programs in the State of Texas. Denco provides training for the more than 175 telecommunicators, supervisors, and managers in the district, as well as to public safety personnel from outside the district; when excess capacity exists. The Denco training program provides basic, advanced, management, and EMD training opportunities to public safety personnel.

The fiscal year 2016 proposed budget includes:

- Design and printing of the annual training calendar to promote the District’s training program and provide a better planning tool for PSAP managers.
- Consulting services to conduct an independent training need assessment.
- Continued pursuit of training academy accreditation through the Commission on Accreditation for Law Enforcement Agencies, Inc., (CALEA).

**PSAP Pre-Employment Support Services**

Since 2001, Denco has provided PSAPs with access to pre-employment testing facilities and programs including CritiCall and Select Advantage. During fiscal year 2016, Denco will support PSAPs in joint recruiting efforts of Telecommunicator candidates with the philosophy that more effective recruiting and hiring has a direct correlation to more effective and efficient call-taking. The
proposed budget includes design and production of a multi-jurisdictional recruiting brochure and associated media exposure.

Public Education Services

Denco provides marketing and public education messages to select groups, and the public in general, supporting a philosophy that a caller who knows when and how to use 9-1-1 effectively, can make a significant difference in the outcome of an emergency. An educated caller also makes the work of the telecommunicator more efficient and the public safety response more effective. The public’s expectation about 9-1-1 must be managed in order for them to be of assistance in their own emergency situation.

The proposed budget includes continuation of Denco’s successful public education and promotional activities, with various enhancements, including expanded participation in community events, safety fairs, and school presentations.

- During fiscal year 2015, Denco improved branding for its printed materials. All of the District’s public education marketing material (brochures, flyers and pamphlets) are being transitioned to this new branding with updated and relevant technological and operational information.

- The proposed fiscal year 2016 budget includes continued participation in regional media campaigns with other 9-1-1 entities in the D/FW mass media market.

- The proposed budget includes continued participation with the Lewisville Fire Clown program and increased exposure through more active and direct participation in community events, fairs, and festivals.

- Denco will become more active in school presentations during fiscal year 2016 and will continue to provide an end-of-year safety message to all elementary school students in the district.
Five Year Projections

The Five Year Projections spreadsheet in “Section 4,” along with the graph that follows, depicts the long term financial position and stability of the Denco Area 9-1-1 District.

Beginning in fiscal years 2010 and 2011, the District drew upon its capital projects fund to expand its training facilities and for the initial phase of its NG9-1-1 system project. In 2012, due to NG9-1-1 project implementation delays, the fund balance grew until the project resumed in fiscal year 2013, at which point project expenses further reduced the fund balance. In 2014, the NG9-1-1 project drew to a close and the fund balance began to rise again, to an estimated balance of $4,364,085.

Looking ahead to fiscal year 2016, the reserve fund is projected to decrease by $381,277 to, among other projects, extend the microwave and Emergency Services IP networks to Carrollton’s new PSAP location. 2017 will further reduce the fund balance through the use of the assigned $2,500,000 from the Capital Projects fund for the construction of a data center to secure and protect Denco’s NG9-1-1 Host systems, emergency communications infrastructure, and other mission critical public safety systems.
DENCO AREA 9-1-1 DISTRICT

Summary of Cost Classifications

Personnel Expenditures

Includes staff salary, deferred compensation, healthcare, and retirement benefits. Also included are costs for state unemployment tax and employer’s contribution to Medicare. The District participates in the Texas County and District Retirement System (TCDRS) instead of the Social Security System.

Administration Expenditures

Includes the costs associated with the business operations of the Denco Area 9-1-1 District.

Communications: Includes telecommunication, printing/publishing and postage/shipping costs necessary for the District to disseminate information.

Expendable Supplies: Includes the cost of routine expendable office supplies and commercially available software. Supplies also include the costs associated with service awards.

Contract Services: Includes the cost of legal fees, independent audit, insurance, advertising and other contract services such as equipment and software support. Also included are the District’s proportional costs as a member of the Texas 9-1-1 Alliance and costs associated with projects requiring outside professional services.

Building Services: Includes the cost of utilities, building services, maintenance and repair expense for the office and training facility owned by the District.

Memberships/Subscriptions: Includes individual and organizational memberships to professional organizations such as National Emergency Number Association (NENA) and Association of Public Safety Communications Officials-International (APCO). Also includes subscriptions to local newspapers, periodicals, information services, technical support publications and the purchase or rental of books, videos and recordings.
**Professional Development:** Includes board and staff training and ongoing professional development through technical training classes, seminars, conferences and symposiums.

**Travel:** Includes out of district travel costs such as, but not limited to mileage reimbursement, airfare, food, lodging, local transportation, parking, telephone, etc., when such costs are reasonable and when they are incurred in conjunction with board and authorized staff travel out of the district. Also included is reimbursement for the use of personal vehicles on official business within the district.

**Furniture and Equipment:** Includes the purchase of the necessary furniture and fixtures as well as office equipment necessary for the ongoing operations of the Denco Area 9-1-1 District.

**9-1-1 Systems**

Includes the operation, service, and direct maintenance costs required for the District to maintain the 9-1-1 system. Also included are non-recurring and monthly recurring costs for network, selective routing, database services, language interpretation, and other recurring services.

The 9-1-1 Systems budget also includes operations, service and direct maintenance costs required to develop and distribute 9-1-1 GIS and other database information to PSAPs and emergency response agencies. Included are costs for aerial photography files and the service and maintenance of hardware and software required to provide the mapping data.

**Training and Education Development**

Training expenditures include cost for materials, instructors, registration, etc., associated with meeting the training needs of 9-1-1 call takers. Also included are direct costs required for the District to sponsor telecommunicators from across the district to attend the Texas APCO/NENA Annual Conference and Awards, appreciation events, and recipients of the Dr. Allen Groff Emergency Medical Dispatch (EMD) Scholarship to the national EMD conference. Additional training costs are associated with the provision of telecommunicator selection tools that Denco provides its PSAPs.

Education Development expenditures include operating costs required for the development, purchase and distribution of public information and education materials for special focus groups and the district at large. Expenditures for
special functions such as National Telecommunicator Week recognition and 9-1-1 Day activities are also included.

**Capital Projects**

The Denco Area 9-1-1 District Board of Managers from time to time will set aside funds for capital projects in order to ensure that they are available when needed. Any expenditure from these assigned or committed funds requires additional board action. The District’s 2016 budget includes the assignment of $2,500,000 to the Capital Project fund for the future construction of a data center.
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Denco Area 9-1-1 District

Fiscal Year 2016
Financial Plan

Section 4

Anticipated Revenues

Proposed Expenditures
## Summary of Anticipated Revenues and Proposed Expenditures

### Fiscal Year 2016

<table>
<thead>
<tr>
<th></th>
<th>Proposed</th>
<th>Percent of Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Beginning of Year Estimated Fund Balance</strong></td>
<td>$4,364,085</td>
<td></td>
</tr>
<tr>
<td><strong>Anticipated Revenues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9-1-1 Service Fee Revenue</td>
<td>$4,790,439</td>
<td>95.6%</td>
</tr>
<tr>
<td>Interest Revenue</td>
<td>$22,000</td>
<td>0.4%</td>
</tr>
<tr>
<td>Contract Services Revenue</td>
<td>$35,000</td>
<td>0.7%</td>
</tr>
<tr>
<td>Miscellaneous Revenue (Expense)</td>
<td>$164,800</td>
<td>3.3%</td>
</tr>
<tr>
<td><strong>Total Anticipated Revenues</strong></td>
<td>$5,012,239</td>
<td>100.0%</td>
</tr>
<tr>
<td><strong>Proposed Expenditures</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel</td>
<td>$1,489,207</td>
<td>27.6%</td>
</tr>
<tr>
<td>Administration</td>
<td>$311,250</td>
<td>5.8%</td>
</tr>
<tr>
<td>9-1-1 Systems</td>
<td>$2,879,600</td>
<td>53.4%</td>
</tr>
<tr>
<td>Training and Education Development</td>
<td>$481,080</td>
<td>8.9%</td>
</tr>
<tr>
<td>Depreciation Expense</td>
<td>$102,378</td>
<td>1.9%</td>
</tr>
<tr>
<td>Capital Projects</td>
<td>$130,000</td>
<td>2.4%</td>
</tr>
<tr>
<td><strong>Total Proposed Expenditures</strong></td>
<td>$5,393,515</td>
<td>100.0%</td>
</tr>
<tr>
<td><strong>Increase (Decrease) in Fund Balance</strong></td>
<td>$(381,277)</td>
<td></td>
</tr>
<tr>
<td><strong>End of Year Estimated Fund Balance</strong></td>
<td>$3,982,808</td>
<td></td>
</tr>
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</table>
## DENCO AREA 9-1-1 DISTRICT FINANCIAL PLAN

### Anticipated Revenues
**Fiscal Year 2016**

<table>
<thead>
<tr>
<th>Proposed</th>
<th>Percent of Budget</th>
</tr>
</thead>
</table>

#### Wireline Service Fee Revenue

<table>
<thead>
<tr>
<th>Source</th>
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<th>Percent of Budget</th>
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<tr>
<td>Verizon</td>
<td>$368,600</td>
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</tr>
<tr>
<td>AT&amp;T</td>
<td>$135,240</td>
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<tr>
<td>CenturyLink</td>
<td>$50,490</td>
<td>1.0%</td>
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<tr>
<td>Other Local Exchange Carriers (CLECs)</td>
<td>$640,500</td>
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<tr>
<td>Telephone Company Administrative Charges</td>
<td>$(11,948)</td>
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<tr>
<td>Telephone Company Uncollectible Charges</td>
<td>$(4,057)</td>
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<tr>
<td>Telephone Company Adjustments</td>
<td>$(3,686)</td>
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<tr>
<td><strong>Net Wireline Service Fee Revenue</strong></td>
<td>$1,175,139</td>
<td>23.4%</td>
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</table>

#### Wireless Service Fee Revenue

<table>
<thead>
<tr>
<th>Proposed</th>
<th>Percent of Budget</th>
</tr>
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<tbody>
<tr>
<td>$3,615,300</td>
<td>72.1%</td>
</tr>
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#### Total Service Fee Revenue

<table>
<thead>
<tr>
<th>Proposed</th>
<th>Percent of Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>$4,790,439</td>
<td>95.6%</td>
</tr>
</tbody>
</table>

#### Non-Service Fee Revenue

<table>
<thead>
<tr>
<th>Proposed</th>
<th>Percent of Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Revenue</td>
<td>$22,000</td>
</tr>
<tr>
<td>Contract Service Revenue</td>
<td>$35,000</td>
</tr>
<tr>
<td>Miscellaneous Revenue (Expenses)</td>
<td>$164,800</td>
</tr>
</tbody>
</table>

#### Total Non-Service Fee Revenue

<table>
<thead>
<tr>
<th>Proposed</th>
<th>Percent of Budget</th>
</tr>
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<tbody>
<tr>
<td>$221,800</td>
<td>4.4%</td>
</tr>
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#### Total Revenue

<table>
<thead>
<tr>
<th>Proposed</th>
<th>Percent of Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>$5,012,239</td>
<td>100.0%</td>
</tr>
</tbody>
</table>
## DENCO AREA 9-1-1 DISTRICT

### Proposed Expenditures

*Fiscal Year 2016*

<table>
<thead>
<tr>
<th>Personnel Expenditures</th>
<th>Proposed Budget</th>
<th>Percent of Proposed Budget</th>
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</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>$1,033,500</td>
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<td>Benefits</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$1,489,207</strong></td>
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<table>
<thead>
<tr>
<th>Administration Expenditures</th>
<th>Proposed Budget</th>
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<tbody>
<tr>
<td>Communications</td>
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<tr>
<td>Expendable Supplies</td>
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<td>Contract Services</td>
<td>$115,115</td>
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<tr>
<td>Building Services</td>
<td>$88,130</td>
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<tr>
<td>Memberships/Subscriptions</td>
<td>$4,870</td>
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<tr>
<td>Professional Development</td>
<td>$23,175</td>
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<tr>
<td>Travel</td>
<td>$30,200</td>
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<tr>
<td>Furniture and Equipment</td>
<td>$8,500</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$311,250</strong></td>
<td><strong>5.8%</strong></td>
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</table>

<table>
<thead>
<tr>
<th>9-1-1 Systems</th>
<th>Proposed Budget</th>
<th>Percent of Proposed Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operations</td>
<td>$393,550</td>
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</tr>
<tr>
<td>Network and Database Services</td>
<td>$1,683,400</td>
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<tr>
<td>PSAP and Maintenance Equipment</td>
<td>$802,650</td>
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<td><strong>Total</strong></td>
<td><strong>$2,879,600</strong></td>
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<table>
<thead>
<tr>
<th>Training and Education Development</th>
<th>Proposed Budget</th>
<th>Percent of Proposed Budget</th>
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<tbody>
<tr>
<td>Operations</td>
<td>$132,830</td>
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<tr>
<td>Public Education Services</td>
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<tr>
<td>Training Services</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$481,080</strong></td>
<td><strong>8.9%</strong></td>
</tr>
</tbody>
</table>

| Capital Projects                  | $130,000       | 2.4%                      |
| Depreciation Expense              | $102,378       | 1.9%                      |
| **Total Expenditures**            | **$5,393,515** | **100%**                  |
## DENCO AREA 9-1-1 DISTRICT FINANCIAL PLAN

### Five Year Projections

#### Fiscal Year 2016

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Estimated</td>
<td>Proposed</td>
<td>Projected</td>
<td>Projected</td>
<td>Projected</td>
<td>Projected</td>
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<tr>
<td>Revenue</td>
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<td></td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>Net Service Fee Revenue (2.5% Growth)</td>
<td>$4,669,270</td>
<td>$4,790,439</td>
<td>$4,910,199</td>
<td>$5,032,954</td>
<td>$5,158,778</td>
<td>$5,287,748</td>
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<tr>
<td>Interest Revenue</td>
<td>$12,500</td>
<td>$22,000</td>
<td>$26,000</td>
<td>$12,000</td>
<td>$12,000</td>
<td>$12,000</td>
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<tr>
<td>Contract Services Revenue</td>
<td>$27,700</td>
<td>$35,000</td>
<td>$20,000</td>
<td>$20,000</td>
<td>$20,000</td>
<td>$20,000</td>
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<tr>
<td>Miscellaneous Revenue (Expense)</td>
<td>$11,100</td>
<td>$164,800</td>
<td>$42,500</td>
<td>$46,000</td>
<td>$49,500</td>
<td>$53,000</td>
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<td>Total Revenue</td>
<td>$4,720,570</td>
<td>$5,012,239</td>
<td>$4,998,699</td>
<td>$5,110,954</td>
<td>$5,240,278</td>
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<td>Personnel</td>
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<td>$1,688,210</td>
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<td>Training and Education Development</td>
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<td>$540,311</td>
<td>$572,759</td>
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<td>Depreciation Expense</td>
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<td>Capital Projects</td>
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<td>$130,000</td>
<td>$2,500,000</td>
<td>-</td>
<td>$130,000</td>
<td>$2,500,000</td>
</tr>
<tr>
<td>Total Expenditures</td>
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<td>$5,393,515</td>
<td>$7,948,345</td>
<td>$5,054,997</td>
<td>$5,288,560</td>
<td>$5,537,530</td>
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<tr>
<td>Increase (Decrease) In Fund Balance</td>
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<td>$(2,948,646)</td>
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<td>-</td>
<td>-</td>
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<tr>
<td>Unassigned</td>
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<td>$1,033,162</td>
<td>$1,089,119</td>
<td>$1,040,838</td>
<td>$876,055</td>
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<tr>
<td>End of Year Total Fund Balance</td>
<td>$4,364,085</td>
<td>$3,982,808</td>
<td>$1,033,162</td>
<td>$1,089,119</td>
<td>$1,040,838</td>
<td>$876,055</td>
</tr>
</tbody>
</table>
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Denco Area 9-1-1 District

Fiscal Year 2016
Financial Plan

Section 5

Budget Resolutions

House Bill 1984

District Legislation
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DENCO AREA 9-1-1 DISTRICT

RESOLUTION

DEFINING PROCEDURES FOR CONSIDERATION AND APPROVAL 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.

[Signature]
Chairman, Board of Managers

[Signature]
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, [er] 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) [[c]] 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) [[d]] 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.


§ 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.


§ 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.


§ 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.


§ 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.


§ 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.


§ 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.

§ 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.


§ 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.


§ 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.


§ 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.


§ 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.


§ 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.

§ 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% 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.
§ 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% 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.


§ 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.


§ 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.


§ 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).


§ 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.


§ 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.


§ 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.


§ 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.


§ 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.
§ 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.


§ 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.


§ 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.


§ 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.
§ 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.


§ 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.