



FILED

DEC 02 2020

INSURANCE REGULATION
Docketed by: JH

OFFICE OF INSURANCE REGULATION

DAVID ALTMAIER
COMMISSIONER

IN THE MATTER OF:

CASE NO.: 272272-20

FLORIDA SURPLUS LINES SERVICE OFFICE
_____ /

ORDER

THIS CAUSE came on for consideration upon the submission by the FLORIDA SURPLUS LINES SERVICE OFFICE (“FSLSO”) of its proposed \$6,156,495 operating budget for the year 2021, which was submitted to the FLORIDA OFFICE OF INSURANCE REGULATION (“OFFICE”) on November 2, 2020. Following a complete review of the record, and upon consideration thereof, and being otherwise fully advised in the premises, the OFFICE hereby finds as follows:

1. The OFFICE has jurisdiction over the subject matter and parties herein.
2. The Legislature created the FSLSO as a not-for-profit association charged with permitting orderly access to insurance coverages that are not otherwise available to Florida consumers. § 626.921(1), Fla Stat. The FSLSO is a self-regulating organization that collects service fees from agents, pursuant to Section 626.9325, Florida Statutes, and remits premium taxes levied against surplus lines policies to the Florida Department of Financial Services, pursuant to Section 626.932, Florida Statutes. § 626.921(3)(c) and (f), Fla. Stat.

3. The FLSO operates under a Plan of Operations that is subject to continuous review by the Office and must submit its annual budget and service fee to the Office for approval. § 626.921(3)(e) and (f), Fla Stat.

4. The service fee paid by the insured may be no more than 0.3% of the total gross premium of each surplus lines policy or document reported to the FLSO. § 626.921(3)(f), Fla. Stat. The 2021 operating budget retains the current service fee of 0.06 percent.

5. The FLSO's 2021 budget proposal (attached as Exhibit A) includes:

- (a) Descriptions of year over year adjustments in each budget category;
- (b) Operations budget of \$6,156,495, which includes:
 - i. An increase in the programming budget line from \$385,000 to \$775,000, or 101.3 percent, attributed to specific programming projects, tasks, updates, and software support required to maintain and support the reporting software and management system.
 - ii. An increase in the salaries budget line from \$2,668,000 to \$2,825,000, or 5.88 percent, attributed to funding for approved staff positions, incentive pay, staff promotions, recruitment, and temporary/part-time staff expenses. Also included in this budget line is funding for a performance-based merit pay pool.
- (c) Capital budget of \$4,088,500 includes \$3,040,000 to fund FLSO's NextGen Capital Project and Strategic Initiative, which is a three-year redevelopment of FLSO's technology platform.
- (d) Estimated revenues of \$7,718,718, comprised of:

- i. Surplus Lines Automation Suite (technology suite that collects and allocates taxes for multi-state transactions) revenues of \$2,345,000;
- ii. Service fee revenues of \$4,500,000, based upon projected premium and retaining the current .06 percent rate fee;
- iii. Total building revenue of \$123,718; and
- iv. Investment income of \$750,000.

IT IS THEREFORE ORDERED THAT:

6. The FLORIDA SURPLUS LINES SERVICE OFFICE's Year 2021 proposed operating and capital budget, as submitted to the OFFICE on November 2, 2020, is hereby APPROVED.

DONE and ORDERED this 2 day of December, 2020.



David Altmaier

David Altmaier, Commissioner
Office of Insurance Regulation

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Order has been furnished by certified mail on this 3rd day of December, 2020, to:

Gary Pullen
Executive Director
Florida Surplus Lines Service Office
1441 Maclay Commerce Drive, Suite 200
Tallahassee, FL 32312


Sarah J. Berner
Florida Bar No. 86725
Chief Legal Counsel
Office of Insurance Regulation
200 East Gaines Street
Tallahassee, Florida 32399-4229
Tel: 850-413-4169
Fax: 850-942-2543
Sarah.Berner@floir.com

FLORIDA OFFICE OF INSURANCE REGULATION
NOTICE OF ADMINISTRATIVE RIGHTS

Pursuant to Sections 120.569 and 120.57, Florida Statutes, and Chapter 28-106, Florida Administrative Code, you have the right to request a proceeding to contest this action by the Office of Insurance Regulation (Office) by filing a petition. Your petition must be in writing and directed to:

Anoush Arakalian Brangaccio
General Counsel
200 East Gaines Street
Tallahassee, FL 32399-4206

The petition must be transmitted by U.S. Mail or hand-delivered. Petitions transmitted by facsimile transmission or electronic mail will not be accepted for filing. Your petition challenging this action must be received by the Office at the above address not later than twenty-one (21) days from the date on which you receive this notice. Any document received by the Office before 5:00 p.m. shall be filed as of that day but any document received after 5:00 p.m. shall be filed as of 8:00 a.m. on the next regular business day. If you do not timely file a petition, your right to a proceeding shall be deemed waived and the Office's agency action will be final.

If you desire to challenge this agency action and do not dispute the material facts as found by the Office, you may request a proceeding pursuant to Sections 120.569 and 120.57(2), Florida Statutes. A petition for an administrative proceeding not involving disputed issues of material fact must comply with the content requirements of Section 120.569(1), Florida Statutes, and Rule 28-106.301, Florida Administrative Code.

If you desire to challenge this agency action and dispute the material facts as found by the Office, you may request a proceeding pursuant to Sections 120.569 and 120.57(1), Florida Statutes. A petition for an administrative proceeding involving disputed issues of material fact must comply with the content requirements of Section 120.569(1), Florida Statutes, and Rule 28-106.201, Florida Administrative Code.

A petition that is not in substantial compliance with the applicable rules and statutes will be dismissed.

Any request for an administrative proceeding received prior to the date of this notice shall be deemed abandoned unless timely renewed in compliance with the guidelines as set out above.

Mediation under Section 120.573, Florida Statutes, is not available for this agency action.



FLORIDA SURPLUS LINES SERVICE OFFICE
1441 Maclay Commerce Drive
Suite 200
Tallahassee, FL 32312
P: 800.562.4496

November 2, 2020

David Altmaier
Commissioner
Office of Insurance Regulation
200 East Gaines Street
Tallahassee, FL 32399-0305

Received
Nov. 2, 2020
Richard Fox

Dear Commissioner:

Attached please find the Florida Surplus Lines Service Office (FSLSO) 2021 Operations and Capital budget proposals. Please be advised that the FSLSO Board of Governors unanimously approved these budgets and the recommendation to retain the Service Fee at its current level of .06%.

Beginning in July of each year, a zero-based budget proposal is developed by each functional area in our Office after an evaluation of all ongoing and evolving projects, products, programs, services, and technology initiatives identified as strategic priorities based upon the results of our strategic planning activities. Following completion of the strategic planning process, each functional area develops its proposal for the coming year, focusing closely on differences between the current year budget and activities and anticipated needs for the coming year.

The attached FSLSO budget spreadsheets provide a comparison by line item between the approved 2020 and proposed 2021 budgets. This comparison provides a benchmark to assist you in evaluating the scale of the budget recommendations. While consideration was given to historical spending levels when developing the budget proposal for some line items, the recommendations for other categories are based upon the estimated expenses attributable to specific plans and activities for 2021.

The following information will supplement the Operations Budget spreadsheet by providing comment on each budget line item in the 2021 Operations Budget proposal.

2021 Operations Budget Proposal

Salaries: The 2021 salary budget has been increased \$157,000 or 5.88% over the 2020 budget amount. This budget total includes funding for a base salary for all approved staff positions (filled and vacant), incentive pay for filled positions, warranted staff promotions, recruitment, and temporary/part-time staff expenses. Included in this budget total is funding for a performance-based merit pay pool of \$70,234 or 3% of the 2020 base salaries for filled positions.

Exhibit A

While individual salary increases are based upon job performance and current salary, the merit pay funds are used to remain competitive in the job market and to minimize staff turnover.

Employee Benefits & Payroll Taxes: The 2021 benefits line item has been increased \$84,000 or 10.45% compared to 2020. This funding includes the cost of all employee benefit plans, payroll taxes and related payroll expenses. This increase also includes the projected impact of benefit selections and participation levels based on full staffing in 2021.

Printing and Supplies: Based upon expected needs for 2021, this line item has been decreased by \$1,800 or 2.73% from the 2020 budget.

Legal, Accounting, & Other Professional Fees: This line item remains the same as the 2020 budget amount, and reflects the anticipated costs for legal, legislative, accounting, consulting, auditing, and tax services for the upcoming year.

Communications: The 2021 amount budgeted for this category has been increased by \$13,700 or 22.10% from the amount budgeted for 2020. This amount reflects the costs associated with the migration to a cloud-based phone service. A cloud-based phone system will provide redundant connectivity for employees working on-site or remotely, and provides the ability to manage the system remotely. It is also projected that this increase will be offset by reduction in communication plan costs and elimination of on-site phone system infrastructure hardware.

Insurance: This line item has been increased by \$7,000 or 9.33% from the 2020 budget amount. This funding provides for potential premium increases due to increased insured values, coverage amounts and/or additional exposures or coverages.

Travel and Board Meetings: The amount budgeted for this line item remains the same as the 2020 budget amount to reflect anticipated Board and staff travel plans for 2021.

Training: Based upon anticipated individual and organizational training needs for 2021, this budget category is the same as the 2020 budget amount. This line item also provides professional development for employees acquiring and retaining job specific certifications.

Programming: This budget line item has been increased \$390,000 from the 2020 budgeted amount. In 2019, our office began our NextGen strategic initiative to re-develop our technology platform and move it to the "next generation" by utilizing advancing technologies, applications, and programming tools. In 2020, the expenses related to the initial development of NextGen and Cloud migration were budgeted and paid out of FLSO unencumbered surplus reserve funds.

The \$775,000 in the 2021 operations budget amount reflects the specific programming projects, tasks, updates, and software support needed to maintain and support the reporting software and management system being used to accomplish our statutory duties and responsibilities.

These costs include updating and maintaining our management system (RAPID); our web portal application (SLIP) and batch filing submissions process; maintaining the application for SLAS

clients; support for the new modules in the NextGen system; and tasks related to our accounting data transfers, and insurer applications.

Information Technology (Computer Support/Cloud Services): The 2021 amount budgeted for this category has been decreased \$76,000 or 14.34% from the amount budgeted in 2020.

Banking and Related Services: The amount budgeted for this line item remains the same as the 2020 budget amount and reflects current and anticipated services and fees in 2021.

Compliance Review Program Expenses: The estimated expenses for this program has been decreased by \$13,000 or 5.58% from the 2020 budget to reflect the estimated costs for the number of agent reviews planned for 2021 based upon the current review cycle.

Outreach and Education Programs

The 2021 amount budgeted has been reduced by \$17,405 or 10.36% from the amount budgeted in 2020. This amount will cover the required expenses and funding for educational activities and offerings planned for the agent and insurer community for 2021.

Insurer Financial Reviews: The amount budgeted in 2021 for the review and posting of insurer financial information remains at the same level as 2020 based upon the planned activities.

FSLSO Building Operations

Utilities – The budgeted utility expense for 2021 remains the same as the 2020 budget to reflect expected energy and utility costs and usage for next year.

Maintenance and Repairs – This line item also remains the same as the 2020 budgeted amount.

Total Building Budget – The total building budget for 2021 is \$177,000.

Total Operations Budget

The total proposed 2021 Operations Budget amount is \$6,156,495. This represents an increase of \$543,495 or 9.68% compared to the 2020 Operations Budget.

Income Tax: The revenue generated from SLAS services and activities are expected to continue requiring a quarterly estimated tax payment for the associated federal and state business income tax liability resulting from this unrelated business income.

The 2021 budget amount has been increased by \$130,000 or 43.33%, based on the anticipated 2021 revenue and expenses.

FSLSO Budget Totals

The 2021 FSLSO proposed budget total is \$6,586,495. This is an increase of \$673,495 or 11.39% compared with the 2020 total budget.

Revenue Estimates

Based upon projected premium for 2021, retaining the current .06% rate, service fee revenue next year is estimated to be \$4,500,000. The estimated revenue from SLAS clients is projected to be \$2,345,000. With estimated lease income of \$123,718 and projected investment income of \$750,000 added to the projected service fee revenue and SLAS income, the total revenues for 2021 are projected to be \$7,718,718. We are recommending the fee rates remain the same as the current level.

For 2021, we propose to continue utilizing unencumbered reserve funds for the NextGen capital project rather than operating revenues in the event there was an unexpected revenue shortfall and revenues were not sufficient to meet future projected operating expenses.

2021 Capital Budget Proposal

In order to properly account for and book the capital expenses incurred for updating our proprietary technology system, a Capital Budget was created rather than including these expenses in the Operations Budget. Budgeting for these expenses in a separate budget will facilitate the accounting of these expenses which will be used to value our technology system as an asset on our balance sheet. The following information will supplement the Capital Budget spreadsheet by providing comment on each line item in the 2021 Capital Budget proposal.

NextGen Capital Project and Strategic Initiative: In 2019, we began a strategic initiative, Next Gen, to re-develop our technology platform and move it to the “next generation” of technology, data base structure, applications, programming tools and techniques, security protocols and practices, and advancements in cloud computing. With improvements in technology, the growing complexity of our database, and end of life issues regarding our hardware and operating systems, the need exists for using current technologies to modernize the SLAS system. Using these innovative technologies, we will be able to redesign the SLAS system leveraging the logic, business rules and experience developed during the past 20 years while positioning the Office for the future. Since this initiative is a capital expense being funded over several years, it is recommended that funding be provided using designated surplus reserves rather than annual operating revenue. Utilization of surplus funds will avoid the need for a possible fee increase to fund these capital expenditures.

One part of the NextGen solution is to utilize cloud-based applications and services. This cloud-based redesign will provide efficient, cost-saving solutions for the hosting, maintenance, redundancy, and security of servers and databases maintained by the Office.

The project also includes the redesign of the existing SLAS applications into a single product and brand by utilizing a single code base for all clients. This new architecture will offer the following advantages over the existing system:

- Eliminate redundant system updates and maintenance deployments
- The ability to release enhancements and updates globally or in staged releases
- Provide a consistent user experience across all implementations
- Provide additional flexibility for state-specific customizations
- Eliminate the need for duplicate application code and logic for each implementation

To improve cybersecurity protection, the following Security and Data Privacy controls and services are available for implementation as part of SLAS NextGen:

- Built-in network firewalls and a private virtual cloud for data storage
- Enhanced data encryption
- Mitigation services for 'denial of service' attacks
- Assessment of application vulnerabilities and management tools for software deployments
- Alert notifications when specific events occur, or established thresholds are exceeded
- Ability to conduct penetration testing to simulate system attacks

Computer Software: The specific components of the NextGen initiative scheduled for completion next year as outlined above include each of the following:

SLIP NextGen: SLIP is the reporting software used by surplus lines agents, IPC (Independently Procured Coverage) filers, and 'Corporate' filers submitting transactions on behalf of multiple agents. SLIP Insurer is the module used by insurers required to submit surplus lines policy data to our office so that we can perform the Premium Reconciliation functions used to identify unfiled agent transactions. This project will incorporate improvements identified and received directly from our customers into the application in addition to the system wide changes outlined above. The estimated budget line item amount is \$1,159,302.

RAPID NextGen: RAPID is the management system used by FLSO and SLAS state clients to review, report, and perform audit functions on transactions submitted through SLIP. The modules included in RAPID are Policy Search, Transactions in Question, Automated Compliance Alerts, RAPID Penalty Module, RAPID Policy Transfer, and other reporting and management functions. These modules are used to perform our statutory duties including facilitating compliance and protecting the revenues of the state. In addition, we will design a new module the RAPID Customer Relationship Management (CRM) module, which will be used to manage relationships and interactions with FLSO customers. The CRM will assist FLSO staff in tracking customer contacts, productivity, compliance, and tailoring our services to fit the unique needs of our customers. The budget line item for the planned updates to RAPID is \$1,570,895.

Analytics: SLAS NextGen will empower data analytics and decision making by creating a database structure that allows for data transformations and customizations for real-time analysis. As part of this objective, a central repository will be developed that will combine and merge data from different databases which will allow staff to access and analyze data in real time as it is being submitted by agents and insurers. This budget line item is estimated to be \$103,268.

Automated Testing: In software development, automated testing is the development of scripts to control the execution of testing scenarios and results against predicted outcomes. Automated testing can automate some repetitive but necessary tasks in a formalized testing process already in place or perform additional testing that would be difficult to do manually. Automated testing is used frequently in agile development and is critical for continuous delivery and continuous testing. As SLAS NextGen development continues, we will concurrently implement automated testing for the newly developed code to make the testing process more efficient and improve the overall quality and effectiveness of the newly developed modules. This budget line item is estimated at \$206,535.

NextGen Assessment & Roadmap: The 2021 Capital Budget includes \$25,000 for professional consulting services that may be necessary for the development of additional functionality and features required for the NextGen system.

The NextGen technology initiative also includes plans to purchase a Content Management Software license to be used for migration of the FLSO website (fslso.com) to a cloud-based platform, additional modules for the State of Georgia's SLAS system, and the possible development of a SLAS module for the State of Oklahoma. Listed below are additional details for these related capital expenses:

CMS License / Website Migration (FSLSO.com): This line item includes \$258,000 for the purchase of a Content Management Software (CMS) license and the redevelopment and migration of the FLSO website (fslso.com) to the cloud-based platform. The license version currently used is unable to be upgraded due to the customization requirements necessary and presents potential security vulnerabilities. The new CMS license will provide greater functionality, increased flexibility, and provide additional analytics on customer usage and traffic to improve marketing decisions.

Georgia System Implementation: In 2020, FLSO entered into an agreement with the Georgia Office of the Commissioner of Insurance and Fire Safety (GA OCI) to license the SLAS technology platform for the reporting and collection of surplus lines policies. In 2021, we will continue to work with GA OCI to implement additional modules, including Insurer SLIP and Premium Reconciliation. This budget line item includes \$275,000 for analysis and related programming expenses.

Oklahoma System Implementation: In 2020, FLSO began discussions with the Oklahoma Insurance Department regarding licensing the SLAS technology platform for the reporting and collection of surplus lines policies. This budget line item includes

\$350,000 for analysis and related programming expenses to be incurred and recovered only in the event a license agreement is finalized.

Assets

Office Furniture and Equipment: This category covers expenses for new furniture and equipment in excess of \$1,000. This line item has been decreased by \$6,000 and will cover the cost of purchasing additional office chairs and office furniture exceeding \$1,000.

Computer Hardware: The 2021 budget amount has been decreased \$4,600 compared to the 2020 budget based upon the planned purchase of one additional laptop and/or desktop.

Building Improvements: The 2021 budget amount has been decreased by \$40,000 from the 2020 budget. This line item will cover planned improvements to upgrade internal and external lighting, reducing the cost of maintenance and replacement of older, less efficient equipment and components.

Contingency Funds

To ensure funding for equipment that may need replacing, both planned and unexpected, the Board established an Equipment Replacement Fund to cover the cost of equipment that has reached end of life or otherwise needs replacing. Additionally, a Business Continuity (Disaster Preparedness and Assistance) Fund was established to cover expenses for disaster preparedness and in the event of an incident causing business interruption, provide funding for extraordinary costs that may be incurred as a result.

Equipment Replacement Fund: During 2020, \$88,000 was needed to replace old or failing equipment and is the amount needed to replenish the Equipment Replacement Contingency Fund balance based upon an established replacement schedule of our computer hardware and other equipment. This amount varies year to year depending upon the number and type of equipment needing replacement.

Equipment replaced during 2020 included the replacement of desktops/laptops that were beyond the 3-year lifecycle. Additionally, the replacement of the network security system (firewall) had to be replaced, which monitors and controls incoming and outgoing network traffic.


Business Continuity (Disaster Preparedness and Assistance) and Building Contingency Fund: During 2020, \$10,500 in expenses for disaster preparedness services and activities were incurred for computer equipment and auxiliary items necessary in order for staff to transition to working remotely as a result of the COVID-19 pandemic.

Total Capital Budget

The total 2021 Capital Budget is \$4,088,500 and will be funded using unencumbered reserve funds to be designated for these purposes.

Hopefully, the information provided will help your staff during the budget review process. If there is additional information that we can provide to facilitate the review and approval of the FSLSO 2021 Operations and Capital Budgets and related Service Fee, please contact our Controller, Sheila Pearson (205-6684 or spearson@fslso.com) or our Operations Director, Georgie Barrett (205-6656 or gbarrett@fslso.com).

Sincerely,

A handwritten signature in blue ink that reads "Gary D. Pullen". The signature is written in a cursive style with a large initial "G".

Gary D. Pullen
Executive Director

cc: Robert Ballard

**FLSO Operations Budget
2021**

	<u>2021</u>	<u>2020</u>	<u>Difference</u>	<u>% Change</u>
<u>General Operations and Administration</u>				
Salaries	\$ 2,825,000	\$ 2,668,000	\$ 157,000	5.88%
Employee Benefits & Payroll Taxes	\$ 888,000	\$ 804,000	\$ 84,000	10.45%
Printing, Postage and Supplies	\$ 64,200	\$ 66,000	\$ (1,800)	-2.73%
Legal/Accounting/Other Professional Fees	\$ 261,000	\$ 261,000	\$ -	0.00%
Communications	\$ 75,700	\$ 62,000	\$ 13,700	22.10%
Insurance	\$ 82,000	\$ 75,000	\$ 7,000	9.33%
Travel and Board Meetings	\$ 94,000	\$ 94,000	\$ -	0.00%
Training	\$ 30,000	\$ 30,000	\$ -	0.00%
Programming	\$ 775,000	\$ 385,000	\$ 390,000	101.30%
Information Technology (Computer Support/Cloud)	\$ 454,000	\$ 530,000	\$ (76,000)	-14.34%
Banking & Related Services	\$ 25,000	\$ 25,000	\$ -	0.00%
Subtotal	<u>\$ 5,573,900</u>	<u>\$ 5,000,000</u>	<u>\$ 573,900</u>	<u>11.48%</u>
<u>Compliance Review</u>				
Program Expenses	\$ 220,000	\$ 233,000	\$ (13,000)	-5.58%
Subtotal	<u>\$ 220,000</u>	<u>\$ 233,000</u>	<u>\$ (13,000)</u>	<u>-5.58%</u>
<u>Outreach and Education</u>				
Program Expenses	\$ 150,595	\$ 168,000	\$ (17,405)	-10.36%
Subtotal	<u>\$ 150,595</u>	<u>\$ 168,000</u>	<u>\$ (17,405)</u>	<u>-10.36%</u>
<u>Insurer Financial Reviews</u>				
Program Expenses	\$ 35,000	\$ 35,000	\$ -	0.00%
Subtotal	<u>\$ 35,000</u>	<u>\$ 35,000</u>	<u>\$ -</u>	<u>0.00%</u>
<u>Building Operations:</u>				
Utilities	\$ 71,000	\$ 71,000	\$ -	0.00%
Maintenance and Repairs	\$ 106,000	\$ 106,000	\$ -	0.00%
Subtotal	<u>\$ 177,000</u>	<u>\$ 177,000</u>	<u>\$ -</u>	<u>0.00%</u>
Total Operations Budget	<u>\$ 6,156,495</u>	<u>\$ 5,613,000</u>	<u>\$ 543,495</u>	<u>9.68%</u>
Income Tax	\$ 430,000	\$ 300,000	\$ 130,000	43.33%
Total 2021 Budget	<u>\$ 6,586,495</u>	<u>\$ 5,913,000</u>	<u>\$ 673,495</u>	<u>11.39%</u>
<u>Estimated Revenues</u>				
SLAS Revenues	\$ 2,345,000	\$ 1,782,000	\$ 563,000	31.59%
Service Fee Revenues	\$ 4,500,000	\$ 5,360,000	\$ (860,000)	-16.04%
Total Building Revenue	\$ 123,718	\$ 121,150	\$ 2,568	2.12%
Investment Income	\$ 750,000	\$ 725,000	\$ 25,000	3.45%
Total Revenues	<u>\$ 7,718,718</u>	<u>\$ 7,988,150</u>	<u>\$ (269,432)</u>	<u>-3.37%</u>

**FLSO Capital Budget
2021**

	<u>2021</u>	<u>2020</u>	<u>Difference</u>	<u>% Change</u>
<u>Reserve Capital Expenditures</u>				
<u>Computer Software</u>				
(1) NextGen Technology Platform	\$ 3,040,000	\$ 2,037,000	\$ 1,003,000	49.24%
SLIP				
RAPID				
Analytics				
Automated Testing				
(2) Accounting System		\$ 450,000	\$ (450,000)	-100.00%
NextGen Assessment & Roadmap	\$ 25,000	\$ 300,000	\$ (275,000)	-91.67%
Cloud Computing		\$ 195,000	\$ (195,000)	-100.00%
Website Migration (FLSO.com)	\$ 258,000		\$ 258,000	#DIV/0!
GA System Implementation	\$ 275,000	\$ 288,000	\$ (13,000)	-4.51%
OK System Implementation	\$ 350,000		\$ 350,000	#DIV/0!
Subtotal	<u>\$ 3,948,000</u>	<u>\$ 3,270,000</u>	<u>\$ 678,000</u>	
<u>Net Assets, Unrestricted</u>				
Office furniture and equipment	\$ 4,000	\$ 10,000	\$ (6,000)	-60.00%
Computer Equipment (hardware)	\$ 3,000	\$ 7,600	\$ (4,600)	-60.53%
Building Improvements	\$ 35,000	\$ 75,000	\$ (40,000)	-53.33%
Subtotal	<u>\$ 42,000</u>	<u>\$ 92,600</u>	<u>\$ (50,600)</u>	-54.64%
<u>Board Designated Contingency - ERF</u>				
Equipment Replacement	<u>\$ 88,000</u>	<u>\$ 168,000</u>	<u>\$ (80,000)</u>	-47.62%
<u>Board Designated Contingency - Business</u>				
<u>Continuity</u>	<u>\$ 10,500</u>	<u>\$ 45,000</u>	<u>\$ (34,500)</u>	-76.67%
Total 2021 Capital Budget	<u>\$ 4,088,500</u>	<u>\$ 3,575,600</u>	<u>\$ 512,900</u>	14.34%