

Agenda

Finance Committee Meeting

January 26, 2011

8:30 a.m.

Juvenile Welfare Board
Conference Room 185

- I. **Election of Finance Committee Chair**
- II. **Options for the Pinellas Park Building Sale**
- III. **Review FY 09-10 Draft Audit** (this includes PCMS) – Sue Walterick (including Scott Davis & John Gilberto – Cherry, Bekaert & Holland)
 - a. Fund Balance Policy Change
- IV. **FY 2011-2012 Funding Priorities**; preparation for further state imposed property tax reductions – Lisa Sahulka
- V. **Status of FY 10/11 Investments & Policy** – Sue Walterick
- VI. **FY 2010-11 Budget Amendments** – Danielle Berche
- VII. **Business Intelligence Contract** – Michael Warner



INTERNAL MEMO

To: Finance Committee JWB Board Members
From: Gay Lancaster, Executive Director
Date: January 18, 2011
Subject: Options for the Pinellas Park Building Sale

Please find attached four different scenarios regarding the sale of the Pinellas Park JWB building:

Scenario #1 - Fiscal year with cash payment

Scenario #2 - Calendar year with cash payment

Scenario #3 - Fiscal year without cash payment

Scenario #4 - Calendar year without cash payment

Scenerio 1: Fiscal Year with Cash Payment

TERMS OF AGREEMENT - \$2.5m (pending Board approval)

- 1. \$1,000,000 - 3 annual payments beginning January 1, 2011
 - January 1, 2011 \$333,333.34
 - January 1, 2012 \$333,333.33
 - January 1, 2013 \$333,333.33

2. Rent payment = no payment until reach \$1.5m. Increase Rate by .10 each July

Sq. ft. 26079	Rate	Monthly	Base Rate	# Months	Total	Fiscal Year Total
Mar. 2011 - Jun. 2011	\$7.22	\$ 15,690.87 +	\$1.00 = \$	4 =	\$62,767.46	
Jul.2011 - Sep. 2011	\$7.32	\$ 15,908.19 +	\$1.00 = \$	3 =	\$47,727.57	\$110,495.03 FY 10/11
Oct. 2011 - Jun. 2012	\$7.32	\$ 15,908.19 +	\$1.00 = \$	9 =	\$143,182.71	
Jul.2012 - Sep. 2012	\$7.42	\$ 16,125.52 +	\$1.00 = \$	3 =	\$48,379.55	\$191,562.26 FY 11/12
Oct. 2012 - Jun. 2013	\$7.42	\$ 16,125.52 +	\$1.00 = \$	9 =	\$145,138.64	
Jul.2013 - Sep. 2013	\$7.52	\$ 16,342.84 +	\$1.00 = \$	3 =	\$49,031.52	\$194,170.16 FY 12/13
Oct. 2013 - Jun. 2014	\$7.52	\$ 16,342.84 +	\$1.00 = \$	9 =	\$147,094.56	
Jul.2014 - Sep. 2014	\$7.62	\$ 16,560.17 +	\$1.00 = \$	3 =	\$49,683.50	\$196,778.06 FY 13/14
Oct. 2014 - Jun. 2015	\$7.62	\$ 16,560.17 +	\$1.00 = \$	9 =	\$149,050.49	
Jul.2015 - Sep. 2015	\$7.72	\$ 16,777.49 +	\$1.00 = \$	3 =	\$50,335.47	\$199,385.96 FY 14/15
Oct. 2015 - Jun. 2016	\$7.72	\$ 16,777.49 +	\$1.00 = \$	9 =	\$151,006.41	
Jul.2016 - Sep. 2016	\$7.82	\$ 16,994.82 +	\$1.00 = \$	3 =	\$50,987.45	\$201,993.86 FY 15/16
Oct. 2016 - Jun. 2017	\$7.82	\$ 16,994.82 +	\$1.00 = \$	9 =	\$152,962.34	
Jul.2017- Sep. 2017	\$7.92	\$ 17,212.14 +	\$1.00 = \$	3 =	\$51,639.42	\$204,601.76 FY 16/17
Oct. 2017 - Jun. 2018	\$7.92	\$ 17,212.14 +	\$1.00 = \$	9 =	\$154,918.26	
Jul.2018 - Sep. 2018	\$8.02	\$ 17,429.47 +	\$1.00 = \$	3 =	\$52,291.40	\$207,209.66 FY 17/18
Oct. 2018 - Feb. 2019	\$8.02	\$ 17,429.47 +	\$1.00 = \$	5 =	\$87,152.33	\$87,152.33 FY 17/18
					<u>96</u>	<u>\$1,593,349.04</u>

Scenerio 2: Calendar Year with Cash Payment

TERMS OF AGREEMENT - \$2.5m (pending Board approval)

- 1. \$1,000,000 - 3 annual payments beginning January 1, 2011
 - January 1, 2011 \$333,333.34
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2. Rent payment = no payment until reach \$1.5m. Increase Rate by .10 each July

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Jul.2012 - Dec. 2012	\$7.42	\$ 16,125.52 +	\$1.00 = \$ 16,126.52 x	6 =	\$96,759.09	\$192,214.23 2012
Jan. 2013 - Jun. 2013	\$7.42	\$ 16,125.52 +	\$1.00 = \$ 16,126.52 x	6 =	\$96,759.09	
Jul.2013 - Dec. 2013	\$7.52	\$ 16,342.84 +	\$1.00 = \$ 16,343.84 x	6 =	\$98,063.04	\$194,822.13 2013
Jan. 2014 - Jun. 2014	\$7.52	\$ 16,342.84 +	\$1.00 = \$ 16,343.84 x	6 =	\$98,063.04	
Jul.2014 - Dec. 2014	\$7.62	\$ 16,560.17 +	\$1.00 = \$ 16,561.17 x	6 =	\$99,366.99	\$197,430.03 2014
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Jul.2016 - Dec. 2016	\$7.82	\$ 16,994.82 +	\$1.00 = \$ 16,995.82 x	6 =	\$101,974.89	\$202,645.83 2016
Jan. 2017 - Jun. 2017	\$7.82	\$ 16,994.82 +	\$1.00 = \$ 16,995.82 x	6 =	\$101,974.89	
Jul.2017 - Dec. 2017	\$7.92	\$ 17,212.14 +	\$1.00 = \$ 17,213.14 x	6 =	\$103,278.84	\$205,253.73 2017
Jan. 2018 - Jun. 2018	\$7.92	\$ 17,212.14 +	\$1.00 = \$ 17,213.14 x	6 =	\$103,278.84	
Jul.2018 - Dec. 2018	\$8.02	\$ 17,429.47 +	\$1.00 = \$ 17,430.47 x	6 =	\$104,582.79	\$207,861.63 2018
Jan. 2019 - Feb. 2019	\$8.02	\$ 17,429.47 +	\$1.00 = \$ 17,430.47 x	2 =	\$34,860.93	\$34,860.93 2019
				<u>96</u>		<u>\$1,593,349.04</u>

Scenario 3: Fiscal Year without Cash Payment

TERMS OF AGREEMENT - \$2.5m (pending Board approval)

1. Rent payment = no payment until reach \$2.5m. Increase Rate by .10 each July

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Oct. 2012 - Jun. 2013	\$7.42	\$ 16,125.52 +	\$1.00 = \$ 16,126.52 x	9 =	\$145,138.64	
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Oct. 2018 - Jun. 2019	\$8.02	\$ 17,429.47 +	\$1.00 = \$ 17,430.47 x	9 =	\$156,874.19	
Jul.2019 - Sep. 2019	\$8.12	\$ 17,646.79 +	\$1.00 = \$ 17,647.79 x	3 =	\$52,943.37	\$209,817.56 FY 18/19
Oct. 2019 - Jun. 2020	\$8.12	\$ 17,646.79 +	\$1.00 = \$ 17,647.79 x	9 =	\$158,830.11	
Jul.2020 - Sep. 2020	\$8.22	\$ 17,864.12 +	\$1.00 = \$ 17,865.12 x	3 =	\$53,595.35	\$212,425.46 FY 19/20
Oct. 2020 - Jun. 2021	\$8.22	\$ 17,864.12 +	\$1.00 = \$ 17,865.12 x	9 =	\$160,786.04	
Jul.2021 - Sep. 2021	\$8.32	\$ 18,081.44 +	\$1.00 = \$ 18,082.44 x	3 =	\$54,247.32	\$215,033.36 FY 20/21
Oct. 2021 - Jun. 2022	\$8.32	\$ 18,081.44 +	\$1.00 = \$ 18,082.44 x	9 =	\$162,741.96	
Jul.2022 - Sep. 2022	\$8.42	\$ 18,298.77 +	\$1.00 = \$ 18,299.77 x	3 =	\$54,899.30	\$217,641.26 FY 21/22
Oct. 2022 - May 2023	\$8.42	\$ 18,298.77 +	\$1.00 = \$ 18,299.77 x	8 =	\$146,398.12	\$146,398.12 FY 22/23
					<u>147</u>	<u>\$2,507,512.46</u>

Scenario 4: Calendar Year without Cash Payment

TERMS OF AGREEMENT - \$2.5m (pending Board approval)

1. Rent payment = no payment until reach \$2.5m. Increase Rate by .10 each July

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Jul.2013 - Dec. 2013	\$7.52	\$ 16,342.84 +	\$1.00 = \$ 16,343.84 x	6 =	\$98,063.04	\$194,822.13 2013
Jan. 2014 - Jun. 2014	\$7.52	\$ 16,342.84 +	\$1.00 = \$ 16,343.84 x	6 =	\$98,063.04	
Jul.2014 - Dec. 2014	\$7.62	\$ 16,560.17 +	\$1.00 = \$ 16,561.17 x	6 =	\$99,366.99	\$197,430.03 2014
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Jan. 2019 - Jun. 2019	\$8.02	\$ 17,429.47 +	\$1.00 = \$ 17,430.47 x	6 =	\$104,582.79	
Jul.2019 - Sep. 2019	\$8.12	\$ 17,646.79 +	\$1.00 = \$ 17,647.79 x	6 =	\$105,886.74	\$210,469.53 2019
Jan. 2020 - Jun. 2020	\$8.12	\$ 17,646.79 +	\$1.00 = \$ 17,647.79 x	6 =	\$105,886.74	
Jul.2020- Sep. 2020	\$8.22	\$ 17,864.12 +	\$1.00 = \$ 17,865.12 x	6 =	\$107,190.69	\$213,077.43 2020
Jan. 2021 - Jun. 2021	\$8.22	\$ 17,864.12 +	\$1.00 = \$ 17,865.12 x	6 =	\$107,190.69	
Jul.2021 - Sep. 2021	\$8.32	\$ 18,081.44 +	\$1.00 = \$ 18,082.44 x	6 =	\$108,494.64	\$215,685.33 2021
Jan. 2022 - Jun. 2022	\$8.32	\$ 18,081.44 +	\$1.00 = \$ 18,082.44 x	6 =	\$108,494.64	
Jul.2022 - Sep. 2022	\$8.42	\$ 18,298.77 +	\$1.00 = \$ 18,299.77 x	6 =	\$109,798.59	\$218,293.23 2022
Jan. 2023 - May 2023	\$8.42	\$ 18,298.77 +	\$1.00 = \$ 18,299.77 x	5 =	\$91,498.83	\$91,498.83 2023
					<u>147</u>	<u>\$2,507,512.46</u>



JUVENILE WELFARE BOARD

Financial Statements

September 30, 2010

ENTIRE REPORT TO BE DISTRIBUTED AT MEETING

JUVENILE WELFARE BOARD OF PINELLAS COUNTY
 Statement of Net Assets
 September 30, 2010
 (with comparative summarized financial information for 2009)

Assets	Primary government			Primary
	Governmental activities	Business-type activities	2010 Total	Government 2009 Total
Cash and cash equivalents	\$ 8,793,695	\$ —	\$ 8,793,695	\$ 4,263,633
Investments	13,477,899	—	13,477,899	17,729,216
Due from other governments	625,701	—	625,701	692,891
Due from other agencies	61,663	—	61,663	703,510
Receivables	2,448	—	2,448	7,615
Other assets	28,355	—	28,355	90,709
Internal balances	492,038	(492,038)	—	—
Capital assets				
Net assets held for sale	—	1,402,266	1,402,266	1,433,898
Depreciable, net of accumulated depreciation	3,928,090	—	3,928,090	4,110,597
Total assets	27,409,889	910,228	28,320,117	29,032,069
Liabilities				
Payable to Agencies	4,422,926	—	4,422,926	6,478,626
Accounts payable	255,848	—	255,848	619,524
Other payables	1,774	—	1,774	36,630
Accrued salary and benefits	163,157	—	163,157	132,099
Unearned revenue	1,000	—	1,000	2,000
Long-term liabilities:				
Due within one year	61,598	—	61,598	49,692
Due in more than one year	314,693	—	314,693	379,895
Total liabilities	5,220,996	—	5,220,996	7,698,466
Net Assets				
Net assets held for sale		910,228	910,228	1,433,898
Invested in capital assets	3,928,090		3,928,090	4,110,597
Unrestricted (deficit)	18,260,803		18,260,803	15,789,108
Total net assets	\$ 22,188,893	\$ 910,228	\$ 23,099,121	\$ 21,333,603

The notes to the financial statements are an integral part of this statement.

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JUVENILE WELFARE BOARD OF PINELLAS COUNTY

Statement of Activities

Year ended September 30, 2010

(with comparative summarized financial information for 2009)

Functions/programs	2010						2009
	Net (expense) revenue and changes in net assets						Net (expense) revenue and changes in net assets
	Primary government						Primary Government
	Program revenues			Governmental activities	Business-type activities	Total	
Expenses	Charges for services	Operating grants and contributions					
Primary government:							
Governmental activities:							
Administration	\$ 6,197,640	\$ 43,149	\$ —	\$ (6,154,491)	\$ —	\$ (6,154,491)	\$ (5,576,812)
Children and family programs	42,005,453	—	432,124	(41,573,329)	—	(41,573,329)	(46,766,740)
Total governmental activities	48,203,093	43,149	432,124	(47,727,820)	—	(47,727,820)	(52,343,552)
Business-type activities:							
49th Street Building	—	—	—	—	—	—	(1,449)
Pinellas Park Building	150,364	—	—	—	(150,364)	(150,364)	(197,538)
Total business-type activities	150,364	—	—	—	(150,364)	(150,364)	(198,987)
Total primary government	\$ 48,353,457	\$ 43,149	\$ 432,124	\$ (47,727,820)	\$ (150,364)	\$ (47,878,184)	\$ (52,542,539)
General revenues:							
Property taxes				48,489,843	—	48,489,843	54,910,498
Investment Income, net				210,834	—	210,834	7,323
Miscellaneous				1,047,613	—	1,047,613	10,693
Special item - gain on sale of building				—	—	—	1,969,080
Transfers:							
Transfers to other funds				25,752	(25,752)	—	—
Transfers to other agencies				(104,588)	—	(104,588)	—
Transfer to other governmental agency				—	—	—	(173,003)
Total general revenues, special item and transfers				49,669,454	(25,752)	49,643,702	56,724,591
Change in net assets							
				1,941,634	(176,116)	1,765,518	4,182,052
Net assets – beginning of year							
				20,247,259	1,086,344	21,333,603	17,151,551
Net assets – end of year							
				\$ 22,188,893	\$ 910,228	\$ 23,099,121	\$ 21,333,603

The notes to the financial statements are an integral part of this statement.

Updated Fund Balance Policy

Due to the implementation of Government Accounting Standards Board Statement #54 in fiscal year 2009 as reflected in the FY 09/10 Audit Report, JWB needs to update its policy to reflect the new requirements. The following is a legislative style format for review and discussion.

K. Reserve Fund Balance Policy

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 An adequate fund balance/net assets and reserve in the operating fund is also necessary 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.

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.

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.

The total ~~cash reserves (fund balance)~~ designation of fund balance, less third party non-spendable or restricted funds, of JWB, shall 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 ~~undesignated-unassigned~~ and ~~designated committed / assigned~~ cash reserves.

a. The "~~Designated Cash Reserve 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 "~~Undesignated Cash Reserve Unassigned fund balance~~" is the difference between the total ~~Cash Reserves and the Designated Cash Reserves~~ fund balance less all other components defined.

1. JWB shall maintain an emergency reserve within the ~~Undesignated Cash Reserve~~ 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 ~~undesignated-unassigned~~ fund balance that shall not exceed 10% of the budgeted expenditures for the immediate succeeding fiscal year.



INTERNAL MEMO

To: Finance Committee JWB Board Members
From: Lisa Sahulka, Director of Performance Management
Date: January 18, 2011
Subject: FY 2011-2012 Funding Priorities

Staff is preparing for further reductions in ad valorem revenues in the FY 11/12 – 13/14 budget periods, and seek Board direction regarding funding priorities.

The FY 10/11 budget was adopted based on a plan to stabilize the program budget and reduce JWB administration. Over the last several years, JWB has eliminated six positions and completely restructured its operations. We have utilized the program stability fund to prevent disruption to services for children and youth. JWB has also embarked on efforts to create systems of care, as directed by the Board in our Strategic Plan. To date our efforts include successful mergers, the pilot implementation of the Central Florida Behavioral Health Network and collaborative work with the Health and Human Service Coordinating Council, the Early Learning Coalition and the County to create a universal eligibility system and a coordinated system of services for Pinellas families.

These efforts seek to assure the needs of the family are completely assessed at the time of entry and that appropriate benefits and referrals can be made. Partner agencies would include the JWB provider network and 211. Staff anticipates a presentation to the Board on this system after the County and Early Learning Coalition complete a cost benefit analysis of the viability of a partnership.

Staff has also begun an effort to examine every funded program to assure maximum efficiency and efficacy of our portfolio of human services programs. The child care/OST programs, which represent approximately 25% of our program budget, were analyzed first because of the magnitude of the investment and changes in our funding methodology. Last year the Board acted to fund more homeless services and at-risk children exiting the child protective services system. These “entitled slots” and the Board direction to provide services outside the realm of state requirements eliminated the need to determine eligibility for our services. Concomitantly, the Early Learning Coalition’s shift to providing direct services and removing programs from Coordinated Child Care’s (CCC) contract has caused structural shifts within CCC. Working collaboratively with CCC, \$1.3m reduction in annualized administrative costs is being negotiated for reduction from CCC’s budget beginning in October 2011.

ITEM IV.

Staff is reviewing the overall funding portfolio to find more opportunities to support systems of service and eliminate unnecessary or duplicative administrative costs, poor outcomes and service silos.

These efforts are aimed towards preparation for the decrease in ad valorem revenues as discussed by Governor Scott. A 20% reduction in ad valorem revenues, coupled with a possible drop in the assessed value, would necessitate an overall program reduction of \$11m. A 5% reduction would represent a \$4.5m program reduction. These reductions would transpire over a 2-year period, and then we anticipate a slight improvement in FY 13/14.

Staff is seeking a discussion with the Finance Committee on funding priorities in light of the current recessionary climate, the rise in homeless children, and the potential for a shift in eligibility requirements for child care.

4% Projection Reduction in Property Values FY 11-12

	<u>Proposed</u> <u>BUDGET</u> <u>2010-11</u>	<u>Proposed</u> <u>Reduction</u>	<u>Estimated</u> <u>BUDGET</u> <u>2011-12</u>	<u>Estimated</u> <u>BUDGET</u> <u>2012-13</u>	<u>Estimated</u> <u>BUDGET</u> <u>2013-14</u>
REVENUE			-4%	0%	3%
Property Taxes Proposed	\$46,219,848		\$44,371,054	\$44,371,054	\$45,702,186
Estimated at:	96.5%		96.5%	96.5%	96.5%
Property Taxes	44,602,153		42,818,067	42,818,067	44,102,609
Tax Collector/Property Appraiser Fees	952,718		845,673	858,518	882,052
Property Taxes, net of fees	43,649,436		41,972,394	41,959,549	43,220,557
Other revenues	1,395,901		1,395,901	1,395,901	1,395,901
TOTAL REVENUE	<u>45,045,337</u>		<u>43,368,295</u>	<u>43,355,450</u>	<u>44,616,458</u>
 EXPENDITURES					
Human Services	47,686,022	(4,500,000)	43,186,022	(4,500,000)	39,232,663
General Government					
Administration	5,725,988		5,475,988	5,475,988	5,675,988
ASO	384,630		384,630	384,630	384,630
Other General Government-NonOperating	350,265		200,265	200,265	200,265
TOTAL EXPENDITURES	<u>54,146,905</u>		<u>49,246,905</u>	<u>44,746,905</u>	<u>45,493,546</u>
 Expenses over Revenues - Revenue from Fund Balance	(9,101,568)		(5,878,610)	(1,391,455)	(877,088)
 FUND BALANCE, Beginning of Year	18,175,630		9,074,061	3,720,346	2,856,394
Building sale	333,333		333,333	333,333	
Rent saved	141,879		191,562	194,170	196,778
Used	(9,101,569)		(5,878,610)	(1,391,455)	-
FUND BALANCE, End of Year	<u>9,549,273</u>		<u>3,720,346</u>	<u>2,856,394</u>	<u>3,053,172</u>
20% Maximum	10,829,381		9,849,381	8,949,381	9,098,709
3% minimum	1,624,407		1,477,407	1,342,407	1,364,806

20% Tax Base Decrease FY 11-12

	<u>Proposed</u> <u>BUDGET</u> <u>2010-11</u>	<u>Proposed</u> <u>Reduction</u>	<u>Estimated</u> <u>BUDGET</u> <u>2011-12</u>		<u>Estimated</u> <u>BUDGET</u> <u>2012-13</u>	<u>Estimated</u> <u>BUDGET</u> <u>2013-14</u>
REVENUE						
Property Taxes Proposed	\$46,219,848		\$36,975,879		\$38,085,155	\$39,227,710
Estimated at:	96.5%		96.5%		96.5%	96.5%
Property Taxes	44,602,153		35,681,723		36,752,174	37,854,740
Tax Collector/Property Appraiser Fees	952,718		845,673		858,518	757,095
Property Taxes, net of fees	43,649,436		34,836,050		35,893,656	37,097,645
Other revenues	1,395,901		1,395,901		1,395,901	1,395,901
TOTAL REVENUE	<u>45,045,337</u>		<u>36,231,951</u>		<u>37,289,557</u>	<u>38,493,546</u>
EXPENDITURES						
Human Services	47,686,022	(11,000,000)	36,686,022	(5,000,000)	31,686,022	32,232,663
General Government						
Administration	5,725,988		5,475,988		5,475,988	5,675,988
ASO	384,630		384,630		384,630	384,630
Other General Government-NonOperating	350,265		200,265		200,265	200,265
TOTAL EXPENDITURES	<u>54,146,905</u>		<u>42,746,905</u>		<u>37,746,905</u>	<u>38,493,546</u>
Expenses over Revenues - Revenue from Fund Balance	(9,101,568)		(6,514,954)		(457,348)	0
FUND BALANCE, Beginning of Year						
Building sale	333,333		333,333		333,333	
Rent saved	141,879		191,562		194,170	196,778
Used	(9,101,569)		(6,514,954)		(457,348)	-
FUND BALANCE, End of Year	<u>9,549,273</u>		<u>3,084,002</u>		<u>3,154,157</u>	<u>3,350,935</u>
20% Maximum	10,829,381		8,549,381		7,549,381	7,698,709
3% minimum	1,624,407		1,282,407		1,132,407	1,154,806

ITEM V.

JUVENILE WELFARE BOARD
 INVESTMENT REPORT
 FOR PERIOD ENDING 12/31/10

BANK	ACCOUNT	AVERAGE RATE	ENDING BALANCE	YIELD
REGIONS	Market Investment for Disability Self Ins.Fund	0.40%	\$ 420,583.17	\$ 124.61
	Controlled Disbursement Account	0.40%	6,350,013.79	4,561.38
	Market Investment Account	0.50%	31,275,738.86	5,095.90
FL State Board of Administration (SBA)	Investment Pool - FUND A	0.27%	292,644.39	63.46
	Investment Pool - FUND B	(1)	337,976.37	-
			\$ 38,676,956.58	\$ 9,845.35

(1) The SBA no longer publishes rates of return for LGIP B. The investment objective for Pool B is to maximize the present value of distributions to participants net of fees; thus weight is given to the realized value of security sales and to the speed with which monies are distributed (liquidity). As cash becomes available in Pool B, it will be distributed among participant accounts in Pool A, according to each participant's pro rata share of Pool B. JWB's original investment remaining in the pool in November 2007 was \$1.5m

JWB assets with Regions include short term investments in three Money Market accounts. The funds average yield rate as of this date is .45%. The JWB accounts include a corporate control account and several zero balance commercial checking accounts (ZBA) which are automatically maintained at a zero balance. At the end of a business day, all transactions in the ZBA's are transferred to and from the control account. Yield income for the control account is based on the federal funds rate. Deposits are maintained with a commercial bank, which is organized under the laws of the State of Florida and the laws of the United States, and is insured by the Federal Deposit Insurance Corporation to legal limits. Under Florida Statutes Chapter 280, *Florida Security for Public Deposits Act*, the State Treasurer requires all Florida qualified public depositories to deposit eligible collateral with the Treasurer or another banking institution. In the event of a failure of one of the institutions holding public funds, the remaining public depositories would be responsible for covering any losses. JWB maintains a cash pool for the deposits of all governmental and enterprise funds. Earnings from pooled cash are maintained in the general fund.

JWB has \$630,621 invested in the State Board of Administration (SBA). Within the local government investment pool, 46% is entitled Florida PRIME and 54% is in the Fund B Surplus Funds Trust Fund (Fund B). The PRIME fund's yield rate is .27%. Fund B pays no interest in lieu of recovering its losses.

The investment policy has been attached for review. At this time, staff does not recommend any policy change. An RFP will be conducted for Banking Services this spring. Any updated recommendations can be addressed with that process.

H. JWB Investment Policy ADOPTED 1995 REVISED 2/2002; 2/2006; 1/2008

1. Scope

This investment policy applies to activities related to all financial assets, which shall be accounted for in the JWB Annual Financial Report.

2. Objectives

The objectives of the Investment Policy are to minimize risk (safety); to ensure that investments mature when the cash is required to finance operations (liquidity); and to ensure a competitive rate of return (income).

Funds will be invested in accordance with Florida Statutes, Chapter 280 "Security for Public Deposits" and Florida Statutes, Chapter 218.405 "Special districts: investments".

3. Delegation of Authority

The Finance Director is designated as the Investment Officer of JWB, and is responsible for investment decisions and activities, under the direction of the Director of Contract Management, Finance and Research, the Executive Director, and governed by Board policy. The Finance Director shall develop and maintain written administrative procedures consistent with these policies for the investment program. The investment commitment shall depend on financial and staffing considerations given the amount of revenues available.

4. Performance Measurement

The Investment Officer will routinely monitor the investments. The benchmark measurement for performance of investments will be the U.S. Treasury index and the Money Fund Report Averages™, comparable in maturity to the average life of the portfolio.

The monthly investment reports submitted to the Board shall contain sufficient information to evaluate the monthly performance of the investment program.

5. Ethics/Prudence

The standard of prudence to be applied by the Investment Officer shall be the "prudent investor rule", in accordance with the Government Finance Officers Association, which states, "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived." The "prudent investor rule" shall be applied in the context of managing all funds.

The Investment Officer, acting in accordance with written procedures and exercising due diligence, shall not be held personally responsible for a specific security's credit risk or market price changes, provided that these deviations are reported immediately, and that appropriate action is taken to control adverse developments.

6. Authorized Investments

All investment services must be acquired in accordance with the rules of the Department of Insurance, Division of Treasury which establish procedures for the administration of the "Florida Security for Deposits Act", which is encompassed in the Florida Statutes.

Through the course of the fiscal year, available cash may be invested in one of the following securities:

- a. State Investment Pool. The Florida Local Government Surplus Funds Trust Fund (SBA).
- b. Collateralized Repurchase Agreement.
- c. U.S. Treasury Obligations. Negotiable direct obligations or obligations the principal and interest of which are unconditionally guaranteed by the U.S. Government. Such securities include, but are not limited to: Treasury bills, notes or bonds, and Treasury strips.
- d. U.S. Agency Obligations. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by U.S. agencies, provided the full faith and credit of the U.S. Government back such obligations. Such securities include, but are not limited to, the Farmers Home Administration, the Federal Financing Bank, Federal Housing Administration Debentures and Government National Mortgage Association (GNMA).
- e. Federal Instrumentalities. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by U.S. Government agencies (Federal Instrumentality), which are non-full faith and credit agencies. Such securities include, but are not limited to, Federal Farm Credit Bank (FFCB), Federal Home Loan Bank (FHLB), Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (Freddie Mac), and Student Loan Marketing Association (Sallie Mae).
- f. Commercial Paper rating, by either Moody's or Standard & Poor's, of A1+ / P1+ (prime commercial paper) or better at the time of purchase.
- g. Certificates of Deposit. Non-negotiable interest bearing time certificates of deposit or savings accounts in banks organized under the laws of the United States and doing business and situated in Florida, provided that any such deposits are secured by the Florida Security for Public Deposits Act, Chapter 280, Florida Statutes, and provided that the bank is not listed with any recognized credit watch information service.
- h. Money Market Funds. Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- i. Time deposits. Interest-bearing time deposits or savings accounts in qualified public depositories, as defined by Section 280.02, Florida Statutes.

7. 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 180 days unless specific authority is given to exceed that limitation.

8. Portfolio Composition

The investment portfolio of the JWB shall be designed to attain a market-average rate of return throughout budgetary and economic cycles, taking into account the risk constraints and cash flow characteristics of the JWB. Guidelines for the maximum limit for diversification are as follows: State Investment Pool 75%; Repurchase Agreements 50%; U.S. Treasury Obligations 100%; U.S. Agency Obligations 75%; Federal Instrumentalities 75%; Prime Commercial Paper 50%; Certificates of Deposit 25%; Money Market Funds-100%; and Time Deposits 25%.

9. Risk & Diversification

The JWB recognizes that investment risks can result from issuer defaults, market price changes or various technical complications leading to temporary illiquidity. Diversification is a way to control risk. The investment management is expected to be prudent and act in a way to minimize default risk. No single investment transaction shall be undertaken that jeopardizes the total capital position of the JWB.

The Finance Committee will annually evaluate and modify the investment policy and the JWB portfolio of current investments.

10. Authorized Investment Institutions & Dealers

Contracts shall be obtained only with credit worthy institutions and those institutions possessing a certificate of qualified depository with the State of Florida.

11. Third-Party Custodial Agreements

If arrangements are made for the holding of security assets by a third party, the assets and/or collateral shall be designated as JWB funds. Such assets shall not be withdrawn by anyone except an authorized JWB staff member. Such transactions between a custodian and an institution involving the sale or purchase of assets by transfer of money shall be made on a "delivery vs. payment" basis.

12. Master Repurchase Agreement

All authorized institutions involved in direct repurchase agreement transactions on behalf of the JWB shall execute and perform these transactions according to a Master Repurchase Agreement.

13. Bid Requirement

When purchasing or selling securities, the Director of Finance shall select the security which meets the parameters of this policy, using a competitive bid process when deemed feasible and appropriate. Comparison to current market prices, as indicated by one of the market pricing resources, may also be utilized.

14. Internal Controls

The Director of Finance shall establish and document a system of internal controls and operational procedures designed to prevent the loss of funds by fraud, employee errors, imprudent actions, and misrepresentations by third parties. A review of such internal controls by independent auditors shall be a part of any financial audit of the JWB.

Bank Trust receipts or safekeeping confirmations will be accepted in return for investment of temporarily idle (surplus) funds, as evidence of actual delivery of the obligations or securities. The actual obligations or securities can be held by a third-party custodial bank.

The receipt should fully describe the obligations or securities held, together with a specific identification number.

Along with adequate separation of duties among Fiscal Management staff, written documentation of telephone or electronic transactions will be maintained.

15. Reporting

The Director of Finance shall report banking and investment results to the Board on a monthly basis. The Annual Financial Report shall reflect the status of JWB's monetary assets, as required by the Governmental Accounting Standards Board and the State of Florida.

16. Continuing Education

The Director of Finance, the Director of Contract Management, Finance and Research, and appropriate staff shall annually complete eight (8) hours of continuing education in subjects or courses of study related to investment practices and products.



INTERNAL MEMO

To: Finance Committee JWB Board Members
From: Gay Lancaster, Executive Director
Date: January 19, 2011
Subject: FY 2010-2011 Budget Amendments

The FY2010-2011 Original Budget was revised due to a staff/department re-alignment and other operational changes. The net decrease is \$257,237. Potential FY 11/12 increases were considered in this amendment process.

The primary decrease was due to reduction of five (5) full-time equivalent (FTE) positions. JWB experienced one (1) full-time position reduction due to attrition, one (1) full-time position elimination due to reorganization, two and a half (2.5) full-time positions eliminated due to outsourcing Information Technology, and one part-time position will be eliminated upon the sale of the building located in Pinellas Park.

Rent expense for JWB's location at 14155 58th Street was included through June, 2011 at a rate of approximately \$16,000 per month. Conditions of the sale of the building in Pinellas Park stated rent payments would be waived for a period of eight (8) years. If the sale of the building occurs prior to July, JWB would realize a cost savings.

JUVENILE WELFARE BOARD
Revenue and Expenditure Summary

	<u>BUDGET</u> <u>Original</u> <u>2010-11</u>		<u>BUDGET</u> <u>Amended</u> <u>2010-11</u>
<u>ESTIMATED REVENUES</u>			
Property Taxes Proposed	46,219,848		46,219,848
<i>Estimated at:</i>	96.50%		96.50%
Property Taxes	44,602,153		44,602,153
Charges for Services	25,000		25,000
Intergovernmental	448,356		448,356
Interest Earnings	150,000		150,000
Miscellaneous	772,545	1,000	773,545
TOTAL REVENUES	45,998,054		45,999,054
Fund Balance/Reserves/Net Assets	16,882,675		16,882,675
TOTAL REVENUES, TRANSFERS & BALANCES	\$62,880,729		\$62,881,729
 <u>EXPENDITURES</u>			
Human Services	47,686,022		47,686,022
General Government			
Administration	5,725,987	(258,237)	5,467,750
ASO	384,630	7,934	392,564
Other general government	350,265		350,265
Other general government	952,718		952,718
TOTAL EXPENDITURES	55,099,622		54,849,319
Fund Balance/Reserves/Net Assets	7,781,107	250,303	8,031,410
TOTAL EXPENDITURES, TRANSFERS & BALANCES	\$62,880,729		\$62,880,729

**JUVENILE WELFARE BOARD
Administration Budget By Department**

FY 10/11 REORGANIZATION

Account Description	Executive Office	Public Policy and Resource Development	Administration & Asset	Performance Management	Program Development & Support	TOTAL
Total Fringe & Salaries	\$482,096	\$423,405	\$414,487	\$1,764,563	\$1,126,357	\$4,210,908
Total Operating	136,018	45,511	331,810	554,508	188,997	1,256,844
Grand Total	\$618,114	\$468,916	\$746,296	\$2,319,071	\$1,315,354	\$5,467,751

ORGANIZATION PRIOR TO FY 2010/11

Account Description	Executive Office	Children's Policy	Contract Management / Finance / Research	Human Resources	Facilities / Information Technology / Training	Children's Neighborhood Services	Administration Total
Total Fringe & Salaries	\$500,194	\$657,641	\$1,515,418	\$62,545	\$1,064,367	\$532,737	\$4,332,902
Total Operating	87,873	315,044	242,857	117,679	588,179	41,454	1,393,086
Grand Total	\$588,067	\$972,685	\$1,758,275	\$180,224	\$1,652,546	\$574,191	\$5,725,988

SAVINGS:	\$258,237
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SAVINGS:

- Attrition on one position
- Elimination of one position due to reorg
- Elimination of 2.5 positions due to IT Outsource
- Elimination of one part time position upon Sale of Pinellas Park building



INTERNAL MEMO

To: Finance Committee JWB Board Members
From: Gay Lancaster, Executive Director
Date: January 18, 2011
Subject: Business Intelligence Contract

Summary:

JWB is expanding the existing functionality of its business intelligence platform by adding new data analysis and reporting components. JWB staff is requesting approval of up to \$65,000 to engage Pragmatic Works (who have previously worked on the system) for further development. These items are included in the current year's budget.

Rationale:

In the most recent iteration of JWB's business intelligence system, data was combined from four different systems providing for the first time a clear view of the impact JWB programs have on Pinellas youth. These datasets were largely based on demographic and activity information (grades, FCAT scores, participation or non-participation in certain systems). The desired new functionality builds on this and will involve adding financial data to the existing system. JWB will be able to more accurately answer questions such as:

- “What is the lifetime cost for a particular youth?”
- “What is the relationship between dollars spent and outcome effectiveness?”
- “Have investments in particular strategic areas had a positive impact?”
- “How have JWB investments shifted over time both geographically and strategically?”

Pragmatic Works will also be working on the development of predictive models that will help to greatly inform policy decisions by looking at a given set of variables and seeing where JWB could have made a difference so that current services gaps can be addressed.

In addition to the functionality laid out above significant effort will be placed in creating front end reporting systems so that Board members, staff and the citizens of Pinellas can have appropriate access to the system. This will include various interactive reporting and mapping functions that will be delivered through JWB's intranet as well as through the JWB website.

ITEM VII.

Pragmatic Works, a nationally recognized leader in the development of business intelligence, has been assisting JWB in the creation of our Business Intelligence system. Their experts have helped JWB to take a leadership role in how data can be used in Pinellas County and has provided a model for other human service organizations from which to start their business intelligence programs. Pragmatic Works has provided significant insight and expertise in identifying and handling potential issues related to data quality. They have also provided guidance on how best to secure the data.