

Florida Courts E-Filing Authority Reserves Policy

Purpose

The purpose of the Reserves Policy for the Florida Courts E-Filing Authority (Authority) is to ensure the stability of the ongoing operations of the organization.

Definitions and Goals

Operating Reserves

The Operating Reserve, which is designated by the Board, is intended to provide an internal source of funds for situations such as: major one-time unbudgeted expenses that are critical in nature or for any unanticipated decrease or loss of revenues. Operating Reserves are not intended to replace a permanent loss of funds or eliminate an ongoing budget gap. It is the intention of the Authority to maintain a required minimum balance for Operating Reserves. If the Operating Reserve has remained below the minimum requirement for two consecutive years, the Treasurer will recommend a budget with a projected surplus that is sufficient to rebuild the reserve over a specific number of years.

The minimum amount of cash to be designated as Operating Reserves, shall be an amount sufficient to maintain ongoing operations and programs measured for a set period of time, in months.

The minimum target for Operating Reserves is equal to 25% (or 3 months) of average operating expenses for the prior two years. The maximum target for Operating Reserves is equal to 50% (or 6 months) of average operating expenses for the prior two years. The calculation of average operating expenses includes all recurring, predictable expenses such as salaries and benefits, occupancy, office, travel, program, and ongoing professional services.

Average Operating Expenses – 17-18 actual +16-17 actual (5,869,789 + 5,214,328)/2 = \$5,542,059

Minimum Designated Cash - \$5,542,059 x .25 = \$1,385,515

Maximum Designated Cash - \$5,542,059 x .50 = \$2,771,030

The amount of the targeted Operating Reserve will be calculated each year after the completion of the annual audit, reported to the Treasurer and Board of Directors, and included in the regular financial reports. The Operating Reserves may be invested according to the Investment Policy.

Capital Asset Reserve

The systems infrastructure of the Portal is a critical component to the safety, security, and efficiency of the program. With constant changes in technology and continued Portal growth, the need for designated funds to provide for system upgrades and new equipment is apparent. The equipment used in operating the Portal and running redundantly requires regular updates as it has a useful life between three and five years. In addition, as volume grows, the need for additional data storage also grows.

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As a result, the target amount set for the Capital Asset Reserve is \$1,750,000. The Capital Asset Reserve may be invested according to Investment Policy.

Funding of Reserves

The Operating Reserve will be funded annually with surplus unrestricted operating funds.

The Capital Asset Reserve will be funded with any excess unrestricted operating funds after considering the maximum designated Operating Reserve.

Use of Reserves

Use of Reserves requires three steps:

1. Identification of Appropriate Use

The CEO and/or the CFO of the Florida Court Clerks and Comptrollers (FCCC) will identify the need for funds and confirm that the use is consistent with the purposes described in this Policy. This step requires analysis of the reason for the shortfall, the availability of any other sources of funds before using Reserves, and evaluation of the time period that the funds will be needed and replenished.

2. Emergency Authority to use Reserves

Emergency authority for use of up to \$100,000 of Reserves is delegated to the FCCC CEO and/or the CFO in consultation with the E-Filing Treasurer.

The use of Reserves will be reported to the Treasurer and Board of Directors at their next scheduled meeting. This will include a description of the analysis and determination of the use of funds and plans for replenishment to restore the Reserves to any target minimum amount. The FCCC CEO and/or the CFO must receive prior approval from the Treasurer and Board of Directors for use of Reserves in excess of \$100,000.

3. Reporting and Monitoring

The FCCC CFO is responsible for reviewing that the Reserves are maintained and used only as described in this Policy. Upon approval for the use of Reserves, the CFO will maintain records of the use of funds and plan for replenishment, if required. The CFO will provide regular reports to the Treasurer and Board of Directors, which may include progress to restore the Reserves to the designated amount.

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Review of Policy

This Policy will be reviewed during the budget process, by the E Filing Treasurer, or sooner if warranted by internal or external events or changes. Changes to the Policy shall be recommended by the Treasurer to the Board of Directors.

Amendment

This policy may be amended by the E-Filing Authority Board of Directors.

Approval Date:

Effective Date:

Last Review Date: April 24, 2019

Cash balances	
Accounts	Balance 3/31/2019
Checking account	\$ 431,035
Designated Cash	\$ 2,775,212

Summary of Target Reserves	
Reserve Account	Target Amounts
Operating Reserve (Maximum)	\$ 2,775,212
Capital Asset Reserve	\$ 1,750,000
Total Targeted Reserves	\$ 4,525,212
