

## Juvenile Welfare Board



The Children's Services Council  
of Pinellas County

14155 58th Street North  
Suite 100  
Clearwater, FL 33760

### ■ Board Members

Elise Minkoff, Board Chair  
Gubernatorial Appointee

Maria Edmonds, Vice Chair  
Gubernatorial Appointee

James Sewell, Ph.D., Secretary  
Gubernatorial Appointee

Brian J. Aungst, Jr.  
Gubernatorial Appointee

The Honorable Bob Dillinger  
Public Defender

The Honorable Raymond Gross  
Sixth Judicial Court

The Honorable Bernie McCabe  
State Attorney

Raymond H. Neri  
Gubernatorial Appointee

Angela H. Rouson  
Gubernatorial Appointee

The Honorable Karen Seel  
Pinellas County Commissioner

Michael A. Grego, Ed.D.  
Pinellas County Schools  
Superintendent

**D. Gay Lancaster**  
Executive Director

## AGENDA Finance Committee Meeting

May 29, 2013  
10:30 a.m.

Juvenile Welfare Board  
Conference Room 105

- I. Approval of January 23, 2013 Finance Committee Notes**
- II. New investment Option – Regions Bank**
- III. Fiscal Policy update**
- IV. Review FY 13/14 Proposed Budget**

Phone: (727) 547-5600  
Fax: (727) 530-7416  
Website: [JWBPinellas.org](http://JWBPinellas.org)  
Data Site: [AboutPinellasKids.org](http://AboutPinellasKids.org)





# Juvenile Welfare Board of Pinellas County

14155 58<sup>th</sup> Street North, Suite A • Largo, FL 33760  
727-547-5600 • FAX 727-547-5610 • [www.jwbpinellas.org](http://www.jwbpinellas.org)

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## FINANCE COMMITTEE MEETING MINUTES

Wednesday, January 23, 2013

1:00 PM

Juvenile Welfare Board

Conference Room 185

**COMMITTEE MEMBERS PRESENT:** Honorable Bernie McCabe, Chair; Honorable Bob Dillinger; Mrs. Maria Edmonds; Mrs. Elise Minkoff; Mr. Raymond Neri

**GUEST(S):** John Gilberto, Partner; Scott Davis, Senior Manager of Cherry Bekaert LLP

**JWB STAFF PRESENT:** Gay Lancaster; Dr. Marcie Biddleman; Dr. Mary Grace Duffy; Lisa Sahulka; Debra Prewitt; Lynn De La Torre; Sue Walterick; Karen Woods

**MEETING WAS CALLED TO ORDER BY MR. MCCABE AT 1:04 PM.**

Mr. McCabe would like future Finance Committee Meetings to start at 1:30 PM or later.

### **I. Requested Approval of October 25, 2012 Finance Committee Notes**

**ACTION:** Mrs. Minkoff moved approval to accept notes as written, seconded by Mr. Dillinger; no further discussion; motion carried.

### **II. Review FY 11-12 Draft Audit**

Mr. McCabe introduced John Gilberto, Partner, and Scott Davis, Senior Manager of Cherry Bekaert. An overview of the draft audit which includes completed financial statements and a short presentation was given to those present. Mr. Gilberto said he would discuss the reporting entity, required communication, key auditing changes and results of the single audit.

Cherry Bekaert audited the consolidated financial statements of the Juvenile Welfare Board of Pinellas County (JWB) as of and for the year ending September 30 2012, and anticipates issuing the report dated January 23, 2013. Two entities make up this financial statement: the Juvenile Welfare Board and a blended component unit. In the financial statement, JWB is the primary government in the general fund and the blended component unit is the special revenue fund. Pinellas Core Management Services (PCMS) is the special revenue fund. In order to pay the expenses of PCMS, there is a transfer in and transfer out

between the two funds. The balance sheet shows the monies that are owed are reflected in “due-to” “due-from”. The actual transfer of the monies is a transfer in and a transfer out reflected on the statement of revenues, expenditures and changes in fund balance.

The Auditor’s required communication comes under Generally Accepted Auditing Standards (GAAS), Government Auditing Standards (GAS) and OMB Circular A-133 (OMB). In the JWB financial statements, there are three reports Cherry Bekaert issues as JWB’s auditor: First, the opinion on the financial statements is an unqualified opinion. The other two reports are required for government entities that receive over \$500,000. A “No Comment” letter was written because no issues were found at the financial level of reporting. The same is true with compliance over laws, regulations and statutes.

Mr. Gilberto introduced Scott Davis who went over the report on grants and the federal awards that were received. A single audit was required per OMB Circular A-133. A data collection form which is required was also issued due to the single audit a statement of federal awards. The collection form contains a summary of all the federal grant activity and expenditures during the year and the discovery of the audit results. Mr. Davis also reviewed the Management letter that is issued under the rules of the Auditor General of the State of Florida.

The Significant Accounting Policies portion contains the policies for valuation of assets, timing of receivables and revenues. They are in accordance with the government auditing standards and accounting principles generally accepted in the United States of America, and consistent with industry practices and standards. JWB adopted the new GASB 61 regarding the recognition of component units. PCMS was a blended component this year and last, and there is no impact on JWB’s financials.

No unusual accounting policies or significant or unusual transactions took place. There was a new special revenues fund for PCMS disclosures. Leasehold improvements liability increased by \$250,000 due to air conditioning and structure changes for the new tenants.

There is a difference in revenue recognition as to why revenue can be recorded under full accrual which is in the government-wide statements and modified accrual which is in the general fund statement. The budgetary statements are under a fund statement and there is a significant difference in revenue recognition. Account receivables must be available within a certain period of time, which is 60 days in JWB’s policy. If JWB receives revenues that are due at year-end, but not collected within 60 days, they are not available, under the definition of modified accrual.

Certain management judgments and estimates are made during the Audit, based on best knowledge and outside help by actuaries, but it is not a true fixed amount. There are only two which can have a material effect on JWB’s financial statements: First is “Other Post-Employment Benefits” (OPEB) which when certain benefits are offered to retired employees then an actuary does a determination of that liability. The other estimate is the life of the assets on JWB’s capital assets. Only the capital assets apply to JWB this year.

Three journal entries were recommended during the auditing process:

1. Adjustments of \$32,296 for depreciation expense
2. Reclassification of \$232,496 of bank overdraft out of cash, and accounts payable
3. A modified accrual journal entry when revenues are available and measurable. The adjustment of \$101,789 was to correct general fund revenue and receivables not received within JWB’s period of availability (60 days).

Mr. Dillinger inquired as to the \$232,000 of bank overdrafts and is there a fee or cost associated with that.

Mr. Gilberto replied that here is not a fee and when auditing the cash accounts it sweeps to zero at the end of the night. Because it is a sweep account there are no charges or interest.

Ms. Sahulka: The auditors looked at that bank account as of September 30<sup>th</sup>. From an auditor's perspective, the correct amount of money was not in the bank as of September 30<sup>th</sup> to cover the amount of outstanding checks. This occurs because an actual sweep or transfer of the amount does not occur until the checks clear. The auditors consider this an overdraft and as a result reclassified the amount into accounts payable.

Mr. Gilberto: Three journal entries recommended were posted on all the financial statements. There were no difficulties or disagreements with the management on any of the policies or procedures and no consultation of any other matters that were disclosed with staff, other accountants or auditors. When the financial statements are closed out, we will receive a representation letter from management saying that everything that was told during the audit was correct to the fullest of their knowledge, and a financial letter to the Auditor General will be issued.

Mr. Davis: There are two paragraphs of Supplemental information. The first paragraph is the Management Discussion & Analysis (MD&A). Independent auditors report management discussion and it is unaudited. The numbers are compared to the financial statements and underlying data; the Supplemental information is unaudited so an opinion is not issued, and there is a Budgetary Comparison Schedule that is not audited.

Cherry Bekaert does issue an opinion on the schedule of expenditures of federal awards and state financial assistance, referenced on Page 12 which goes over Financial Highlights, and Page 14 Other Communications. On Page 12, it shows the Administration increasing \$200,000, while Programs Expenditures decline by \$800,000. Administration increased due to expensing the building lease renovation for 2-1-1. Mr. Gilberto explained that Administration actually had a reduction due to outsourcing IT.

Ms. Sahulka said the operating budget was also in that number, as well as the ASO.

Mr. Davis said they are required to test 50% of JWB's Grant awards because JWB is not a low risk auditee and the only reason is because they have not had a single audit in the previous two audit periods. Two findings were noted: A significant deficiency in internal control over compliance related to the major program and nonmaterial noncompliance over allowable costs related to the major program.

Mr. McCabe asked for clarification on the significant deficiency in internal control over compliance related to the major program.

Mr. Davis gave an overview of the findings to Mr. McCabe. In three instances, it was noted that there was no approval of a small grant expenditure.

Mr. Dillinger asked if that was by someone at JWB or on the grant end.

Mr. Davis said approval was not received for one item at the program level and by JWB for the other. The expenses were allowable; they were just not approved. One of the expenditures they selected did not have adequate supporting documentation to determine it was allowable under the grant.

Mr. McCabe inquired about the Management letter page 41, first paragraph.

Mr. Davis said during the audit they went through all the reports that were required to be properly submitted and it was noted that one report had gone out and there was no evidence that the Finance Director had reviewed the report. They are recommending the report be initialed, as evidence that it has been reviewed.

Mr. McCabe: Under Prior Year Findings and Recommendation Number 2, it suggests that the transfer of funds was not completed in a timely manner.

Mr. Gilberto: The funds were not drawn down within the requisite 60 days.

Mr. McCabe asked where the money was.

Mr. Gilberto: At the State. JWB spends the money and we are then reimbursed for this.

Mr. McCabe: Then the request for reimbursement has to be submitted, and is that what did not happen in a timely fashion?

Mr. Gilberto: Yes.

Mrs. Walterick: The request was made after we had finalized all the expenses.

Mr. McCabe: What grant is it?

Ms. Sahulka: Carrera.

Mr. McCabe: Through the state?

Mrs. Walterick: Federal.

Mrs. Lancaster: We didn't have all the information together to submit the request for reimbursement. Once that was put together and finalized, then we made the request but it was 60 days past close-out of the period.

Mr. Neri: Is that the problem, we didn't receive the money in a timely fashion?

Mr. McCabe: We requested late.

Mr. Gilberto: It was year-end close out. The process takes a couple of months to complete.

Mr. Dillinger: Can we change the 60 days.

Mr. Gilberto: Yes, but 60 days is an industry standard.

Mrs. Walterick: 60 days is historic.

Mr. Neri: Do you have any idea what the cost relationship to administering a grant is to what productive money that we have to use. How much does it eat into a \$500,000 grant?

Mrs. Lancaster: If the grant receipt does not adequately cover the administrative costs, then the grant is not worth it. It really needs to be a breakeven for JWB.

Staff left the room. Discussion with the Auditors followed.

*This item was moved up:*

#### **IV. Family Services Pool Eligibility.**

Mr. McCabe asked Dr. Biddleman to address Family Services Pool Eligibility. Dr. Biddleman said staff did not have a formally adopted set of criteria. The Family Services Initiative was put together with the Family Services Pool. JWB wanted to have income eligibility so that Finance could have a guideline as they approve payment. The income eligibility recommended is 200% of poverty for a family of four. Exceptions to policy may only be granted by three people and there are levels one, two and three. Level 3 is when it is an exception, and it is brought to Micki Thompson (211), Marsha Monroe (Central Florida Behavioral Health Network) or Dr. Biddleman. A collective decision is made for any exceptions and it would be handled under the Level 3 criteria.

Mr. McCabe asked what are the criteria now, and a lengthy discussion ensued regarding the eligibility process.

Mr. McCabe: 90% are \$300 or less, what is the range for the other 10%.

Dr. Biddleman: Anywhere from \$500 - \$600 range. Level three is \$1,000 or over.

Mr. McCabe asked if would make more sense to do this for level two or above.

Dr. Biddleman: Level three is over \$1,000 and there are about two or three a day and over a \$1,000, two or three in a month. We started the whole family idea which is level three special conditions. We don't handle electric or rent assistance unless they need something else, which is labeled special conditions.

Mr. Dillinger: I think the 200% is a working model but, paperwork wise, I would think we would want to get at some level where there isn't any paperwork.

Mrs. Lancaster: I would love to see level 3 be the only time we engaged in the paperwork submittal.

Mr. Dillinger: The criteria are requiring clients to be residents of Pinellas County. People are talking about going to Pinellas. If you are homeless, how do you disprove if they show up in Pinellas County. I know of a woman who got evicted in Pasco and then came to 211.

Mrs. Lancaster: What is important to you? We are serving people with children. If it matters to you as a Board that the mother came across the line because she needed help, then we can apply that criteria but if it matters more to you that we provide service to keep a child with a parent safe in a shelter and get food, then we will apply that policy to our work. I have total confidence in the three people who are in place to provide approval to these exceptions.

Dr. Biddleman: Yes, we have Pinellas County criteria. We have approved maybe four or five families to go to Oklahoma, or Michigan. They came to Pinellas County and for whatever reason it didn't work out, and we send them back to their families.

Mr. Dillinger: They heard there could be family residential here in Pinellas.

Mr. McCabe: It is two philosophies. We want to provide for all the children and we are using Pinellas tax dollars to provide for Pinellas residents yet, we don't want to become a magnet.

Ms. Sahulka: Fiscal staff wanted to be certain the Board understood how this was being handled, and if there were any questions about it.

Mr. McCabe: Is this a program they might audit?

Ms. Sahulka: Yes. In other programs, JWB has income eligibility. We typically fund programs that families are engaged in a service like Healthy Families. The Health Department, as part of our contract, is doing an income eligibility testing and assessment. JWB is actually paying the bill and being a direct service provider and it is the only contract that operates like that. We could be scammed and not have backup to support it. On a positive note, One e-App is getting closer to implementation and as we get everyone to participate it will alleviate these issues.

Mr. McCabe: A significant percentage is already in some sort of JWB program.

Mrs. Lancaster: No, not necessarily. They have likely come to the attention of some system.

Mr. Dillinger: If they show up, and they don't have ID, and they are homeless with three children, do we help them?

Dr. Biddleman: We help them but we are not going to overlook documentation.

Mr. McCabe: How about we change Level 1, \$0 to \$500, Level 2, \$500 to \$1,000, Level 3, over \$1,000 and we require documentation for Level 2 and 3?

Mrs. Lancaster: As we go through an audit process, we want to provide a good, rationale; how vulnerable do you want us to be?

Mr. McCabe: Documentation for over \$500, Level 2 and 3 and documentation retention requirement only for participants not currently enrolled in a JWB funded program.

Mrs. Edmonds asked what kind of documentation is necessary.

Dr. Biddleman: A Birth Certificate and Social Security card. When we receive a Level 3 request, it comes in on an email and on a form. It shows all money received, even from other programs. We have a manual that goes into detail, and I will send you the Manual we have.

Mr. McCabe said, as he understands it, the documentation checklist is not fixed but has flexibility built in.

Dr. Biddleman: If people want gas, we ask to see a driver's license. If they have had their driver's license revoked, we are not going to give them gas for their car. Common sense applies to this program.

Mr. McCabe asked Ms. Sahulka if what he suggested allayed her concerns and she said yes it did.

**ACTION: Mrs. Minkoff moved approval of the Family Services Pool Eligibility; seconded by; Mr. Dillinger; no further discussion; motion carried.**

### III. Carrera – Grant Administration Discussion

Mrs. Minkoff said Pinellas Core Management Services (PCMS) was intended to be an ASO and to take on different types of grants. We have come to the determination that we cannot do small grants and foundations and have decided to do the large grants and now we are having a problem with those. Have we run out on the life span of PCMS and do we need to shelf PCMS? Sue Walterick was asked in a Board meeting if JWB had the staff to monitor the grant and was told yes they did. Mrs. Minkoff has concerns about JWB taking on future grants especially if they end up being farmed out to another non-profit. Then we lose economies of scale when we were told that having an ASO with a 501(c)(3) was going to bring to us economies of scale. Do we need to be in the grant business at all?

Mrs. Lancaster said this is very different. A staff member responsible for grants resigned who had the fiscal skills to monitor and manage these grants. JWB provides the administrative support for the Neighborhood Family Centers. With a 501(c)(3), you have a couple things that are valuable to the organization. One is the capacity to receive funds from elsewhere; including foundations which you don't usually get when there are restrictions on who receives the funds. Most other similar organizations have 501(c)(3)s for that purpose. With this particular grant, we were at a point where we made some staffing changes and Veronica was not replaced. We can either get a grants manager in-house and be assured we are handling the day-to-day monitoring and management that we did have the capacity for, or for a modest percent, we can ask another agency to help.

Mrs. Minkoff said she would not want to see any services cut back from the Neighborhood Family Centers. It is a great program, but how we are conducting business within this entity?

Mrs. Lancaster said there is another piece of this that has to do with whether the program would have local sustainability. That sustainability requires going out and engendering funding support from other entities to support the program. She feels confident we are handling every piece of ASO business we have, but for this one.

Mrs. Minkoff doesn't disagree about the fundraising and would not like to see, after the grant expires that the agency comes back to the Board and requests \$600,000 to continue the program because they haven't done their fundraising.

A lengthy discussion ensued about Health Department restrictions which necessitated moving the grant to another agency.

**Note:** Since that time, discussions with the Health Department have taken place and adjustments have been made to their administrative processes which have enabled them to maintain the contract and meet all requirements to manage expenses. Therefore, Board action is no longer necessary.

**ACTION: Mrs. Minkoff moved approval of the Carrera – Grant Administration Discussion that Mr. McCabe outlined and recommended; seconded by Mr. Neri; no further discussion; motion carried.**

**Mr. McCabe adjourned the meeting at 3:18 PM.**

**Minutes respectfully submitted by Joan Chamo, Executive Assistant**



# Finance Committee Meeting

May 29, 2013

## Approve New investment Options

Item II.

**Recommended Action:** Approval of new investment options with Regions Bank and Florida Local Government Investment Trust (FLGIT) with Investment Policy approval to exceed maturity requirement

**Issue:** Review and Update to Investments

**Background:** JWB invests in secure and liquid investments which include a money-market investment account with BB&T and Regions, and investments in the investment pool for public funds with Florida Local Government Investment Trust (FLGIT) and Florida Prime.

During FY 11/12, our yield rates averaged 18 basis points. The market investment accounts with both BB&T and Regions averaged 15 basis points. The governmental investment pools averaged slightly higher with Florida Prime at an average of 30 basis points and FLGIT averaging 18 basis points.

The most recent investment report is displayed below:

**JUVENILE WELFARE BOARD  
INVESTMENT REPORT  
For Period Ending April 30, 2013**

BANK	ACCOUNT	AVERAGE RATE	ENDING BALANCE	YIELD
<b>BB &amp; T</b>	Concentration Account <sup>▼</sup>	( 1 )	\$ 1,865,132.55	\$ -
	Market Investment Account	0.15%	8,657,694.82	1,067.32
<b>REGIONS</b>	Investment Sweep Trust Account	0.15%	13,010,541.31	1,657.30
<b>Florida Local Government Investment Trust</b>	Day to Day Fund Account	0.11%	13,009,617.80	1,172.21
<b>FLORIDA PRIME</b>	Investment Pool - FUND A <sup>▼</sup>	0.22%	470,930.60	82.55
	Investment Pool - FUND B <sup>▼</sup>	( 2 )	161,952.37	-
			<b>\$37,175,869.45</b>	<b>\$ 3,979.38</b>

In order to seek better investment returns, staff has explored two options for consideration.

## **REGIONS BANK**

Staff was approached by Regions Institutional Investment Management to discuss their Enhanced Cash Management Strategy to attain better yield on investment. The primary objective of the Strategy is to preserve principal with the secondary objective being to generate stable, predictable cash flows and a total return that exceed standard money market funds.

The Enhanced Cash Strategy was developed in 1997. It incorporates a long-term investment view yet maintains a high degree of liquidity. The effective maturity at the time of purchase for any issue will not exceed three years and must be rated "A" or better at the time of purchase. The minimum investment is \$500,000. The investment yield would be approximately 40 basis points. The fee schedule would be 25 basis points on the first \$10 million. However, Regions provides a -5 basis point non-profit discount which would bring the fee to 20 basis points.

The investment includes government bonds. JWB would own the bonds in the strategy. This makes the investment very liquid as compared to mutual funds where you own a piece of the total investment and it is not as liquid. Also, in comparison to Certificate of Deposits, there is no need for collateralization or maintaining safekeeping fees.

## **FLGIT**

The Florida Local Government Investment Trust (FL Trust) is a local government investment pool (LGIP) developed through the joint efforts of the Florida Association of Court Clerks and Comptrollers (FACC) and the Florida Association of Counties (FAC). JWB's current investment is in the Day to Day Fund which offers a fiscally conservative diversification option for Florida local governments and features same day transactions and online accounts management. Its current yield is 12 basis points.

Staff would like to move some of the current investment from the Day to Day Fund into The Investment Trust Fund. This is a short-term bond fund which is a AAA-rated that seeks to maximize return while preserving capital, maintaining liquidity and assuming minimal risk. It focuses on short-term (less than five year) securities with the highest credit ratings. The Minimum Investment in either fund is \$10,000. It has next day liquidity; although because it is not a money market, it is preferred to provide notification 2 days before the withdrawal in order for securities to be sold in an orderly fashion. They can accommodate quicker trades depending on the size of the trade. It is an NAV fund – which means that you purchase a certain number of shares, and as the NAV goes up the value of those shares goes up. If the NAV goes down you would lose value, but over the long range this strategy has given a good return. In order to earn a good return, investments should be at least 6 months and preferably in the 1 to 3 year range. The Investment Trust Fund currently has a 30-day yield of .43 basis points

Since the both the Regions and FLGIT investments contain maturities up to three years, staff recommends an update to policy language or receive Board approval to exceed the maximum maturity as indicated below:

### **H. Investment Policy**

#### **9. Maturity & Liquidity Requirements**

Investments of the JWB will allow for the day-to-day liquidity needs. Therefore, investments will be made in accordance with anticipated cash need and cash flow requirements. JWB shall limit its maximum maturity to ~~two~~ **three** years **unless specific authority is given to exceed that limitation.**

# ENHANCED CASH BOND OPPORTUNITY PORTFOLIO

First Quarter 2013



**W**e believe fixed income portfolios should provide a stable source of income. Based on this philosophy we construct investment grade, diversified portfolios. We actively manage portfolios to produce the highest total return consistent with prudent investment management. We also believe our long-term, value oriented approach to investing allows us to capitalize on temporary market inefficiencies.

## Portfolio Highlights

- Relies on the equal emphasis of four tools to ensure that all areas of the bond market are continuously evaluated to manage risk and capitalize on opportunities
- Focuses on selecting the right security with the right structure, at the right price and at the most favorable points in the business cycle
- Employs a topdown macroeconomic overview

## Investment Objective

The RIM Enhanced Cash Opportunity Portfolio is designed for investors with at least a two-year investment horizon. The primary objective of the strategy is the preservation of principal. The secondary objective of the program is to generate returns that exceed standard money market funds.

## Portfolio Characteristics

	EBOP	Index*
Effective Duration	1.26	1.06
Yield to Maturity	0.49%	0.28%
Average Maturity	1.39	1.09
Average Quality	AA-	AA+

## Performance Comparison

	EBOP	Index*
Month	0.04%	0.03%
Quarter	0.17%	0.12%
Year-to-Date	0.17%	0.12%
1 Year	0.90%	0.68%
3 Years	1.03%	0.91%
5 Years	1.96%	1.36%
Since Inception	3.10%	2.62%

Inception Date: 12.31.2005

Gross of Fees

Returns longer than one year are annualized

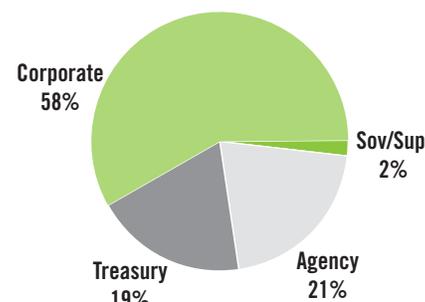
Results reflect model performance; actual performance may differ

\* The enhanced cash index consists of 50% the BofA ML 1-3 Corp & Gov and 50% the 90-day T-bill (as reported by Merrill Lynch)

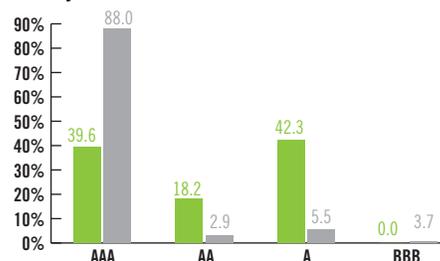
## 5-Year Risk Statistics

	EBOP	Index*
Standard Deviation	1.17	0.65
Alpha	0.08	0.00
Beta	1.38	1.00
R-Squared	0.59	1.00
Information Ratio	0.75	0.00

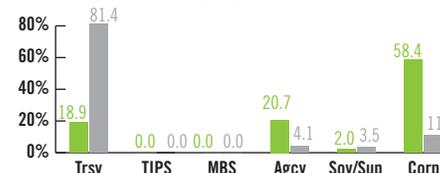
Sector and Characteristics Source: Bondedge  
Performance and Risk Statistics Source: Evestment Alliance  
Please read important disclosures that accompany this presentation.  
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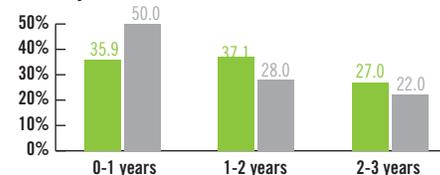
## Quality vs. Index



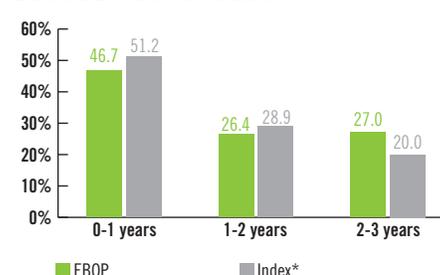
## Sector Allocation vs. Index



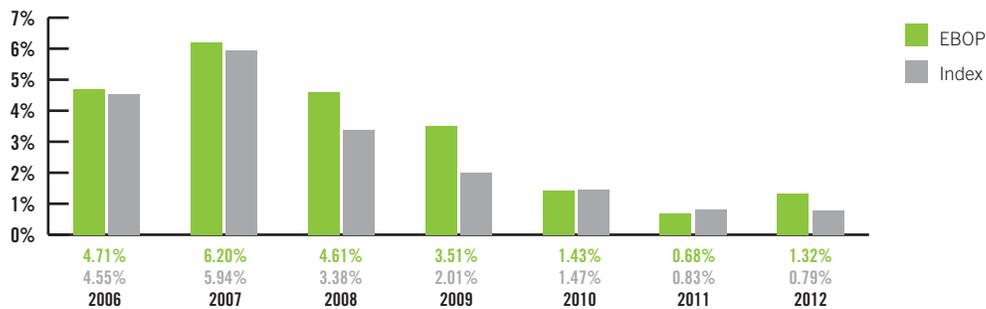
## Maturity Distribution vs. Index



## Duration Distribution vs. Index



## Calendar Year Gross-Performance



The benchmark is a consistent blend of 50% the BofA ML 1-3 year Corporate and Government Index and 50% of the BofA ML space 3 month U.S. Treasury Bill Index. The BofA ML 1-3 year Corporate and Government Index tracks the performance of investment grade U.S. dollar denominated debt issued in the U.S. domestic bond market, including U.S. Treasury, U.S. agency, Foreign Government and Supranational and Corporate debt. Qualifying debt must be rated investment grade and have at least one year and less than three years remaining term to maturity. The BofA ML 3 month U.S. Treasury Bill index is composed of a single 3 month treasury bill, which is replaced on a monthly basis.

## Important Disclosures

The index performance benchmark is not intended as a direct comparison to the performance of the portfolio, but is intended to represent the performance of certain sectors of the overall securities market. The investment strategy and types of securities held by the comparison index may be substantially different from the investment strategy and the type of securities held within this strategy. Indices are unmanaged, and you cannot invest directly into an index. Index returns do not reflect the deduction of fees and/or expenses, which would have the effect of decreasing the historical performance results. The volatility of the index is materially different at times than the volatility experienced by clients using this model strategy.

Performance results contained in this presentation are based on the performance of a group of accounts following the strategy. Accounts used in the performance calculation are selected at random, and include over 50% of all accounts using the strategy. The returns are calculated using a third party vendor, Investment Scorecard. Accounts selected for inclusion in the performance calculation include only those accounts that have fully implemented the strategy with no material limitations imposed. Factors impacting client returns include individual client risk tolerance, restrictions a client may place on the account, investment objectives, choice of broker/dealers or custodians, as well as other factors. Any particular client's account performance may differ from the program results due to, among other things, commission, timing of order entry, or the manner in which the trades were executed. Material economic and market factors which may have impacted the management of actual client accounts in this strategy may differ in the future.

Performance presented is gross of fees. Performance figures include reinvestment of coupon payment and other earnings. Fees would reduce the actual performance results. For example, a portfolio which earned 7% per annum for ten years would result in a cumulative return of 110.16% before investment management fees and 72.68% net of such fees, assuming a 37.5 basis point (0.375%) fee per quarter. The fee schedule is available upon request from Regions Trust. All indices used as performance benchmarks are not managed and do not incur fees and expenses. The fee schedule is described in Regions Investment Management Inc.'s ("RIM") Form ADV Part 2A. Economic factors, market conditions, and investment strategies will affect the performance of any portfolio, and will change over time. There are no assurances that model strategies will match or outperform any particular benchmark. Some strategies may involve above average turnover which could negatively impact any net after tax gain experienced within a taxable account. Clients are encouraged to seek the advice of a tax professional.

Past performance is no guarantee of future results. Current performance may be lower or higher than the performance data presented. The investment return and principle value of an investment will fluctuate so that, when redeemed, it may be worth more or less than the original value. It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities presented herein. Neither the information nor any opinion expressed constitutes a solicitation for the purchase or sale of any security. This strategy is not FDIC-insured, not a deposit of Regions Bank or its affiliates, not guaranteed by Regions Bank or its affiliates, not insured by any government agency, and may go down in value. Investment advisory services are offered through Regions Investment Management, Inc. ("RIM"), a Registered Investment Adviser. RIM is wholly owned by RFC Financial Services Holding, LLC, which in turn, is a wholly owned subsidiary of Regions Financial Corporation.

For additional information, please contact us at 1-866-917-8730.

# FLORIDA LOCAL GOVERNMENT INVESTMENT TRUST

## Investment Trust Short-Term Bond Fund

### Fund Overview

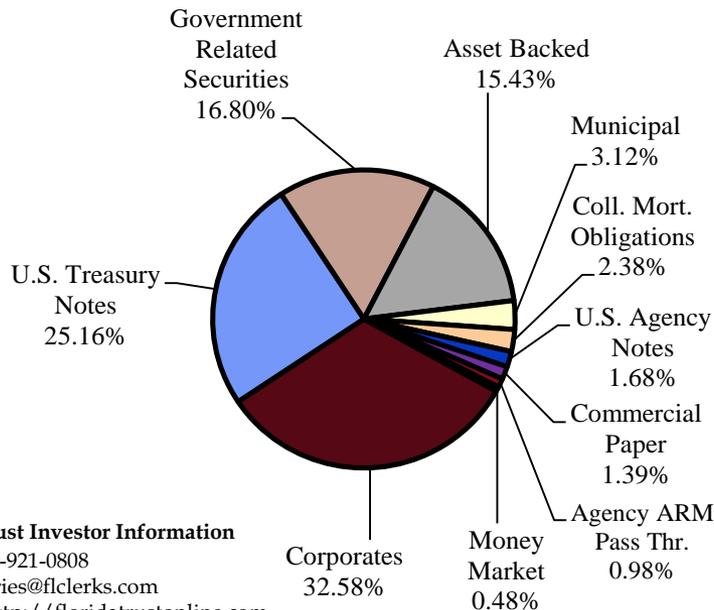
◆ **Investment Objective** – This short-term bond fund is intended to maintain safety of principal and to maximize available yield through a balance of quality and diversification within the portfolio.

◆ **Conservative Investment Strategies** – This S&P rated AA Af Trust invests in securities with effective maturities of less than five years. The weighted average maturity for the portfolio is 2.07 years. These securities are all high quality, primarily “AAA” rated.

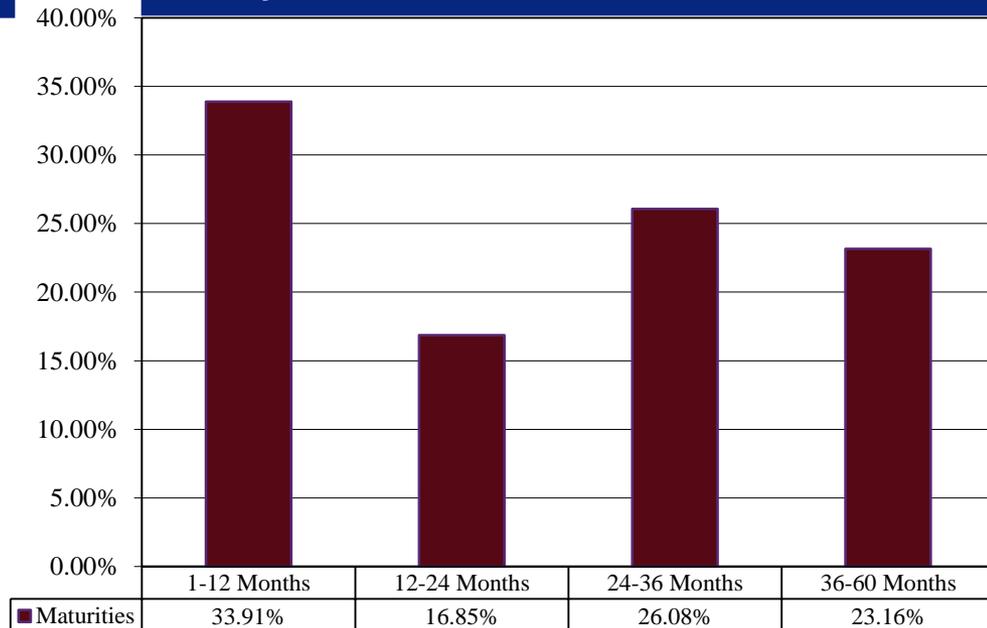
### Portfolio Characteristics (as of April 30, 2013)

Market Value	\$755.30 million
Average Credit Quality (S&P)	AAA
Average Maturity	2.07 Years
SEC Yield	0.4421%
12 Month Return	1.45%

### Sector Allocation



### Maturity Distribution





## Finance Committee Meeting

May 29, 2013

### Board Policy changes - Fiscal

**Item III.**

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**Recommended Action:**      **Accept changes in the Board Policy regarding Fiscal**

**Issue:**                              Review of Board Policy

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**Background:** As part of the COA process, staff has reviewed the fiscal policies which are contained in the Board Policy. Attached you will find a copy of the current Board policy in legislative style regarding fiscal update recommendations.

## II. Funding Policies

### B. Funding Criteria

Funding requests over ~~\$25,000~~\$50,000 may only be approved through the Board's formal Agenda.

1. In order to qualify as a recipient of JWB funds on an annual basis an agency must:
  - a. Be a non-profit corporation or governmental entity.
  - b. Serve children and their families in Pinellas County.
  - c. Demonstrate organizational capacity, prior outcome attainment, and evidence-based programs.
  - d. Demonstrate operational cost effectiveness and provide tangible benefits for participants.
  - ~~e. Have a National Accreditation (COA, CARF, JCAHO) and be in good standing.~~
  - f. Propose to provide services that align with JWB's strategic direction.
  - g. Have a total annual agency operating budget over ~~\$500,000~~ 1,000,000 documented for three consecutive years or operate under an ASO or collaborative. Agencies currently funded as of the date of the approval of this policy are grandfathered.
  - h. Be in compliance with all applicable federal, state, and local laws.
  - i. If currently funded by JWB, meet all contract compliance criteria.

## IV. Fiscal Policies

### A. Fund Disbursement

JWB funding is provided on a reimbursement ~~or basis, per diem or unit cost~~ basis. ~~The method of payment can be check, EFT or purchase card.~~

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JWB will contract ~~for residential and shelter programs, such as runaway, homeless, substance abuse and domestic violence programs,~~ on a per diem, ~~or~~ unit cost basis and/or line item expense reimbursement. The terms of these contracts will be established by JWB at the onset of each fiscal year, ~~and may include line item reimbursement for specifically approved program expenses.~~

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JWB may issue Memorandums of Agreement or Understanding in regards to new initiatives. This authorizes access to JWB funding where payment can be direct to the provider or to a vendor.

### D. Budget Roles of Board and Executive Director

Prior to issuance of the contract, agencies may request allocation adjustments between programs, to be approved by the Executive Director (OHD).

Except for pilot programs, measurable outcomes and contracted service levels may only be adjusted at the beginning of each contract cycle, with approval of the Executive Director (OHD).

Contracts for Board approved program allocations which are not timely executed will be reported to the Board for possible reallocation of funds.

No contracted agency may use JWB funds to sub-contract with another provider without prior approval of the JWB Executive Director (OHD).

The Executive Director also has authority to execute annual contracts up to ~~\$25,000~~ \$50,000 and is directed to report on a monthly basis to the Board all expenditures.

The Board shall approve all lease agreements pertaining to occupancy and real estate.

## H. Investment Policy

### 9. Maturity & Liquidity Requirements

Investments of the JWB will allow for the day-to-day liquidity needs. Therefore, investments will be made in accordance with anticipated cash need and cash flow requirements. JWB shall limit its maximum maturity to ~~two~~ three years unless specific authority is given to exceed that limitation.

## I. Purchasing Policies

### 1. Purchasing Policy

The JWB shall adhere to prudent financial management practices and applicable governmental standards for purchasing.

- a. Items with a total cost of less than ~~\$1,000~~\$5,000 (per fiscal year) may be purchased by phone or other contact between the Purchasing Unit and Supplier, using buyer experience and knowledge. (Competitiveness is stressed for orders under ~~\$1,000~~\$5,000.)
- b. Items with a cost of between ~~\$1,001~~\$5,001 and ~~\$5,000~~\$10,000 (per fiscal year) will be purchased on the basis of a minimum of three oral bids which shall be documented or three written quotations.
- c. Items with a cost of between ~~\$5,001~~\$10,001 and ~~\$25,000~~\$50,000 (aggregate contract value) will be purchased on the basis of a minimum of three written quotations or an RFP.
- d. Items with a cost in excess of ~~\$25,000~~\$50,000 (aggregate contract value) require an RFP, Invitation to Bid or Invitation to Negotiate to be issued, and are awarded through Board approval.
- e. All contracts in excess of ~~\$25,000~~\$50,000 will be thoroughly reviewed at least every 5 years. Recommendations for either continuation funding, program restructuring, re-bidding or contract termination will be brought before the Board for approval. In the intervening years, contracts warrant formal staff review for continued funding.
- f. This policy supersedes any prior conflicting policy.

## K. Authorized Expenditures

2. Where JWB staff are authorized to use their privately owned vehicles for any category of travel on official JWB business, they shall receive reimbursement at the rates announced by the IRS as the

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standard mileage rates for computing the deductible costs of operating an automobile for business purposes. This rate shall be benchmarked to the IRS rate and change accordingly. ~~on October of each fiscal year.~~

#### L. Fund Balance Policy

1. The JWB shall maintain a prudent reserve fund to assure that it has an adequate capability to respond to changing or emerging community needs, unanticipated funding opportunities, the need to stabilize the millage rate, natural disasters, or emergency situations that threaten to disrupt the orderly delivery of services to families and children in Pinellas County. This policy ensures that JWB maintains adequate fund balance/net assets and reserve in the operating fund to assure the effective management of cash flow for daily financial needs and provide for unforeseen economic downturns, revenue shortfalls and emergencies.

The Board shall adopt and periodically review targets for its designation of fund balance that reflect:

- The statutory prohibition against incurring debt for capital expenses.
  - The unique role of JWB as a funder of ongoing services to families and children.
2. Designations of general fund balances represent tentative plans for future use of financial resources. In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise the limitations on the funds. The fund balance is reported in five components – non-spendable, restricted, committed, assigned and unassigned.
  3. **Non-spendable** includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually bound. **Restricted** consists of amounts that have constraints placed on them either externally by third-parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law. **Committed** consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the JWB. **Assigned** consists of amounts that are constrained by the JWB's intent to be used for specific purposes, but are neither restricted nor committed. The authority for assigning fund balance is expressed by the JWB Board or the Executive Director as established in the Board's Policy. **Unassigned** represents amounts that have not been restricted, committed or assigned to specific purposes within the general fund.

4. The total designation of fund balance, less third party non-spendable or restricted funds of JWB, shall be targeted at a minimum of three months of operating expense.~~not exceed 20% of the budgeted expenditures for the immediate succeeding fiscal year as established by Board action during the budget process.~~

The Board shall identify both its unassigned and committed / assigned cash reserves.

- a. The “Committed and/or Assigned fund balance” includes:
1. Those sums from the prior year(s) that are budgeted for expenditure in the immediate succeeding fiscal year (cash forward).
  2. Those sums necessary to sustain mandated reserve levels.
  3. Those sums dedicated to a future capital expense for building expansion or construction.
  4. Those sums which, by formal action, the Board has committed to expend in succeeding fiscal years.
- b. The “Unassigned fund balance” is the difference between the total fund balance less all other components defined.
1. JWB shall maintain an emergency reserve within the Unassigned fund balance, of at least 3% of the budgeted expenditures for the immediate succeeding fiscal year to meet the requirements of natural disaster or similar calamitous events.
  2. ~~JWB shall seek to maintain a total unassigned fund balance that shall not exceed 10% of the budgeted expenditures for the immediate succeeding fiscal year.~~



## Finance Committee Meeting

May 29, 2013

FY 13/14 Budget

Item IV.

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**Recommended Action:** None

**Issue:** Review of Budget

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**Background:** JWB has received the Property Appraiser Preliminary Estimate of Property Values. As this time, staff has begun to build the budget. Attached you will find a copy of the current FY 13/14 budget pending other sources of revenue funding finalization.

	12/13	13/14	14/15	15/16	
<b><u>Learn and Succeed</u></b>					
Services for developmentally delayed children	\$ 1,786,817	\$ 1,811,817	\$ 1,811,817	\$ 1,811,817	PARC, CCC and R'Club
Child Care Licensing Board	\$ 564,643	\$ 564,643	\$ 564,643	\$ 564,643	PCHD
HIPPY (In-home Literacy)	\$ 516,892	\$ 516,892	\$ 516,892	\$ 516,892	R'Club
In-home Literacy program for Lealman		\$ 305,000	\$ 305,000	\$ 305,000	ITN
Pre, elementary and middle school conflict resolution	\$ 852,500	\$ 837,500	\$ 837,500	\$ 837,500	Gulfcoast, CASA, Incredible
Mentoring	\$ 571,962	\$ 571,962	\$ 571,962	\$ 571,962	BBBS
Children's Initiative Social Work	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	Fairmount
<b>Non-child care Subtotal</b>	<b>\$ 4,492,814</b>	<b>\$ 4,807,814</b>	<b>\$ 4,807,814</b>	<b>\$ 4,807,814</b>	
<b><u>OST 9-14 years old</u></b>	\$ 5,275,304	\$ 5,375,304	\$ 5,375,304	\$ 5,375,304	City of St. Petersburg and CCC
<b><u>Quality Child Care</u></b>					
Quality Pre-School	\$ 2,072,961	\$ 2,485,085	\$ 2,485,085	\$ 2,485,085	United Methodist
New Initiatives or OST or Quality Child Care site	\$ 628,087	\$ 1,760,000	\$ 2,720,000	\$ 2,720,000	TBD
Capital for Quality Sites	\$ -	\$ 500,000	\$ 500,000	\$ -	Midtown & Kings Hwy
Summer Bridge Program & PCSB Summer Wrap	\$ -	\$ 2,155,934	\$ 2,155,934	\$ 2,155,934	\$600k lapse in FY 12/13
Child care worker scholarships	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	
Child Care Center Accreditation Support	\$ -	\$ 130,000	\$ 130,000	\$ 130,000	Gold Seal with ELC
Florida After School Network	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	
<b>Quality Child Care and OST Subtotal</b>	<b>\$ 8,136,352</b>	<b>\$ 12,566,323</b>	<b>\$ 13,526,323</b>	<b>\$ 13,026,323</b>	
<b>LEARN &amp; SUCCEED TOTAL:</b>	<b>\$ 12,629,166</b>	<b>\$ 17,374,137</b>	<b>\$ 18,334,137</b>	<b>\$ 17,834,137</b>	
<b><u>Stable and Nurturing</u></b>					
Safety Net Slots and Early Learning Coalition Match	\$5,727,851	\$ 2,360,000	\$ 2,360,000	\$ 2,360,000	Category changed from Learn
Healthy Families and Nurse Family Partnership	\$6,138,176	\$6,138,176	\$6,409,824	\$6,409,824	PCHD
Mental Health	\$5,060,969	\$5,070,969	\$5,060,969	\$5,060,969	Suncoast and Directions
Family Services Initiative	\$4,419,181	\$4,344,181	\$4,344,181	\$4,344,181	PEMHS, 211, Central Florida
Community Services Pool	\$1,771,550	\$704,052	\$704,052	\$704,052	Children's Home, Directions, FRI and PARC; transferred Summer Bridge and Girl Scouts
Kinship foster care navigation	\$901,103	\$901,103	\$901,103	\$901,103	Children's Home
Behavioral Evaluation for Court System	\$405,597	\$405,597	\$405,597	\$405,597	
COSA substance abuse services and child care	\$376,336	\$ 576,336	\$576,336	\$576,336	PAR

	12/13	13/14	14/15	15/16	
Services for substance abuse exposed infants and mother Carrera	\$158,842	\$158,642	\$158,642	\$158,642	PAR
	\$600,000	\$600,000	\$600,000	\$600,000	Grant thru FY 14/15
<b>STABLE AND NURTURING TOTAL:</b>	<b>\$25,559,605</b>	<b>\$21,259,056</b>	<b>\$21,520,704</b>	<b>\$21,520,704</b>	

## Safe and Supportive

NFCs	\$ 4,556,478	\$ 4,945,600	\$ 4,912,766	\$ 4,880,766	8 NFCS; COA \$64k; Girl Scouts \$210k; PAL \$105k; Benefit Adjustments
Shelters	\$771,819	\$771,819	\$771,819	\$771,819	CASA, RCS, FRI, Alpha: Homeless, runaway, domestic violence
<b>SAFE AND SUPORTIVE TOTAL:</b>	<b>\$ 5,328,297</b>	<b>\$ 5,717,419</b>	<b>\$ 5,684,585</b>	<b>\$ 5,652,585</b>	

## Health

School based health clinics High Schools	\$ 674,890	\$ 674,890	\$ 674,890	\$ 674,890	PCHD
<b>HEALTH TOTAL:</b>	<b>\$ 674,890</b>	<b>\$ 674,890</b>	<b>\$ 674,890</b>	<b>\$ 674,890</b>	

## Program Supports

Performance Measurement	\$ 307,000	\$ 257,000	\$ 257,000	\$ 257,000	Research consultants
Program Communication and Outreach	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	
Technology	\$ 340,144	\$ 702,500	\$ 702,500	\$ 702,500	
Exec. Director Search and Retirement	\$ 120,000	\$ -	\$ -	\$ -	

## Grants, Donations and TCM

Intergovernmental Transfer Program	\$ 12,000,000	\$ 5,225,041	\$ 5,225,041	\$ 5,225,041	All Children's Hospital and Bayfront
Revenue Maximization	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	
County Research Funding	\$ 140,356	\$ 130,356	\$ 130,356	\$ 130,356	
21st Century Evaluation	\$ 42,000	\$ 51,760	\$ 42,000	\$ 42,000	
Vita	\$ 93,150	\$ 68,052	\$ 68,052	\$ 68,052	

	12/13	13/14	14/15	15/16
<b><u>Reserves</u></b>				
Program Stability Fund	\$ 4,924,666	\$ 8,037,040	\$ 7,373,236	\$ 8,018,993
<b>PROGRAM SUPPORTS, GRANTS, DONATIONS and TCM, and RESERVES TOTAL:</b>	<b>\$ 18,367,316</b>	<b>\$ 14,871,749</b>	<b>\$ 14,198,185</b>	<b>\$ 14,843,942</b>

**Admin and Other**

Administration	\$ 5,721,814	\$ 6,226,658	\$ 6,413,458	\$ 6,605,861	Admin is 9.2% of budget;
Tax Collector/Property Appraiser Fees	\$ 1,065,616	\$ 1,082,560	\$ 1,146,099	\$ 1,180,482	
Administrative Services Organization	\$ 509,828	\$ 519,494	\$ 535,079	\$ 551,131	
Annual Leave/Sick Leave reserve	\$ 62,000	\$ 22,000	\$ 25,000	\$ 25,000	
<b>ADMIN AND OTHER TOTAL:</b>	<b>\$ 7,359,258</b>	<b>\$ 7,850,712</b>	<b>\$ 8,119,635</b>	<b>\$ 8,362,475</b>	
<b>GRAND TOTAL:</b>	<b>\$ 69,918,532</b>	<b>\$ 67,747,963</b>	<b>\$ 68,532,136</b>	<b>\$ 68,888,732</b>	