

Children's Services Council

Finance Committee Meeting

Thursday, October 27, 2016, 4:00 p.m.

AGENDA / MINUTES

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 Dumars, Director Financial Services, Solid Waste Authority
John Marino, Volunteer

CSC Staff:

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

Agenda Items:

- 1 September 8, 2016 Minutes
- 2 August 31, 2016 Financial Statements
- 3 Investment Advisor Update and Recommendation
- 4 Report to Council summary
- 5 Adjournment

Next Meeting: December 8, 2016

Finance Committee Meeting

Thursday, September 8, 2016, 5:15 p.m.

AGENDA / 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 Dumars, Director Financial Services, Solid Waste Authority, **Present**
John Marino, Volunteer, **Not Present**

CSC Staff:

Lisa Williams-Taylor, Ph.D., CEO, **Present**
Jennifer Diehl, CFO, **Present**
Tom Sheehan, General Counsel, **Present**
Elsa Sanchez, Senior Executive Assistant, **Present**

Agenda Items:

- 1 May 26, 2016, June 23, 2016 and September 1, 2016 Minutes, **Approved Unanimously**
- 2 Approve and ratify action taken at September 1, 2016 Finance Committee meeting
 - a. July 31, 2016 Financial Statements, **Approved Unanimously**
 - b. Proposed 2015-2016 CSC Budget Revision, **Approved Unanimously**
 - c. TRIM Package, **Approved Unanimously**
 - d. Investment Policy Revision, **Approved Unanimously**
- 3 Report to Council summary
- 4 Adjournment

Next Meeting: October 27, 2016

AGENDA ITEM: 2

TITLE: Financial Statements – August 31, 2016
(Unaudited)

STAFF: Jennifer Diehl, CFO, 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 eleven months ended August 31, 2016. The audit of the Council for the fiscal year ended September 30, 2015 has been completed and the applicable figures represent audited numbers.

Balance Sheet:

As of August 31, 2016 the Council had \$65,113,826 in cash and investments. Of this balance, \$30,000,000, net of unamortized discounts and premiums, was held in federal government bonds, \$29,544,314 was held in a public funds money market account, and \$300,000 was held in the Morgan Stanley Institutional Government Advisory Fund #8342. The remainder of the funds were on deposit in the Council’s operating accounts.

The Capital Assets and the Investment in Capital Assets for \$19,554,398 represent the costs associated with furniture and fixtures, equipment, and building costs.

Statement of Revenue and Expenses:

The budgeted expenditure rate at August 31, 2016 is 91.67%. The estimated expenditure rate for Children’s Programs at August 31, 2016 is 86.05%

RECOMMENDATION:

I recommend the Finance Committee propose that the Council accept the August 31, 2016 Financial Statements as submitted.

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY

BALANCE SHEET (Unaudited)

August 31, 2016

	<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	\$ 65,101,479	\$ 12,347	\$ 65,113,826
Accounts Receivable	755,308	-	755,308
Interest Receivable	87,800	-	87,800
Advances to Agencies	1,768,382	-	1,768,382
Prepaid Expenses	377,762	-	377,762
Due From - General Fund	-	291,161	291,161
Capital Assets	19,554,398	-	19,554,398
	<hr/>	<hr/>	<hr/>
Total Assets	<u>87,645,129</u>	<u>303,508</u>	<u>87,948,637</u>
<u>Liabilities & Fund Balance</u>			
<u>Liabilities</u>			
Allocations to Children's Services Programs	9,880,637	287,796	10,168,433
Deferred Revenue	650,388	-	650,388
Accounts Payable	395,578	15,712	411,290
Due to - Special Revenue Fund	291,161	-	291,161
Total Liabilities	<hr/> <u>11,217,764</u>	<hr/> <u>303,508</u>	<hr/> <u>11,521,272</u>
Fund Balance			
Nonspendable:			
Prepaid Expenses	377,762	-	377,762
Assigned:			
Reserved in accordance with fund balance policy	33,491,795	-	33,491,795
Unassigned:	23,003,410	-	23,003,410
	<hr/>	<hr/>	<hr/>
Total Fund Balance	<u>56,872,967</u>	<u>-</u>	<u>56,872,967</u>
Investment in Capital Assets	19,554,398	-	19,554,398
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balance	<u>\$ 87,645,129</u>	<u>\$ 303,508</u>	<u>\$ 87,948,637</u>

**CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY
STATEMENT OF REVENUE AND EXPENSES CHANGES IN FUND BALANCE
FOR THE ELEVEN MONTHS ENDED AUGUST 31, 2016**

	<u>General Fund</u>					<u>Special Revenue Fund</u>					<u>Total</u>				
						<u>Prevention Partnership for Children, Inc.</u>									
	<u>Revised Approved 2015/2016 Budget</u>	<u>Budget Through 8/31/2016</u>	<u>Actual Through 8/31/2016</u>	<u>Variance YTD</u>	<u>% YTD</u>	<u>Approved 2015/2016 Budget</u>	<u>Budget Through 8/31/2016</u>	<u>Actual Through 8/31/2016</u>	<u>Variance YTD</u>	<u>% YTD</u>	<u>Revised Approved 2015/2016 Budget</u>	<u>Budget Through 8/31/2016</u>	<u>Actual Through 8/31/2016</u>	<u>Variance YTD</u>	<u>% YTD</u>
Revenues															
Ad Valorem Property Taxes	\$ 102,176,959	\$ 99,018,241	\$ 99,018,241	\$ -	96.91%	\$ -	\$ -	\$ -	\$ -	0.00%	\$ 102,176,959	\$ 99,018,241	\$ 99,018,241	\$ -	96.91%
Interest Income	300,000	275,000	692,496	417,496	230.83%	-	-	-	-	0.00%	300,000	275,000	692,496	417,496	230.83%
Unrealized Gain or Loss	-	-	32,498	32,498	100.00%	-	-	-	-	0.00%	-	-	32,498	32,498	100.00%
Department of Health/Agency for Health Care Administration	3,630,806	3,328,239	3,301,494	(26,745)	90.93%	-	-	-	-	0.00%	3,630,806	3,328,239	3,301,494	(26,745)	90.93%
Palm Beach County Head Start Match	3,100,000	2,841,667	2,752,112	(89,555)	88.78%	-	-	-	(89,555)	0.00%	3,100,000	2,841,667	2,752,112	(89,555)	88.78%
JPB Foundation	250,000	229,167	-	(229,167)	0.00%	-	-	-	-	0.00%	250,000	229,167	-	(229,167)	0.00%
Income from Tenants	70,000	64,167	68,961	4,794	98.52%	-	-	-	-	0.00%	70,000	64,167	68,961	4,794	98.52%
Other Income	100,000	91,667	261,993	170,326	261.99%	-	-	-	-	0.00%	100,000	91,667	261,993	170,326	261.99%
Cash Carryforward	14,843,281	-	-	-	0.00%	-	-	-	-	0.00%	14,843,281	-	-	-	0.00%
Total Revenues	124,471,046	105,848,147	106,127,795	279,649	85.26%	-	-	-	-	0.00%	124,471,046	105,848,147	106,127,795	279,649	85.26%
Expenditures															
Administrative Expenditures	5,268,971	4,829,890	4,212,697	617,193	79.95%	-	-	1,337	(1,337)	100.00%	5,268,971	4,829,890	4,214,034	615,856	79.98%
Capital Expenditures	457,019	418,934	233,156	185,778	51.02%	-	-	-	-	0.00%	457,019	418,934	233,156	185,778	51.02%
Contingency	500,000	-	-	-	0.00%	-	-	-	-	0.00%	500,000	-	-	-	0.00%
Non-Operating Expenses	2,801,919	2,707,417	2,707,417	-	96.63%	-	-	-	-	0.00%	2,801,919	2,707,417	2,707,417	-	96.63%
Reserve for Uncollectible Taxes	5,108,848	-	-	-	0.00%	-	-	-	-	0.00%	5,108,848	-	-	-	0.00%
Children's Services Programs:															
Direct Services:															
Funded Programs & Initiatives	98,014,091	89,846,250	83,993,967	5,852,283	85.70%	2,682,701	2,459,143	2,187,947	271,196	81.56%	100,696,792	92,305,393	86,181,914	6,123,479	85.59%
Support Services:															
Programmatic Support	9,637,497	8,834,372	8,761,953	72,419	90.92%	-	-	-	-	0.00%	9,637,497	8,834,372	8,761,953	72,419	90.92%
Total Children's Programs	107,651,588	98,680,622	92,755,920	5,924,702	86.16%	2,682,701	2,459,143	2,187,947	271,196	81.56%	110,334,289	101,139,765	94,943,867	6,195,898	86.05%
Total Expenses	121,788,345	106,636,864	99,909,190	6,727,674	82.04%	2,682,701	2,459,143	2,189,284	269,859	81.61%	124,471,046	109,096,006	102,098,474	6,997,532	82.03%
Excess Revenues over Expenses			6,218,605					(2,189,284)					4,029,321		
Other Financing Sources (Uses)															
Transfers in (out)	(2,682,701)	(2,459,143)	(2,189,284)	(269,859)	81.61%	2,682,701	2,235,584	2,189,284	46,300	81.61%	-	-	-	-	0.00%
Net Changes in Fund Balances			4,029,321					-					4,029,321		
Fund Balances															
October 1, 2015			52,843,646					-					52,843,646		
August 31, 2016			<u>\$ 56,872,967</u>					<u>\$ -</u>					<u>\$ 56,872,967</u>		

AGENDA ITEM: 3

TITLE: Investment Advisor Update and Recommendation

STAFF: Jennifer Diehl, CFO

SUMMARY:

Davidson Fixed Income Management, Inc. (DFIM), the Children's Services Council of Palm Beach County's Investment Advisor, has decided to end its investment advisory services to governmental entities. The DFIM staff that were formerly advising the CSC have joined Morgan Stanley Smith Barney. DFIM is requesting that CSC assign its DFIM Advisory Agreement to Morgan Stanley Smith Barney, and the DFIM staff at Morgan Stanley Smith Barney have also offered a new agreement to sign (in lieu of an assignment). The termination of DFIM's Advisory Agreement will be effective October 31, 2016.

CSC's investments were not managed by an Investment Advisor for many years prior to this Advisory Agreement with DFIM. CSC has significantly increased its interest income and unrealized gains in the past year since moving most of CSC's funds out of a standard checking account to low-risk accounts such as a public funds money market, longer-term government bonds and a government advisory fund.

It would be beneficial to continue this practice of investing in the previously mentioned accounts. Staff believes that an investment advisor is not considered necessary at this point in time to continue CSC's current investment practices. It would, however, be beneficial to have an expert review CSC's investment policy on a periodic basis.

RECOMMENDATION:

We recommend the Finance Committee propose that the Council approve the following:

- **Allow the termination of its Investment Advisory Agreement with DFIM to become effective October 31, 2016**
- **Do not assign the Investment Advisory Agreement to (or enter into a new Investment Advisory Agreement with) Morgan Stanley Smith Barney**
- **Hire a consultant through the RFP process to review CSC's investment policy in the near future and every two years thereafter.**

AGENDA ITEM: 4

TITLE: Summary for Presentation to Council

STAFF: Jennifer Diehl, CFO, Children's Services Council of Palm Beach County

SUMMARY:

- 1** Approved the September 8, 2016 Minutes
- 2** Approved and recommended the Council approve the August 31, 2016 Financial Statements
- 3** Approved and recommended the Council allow the termination of its agreement with its Investment Advisor to become effective October 31, 2016, and hire a consultant through the RFP process to review CSC's investment policy in the near future and every two years thereafter