

Children's Services Council

Finance Committee Meeting

Thursday, May 28, 2015

4:00 – 4:30 pm

CSC – Executive Conference Room

AGENDA

Welcome and Introductions

Finance Committee Members:

Tom Lynch, CSC Finance Committee Chair
Thomas Bean, CSC Finance Committee Vice-Chair
Greg Langowski, Chair Children's Services Council
Tom Weber, Vice-Chair Children's Services Council
Paul Dumar, Director of Financial Services, Solid Waste Authority
John Marino, Volunteer, Finance Committee

CSC Staff:

Lisa Williams-Taylor Ph.D, CEO
Bill Cosgrove, CFO
Jen Diehl, Controller
Tom Sheehan, General Counsel
Elsa Sanchez, Senior Executive Assistant

Agenda Items:

- 1 Minutes April 15, 2015
- 2 April 30, 2015 Financial Statements
- 3 Investment update
- 4 Selection of Independent Auditing Firm
- 5 Other
- 6 Adjournment

Next Meeting: June 18th 4:00-5:00

Finance Committee Meeting

Wednesday, April 15, 2015, 3:30 – 5:00 p.m.

CSC – Executive Conference Room

MINUTES

Welcome and introductions

Finance Committee Members:

Tom Lynch, CSC Finance Committee Chair, **Present**
Thomas Bean, CSC Finance Committee Vice-chair, **Present**
Greg Langowski, Chair Children's Services Council, **Present**
Tom Weber, Vice Chair Children's Services Council, **Present**
Paul Dumar, Director Financial Services, Solid Waste Authority, **Present**
John Marino, 1st Senior Vice President, Valley National Bank, **Not Present**

CSC Staff:

Lisa Williams-Taylor Ph.D, CEO, **Present**
Bill Cosgrove, CFO, **Present**
Jen Diehl, Controller, **Present**
Tom Sheehan, General Counsel, **Present**
Elsa Sanchez, Senior Executive Assistant, **Not Present**
Tanya Palmer, Chief Program Officer, **Present**
Randy Palo, Director of Program Performance, **Present**

Agenda Items:

- 1 Minutes March 26, 2015, **Approved unanimously**
- 2 March 31, 2015 Financial Statements, **Approved unanimously**
- 3 Investment Advisory Services RFP results, **Discussed rating results, Davidson Fixed Income Management (DFIM) was chosen as the advisor.**
- 4 CSC Budget Forecast 2015/16 through 2019/2020, **Discussed scenarios and recommended Scenario 4: a tax base increase of 8% in 15/16, 5% in 16/17 and 17/18 and 4% every year; millage maintained at .6745 for 15/16 and 16/17, increases 3.5% in 17/18, .75% in 18/19 and maintained in 19/20; no expenditure cuts.**
- 5 CSC Proposed 2015/16 Annual Budget, **Proposed change to capital expenses from \$400,000 to \$250,000**

- 6 Audit RFP Update and Review process, Discussed schedule of ratings and interviews and who would participate in interviews (Tom Lynch, John Marino and Lisa Williams)
- 7 Other
- 8 Adjournment

AGENDA ITEM: 2

TITLE: Financial Statements – April 30, 2015 (Unaudited)

STAFF: Jennifer Diehl, Controller, Children’s Services Council of Palm Beach County

SUMMARY:

The financial statements are presented reflecting the estimated operating results of the General Fund and Special Revenue Fund (Prevention Partnerships for Children, Inc.) for the seven months ended April 30, 2015. The audit of the Council for the fiscal year ended September 30, 2014 has been completed and the applicable figures represent audited numbers.

Balance Sheet:

As of April 30, 2015 the Council had \$95,244,575 held in cash and investments. Of this balance, the investments in federal government bonds total \$92,500,000 net of the amortized discount.

The Capital Assets and the Investment in Capital Assets for \$20,832,932 represent the costs associated with furniture and fixtures, equipment, and building costs.

Statement of Revenue and Expenses:

The budgeted expenditure rate at April 30, 2015 is 58.33%. The estimated expenditure rate for Children’s Programs at April 30, 2015 is 48.82%.

RECOMMENDATION:

I recommend the Finance Committee propose that the Council accept the April 30, 2015 Financial Statements as submitted.

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY

BALANCE SHEET (Unaudited)

April 30, 2015

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total All Funds</u>
		<i>Prevention Partnership for Children, Inc.</i>	
<u>Assets</u>			
Cash & Investments	\$ 95,231,189	\$ 13,386	\$ 95,244,575
Due From Other Governmental Units	1,025,000	-	1,025,000
Accounts Receivable	1,212,828	-	1,212,828
Advances to Agencies	4,031,155	-	4,031,155
Prepaid Expenses	250,503	-	250,503
Due From - Special Revenue Fund	-	196,327	196,327
Capital Assets	20,832,932	-	20,832,932
	<hr/>	<hr/>	<hr/>
Total Assets	<u>122,583,607</u>	<u>209,713</u>	<u>122,793,320</u>
<u>Liabilities & Fund Balance</u>			
<u>Liabilities</u>			
Allocations to Children's Services Programs	6,334,929	209,713	6,544,642
Deferred Revenue	1,231,345	-	1,231,345
Accounts Payable	226,510	-	226,510
Due to - General Fund	196,327	-	196,327
Total Liabilities	<u>7,989,111</u>	<u>209,713</u>	<u>8,198,824</u>
 Fund Balance			
Nonspendable:			
Prepaid Expenses	250,503	-	250,503
Assigned:			
Reserved in accordance with fund balance policy	36,058,774	-	36,058,774
Unassigned:	57,452,287	-	57,452,287
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Total Fund Balance	<u>93,761,564</u>	<u>-</u>	<u>93,761,564</u>
	<hr/>	<hr/>	<hr/>
Investment in Capital Assets	20,832,932	-	20,832,932
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Total Liabilities and Fund Balance	<u>\$ 122,583,607</u>	<u>\$ 209,713</u>	<u>\$ 122,793,320</u>

**CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY
STATEMENT OF REVENUE AND EXPENSES CHANGES IN FUND BALANCE
FOR THE SEVEN MONTHS ENDED APRIL 30, 2015**

	<u>General Fund</u>					<u>Special Revenue Fund</u>					<u>Total</u>				
	<u>Approved 2014/2015 Budget</u>	<u>Budget Through 4/30/2015</u>	<u>Actual Through 4/30/2015</u>	<u>Variance YTD</u>	<u>% YTD</u>	<u>Prevention Partnership for Children, Inc.</u>					<u>Approved 2014/2015 Budget</u>	<u>Budget Through 4/30/2015</u>	<u>Actual Through 4/30/2015</u>	<u>Variance YTD</u>	<u>% YTD</u>
						<u>Approved 2014/2015 Budget</u>	<u>Budget Through 4/30/2015</u>	<u>Actual Through 4/30/2015</u>	<u>Variance YTD</u>	<u>% YTD</u>					
Revenues															
Ad Valorem Property Taxes	\$ 94,363,181	\$ 87,207,003	\$ 87,207,003	\$ -	92.42%	\$ -	\$ -	\$ -	\$ -	0.00%	\$ 94,363,181	\$ 87,207,003	\$ 87,207,003	\$ -	92.42%
Interest Income	150,000	87,500	52,913	(34,587)	35.28%	-	-	-	-	0.00%	150,000	87,500	52,913	(34,587)	35.28%
Department of Health/Agency for Health Care Administration	3,053,295	1,781,089	2,195,500	414,411	71.91%	-	-	-	-	0.00%	3,053,295	1,781,089	2,195,500	414,411	71.91%
Palm Beach County Head Start Match	4,100,000	2,391,667	2,050,000	(341,667)	50.00%	-	-	-	-	0.00%	4,100,000	2,391,667	2,050,000	(341,667)	50.00%
Income from Tenants	70,000	40,833	43,401	2,568	62.00%	-	-	-	-	0.00%	70,000	40,833	43,401	2,568	62.00%
Other Income	100,000	58,333	98,753	40,420	98.75%	-	-	-	-	0.00%	100,000	58,333	98,753	40,420	98.75%
Cash Carryforward	20,307,835	-	-	-	0.00%	-	-	-	-	0.00%	20,307,835	-	-	-	0.00%
Total Revenues	122,144,311	91,566,425	91,647,570	81,145	75.03%	-	-	-	-	0.00%	122,144,311	91,566,425	91,647,570	81,145	75.03%
Expenditures															
Administrative Expenditures	5,236,854	3,054,832	3,251,893	(197,062)	62.10%	-	-	760	(760)	100.00%	5,236,854	3,054,832	3,252,653	(197,822)	62.11%
Capital Expenditures	400,000	233,333	40,582	192,751	10.15%	-	-	-	-	0.00%	400,000	233,333	40,582	192,751	10.15%
Contingency	500,000	-	-	-	0.00%	-	-	-	-	0.00%	500,000	-	-	-	0.00%
Non-Operating Expenses	2,653,643	2,332,791	2,332,791	-	87.91%	-	-	-	-	0.00%	2,653,643	2,332,791	2,332,791	-	87.91%
Reserve for Uncollectible Taxes	4,819,391	-	-	-	0.00%	-	-	-	-	0.00%	4,819,391	-	-	-	0.00%
Children's Services Programs:															
Direct Services:															
Funded Programs & Initiatives	96,953,606	56,556,270	47,286,658	9,269,612	48.77%	1,948,398	1,136,566	973,300	163,266	49.95%	98,902,004	57,692,836	48,259,958	9,432,878	48.80%
Support Services:															
Programmatic Support	9,632,419	5,618,911	4,722,052	896,859	49.02%	-	-	-	-	0.00%	9,632,419	5,618,911	4,722,052	896,859	49.02%
Total Children's Programs	106,586,025	62,175,181	52,008,710	10,166,472	48.80%	1,948,398	1,948,398	973,300	975,098	49.95%	108,534,423	63,311,747	52,982,010	10,329,737	48.82%
Total Expenses	120,195,913	67,796,137	57,633,976	10,162,161	47.95%	1,948,398	1,948,398	974,060	974,338	49.99%	122,144,311	68,932,703	58,608,036	10,324,667	47.98%
Excess Revenues over Expenses			34,013,594					(974,060)					33,039,534		
Other Financing Sources (Uses)															
Transfers in (out)	(1,948,398)	(1,136,565.50)	(974,060)	(162,506)	49.99%	1,948,398	1,136,566	974,060	162,506	49.99%	-	-	-	-	0.00%
Net Changes in Fund Balances			33,039,534										33,039,534		
Fund Balances															
October 1, 2014			60,722,030										60,722,030		
April 30, 2015			<u>\$ 93,761,564</u>					<u>\$ -</u>					<u>\$ 93,761,564</u>		

CHILDREN'S SERVICES COUNCIL – FINANCE COMMITTEE

AGENDA ITEM

May 28, 2015

AGENDA ITEM: 3

TITLE: Investment update

CSC STAFF: Bill Cosgrove, Chief Financial Officer

SUMMARY:

On May 12, 2015, CSC staff Jen Diehl, Bill Cosgrove and Tom Sheehan met with Davidson Fixed Income Management's (DFIM) Senior Vice President David Jang for an "Investment Advisory Kickoff Meeting". Included in the meeting via telephone from Seattle and Denver were other representatives of the team CSC will be working with.

From the meeting DFIM gained clarification regarding CSC's cash flow and liquidity requirements and the plan for reducing CSC's excess reserves over the next five year period in accordance with its fund balance policy.

Copies of CSC's operating account bank statements, investment account statements, five year revenue and expense projections, and CSC's current year operating budget have been furnished to DFIM. Based on the information received, they will begin their analysis and come back to CSC with a plan.

RECOMMENDATION:

No recommendation is being made. This item is presented for information purposes only.

CHILDREN'S SERVICES COUNCIL – FINANCE COMMITTEE

AGENDA ITEM

May 28, 2015

AGENDA ITEM: 4

TITLE: Selection of Independent Auditing Firm

CSC STAFF: Bill Cosgrove, Chief Financial Officer

SUMMARY:

The RFP for auditing services was released on April 1, 2015 with responses due on May 4, 2015.

CSC received 10 responses to the RFP. One response was rejected due to a missing signature required on one of the forms. The following firms submitted proposals:

Grau & Company (rejected)

Nowlen, Holt & Miner, P.A.

Marcum LLP

Moss, Krusick & Associates, LLC

CBIZ MHN, LLC and Mayer Hoffman McCann P. C.

Caler, Donten, Levine, Cohen, Porter & Veil P. A.

Crowe, Horwath, LLP

Alberni, Caballero & Fierman

HCT Certified Public Accountant and Consultants

Daszkal Bolton, LLP

In accordance with the direction staff received from the Finance Committee, the proposals were reviewed independently by CSC staff consisting of Jen Diehl, Ron Bazil (CSC's Director of Audit and Compliance), Bill Cosgrove, and Joe Paskoski (Healthy Start Coalition Treasurer) to select the top two proposals to move forward to the interview portion of the selection process. The criteria used in rating the proposals were: 1) Profile and Qualifications of the Firm; 2) Approach to the Audit; 3) Qualifications of Individuals Assigned; and 4) Total Cost of Services. Each of the criteria was worth 25 points.

The review team met on 5/13/2015 and reached consensus that the top two proposals, based on their average scores, were submitted by Nowlen, Holt & Miner, P.A. and Caler, Donten, Levine, Cohen, Porter & Veil P.A. The firms will be interviewed on May 21, 2015 and will consist of a 5 minute presentation by each of the two firms and a question and answer session following their presentations. At the

conclusion of the interviews, the representatives of the Finance Committee (Tom Lynch and John Marino) who are on the interview panel will select the firm they will recommend on May 28, 2015 to the Finance Committee to be CSC's independent auditing firm for the fiscal years ending 9/30/2015 through 9/30/2019.

RECOMMENDATION:

I recommend the Committee approve the independent auditing firm, to be announced at the meeting, selected by the interview panel representatives.