



Finance Committee Meeting

CareerSource Central Florida
 390 N. Orange Ave., Suite 700, Orlando, FL 32801
 Thursday, February 15, 2018
 2:30 p.m. – 4:00 p.m.

Conference Call-in phone number: (866) 576-7975 / Participant Access Code: 299848

Strategic Goals developed by the Board:

- *CareerSource Central Florida will become business focused in all efforts*
- *CareerSource Central Florida will identify ways to measure progress and Return On Investment (ROI)*
- *CareerSource Central Florida will become the workforce intelligence organization for workforce development in Central Florida*

Agenda Item	TOPIC	Action Item	Info Item	Presenter
1	Welcome			Eric Ushkowitz
2	Roll Call / Establishment of Quorum			Kaz Kasal
3	Public Comment			
4	Approval of Minutes A. 11/16/17 Finance Committee Meeting	X		Eric Ushkowitz
5	Information/Discussion/Action Items			
6	A. Retirement Plan Update B. Budget to Actual Results as of 12/31/17 C. Two Year Comparison and Fiscal Year Projections D. Facilities Plan Update		X X X X	Jason Chepenik Leo Alvarez Leo Alvarez Leo Alvarez
7	Other Business			
8	Adjournment			

Upcoming Meetings:

- Consortium & Board Joint Meeting and Board Retreat: 2/22/18, 9:00 am to 2:00 pm / Valencia College-Osceola Campus, 1800 Denn John Lane, Kissimmee, FL (Building 4/Rm 105)
- Finance Committee Meeting: 2:30 pm to 4:00 pm, Thursday, 4/5/18
 CareerSource Central Florida - Admin Office / 390 N. Orange Ave., Suite 700., Orlando, FL 32801

DRAFT
Finance Committee Meeting

CareerSource Central Florida Office
390 N Orange Ave., Suite 700
Orlando, FL 32801

Thursday, November 16, 2017
2:30 p.m.

MINUTES

MEMBERS PRESENT: Joseph Sarnovsky, Glen Casel, Nicole Guillet, John Pittman, Chuck Todd and Mark Wylie

MEMBERS ABSENT: Melanie Cornell

STAFF PRESENT: Pam Nabors, Mimi Coenen, Leo Alvarez, Ann Beecham, Robert Quinlan and Kaz Kasal

GUESTS PRESENT: Jason Chepenik / Chepenik Financial

Agenda Item	Topic	Action Item / Follow Up Item
Business Matters of the Audit Committee		
1	Welcome Dr. Sarnovsky Finance Committee Member Chair, called the meeting to order at 2:31 pm and welcomed those in attendance.	
2	Roll Call / Establishment of Quorum Ms. Kasal, CSCF Executive Coordinator, reported that there was a quorum present.	
3	Public Comment None Offered.	
4	Approval of Minutes 6/12/17 Finance Committee Meeting. 10/9/17 Joint Meeting of the Audit and Finance Committee Meeting.	Mr. Casel made a motion to approve the minutes from the 6/12/17 Finance Committee Meeting. Mr. Wylie seconded; motion passed unanimously. Mr. Pittman made a motion to approve the minutes from the 10/9/17 Joint Meeting of Audit and Finance Committees. Mr. Todd seconded; motion passed unanimously.
5	Information/Discussion/Action Items	
	<u>Finance Committee Charter</u> Mr. Alvarez, Chief Financial Officer, referred to the edits (red-lined) on page 2 of the Finance Committee Charter (attachment) and stated that these edits are recommendations from the Finance Committee at their 10/9/17 meeting, as bulleted below:	Mr. Wylie made a motion to approve the edits, as notated, in the Finance Committee Charter. Mr. Pittman seconded; motion passed unanimously.

- Under “Roles and Responsibilities” – revise 2nd bullet by adding “and any interim” so it reads: “Review the annual and any interim financial statements of the Corporation, making recommendations for action to the Board as needed.”
- Under “Roles and Responsibilities” – delete 3rd bullet as it reiterates the revised 2nd bullet.

Dr. Sarnovsky stated that the Board will be updated on the Finance Committee Charter revisions at 12/14/17 Board Meeting as part of the Finance Committee report.

Budget vs. Actual Results as of 9/30/17

Mr. Alvarez referenced the report entitled “Budget vs. Actual Report – as of 9/30/17” (attachment) and stated that 18% of budget was spent through 9/30/17 which is tracking below in expenditures primarily in program services with scholarships and internships. Ms. Coenen, Chief Operating Officer, added: 1) last year about 50% of the training providers did not meet the performance requirements of the 75% completed, 75% placed benchmark, so the number of available training providers shrunk; and 2) CSCF is providing more short-term training (which costs less) vs. long-term training. Based on data, individuals receiving short-term training, gain the skills needed to get into jobs quicker, so more individuals are being placed into jobs with shorter turnaround times. Many individuals in longer term training were not finishing the program. The strategy moving forward is staff are working with training providers to rally quality candidates towards industry-focused training to HGI – especially in readiness for the spring session (January 2018). The CSCF Center Managers will be working with the schools to increase spring enrollments and line up interns, already trained, with businesses. Furthermore, CSCF has also been more effectively coordinating and leveraging resources/funds with individuals who have PELL grants.

Mr. Quinlan, Director of Business and Professional Services, stated that there has been a change in focus this year vs. last year:

- 1) Previously, the focus was for interns to attain work experience vs. getting hired by host employer. This year the intent is for the employer to hire the intern. Employers are allowed 2 interns (vs. 4 interns) for 4 weeks (vs. 8 weeks). If employer hires the intern(s), then they are allow additional interns.
- 2) Staff utilize a matching tool that matches skill sets to get the best, polished candidate to

	<p>employer. This matching tool shortens the process.</p> <p>Mr. Quinlan added that two areas that have slowed the process down have been 1) a late start with internships and OJTs (On the Job Training) – started in September 2017, and 2) it has been harder to find candidates for the internships. Businesses are getting more selective with their candidates.</p> <p>Ms. Coenen stated that at the 11/9/17 Career Services Committee, Dr. Armbruster, with Orange County Public Schools – Tech Centers, proposed a model that works with the schools to develop and find interns and OJTs. Then can replicate this model to other training providers.</p> <p>Mr. Alvarez also referred to the “Current Year vs. Prior Year Comparison Report – as of 9/30/17” and “PY 17-18 Operations Report – through 10/31/17.” Ms. Coenen reviewed the measures on the “Operations Report.” Dr. Sarnovsky stated that reviewing the “Operations Report” on a quarterly basis will be helpful for the Finance Committee.</p> <p><u>Retirement Plan Update</u></p> <p>Mr. Chepenik with Chepenik Financial, CSCF’s retirement plan broker, provided a Powerpoint presentation on CSCF’s retirement plan and its current performance and participant activities, noting that overall the plan is doing well and participation rate is at 94.9% which is a 70% increase since March 2016. Mr. Chepenik also stated that during Principal’s annual audit, a mistake was found which occurred during onboarding of the plan, which will result in a credit and fee reduction for every participant on the plan. Mr. Chepenik stated a communication will be released to all plan participants, which he will oversee and coordinate, with regard to Principal’s error and the resulting credit and fee reduction.</p> <p>Mr. Chepenik proposed adding a high yield corporate and government bond (fixed income, intermediate-term bond) to the plan, recommending “Western Asset Core Plus Bond R.”</p> <p>Mr. Chepenik also provided an overview of the current market status reviewing following highlights:</p> <ul style="list-style-type: none"> • Current U.S. economic expansion is 99 months long, one of the longest in our nation’s history and lowest cumulative total growth of any prior 	<p><i>The Committee will review an update of the “Current Year vs. Prior Year Comparison Report” report at their 2/15/18 meeting and see if any mid-year adjustments need to be made.</i></p> <p>Mr. Wylie made a motion to approve Chepenik Financial’s recommendation to add “Western Asset Core Plus Bond R” to the CSCF’s retirement plan’s portfolio. Mr. Casel seconded, motion passed unanimously.</p>
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	<p>expansionary period – slow and steady growth which is good.</p> <ul style="list-style-type: none"> • U.S. economy is currently growing at 3.1%, a high number in comparison to the rest of the developed world, which are at 0-2% growth rates. • Emerging economies of Asia continue to have the highest global growth rates of 4% or higher. <p><u>Facilities Plan Update</u></p> <p>Mr. Alvarez provided an update on Lake Sumter State College's (LSSC) offering of space at their Foundation building for the CSCF Lake County office. Mr. Alvarez stated that LSSC is offering 90% of the space at their Foundation building, which is more than expected. CSCF is having difficulty procuring an architect to review the space for build-out costs – so far only received only two quotes. Mr. Alvarez stated that Ms. Nabors has a phone conference with Dr. Sidor and Dr. Bigard to discuss architect fees. The LSSC Board is open to this partnership with CSCF. Mr. Wylie suggested CSCF also look into the “design/build” option where the contractor brings in and takes responsibility for the architect.</p>	<p><i>Mr. Alvarez stated that staff should have an action item on build-out costs ready at the 2/15/17 Finance Committee meeting.</i></p>
6	<p>Other Business</p> <p>Dr. Sarnovsky announced he will be retiring from Seminole State College on 2/2/18 and is working with Ms. Nabors on his transition with the CSCF Board.</p>	
7	<p>Adjournment</p> <p>There being no other business, the meeting was adjourned at 3:55 p.m.</p>	

Respectfully submitted,

Kaz Kasal
Executive Coordinator

WE GO BEYOND FOR



Administrative Update

Aspect of Plan Design	Plan Provisions
Plan Name	CareerSource Central Florida 403(b) Plan
Plan Provider and Contract Number	Principal Financial Group – 623601
Plan Year	July 1 – June 30
Eligibility	Employee Deferrals: None Employer Contributions: Age 21 Service: 6 Months of Service Exclude: Employees who normally work less than 20 hours per week; student employees
Entry Date	Monthly – coinciding with or next following satisfaction of eligibility requirements
Contribution Types	Elective deferrals (Pre-Tax & Roth), rollovers, employer matching contributions, employer non-elective profit sharing contributions
Automatic Contribution Election	4% - ACA
Automatic Escalation	1% up to 6% Every July
Employee Elective Contributions	Up to maximum permitted - \$18,500
Catch-Up Contributions	Yes, participants age 50 or older may contribute an additional \$6,000
Change in Contribution Amount	Anytime
Change in Investment Options	Anytime
Match Contribution	100% on the first 6% of pay
Non-Elective	NA
Vesting	Employee elective contributions and rollovers are always 100% vested. Employer matching contributions and non-elective profit sharing contributions are according to vesting schedule cliff
Withdrawals	Participants may withdraw a portion or all of their account due to: retirement, disability, death, termination of employment. In-service distributions are permitted at age 59½.
Loans	Loans are permitted. Participants can have 1 loan outstanding at a time; minimum loan amount is \$1,000; interest repayments are based on Prime Rate +1%..
Retirement	Age 65 – No early retirement provided
Contact Information	Principal Financial Group 800-258-9041 http://www.principal.com

Administrative Update

Participant Details as of 12/31/2017

Total Deferring Participants	170
Total Eligible Participants	179
Eligible Employees Participating %	95.0%
Eligible Employees Not Participating %	5.0%
Account Values for Participants w/o Term Date	\$4,563,885
Number of Participants with an Account Value	175
Average Account Balance	\$26,079
Terminated Participant Account Value	\$536,179
Terminated Participant Counts	18
Highly Compensated Employee Account Value	\$151,571
Highly Compensated Employee Counts	2

March 2016: 70%

March 2016 ~ 100 pts

YE 2016 \$4,271,549

Plan Assets: \$5,143,374

Deferral Rates:
w/ Non-Participants: 4.9%
w/o Non-Participants: 5.2%

Loans: 3.3% Assets/53 pts

Administrative Update

	Age 34 and Under	Age 35 - 54	Age 55 and Over
Total Eligible Participants	23	104	52
Total Deferring Participants	22	99	49
Eligible Employees Participating %	95.6%	95.2%	94.2%
Average Deferral Rate (w/NP)	4.6%	4.7%	5.6%
Average Deferral Rate (w/o NP)	4.8%	4.9%	6.0%
Account Values for Participants w/o Term Date	\$226,241	\$2,418,925	\$1,918,718
Number of Participants with an Account Value	23	101	51
Average Account Balance	\$9,837	\$23,950	\$37,622
Terminated Participant Account Value	\$15,880	\$390,958	\$129,341
Terminated Participant Counts	2	12	4
Highly Compensated Employee Account Value	\$0	\$0	\$151,571
Highly Compensated Employee Counts	0	0	2
Non-Highly Compensated Employee Account Value	\$226,241	\$2,418,925	\$1,767,147
Non-Highly Compensated Employee Counts	23	101	49
Roth Contributor Account Value	\$6,806	\$4,209	\$3,428
Roth Contributor Counts	4	8	1
Outstanding Loan Account Value	\$2,343	\$118,544	\$48,673
Outstanding Loan Counts	1	35	17
Step Ahead Counts	3	15	3

Fiduciary Investment Review

Fiduciary Investment Monitoring Report (FiRM)

12 Point Scoring System

Criteria	Measurement
Style Consistency	≤ 29
5-Year Sharpe Ratio*	> Category
R-Squared	> 80%
1-Year Performance	> Peer Group Median
3-Year Performance	> Peer Group Median
5-Year Performance	> Peer Group Median
5-Year Up/Down Capture	Up > Down

Scoring Threshold: 6

Investment Criteria Rating: 6

Criteria	Measurement
Information Ratio 5-Years	> 0
Information Ratio 3-Years	> 0
Beta 5-Year	Between .75 – 1.15
Beta 3-Year	Between .75 – 1.15
Longest Tenured Manager	\geq Peer Median Tenure
Net Expense Ratio	\leq Peer Median

* Sharpe Ratio used to score Target Date Funds where applicable

Investment Line-up

Domestic Equity			
Value	Blend	Growth	
Invesco Diversified Dividend	Principal Large Cap S&P 500 Index	Pioneer Fundamental Growth	Large
American Century Mid Cap Value	Principal Mid Cap S&P 400 Index	MassMutual Select Mid Cap Growth	Mid
Goldman Sachs Small Cap Value*	Principal Small Cap S&P 600 Index	Janus Triton	Small

International Equity & Specialty			
Value	Blend	Growth	
		Oppenheimer International Growth	Large
Principal Real Estate Securities			Specialty

*Fund shows as Small Cap Blend

Investment Line-up

Cash Equivalents/Stable Value	
Principal Fixed Income Guaranteed Fund	Stable Value

Fixed Income			
Short-Term	Intermediate-Term	Long-Term	
	Western Asset Core Plus Bond		Bonds

Investment Line-up

Asset Allocation/Target Date	
American Century One Choice 2020	Target Date Series*
American Century One Choice 2025	
American Century One Choice 2030	
American Century One Choice 2035	
American Century One Choice 2040	
American Century One Choice 2045	
American Century One Choice 2050	
American Century One Choice 2055	
American Century One Choice 2060	
American Century One Choice In Ret	

*QDIA

403(b) Plan – 4th Quarter Analysis

INVESTMENT	ASSETS	% ASSETS	LAST QTR	YTD	1 YR	3 YR	5 YR	4Q17	3Q17	2Q17	1Q17
								of 12	of 12	of 12	of 12
Large Value											
Invesco Diversified Dividend A	\$38,576	0.75%	2.93 (96)	8.20 (98)	8.20 (98)	7.99 (65)	12.70 (66)	5	8	8	8
Large Blend											
Principal Large Cap S&P 500 Index R5	\$62,533	1.22%	6.51 (46)	21.25 (43)	21.25 (43)	10.94 (25)	15.30 (30)	-	-	-	-
Large Growth											
Pioneer Fundamental Growth A	\$94,764	1.84%	4.36 (91)	22.62 (85)	22.62 (85)	10.57 (66)	15.37 (57)	5	6	7	7
Mid-Cap Value											
American Century Mid Cap Value A	\$83,860	1.63%	4.61 (72)	11.32 (70)	11.32 (70)	10.22 (17)	15.04 (16)	10	10	10	11
Mid-Cap Blend											
Principal MidCap S&P 400 Index R5	\$31,399	0.61%	6.17 (28)	15.71 (48)	15.71 (48)	10.63 (18)	14.47 (32)	-	-	-	-
Mid-Cap Growth											
MassMutual Select Mid Cap Growth R4**	\$32,399	0.63%	4.32 (91)	24.18 (57)	24.18 (57)	11.44 (18)	16.18 (13)	10	11	11	10
Small Blend											
Goldman Sachs Small Cap Value Svc	\$0	0.00%	3.90 (34)	11.78 (59)	11.78 (59)	9.28 (46)	13.99 (38)	8	9	8	11
Principal SmallCap S&P 600 Index R5	\$32,325	0.63%	3.85 (36)	12.78 (49)	12.78 (49)	11.48 (10)	15.46 (07)	-	-	-	-
Small Growth											
Janus Henderson Triton S**	\$41,062	0.80%	5.47 (39)	26.59 (23)	26.59 (23)	12.06 (18)	15.87 (17)	10	10	9	10
Foreign Large Growth											
Oppenheimer International Growth A	\$87,911	1.71%	3.62 (78)	26.60 (86)	26.60 (86)	8.46 (60)	8.17 (49)	6	7	6	7
Specialty - Real Estate											
Principal Real Estate Securities R5	\$5,840	0.11%	3.54 (15)	8.85 (11)	8.85 (11)	6.18 (15)	10.42 (06)	12	12	12	12

Asset values as of 12/31/2017. Performance and scoring data as of 12/31/2017. The information presented in this document has been taken from multiple databases and is believed to be as accurate as possible. Scoring System is based on an evaluation of 12 different factors. Each factor is assessed using a pass or fail system. There are four areas being tested: Investment style (2 points), Performance (4 points), Risk (4 points), qualitative factors (2 points). The total score is the sum of the individual scores with the best possible score being 12 points. Score 10 - 12 = Suitable, 7 - 9 = Acceptable, 5 or fewer = watch list. These scores can be used to help evaluate an investment but should not be the sole source of information used to select and monitor investment.

403(b) Plan – 4th Quarter Analysis

INVESTMENT	ASSETS	% ASSETS	LAST QTR	YTD	1 YR	3 YR	5 YR	4Q17	3Q17	2Q17	1Q17
								of 12	of 12	of 12	of 12
Money Market/Stable Value											
Principal Fixed Income Guaranteed Option	\$437,136	8.50%	n/a (na)	n/a (na)	n/a (na)	n/a (na)	n/a (na)	-	-	-	-
Intermediate-Term Bond											
P Western Asset Core Plus Bond R**	\$0	0.00%	0.28 (55)	6.25 (4)	6.25 (04)	3.64 (05)	3.18 (07)	11	11	11	11
Target Date 2020											
American Century One Choice 2020 A	\$399,046	7.76%	2.45 (81)	10.65 (79)	10.65 (79)	4.74 (74)	6.54 (60)	-	-	-	-
Target Date 2025											
American Century One Choice 2025 A	\$808,986	15.73%	2.81 (87)	11.98 (88)	11.98 (88)	5.26 (88)	7.18 (76)	-	-	-	-
Target Date 2030											
American Century One Choice 2030 A	\$647,323	12.59%	3.01 (95)	13.24 (89)	13.24 (89)	5.72 (89)	7.88 (75)	-	-	-	-
Target Date 2035											
American Century One Choice 2035 A	\$539,491	10.49%	3.31 (95)	14.43 (95)	14.43 (95)	6.19 (94)	8.62 (86)	-	-	-	-
Target Date 2040											
American Century One Choice 2040 A	\$488,127	9.49%	3.69 (97)	15.78 (91)	15.78 (91)	6.68 (88)	9.33 (78)	-	-	-	-
Target Date 2045											
American Century One Choice 2045 A	\$734,697	14.28%	4.07 (95)	17.21 (95)	17.21 (95)	7.22 (92)	9.99 (78)	-	-	-	-
Target Date 2050											
American Century One Choice 2050 A	\$248,556	4.83%	4.27 (94)	18.21 (88)	18.21 (88)	7.55 (87)	10.31 (69)	-	-	-	-
Target Date 2055											
American Century One Choice 2055 A	\$109,275	2.12%	4.34 (95)	18.76 (91)	18.76 (91)	7.74 (92)	10.60 (71)	-	-	-	-

Asset values as of 12/31/2017. Performance and scoring data as of 12/31/2017. The information presented in this document has been taken from multiple databases and is believed to be as accurate as possible. Scoring System is based on an evaluation of 12 different factors. Each factor is assessed using a pass or fail system. There are four areas being tested: Investment style (2 points), Performance (4 points), Risk (4 points), qualitative factors (2 points). The total score is the sum of the individual scores with the best possible score being 12 points. Score 10 - 12 = Suitable, 7 - 9 = Acceptable, 5 or fewer = watch list. These scores can be used to help evaluate an investment but should not be the sole source of information used to select and monitor investment.

403(b) Plan – 4th Quarter Analysis

INVESTMENT	ASSETS	% ASSETS	LAST QTR	YTD	1 YR	3 YR	5 YR	4Q17	3Q17	2Q17	1Q17
								of 12	of 12	of 12	of 12
Target Date 2060+											
American Century One Choice 2060 A	\$8,280	0.16%	4.50 (93)	19.01 (92)	19.01 (92)	n/a (na)	n/a (na)	-	-	-	-
Target Date Retirement											
American Century One Choice In Ret A	\$211,788	4.12%	2.29 (41)	9.93 (29)	9.93 (29)	4.46 (35)	6.00 (08)	-	-	-	-
Non-Core Holdings											
Outstanding Plan Loans	\$0	0.00%	n/a (na)	n/a (na)	n/a (na)	n/a (na)	n/a (na)	-	-	-	-

2017 Plan Level Rate of
Return:
13.3%

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Economic Outlook

Economic Outlook

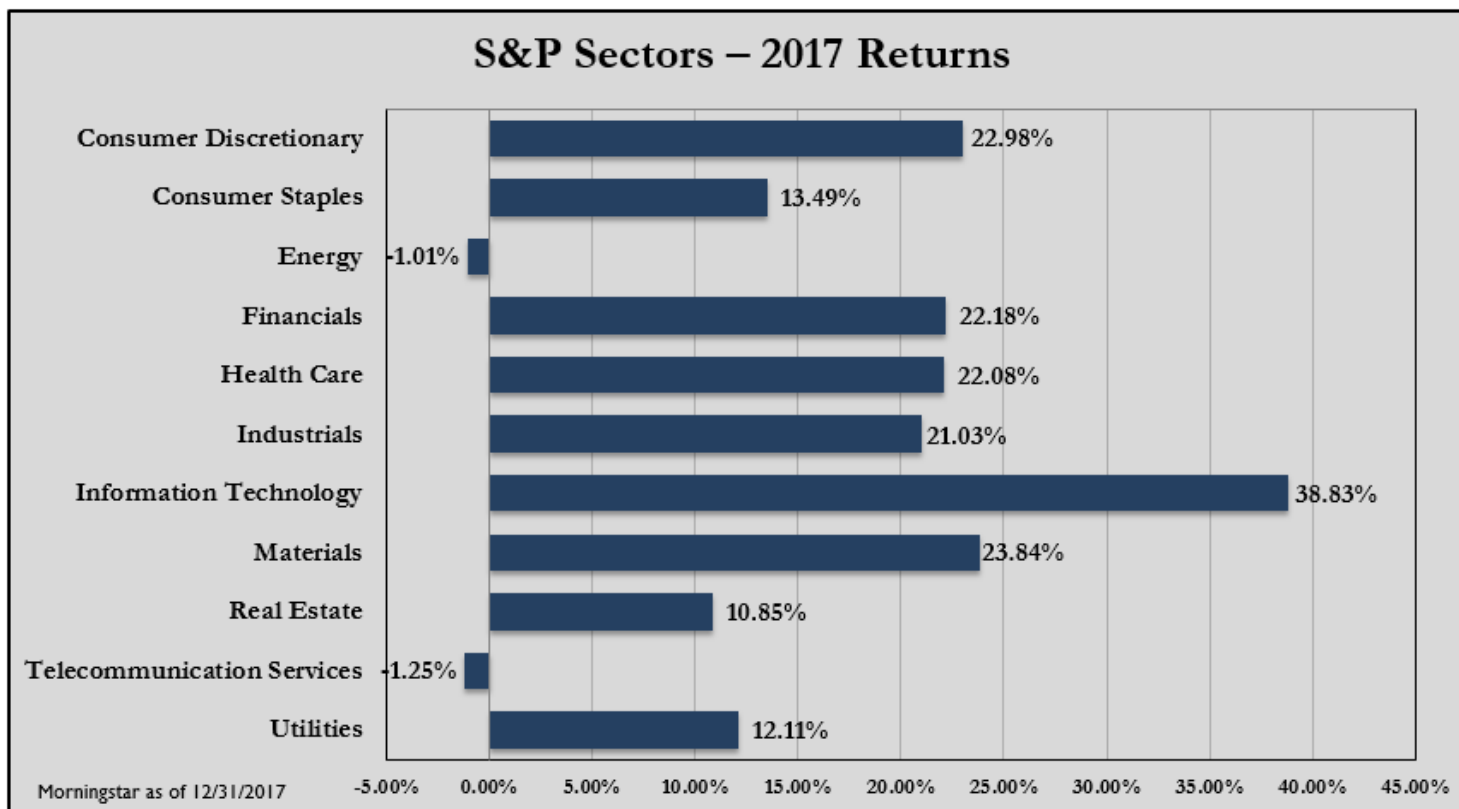
2017 Indices Returns



- **Investment markets experienced robust and consistent gains across all major asset classes in 2017. For the first time on record, global equities moved higher every calendar month of the year.**
- **Volatility was at its lowest levels since 1964. Only 7 trading days saw the markets move by 1% or more.**
- **Bond investments fared well even as the Federal Reserve raised interest three more times throughout the year in 0.25% increments. Markets anticipate three more 0.25% increases in 2018 as the economy continues to grow.**

Economic Outlook

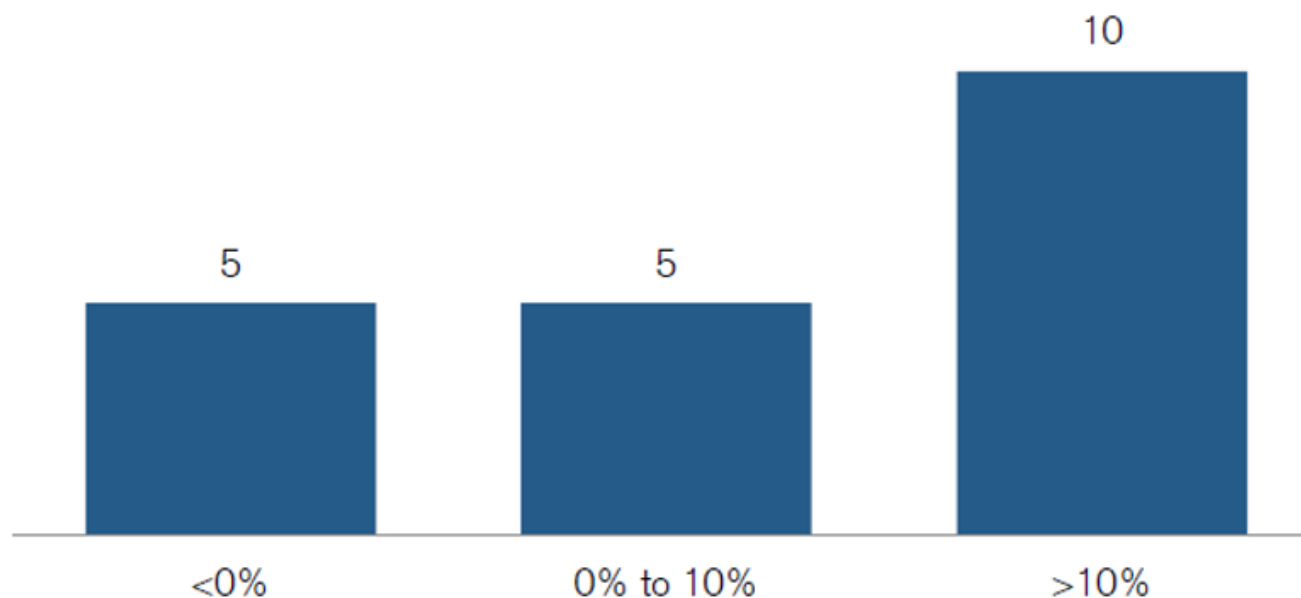
2017 Sector Returns



- **Excluding energy and telecom services, all sectors of the S&P 500 were positive in 2017. Energy lagged in 2017 after a strong rebound in 2016 as oil prices have appeared to stabilize and legacy telecom companies (such as AT&T) have come under severe pricing pressure.**
- **Technology shares continued to lead the charge as the greatest social transition since the industrial revolution moves forward.**

Economic Outlook

Market Returns Following Years of Strong Growth

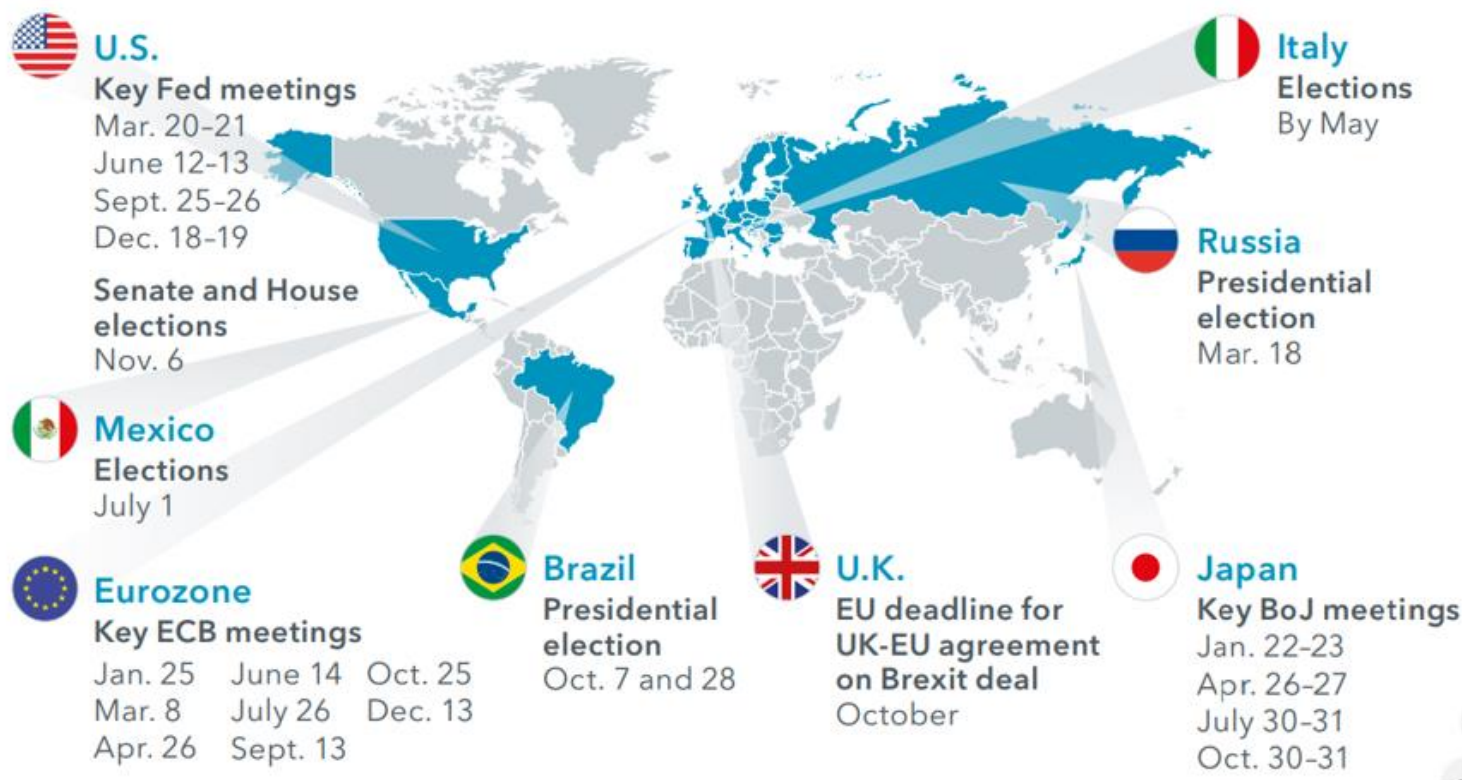


Source: Credit Suisse

- **In the modern post WWII era, there have been twenty instances in which the S&P has increased by 18% or more. In the subsequent year of this strong growth, the market has again increased in value 75% of the time.**
- **50% of the years following a significant increase in the S&P 500 saw double-digit returns as well.**
- **Strong prior year returns do not guarantee additional positive returns as 25% of subsequent years have seen markets turn lower. However the S&P 500 has never generated a greater than 10% loss in the year following such strong returns.**

Economic Outlook

Events to Watch in 2018

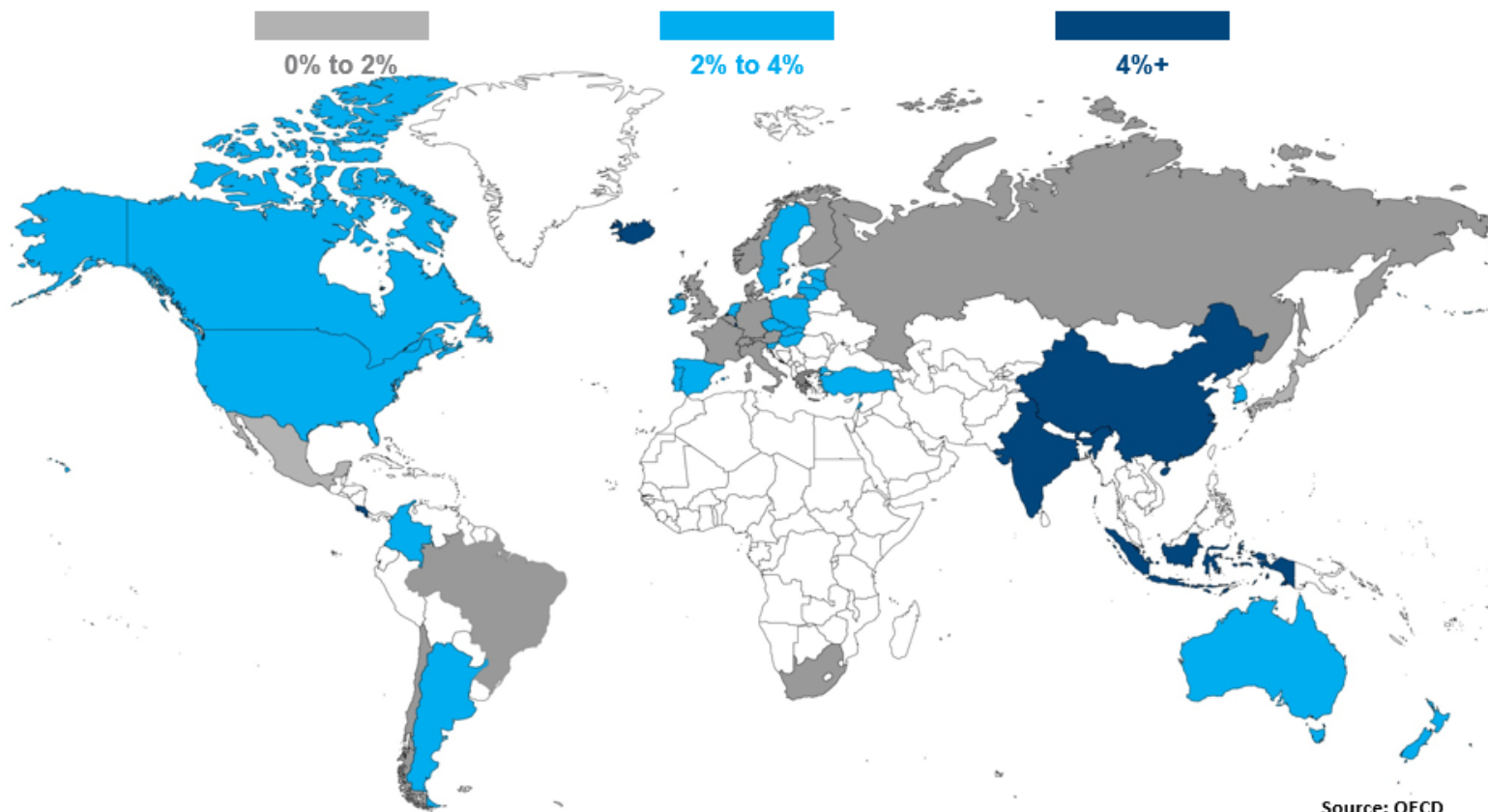


Source: BlackRock Investment Institute

- **Major elections are set to commence across the globe with mid-term elections domestically determining if Republicans maintain control across all three branches of government.**
- **Markets will watch closely the decisions of major Central Banks across the globe as long-standing policies of suppressing interest rates and increasing Central Bank balance sheets comes to an end. 2017 was the first year in the last decade that saw no major central bank reduce interest rates.**

Economic Outlook

Synchronized Global Growth



- For the first time in 11 years, all 45 of the economies tracked by the Organization for Economic Cooperation and Development are forecast to grow. Synchronized global growth rarely occurs with all major economies expanding at once
- The U.S. Economy is currently growing at approximately 3% which is a high number in comparison to the rest of the developed world which are primarily stuck in 0-2% growth rates. The Emerging economies of Asia continue to have the highest global growth rates.

Economic Outlook

Tax Implications

Tax Reform Impact on Individuals and Small Business		
Provision	Current	Final Bill
Individual Tax Rates	Seven brackets with a top marginal rate of 39.6%	Seven brackets with a top marginal rate of 37.0%
Lower Pass-Through Rate	Certain businesses, including S corporations, require individual owners to "pass-through" all business income to their individual returns	Allows 20% deduction of domestic qualified business income of pass-through entities
State & Local Tax (SALT) Deduction	Allows itemized deduction for state and local income and property taxes paid subject to limits for high earners	Maximum \$10,000 total itemized deduction of state and local income and property taxes with no income limits
Mortgage Interest Deduction	Homeowners could deduct interest on the first \$1m	Homeowners could deduct interest on the first \$750k
Standard Deduction	\$6,350 for individuals, \$12,700 for married individuals filing a joint return	\$12,000 for individuals, \$24,000 for married individuals filing a joint return
Child Tax Credit	\$1,000 credit for each child under age 17 with phase-out beginning for couples earning > \$110k	\$2,000 credit for each child under age 18 through 2024 with phaseout beginning for couples earning > \$500k
Estate Tax	40% levy on estates worth more than \$5.49m for individuals and \$10.98m for couples	40% levy on estates worth more than \$10.98m for individuals and \$21.96m for couples

Source: Charles Schwab

- **The Tax Cuts & Jobs Act was signed in to law during the last days of 2017. This represents the largest adjustment to tax policy in over 30 years.**
- **Many smaller adjustments occurred that will effect individual households and business separately. For example, College Savings 529 Accounts can now be used to fund any level of education (up to \$10,000 per year). Prior tax rules required these funds only be used for College education or advanced degrees.**

Economic Outlook

Tax Implications: Effects on the Economy

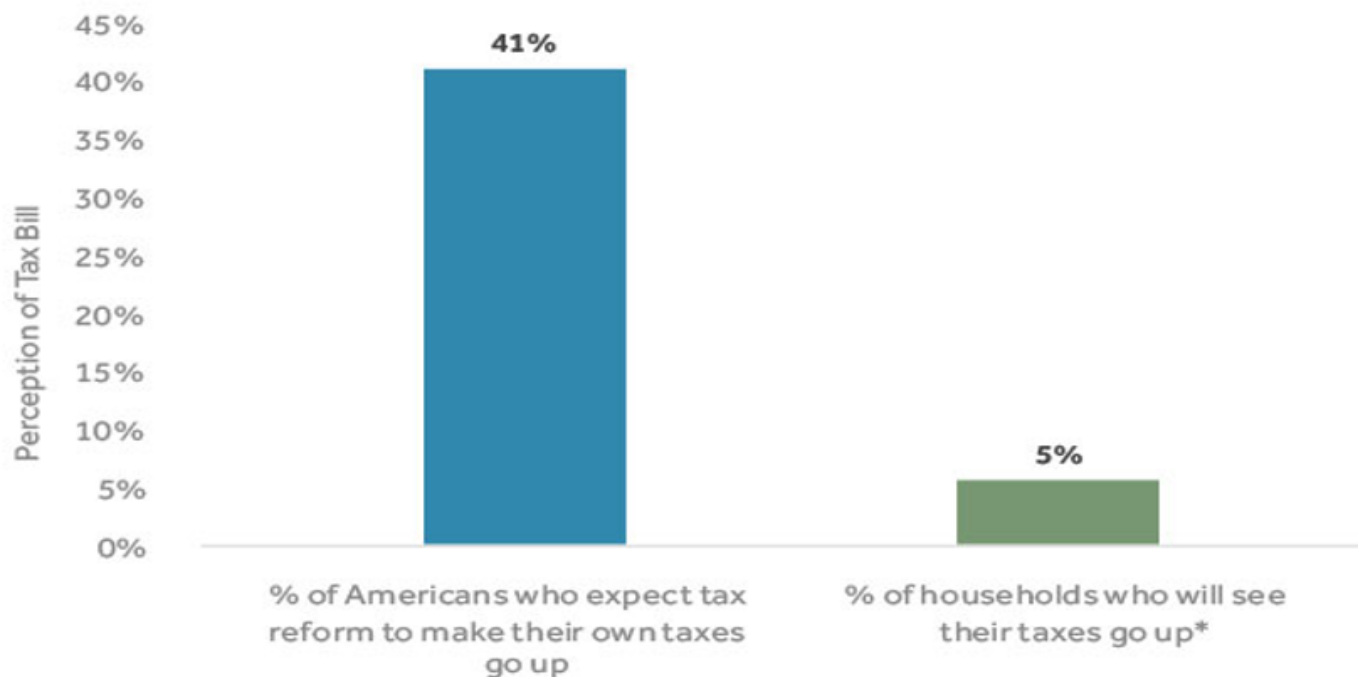


Source: Capital Group estimates

- **Early estimates calculate that the tax plan will positively effect GDP and increase corporate profitability while also adding to the deficit over the long-term.**
- **The U.S. corporate tax rate was reduced from 35% to 21% putting it more in-line with global averages. While the average S&P 500 company did not pay a 35% tax rate, the average effective rate was 29% so this still represents a large reduction in tax levels.**
- **Over \$3 Trillion in American corporate assets are parked overseas. For example, Apple has \$250 Billion parked in Ireland. Markets assume approximately 50% of these assets will be repatriated at a one time 15.5% rate.**

Economic Outlook

Tax Implications: Perception versus Reality

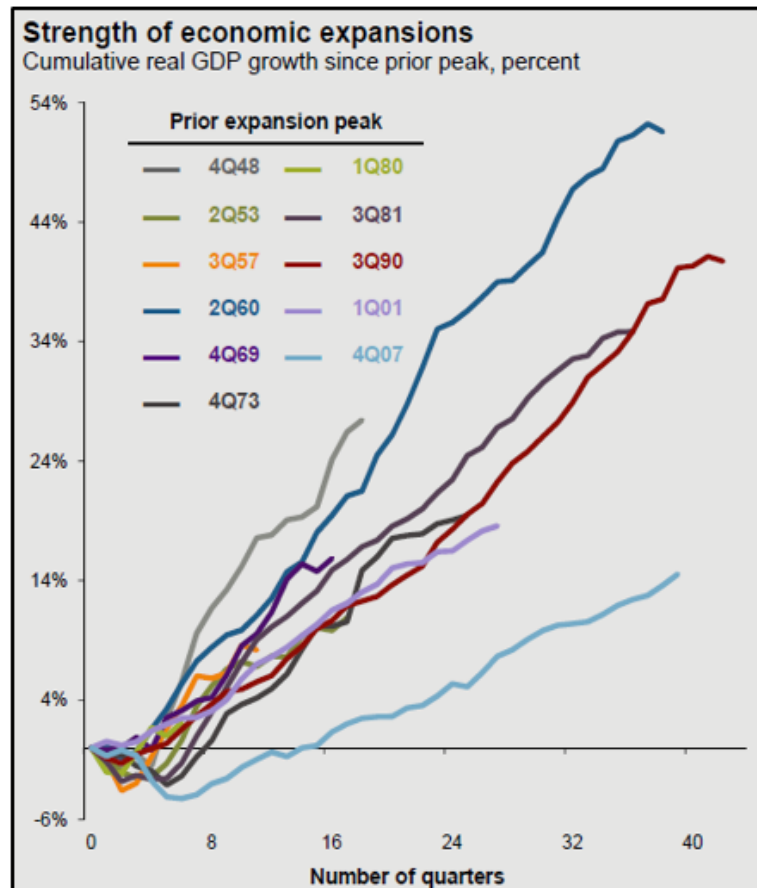
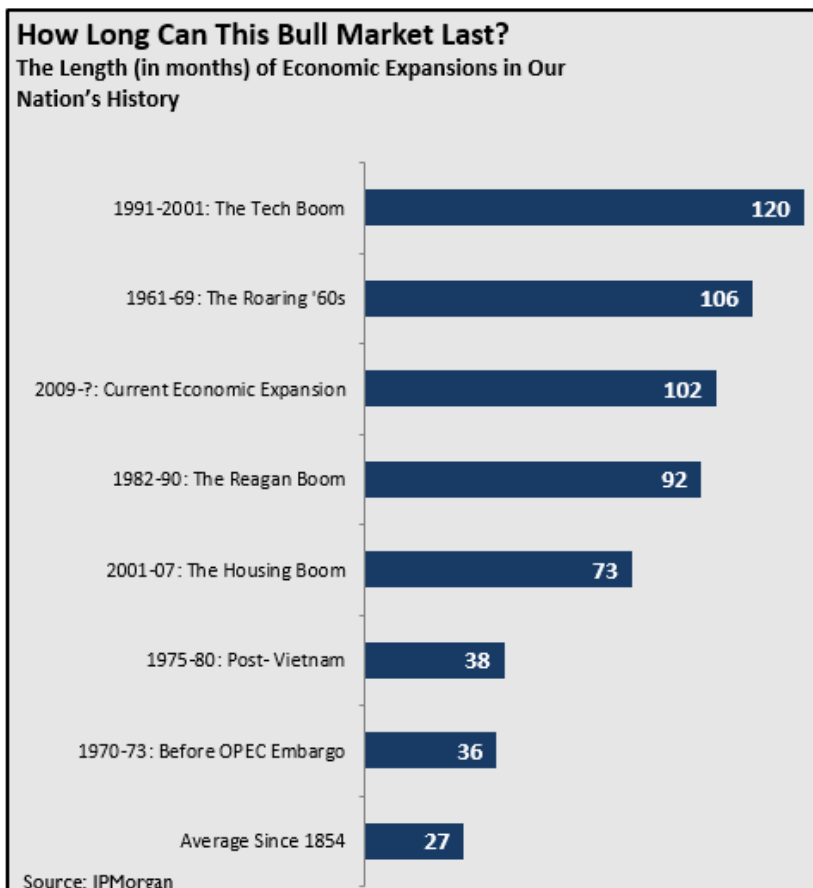


Source: Tax Policy Center

- **41% of Americans believe tax reform will lead to their individual tax rates increasing while analysis from the non-partisan Tax-Policy Center concludes only 5% of households will see taxes rise.**
- **As payrolls adjust in February, this may lead to positively revised expectations as workers retain more in net earnings than anticipated.**
- **The Average American household making \$59,000 will see an annual tax reduction of \$1,000.**

Economic Outlook

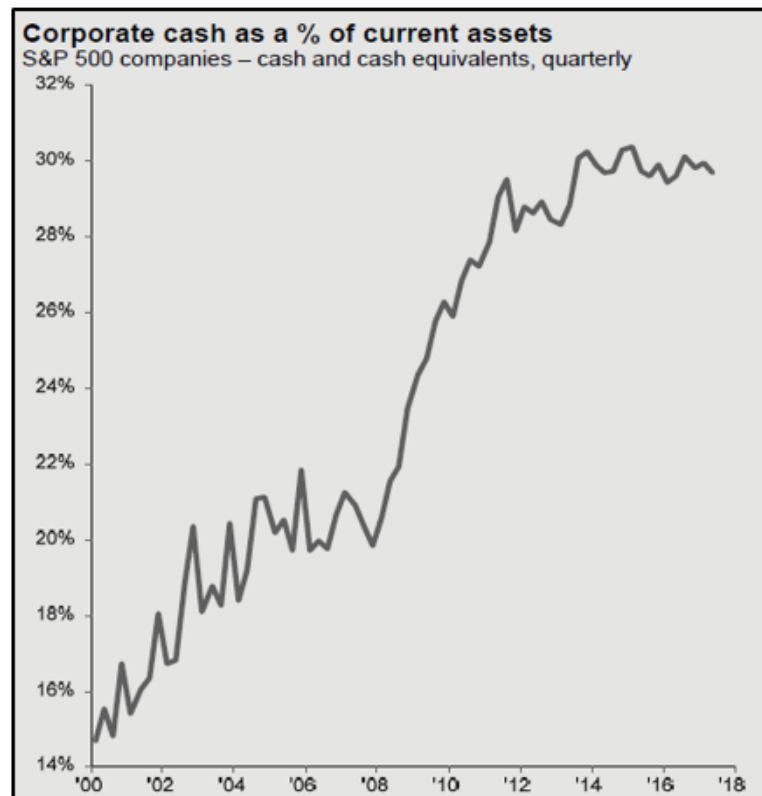
How Long Can the Current Expansion Continue new



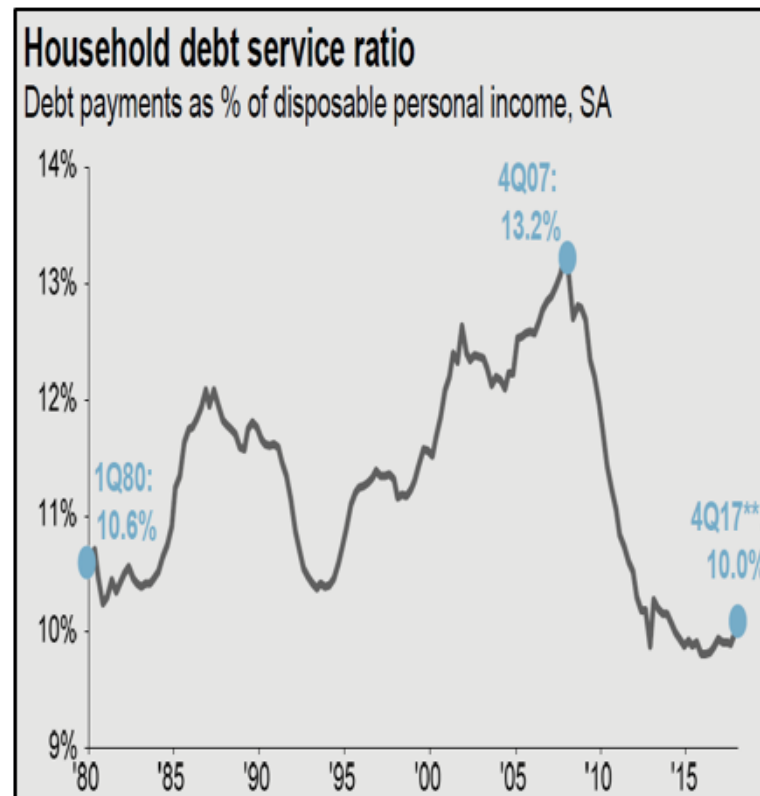
- **The current economic expansion is now 102 months long, making it one of the longest in our nation's history however bull markets never die from old age but rather euphoria, which is not currently at elevated levels**
- **At the same time, as graphed in the upper right, this current economic expansion has an extremely low cumulative total growth rate compared to prior periods of economic expansion.**

Economic Outlook

Household & Corporate Balance Sheets



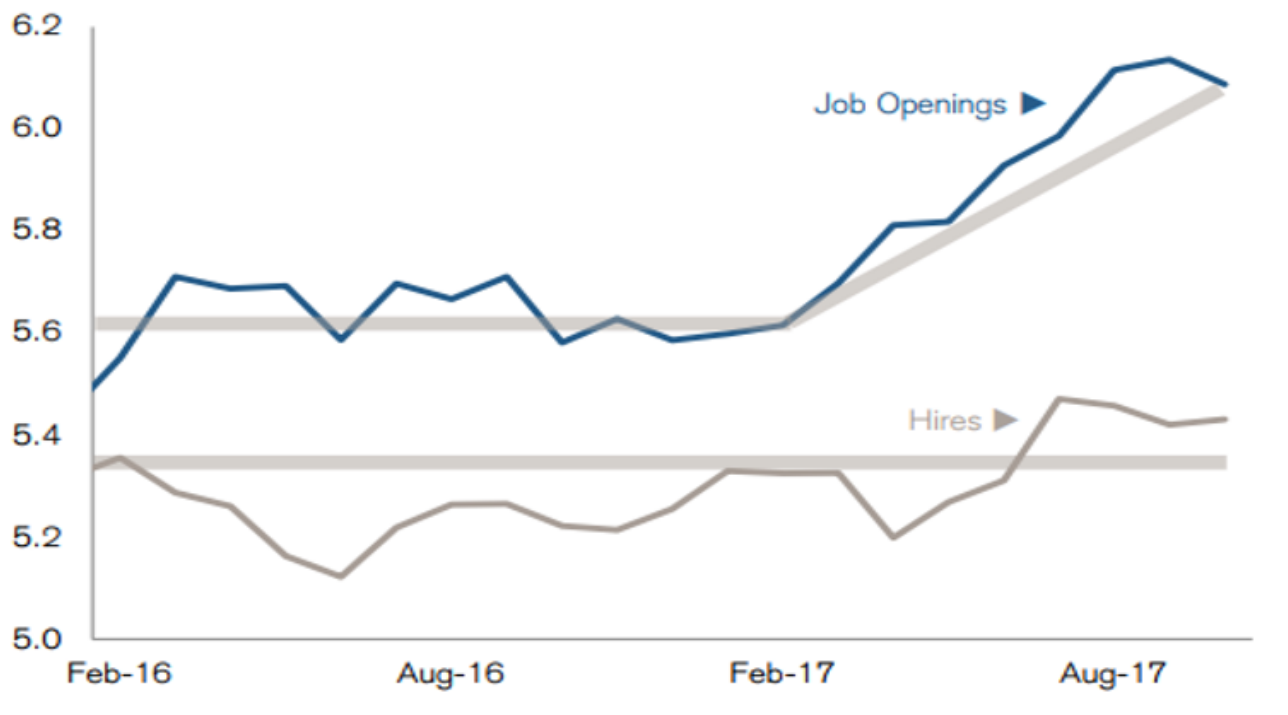
Source: JPMorgan



- **Household and Corporate balance sheets are currently strong with household net worth at all-time highs and debt ratios at 30-year lows, while corporations maintain strong cash reserves.**
- **While the economy would be expanding at a higher rate if households and corporations were spending more, it reduces the risk of extreme downside volatility as balance sheets are currently positioned to handle uncertainty well.**

Economic Outlook

The Jobs Market – We Need More Skilled Workers



Source: Credit Suisse

- **The unemployment rate dropped from a peak of 10% to a current level of 4.1%. The unemployment rate has not been lower since 2000. Companies are firing workers at a historically low rate, and wages have started to increase as the labor market tightens.**
- **For the first time in U.S. history, there are more than 6 million unfilled job openings as businesses are now having problems finding prospective workers with the skill sets required of the job opening.**

Economic Outlook

Annual & Long-Term Asset Class Returns

															2003 - 2017	
2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Ann.	Vol.
EM Equity 56.3%	REITs 31.6%	EM Equity 34.5%	REITs 35.1%	EM Equity 39.8%	Fixed Income 5.2%	EM Equity 79.0%	REITs 27.9%	REITs 8.3%	REITs 19.7%	Small Cap 38.8%	REITs 28.0%	REITs 2.8%	Small Cap 21.3%	EM Equity 37.8%	EM Equity 12.7%	EM Equity 23.0%
Small Cap 47.3%	EM Equity 26.0%	Comdty. 21.4%	EM Equity 32.6%	Comdty. 16.2%	Cash 1.8%	High Yield 59.4%	Small Cap 26.9%	Fixed Income 7.8%	High Yield 19.6%	Large Cap 32.4%	Large Cap 13.7%	Large Cap 1.4%	High Yield 14.3%	DM Equity 25.6%	Small Cap 11.2%	REITs 22.3%
DM Equity 39.2%	DM Equity 20.7%	DM Equity 14.0%	DM Equity 26.9%	DM Equity 11.6%	Asset Alloc. -25.4%	DM Equity 32.5%	EM Equity 19.2%	High Yield 3.1%	EM Equity 18.6%	DM Equity 23.3%	Fixed Income 6.0%	Fixed Income 0.5%	Large Cap 12.0%	Large Cap 21.8%	REITs 11.1%	Small Cap 18.8%
REITs 37.1%	Small Cap 18.3%	REITs 12.2%	Small Cap 18.4%	Asset Alloc. 7.1%	High Yield -26.9%	REITs 28.0%	Comdty. 16.8%	Large Cap 2.1%	DM Equity 17.9%	Asset Alloc. 14.8%	Asset Alloc. 5.2%	Cash 0.0%	Comdty. 11.8%	Small Cap 14.6%	Large Cap 9.9%	Comdty. 18.8%
High Yield 32.4%	High Yield 13.2%	Asset Alloc. 8.1%	Large Cap 15.8%	Fixed Income 7.0%	Small Cap -33.8%	Small Cap 27.2%	Large Cap 15.1%	Cash 0.1%	Small Cap 16.3%	High Yield 7.3%	Small Cap 4.9%	DM Equity -0.4%	EM Equity 11.6%	Asset Alloc. 14.6%	High Yield 9.6%	DM Equity 18.4%
Large Cap 28.7%	Asset Alloc. 12.8%	Large Cap 4.9%	Asset Alloc. 15.3%	Large Cap 5.5%	Comdty. -35.6%	Large Cap 26.5%	High Yield 14.8%	Asset Alloc. -0.7%	Large Cap 16.0%	REITs 2.9%	Cash 0.0%	Asset Alloc. -2.0%	REITs 8.6%	High Yield 10.4%	DM Equity 8.6%	Large Cap 14.5%
Asset Alloc. 26.3%	Large Cap 10.9%	Small Cap 4.6%	High Yield 13.7%	Cash 4.8%	Large Cap -37.0%	Asset Alloc. 25.0%	Asset Alloc. 13.3%	Small Cap -4.2%	Asset Alloc. 12.2%	Cash 0.0%	High Yield 0.0%	High Yield -2.7%	Asset Alloc. 8.3%	REITs 8.7%	Asset Alloc. 8.3%	High Yield 11.3%
Comdty. 23.9%	Comdty. 9.1%	High Yield 3.6%	Cash 4.8%	High Yield 3.2%	REITs -37.7%	Comdty. 18.9%	DM Equity 8.2%	DM Equity -11.7%	Fixed Income 4.2%	Fixed Income -2.0%	EM Equity -1.8%	Small Cap -4.4%	Fixed Income 2.6%	Fixed Income 3.5%	Fixed Income 4.1%	Asset Alloc. 11.0%
Fixed Income 4.1%	Fixed Income 4.3%	Cash 3.0%	Fixed Income 4.3%	Small Cap -1.6%	DM Equity -43.1%	Fixed Income 5.9%	Fixed Income 6.5%	Comdty. -13.3%	Cash 0.1%	EM Equity -2.3%	DM Equity -4.5%	EM Equity -14.6%	DM Equity 1.5%	Comdty. 1.7%	Cash 1.2%	Fixed Income 3.3%
Cash 1.0%	Cash 1.2%	Fixed Income 2.4%	Comdty. 2.1%	REITs -15.7%	EM Equity -53.2%	Cash 0.1%	Cash 0.1%	EM Equity -18.2%	Comdty. -1.1%	Comdty. -9.5%	Comdty. -17.0%	Comdty. -24.7%	Cash 0.3%	Cash 0.8%	Comdty. -0.3%	Cash 0.8%

JPMorgan of 12/31/2017

- A diversified roster of investments has historically and continues to provide a more consistent return profile that mitigates the extreme peaks and valleys that can come with any one asset class.
- The right two columns show that while the average annual return of a diversified strategy has provided consistent returns over the past 15 years, only cash and traditional fixed-income have generated less volatility over the same period.

Legislative & Regulatory Update

Legislative & Regulatory Update

Rollover of Plan Loan Offsets:

- Prior: plan loan offset due to plan or employee termination was eligible for rollover, but **had to be done within 60 days** to avoid taxation
- New: extends eligible rollover until **individuals tax return** filing for the year of the loan offset

Disaster Relief Distributions:

- Prior: taxable for the year which distributions are made...if $59\frac{1}{2}$ subject to 10% early distribution penalty.
- New: provides tax relief for qualified 2016 & 2017 disaster relief distributions
 - Waives 10% early withdrawal penalty
 - No 20% mandatory withholding
 - Pro-rata taxed over 3 year period with ability to recontribute within 3 years

Legislative & Regulatory Update

Financial Bulletin

Keeping Your Business Informed and Prepared

Retirement plan limits for the tax years 2013 – 2018

For more information, contact Chepenik Financial at 407.660.1010 or email retire@chepenikfinancial.com

Retirement Plan Limits	2018	2017	2016	2015	2014	2013
401(k) 403(b) Elective Deferral Maximum	\$18,500	\$18,000	\$18,000	\$18,000	\$17,500	\$17,500
457(b) Non-qualified Deferred Compensation Limit	\$18,500	\$18,000	\$18,000	\$18,000	\$17,500	\$17,500
414 (v) Catch-up Contribution Limit	\$6,000	\$6,000	\$6,000	\$6,000	\$5,500	\$5,500
415 Defined Contribution Annual Addition Maximum	\$55,000	\$54,000	\$53,000	\$53,000	\$52,000	\$51,000
401(a)(17) Annual Compensation Limit	\$275,000	\$270,000	\$265,000	\$265,000	\$260,000	\$255,000
414(q) Highly-Compensated Employee Limit	\$120,000	\$120,000	\$120,000	\$120,000	\$115,000	\$115,000
Social Security Wage Base	\$128,700	\$127,200	\$118,500	\$118,500	\$117,000	\$113,700
SIMPLE Employee Deferrals	\$12,500	\$12,500	\$12,500	\$12,500	\$12,000	\$12,000
415 Defined Benefit Dollar Maximum	\$220,000	\$215,000	\$210,000	\$210,000	\$210,000	\$205,000
Health Savings Account (HSA) Limit (Family)	\$6,900	\$6,750	\$6,750	\$6,650	\$6,550	\$6,450

Additional Discussion Items

FINANCIAL WELLNESS

Creating a financially fit community



RACE FOR FINANCIAL FITNESS™

Raised \$250,000 for Financial Literacy!



We appreciate your continued
support!
Thank You!

If you would like any additional information, please contact our Retirement Plan Team at Chepenik Financial.

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CareerSource Central Florida
 Budget Versus Actual Report
 As of 12/31/17

CSCF Budget FY 2017 - 2018		INDIRECT COST	RESEA 119	WIOA Adult 20	Youth 22	WIOA DW 30	WT 60	TAA 81	SNAP 85	WP 90	DVOP 94	UC 96	LVER 98	NEG	Inc \$'s (WIA/WP)	TACCCT 129	TRANCOM 130	YOUTHBUILD 133	AMERICAS PROMISE 132	UNRESTRICTED	NEG HURRICANE IRMA	Actual Expenditures	% of Expenditures	
Funding Sources	Total Revenue																							
Carry In Funds From FY 16 - 17	5,657,409																							
FY 17 - 18 Award	28,146,131																							
Award Total - Available Funds	33,803,540																							
LESS planned Carryover For FY 18 - 19	(3,773,541)																							
Total Available Funds Budgeted	30,030,000																							
	Authorized Budget																							
PROGRAM																								
Salaries/Benefits	12,618,700	782,882	176,539	1,709,370	999,362	164,093	1,235,196	4,633	302,499	188,040	103,182	67,646	32,426	19,240	-	47,659	50,808	44,929	49,970	-	75,635	6,054,110	48.0%	
Program Services	12,256,800	-	-	443,613	722,183	124,176	488,058	113,308	-	-	-	-	-	39,374	-	-	-	-	-	-	-	2,894,728	23.6%	
Professional Services	870,000	95,778	4,684	124,214	48,237	6,191	61,914	536	10,886	22,991	6,396	3,189	3,840	366	-	1,662	1,717	1,194	1,633	100	1,713	397,242	45.7%	
Outreach	232,500	15,836	641	16,903	8,787	1,427	12,748	311	2,955	8,021	2,400	1,536	2,061	171	12,158	497	507	5,482	1,403	2,500	180	96,526	41.5%	
Infrastructure/Maintenance & Related Cost	2,622,000	92,577	8,688	114,968	72,930	9,320	78,642	1,640	21,082	857,253	18,856	6,738	11,655	1,125	-	2,859	2,950	2,327	2,713	832	3,398	1,310,554	50.0%	
IT Cost/Network Expenses	1,125,000	42,156	5,458	87,702	49,709	8,438	63,337	1,192	17,198	69,843	16,027	5,419	7,531	764	44,674	2,201	2,553	1,495	1,495	1,495	1,495	430,184	38.2%	
Staff Development & Capacity Building	305,000	19,729	708	29,476	8,176	720	5,111	70	1,355	4,415	1,365	272	1,200	45	-	178	267	275	180	16,388	403	90,331	29.6%	
Indirect Cost (10.36%)		(979,678)	20,327	276,219	194,748	32,497	200,953	12,597	36,735	38,635	12,593	4,827	6,012	6,322	1,260	5,698	6,086	5,791	5,999	2,053	108,436	(1,891)		
EXPENDITURES	30,030,000	69,279	217,045	2,802,466	2,104,133	346,863	2,145,959	134,287	392,711	1,189,199	160,819	89,628	64,725	67,407	58,092	60,755	64,888	61,493	63,393	23,368	191,260	11,273,674	37.5%	
FUNDING DECISIONS	-	-	-	96,039	61,688	-	-	-	-	13,111	(41,783)	(37,697)	-	-	159,782	(60,699)	(64,832)	(61,688)	(63,921)	-	-	0		
TOTAL BUDGET/EXPENDITURES	11,273,674	69,279	217,045	2,898,505	2,165,822	346,863	2,145,959	134,287	392,711	1,202,310	119,035	51,931	64,725	67,407	217,874	56	56	(195)	(528)	23,368	191,260	11,273,674	37.5%	
TOTAL AVAILABLE FUNDS	18,756,326	(69,279)	258,306	2,339,115	4,565,183	4,268,795	4,536,958	(33,764)	282,289	876,135	69,941	87,005	53,689	82,593	-	54,944	59,943	152,321	197,680	(23,369)	1,963,739			
% OF FUNDS EXPENDED BY GRANT	37.5%		45.7%	55.3%	32.2%	7.5%	32.1%	133.6%	58.2%	57.8%	63.0%	37.4%	54.7%	44.9%	100.0%	0.1%	0.1%	-0.1%	-0.3%	#DIV/0!	8.9%			
	ACTUAL	TARGET																						
ITA %	29.5%	50.0%																				A		
ADIMINISTRATIVE COST %	9.7%	8.0%																				B		

A- The states mandates that 50% of total WIOA adult and dislocated worker funds are spent in client intensive training activities.

B - The state mandates that total administrative cost are not to exceed 10% of total cost.

**CareerSource Central Florida
 Current Year VS. Prior Year Comparison Report
 As of 12/31/17**

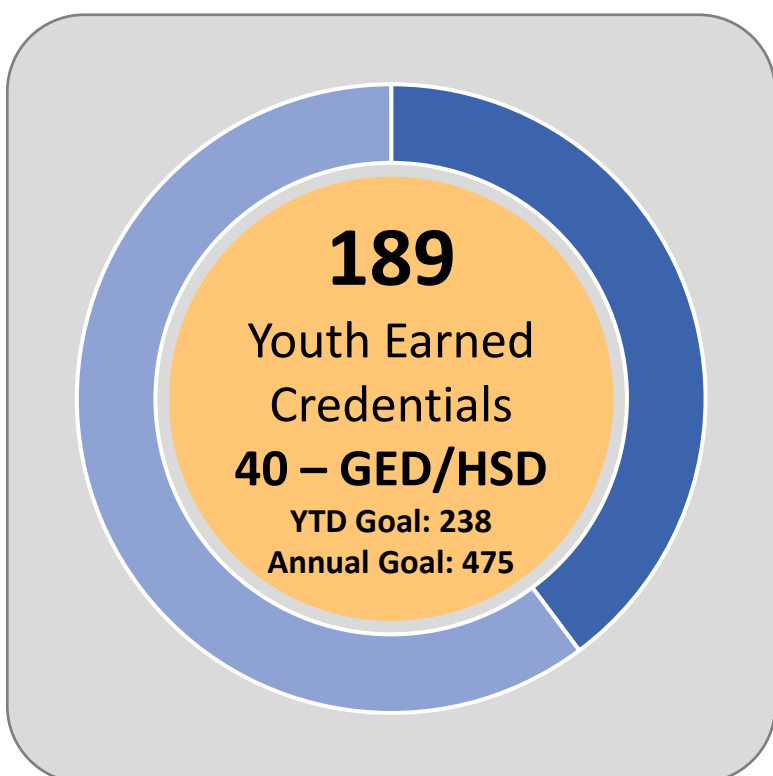
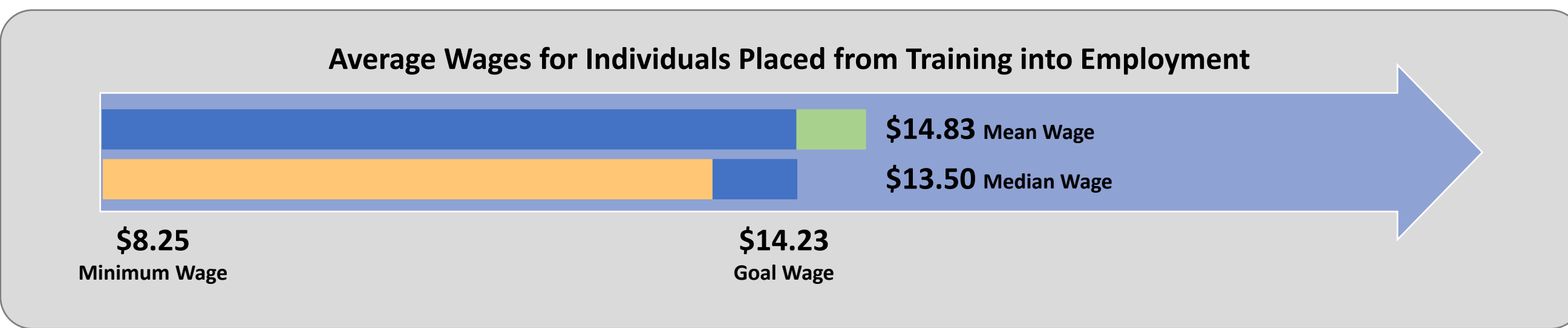
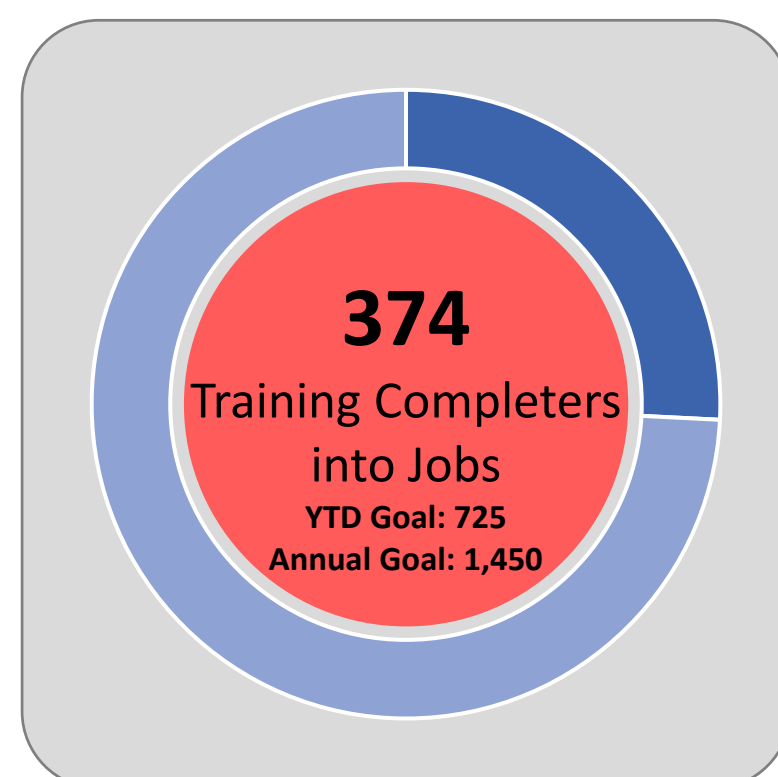
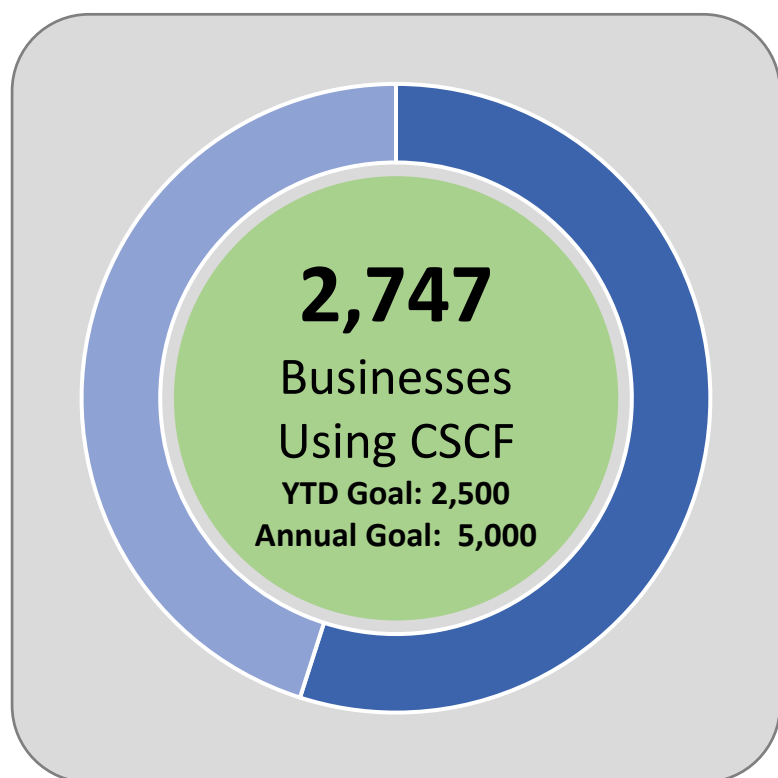
Funding Sources	CY Revenue	PY Revenue	\$ Difference	% Difference
Carry In Funds From FY 16 - 17	5,657,409	6,270,182	(612,773)	
FY 17 - 18 Award	28,146,131	27,626,333	519,798	
Award Total - Available Funds	33,803,540	33,896,515	(92,975)	
LESS planned Carryover For FY 18 - 19	(3,773,540)	(3,680,301)	(93,239)	
Total Available Funds Budgeted	30,030,000	30,216,214	(186,214)	-0.6%

	Authorized Budget	CY Expenditures	PY Expenditures	\$ Difference	% Difference
Salaries/Benefits	12,618,700	6,054,110	6,798,756	(744,646)	-11.0%
Career & Youth Services	12,256,800	2,894,728	5,392,854	(2,498,126)	-46.3%
Professional Fees	870,000	397,242	308,536	88,706	28.8%
Outreach	232,500	96,526	196,191	(99,665)	-50.8%
Infrastructure/Maintenance & Related Cost	2,622,000	1,310,554	1,372,072	(61,518)	-4.5%
IT Cost/Network Expenses	1,125,000	430,184	666,993	(236,809)	-35.5%
Staff Development & Capacity Building	305,000	90,331	175,980	(85,649)	-48.7%
TOTAL EXPENDITURES	30,030,000	11,273,675	14,911,382	(3,637,707)	-24.4%

	BUDGET	CY ACTUAL	PY ACTUAL
ITA %	50.0%	29.5%	72.2%
ADMINISTRATIVE COST %	8.0%	9.7%	7.8%

PY 17-18 Operations Report

Through 12.31.2017



PY 17-18 Target



Exceeded goal



On track to meet goal



PY 17-18 YTD Actual



Behind on goal

Data Source: Employ Florida, OSST

CareerSource Central Florida
 Training Analysis/Projections
 As of 01/31/18

ITAs

Annual Enrollment Goal	595
Annual Budget	\$3,700,000

	<u>Balance on 09/30/17</u>	<u>Balance on 12/31/17</u>	<u>Balance on 1/31/18</u>	<u>Projection 03/31/18</u>	<u>Projection 06/30/18</u>
Enrollments (YTD)	7	317	478	550	595
Expenditures	\$ 223,991	\$ 495,052	\$ 874,950	\$ 1,700,000	\$ 3,300,000
Obligations	\$ 570,818	\$ 1,564,845	\$ 1,833,202	\$ 2,000,000	\$ 400,000
	<u>\$ 794,809</u>	<u>\$ 2,059,897</u>	<u>\$ 2,708,152</u>	<u>\$ 3,700,000</u>	<u>\$ 3,700,000</u>
	21%	56%	73%	100%	100%

Internships

Annual Enrollment Goal	260
Annual Budget	\$1,250,000

	<u>Balance on 09/30/17</u>	<u>Balance on 12/31/17</u>	<u>Balance on 1/31/18</u>	<u>Projection 03/31/18</u>	<u>Projection 06/30/18</u>
Enrollments (YTD)	3	29	81	150	260
Expenditures	\$ 5,423	\$ 52,036	\$ 87,528	\$ 500,000	\$ 1,250,000
Obligations	\$ 15,909	\$ 59,141	\$ 186,414	\$ 400,000	\$ -
	<u>\$ 21,332</u>	<u>\$ 111,176</u>	<u>\$ 273,942</u>	<u>\$ 900,000</u>	<u>\$ 1,250,000</u>
	1.7%	8.9%	21.9%	72.0%	100.0%

OJTs

Annual Enrollment Goal	50
Annual Budget	\$300,000

	<u>Balance on 09/30/17</u>	<u>Balance on 12/31/17</u>	<u>Balance on 1/31/18</u>	<u>Projection 03/31/18</u>	<u>Projection 06/30/18</u>
Enrollments (YTD)	3	13	18	30	50
Expenditures	\$ 17,175	\$ 25,913	\$ 28,444	\$ 100,000	\$ 200,000
Obligations	\$ 36,918	\$ 91,489	\$ 112,834	\$ 100,000	\$ 100,000
	<u>\$ 54,093</u>	<u>\$ 117,402</u>	<u>\$ 141,278</u>	<u>\$ 200,000</u>	<u>\$ 300,000</u>
	18.0%	39.1%	47.1%	66.7%	100.0%

**CareerSource Central Florida
 Fiscal Year 17-18 - Funds Analysis
 As of February 15, 2018**

Original Funding Available as of 06/30/17	<u>Total Revenue</u>	
Prior Year Carry-In	\$ 5,657,409	
FY 17 - 18 Award	\$ 25,991,131	
Award Total - Available Funds	\$ 31,648,540	A
Less Reserve	\$ (3,355,772)	
Total Available Funds Budgeted	\$ 28,292,768	
<hr/>		
New Funding Received After 06/30/17		
National Emergency Grant - Hurricane Irma	\$ 2,155,000	
National Emergency Grant - Hurricane Maria	\$ 3,400,000	<i>Pending</i>
State Funding - Cooperative Outreach Program	\$ 42,420	
State Funding - Pathways to Prosperity - Partnership with Lighthouse	\$ 182,540	
State Funding - Sector Strategies - Hospitality	\$ 470,000	
State Funding - Integrated Services Pilot - Lake Community Action Agency	\$ 297,000	
Total New Funding	\$ 6,546,960	B
<hr/>		
Total Funding Available	\$ 38,195,500	A + B



MEMORANDUM

To: Finance Committee

From: Leo Alvarez

Subject: CareerSource Central Florida – Lake Sumter State College Facility Timeline

Date: February 15, 2018

Purpose:

The purpose of this Memo is to provide an update for the potential partnership between CareerSource Central Florida and Lake Sumter State College for facility space. Below is a timeline showing what actions have taken place and next steps.

Background:

CareerSource Central Florida's Lake County office lease is set to expire on July 31, 2018. The current office space no longer fits CSCF service model and therefore staff began exploring other options 6 months ago. CSCF has a great opportunity to partner with Lake Sumter State College to utilize a portion of the College's Foundation Building. The Foundation building is centrally located in Lake County, on a high traffic road offering lots of visibility and public transportation for customers. The partnership also provides an opportunity to expand the career support services and job placement between the two organizations.

Below is a timeline showing where we are in the project and next steps:

- **December 2017:** Engage Architect (BHM Architecture)
- **January 2018:** Partners and Architect tour facilities and identify space needs
- **February 2018:** Architect Provides Space Plan. Partners Agree on Desired Space
- **March 2018:** Architect to send out space plan to builders for bidding
- **March 2018:** Partners agree to a financial arrangement for renovation and rental cost
- **April 2018:** Present Draft Lease and Cost to FC and BOD for Approval
- **May – July 2018:** Renovations to the space and Furniture to be Purchased
- **August 2018:** CSCF Occupies Space