

Children's Services Council

Finance Committee Meeting

Thursday, August 6, 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 PhD, CEO
Bill Cosgrove, CFO
Jen Diehl, Controller
Tom Sheehan, General Counsel
Elsa Sanchez, Senior Executive Assistant

Agenda Items:

- 1 Minutes June 25, 2015 Finance Committee Meeting
- 2 June 30, 2015 Financial Statements
- 3 Investment Strategy Update – Request to Establish New Banking Relationships and Modify Existing Relationship
- 4 Proposed 14-15 PPC Budget Revision
- 5 Other
- 6 Adjournment

Next Meeting: August 27th 4:00-5:00

Children's Services Council

Finance Committee Meeting

Thursday, June 18, 2015

4:00 – 5:00 pm

CSC – Executive Conference Room

MINUTES

Welcome and Introductions

Finance Committee Members:

Tom Lynch, CSC Finance Committee Chair, **Present via telephone**
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 of Financial Services, Solid Waste Authority, **Present**
John Marino, Volunteer, Finance Committee, **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, **Present**
Tanya Palmer, Chief Program Officer, **Present**

Agenda Items:

- 1 Minutes May 28, 2015, **Approved unanimously**
- 2 May 31, 2015 Financial Statements, **Approved unanimously**
- 3 Options – Millage Rate, **Recommended millage rate of .6677 where a portion of the increased property taxes will fund an increase in Strong Minds funding while still decreasing the millage rate from the 14-15 millage rate of .6745; staff can adjust the millage to match the same amount of revenue should the property tax values change again, Unanimously recommended for tentative approval by council**
- 4 Proposed 2015-2016 CSC Budget, **Approved unanimously**
- 5 Other, **Discussed proposed schedule of meetings for 2016**
- 6 Adjournment

Next Meeting: August 6th 4:00-4:15

AGENDA ITEM: 2

TITLE: Financial Statements – June 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 nine months ended June 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 June 30, 2015 the Council had \$80,817,842 held in cash and investments. Of this balance, the investments in federal government bonds total \$72,500,000 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 June 30, 2015 is 75%. The estimated expenditure rate for Children’s Programs at June 30, 2015 is 66.71%.

RECOMMENDATION:

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

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY

BALANCE SHEET (Unaudited)

June 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	\$ 80,804,670	\$ 13,172	\$ 80,817,842
Accounts Receivable	523,700	-	523,700
Advances to Agencies	3,981,561	-	3,981,561
Prepaid Expenses	305,528	-	305,528
Due From - General Fund	-	223,596	223,596
Capital Assets	20,832,932	-	20,832,932
	<hr/>	<hr/>	<hr/>
Total Assets	<u>106,448,391</u>	<u>236,768</u>	<u>106,685,159</u>
<u>Liabilities & Fund Balance</u>			
<u>Liabilities</u>			
Allocations to Children's Services Programs	7,865,887	229,168	8,095,055
Deferred Revenue	399,898	-	399,898
Accounts Payable	323,510	7,600	331,110
Due to - Special Revenue Fund	223,596	-	223,596
Total Liabilities	<u>8,812,891</u>	<u>236,768</u>	<u>9,049,659</u>
Fund Balance			
Nonspendable:			
Prepaid Expenses	305,528	-	305,528
Assigned:			
Reserved in accordance with fund balance policy	36,058,774	-	36,058,774
Unassigned:	40,438,266	-	40,438,266
	<hr/>	<hr/>	<hr/>
Total Fund Balance	<u>76,802,568</u>	<u>-</u>	<u>76,802,568</u>
Investment in Capital Assets	20,832,932	-	20,832,932
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Total Liabilities and Fund Balance	\$ <u>106,448,391</u>	\$ <u>236,768</u>	\$ <u>106,685,159</u>

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

	<u>General Fund</u>					<u>Special Revenue Fund</u>					<u>Total</u>					
	<u>Approved</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>%</u>	<u>Approved</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>%</u>	<u>Approved</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>%</u>	
	<u>2014/2015</u>	<u>Through</u>	<u>Through</u>	<u>YTD</u>	<u>YTD</u>	<u>2014/2015</u>	<u>Through</u>	<u>Through</u>	<u>YTD</u>	<u>YTD</u>	<u>2014/2015</u>	<u>Through</u>	<u>Through</u>	<u>YTD</u>	<u>YTD</u>	
	<u>Budget</u>	<u>6/30/2015</u>	<u>6/30/2015</u>			<u>Budget</u>	<u>6/30/2015</u>	<u>6/30/2015</u>			<u>Budget</u>	<u>6/30/2015</u>	<u>6/30/2015</u>			
Revenues																
Ad Valorem Property Taxes	\$ 94,363,181	\$ 88,979,631	\$ 88,979,631	\$ -	94.29%	\$ -	\$ -	\$ -	\$ -	0.00%	\$ 94,363,181	\$ 88,979,631	\$ 88,979,631	\$ -	94.29%	
Interest Income	150,000	112,500	96,379	(16,121)	64.25%	-	-	-	-	0.00%	150,000	112,500	96,379	(16,121)	64.25%	
Department of Health/Agency for Health Care Administration	3,053,295	2,289,971	2,278,584	(11,387)	74.63%	-	-	-	-	0.00%	3,053,295	2,289,971	2,278,584	(11,387)	74.63%	
Palm Beach County Head Start Match	4,100,000	3,075,000	2,866,000	(209,000)	69.90%	-	-	-	-	0.00%	4,100,000	3,075,000	2,866,000	(209,000)	69.90%	
Income from Tenants	70,000	52,500	56,045	3,545	80.06%	-	-	-	-	0.00%	70,000	52,500	56,045	3,545	80.06%	
Other Income	100,000	75,000	124,421	49,421	124.42%	-	-	-	-	0.00%	100,000	75,000	124,421	49,421	124.42%	
Cash Carryforward	20,307,835	-	-	-	0.00%	-	-	-	-	0.00%	20,307,835	-	-	-	0.00%	
Total Revenues	122,144,311	94,584,602	94,401,060	(183,542)	77.29%	-	-	-	-	0.00%	122,144,311	94,584,602	94,401,060	(183,542)	77.29%	
Expenditures																
Administrative Expenditures	5,236,854	3,927,641	3,490,024	437,617	66.64%	-	-	974	(974)	100.00%	5,236,854	3,927,641	3,490,998	436,643	66.66%	
Capital Expenditures	400,000	300,000	53,835	246,165	13.46%	-	-	-	-	0.00%	400,000	300,000	53,835	246,165	13.46%	
Contingency	500,000	-	-	-	0.00%	-	-	-	-	0.00%	500,000	-	-	-	0.00%	
Non-Operating Expenses	2,653,643	2,368,866	2,368,866	-	89.27%	-	-	-	-	0.00%	2,653,643	2,368,866	2,368,866	-	89.27%	
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	72,715,205	64,560,566	8,154,639	66.59%	1,948,398	1,298,932	1,289,211	9,721	66.17%	98,902,004	74,014,137	65,849,777	8,164,360	66.58%	
Support Services:																
Programmatic Support	9,632,419	7,224,314	6,557,046	667,268	68.07%	-	-	-	-	0.00%	9,632,419	7,224,314	6,557,046	667,268	68.07%	
Total Children's Programs	106,586,025	79,939,519	71,117,612	8,821,907	66.72%	1,948,398	1,298,932	1,289,211	9,721	66.17%	108,534,423	81,238,451	72,406,823	8,831,628	66.71%	
Total Expenses	120,195,913	86,536,025	77,030,337	9,505,688	64.09%	1,948,398	1,298,932	1,290,185	8,747	66.22%	122,144,311	87,834,957	78,320,522	9,514,435	64.12%	
Excess Revenues over Expenses			17,370,723					(1,290,185)					16,080,538			
Other Financing Sources (Uses)																
Transfers in (out)	(1,948,398)	(1,461,299)	(1,290,185)	(171,114)	66.22%	1,948,398	1,461,299	1,290,185	171,114	66.22%	-	-	-	-	0.00%	
Net Changes in Fund Balances			16,080,538										16,080,538			
Fund Balances																
October 1, 2014			60,722,030										60,722,030			
June 30, 2015			<u>\$ 76,802,568</u>					<u>\$ -</u>					<u>\$ 76,802,568</u>			

CHILDREN'S SERVICES COUNCIL – FINANCE COMMITTEE

AGENDA ITEM

August 6, 2015

AGENDA ITEM: 3

TITLE: Investment Strategy Update – Request to Establish New Banking Relationships and Modify Existing Relationship

CSC STAFF: Bill Cosgrove, Chief Financial Officer

SUMMARY:

In order to effectively and efficiently implement the Treasury & Investment Management Plan prepared by Davidson Fixed Income Management (DFIM) for CSC, the following changes to the current management of CSC's funds are proposed by DFIM. The changes will require establishing new relationships with Florida Community Bank and Regions Bank and modifying the relationship with Wells Fargo. Both Florida Community Bank and Regions Bank are on the list of qualified public depositories.

The changes proposed are:

1. Florida Community Bank.

Open a Public Funds money market account with Florida Community Bank. This bank has a 4-star (out of 5) rating from Bauer and is paying 45 basis points for public funds.

All of the funds flowing through the bank and the Public Funds Account will be considered as safe as the current public funds account at Wells Fargo. Collateral will be posted to the Bureau of Collateral Management.

All maturing securities will go into this account for operating purposes. All future tax proceeds will also go into this account. A periodic determination will be made by DFIM, based on CSC's current cash flow needs, as to whether funds in excess of the \$36 million core funding should remain in the Florida Community Bank public funds money market account earning 45 bps or if they should be invested in another option in line with CSC's investment policy.

The Public Funds money market account is paying a higher rate of return than any of the sweep options available through Wells Fargo. Funds can be moved from the Florida Community Bank up to 6 times a month without charge (there might be a charge for a same day wire or ACH transfer) to the Wells Fargo Bank operating account to cover monthly disbursements. CSC does not anticipate needing more than 6 transfers per month.

2. Regions Bank

Open a third party custody account at Regions Bank. All security transactions will be executed through Regions Bank. The funds used to buy and sell securities will flow between Florida Community Bank and Regions Bank. DFIM will deliver the trade instructions to Regions Bank

and, upon approval of the instructions by CSC, CSC will instruct Florida Community Bank to transfer funds to Regions Bank to cover the purchase of the securities.

The Custody Account will have its own sweep option for any maturing securities going forward.

There is an annual \$2,500 maintenance fee associated with the custody account at Regions Bank.

3. Wells Fargo Bank

Wells Fargo Operating Account: change the operating account from the current Earnings Credit Rate account to a standard account where bank service fees are paid and there is no FDIC surcharge.

To avoid additional fees at Wells Fargo Bank, approximately \$4,600,000 will be left on deposit in the operating account. There are five current checking accounts (each with its own purpose) including the account referenced as the “operating account” at Wells Fargo that will remain open.

Once the new custody account at Regions Bank is established, Wells Fargo will be instructed to perform a “free delivery” of existing securities into this new account. The brokerage account at Wells Fargo will become inactive and closed.

The current account at Wells Fargo is a broker/dealer account and it is considered a “safekeeping account”. The biggest difference between a safekeeping account and a custody account is that a safekeeping account is considered part of the entity (Wells Fargo) and, in the event of bankruptcy, CSC would have to wait for the bankruptcy judge to allow it to access its account. A third party custody account means that CSC has complete ownership of the account and its securities.

RECOMMENDATION:

I recommend that the Finance Committee approve the DFIM recommendations presented regarding the establishment of accounts at Florida Community Bank and Regions Bank and the modification of CSC’s existing relationship with Wells Fargo Bank and authorize the CFO to execute the necessary documents to effect such transactions.

AGENDA ITEM: 4

TITLE: Proposed 2014-2015 PPC Budget Revision

STAFF: Jennifer Diehl, Controller

SUMMARY:

The proposed revision to the 2014-2015 PPC budget is submitted to the Finance Committee. The budget revision compares the originally approved budget to the proposed revision.

Expenditures

Program services are being increased by \$330,000 for the payment of Tiered Reimbursement Supplements to the School District of Palm Beach County.

Other Financing Sources

The transfers in from CSC are being increased by \$330,000 to offset the additional expenditures.

RECOMMENDATION:

I recommend the Finance Committee propose that the Council approve the proposed 2014-2015 PPC Budget Revision as submitted.

**CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY
 PROPOSED BUDGET REVISION
 OCTOBER 1, 2014 - SEPTEMBER 30, 2015
 SPECIAL REVENUE FUND**

	ORIGINAL 2014/2015 SPECIAL REVENUE FUND BUDGET	PROPOSED REVISED 2014/2015 SPECIAL REVENUE FUND BUDGET	INCREASE (DECREASE) DIFFERENCE	% INCREASE (DECREASE)
<u>Expenditures</u>				
CHILDREN'S PROGRAMS				
Direct Services				
Program Services	\$ 1,948,398	\$ 2,278,398	\$ 330,000	16.94%
TOTAL	<u>1,948,398</u>	<u>2,278,398</u>	<u>330,000</u>	<u>16.94%</u>
<u>Other Financing Sources (uses):</u>				
TRANSFERS IN (OUT)	<u>1,948,398</u>	<u>2,278,398</u>	<u>330,000</u>	<u>16.94%</u>
Net change in fund balance	-	-	-	0.00%
Fund Balance, October 1, 2014	<u>-</u>	<u>-</u>	<u>-</u>	0.00%
Fund Balance, September 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>0.00%</u>