

Finance Committee Meeting

February 7, 2019



COUNCIL ROCK
SCHOOL DISTRICT

Tonight's Agenda

- Discussion Item:
 - Review of Quarterly Investment Activities – Cornerstone
- Board Agenda:
 - Increase Hourly Wages for Support Staff Substitutes
 - 2019-2020 BCIU Budget
 - Change in Appointment of Bucks TCC Delegate

Cash Management Update

Council Rock School District



C O R N E R S T O N E

Independent Asset Management

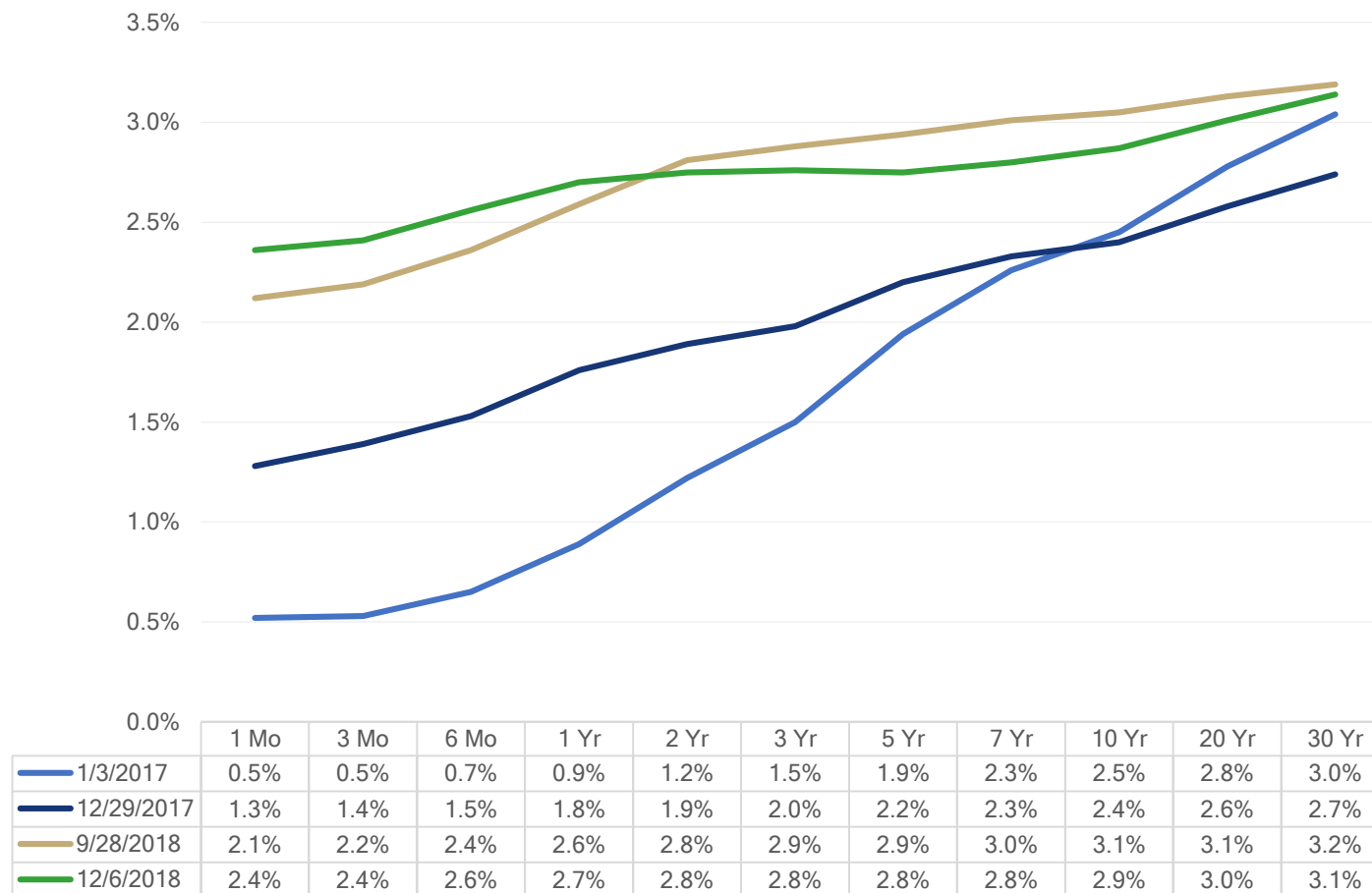
Cornerstone Advisors Asset Management, LLC
74 W. Broad Street, Suite 340, Bethlehem, PA 18018

Malcolm L. Cowen II
President

Kevin Karpuk, CFA
Chief Investment Officer

Fixed Income Review

Treasury Yield Curve



Asset Location (as of 12/31/2018)

9/30/18-12/31/18

Manager - Mandate	Beginning Market Value	Income	Deposits	Transfers	Expenses	Withdrawals	Change in Market Value	Ending Market Value
M&T - Wilmington Trust Portfolio	\$30,612,578	\$170,502	\$0	\$0	(\$4,701)	\$0	\$65,528	\$30,843,907
TD - General Fund	\$98,801,702	\$423,754	\$18,944,056	\$0	\$0	(\$52,315,767)	\$0	\$65,853,745
PLGIT - General Fund	\$20,331,916	\$137,421	\$14,007,674	(\$32,675)	\$0	(\$42,406)	\$0	\$34,401,931
TD - CRSD Compensating Balance	\$5,580,616	\$21,419	\$0	\$0	\$0	\$0	\$0	\$5,602,034
Total General Funds	\$155,326,812	\$753,096	\$32,951,730	(\$32,675)	(\$4,701)	(\$52,358,173)	\$65,528	\$136,701,617
TD - Capital Reserve	\$4,015,503	\$18,107	\$25,000	\$0	\$0	(\$1,352,449)	\$0	\$2,706,160
Total Capital Reserves	\$4,015,503	\$18,107	\$25,000	\$0	\$0	(\$1,352,449)	\$0	\$2,706,160
PLGIT - GO Bonds Series of 2018	\$34,053,448	\$159,679	\$0	(\$7,125,000)	\$0	\$0	\$0	\$27,088,127
PLGIT - 2012 Escrow Account	\$225,571	\$562	\$0	(\$226,133)	\$0	\$0	\$0	\$0
PLGIT - 2012 Escrow - Northampton TWP - Holland Elem	\$1,301,096	\$6,994	\$0	\$0	\$0	\$0	\$0	\$1,308,090
PLGIT - Escrow - Newtown Township	\$924,186	\$4,968	\$0	\$0	\$0	\$0	\$0	\$929,153
PLGIT - Escrow - Holland MS	\$2,346,112	\$12,611	\$0	\$0	\$0	\$0	\$0	\$2,358,724
PLGIT - Escrow - Newtown MS	\$3,370,556	\$18,118	\$0	\$0	\$0	\$0	\$0	\$3,388,674
Total Bond Funds	\$42,220,969	\$202,931	\$0	(\$7,351,133)	\$0	\$0	\$0	\$35,072,767
TD - Capital Projects	\$1,163,607	\$5,249	\$0	\$7,351,133	\$0	(\$7,999,728)	\$0	\$520,261
PLGIT - Artificial Turf - Capital Projects	\$144,449	\$837	\$0	\$32,675	\$0	\$0	\$0	\$177,961
FNBN - Cafeteria Account	\$591,203	\$94	\$904,922	\$0	\$0	(\$1,158,068)	\$0	\$338,151
PLGIT - Cafeteria Account	\$186,533	\$1,127	\$93,475	\$0	\$0	\$0	\$0	\$281,134
PLGIT - Scholarship Account	\$22,323	\$112	\$0	\$0	\$0	\$0	\$0	\$22,435
PLGIT - Ellen Cohen Scholarship	\$4,217	\$21	\$0	\$0	\$0	\$0	\$0	\$4,239
FNBN - Student Activities	\$975,394	\$0	\$1,161,216	\$0	\$0	(\$569,822)	\$0	\$1,566,789
Total Miscellaneous Funds	\$3,087,726	\$7,441	\$2,159,613	\$7,383,807	\$0	(\$9,727,618)	\$0	\$2,910,970
Aggregate Portfolio	\$204,651,009	\$981,575	\$35,136,344	\$0	(\$4,701)	(\$63,438,239)	\$65,528	\$177,391,515

General Fund FYTD Income

\$911,718

Bond Fund FYTD Income

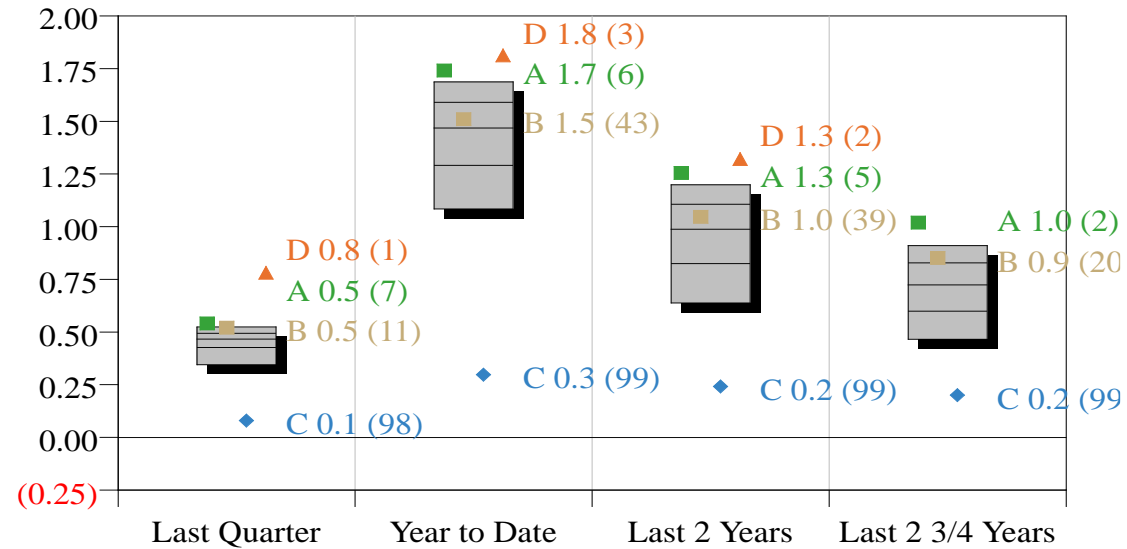
\$434,556

Aggregate Relationship FYTD Income

\$1,398,605

Quarterly Performance

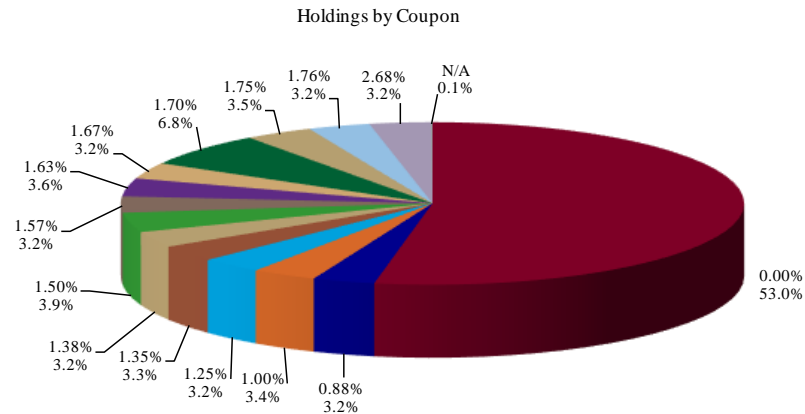
Net of Fee Returns for Various Periods Ending 12/31/18
Callan Money Market Funds



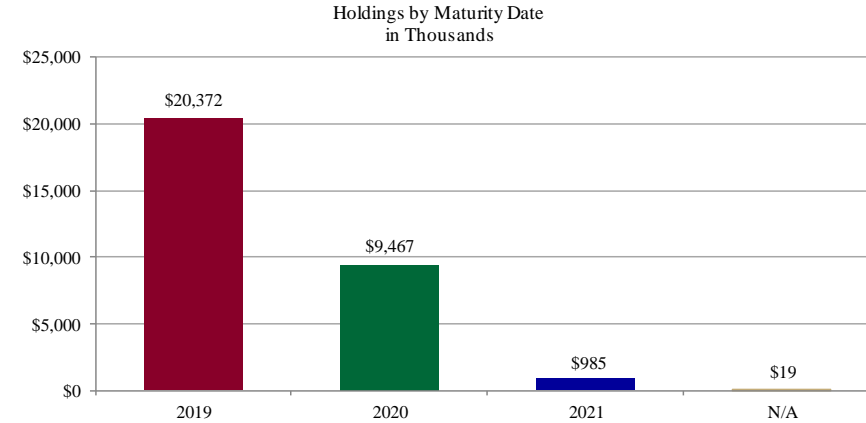
	Median	0.47	1.47	0.99	0.72
PLGIT Portfolio	■ A	0.54	1.74	1.25	1.02
TD Portfolio	■ B	0.52	1.51	1.05	0.85
FNBN Portfolio	◆ C	0.08	0.30	0.24	0.20
Wilmington Trust Portfolio	▲ D	0.78	1.81	1.32	--

Wilmington Investment Summary (as of 12/31/2018)

Council Rock School District Investment Summary - Coupon & Maturity



Coupon	Market Value	% of Portfolio
0.00%	\$16,343,485	53.0%
0.88%	\$993,109	3.2%
1.00%	\$1,040,251	3.4%
1.25%	\$988,857	3.2%
1.35%	\$1,005,250	3.3%
1.38%	\$982,519	3.2%
1.50%	\$1,206,941	3.9%
1.57%	\$995,555	3.2%
1.63%	\$1,109,472	3.6%
1.67%	\$998,490	3.2%
1.70%	\$2,085,344	6.8%
1.75%	\$1,094,225	3.5%
1.76%	\$996,300	3.2%
2.68%	\$984,958	3.2%
N/A	\$19,152	0.1%
	\$30,843,907	100%



Maturity Year	Market Value	% of Portfolio
2019	\$20,372,455	66.1%
2020	\$9,467,342	30.7%
2021	\$984,958	3.2%
N/A	\$19,152	0.1%
	\$30,843,907	100.0%

Wilmington Trust Holdings (as of 12/31/2018)

Asset Description		Quantity	Cost	Market Value	Market Value + Accrued Income
FHLB	1.375% 10/13/20	1,000,000	\$978,870	\$979,540	\$982,519
FHLB	2.680% 4/26/21	980,000	\$978,040	\$980,216	\$984,958
FFCB	0% 3/19/19	500,000	\$492,128	\$497,445	\$497,445
FHLB	0% 1/18/19	1,000,000	\$994,099	\$998,940	\$998,940
FHLB	0% 4/01/19	2,400,000	\$2,385,440	\$2,385,528	\$2,385,528
FFCB	1.760% 3/13/20	1,000,000	\$999,500	\$991,020	\$996,300
FFCB	1.670% 4/03/20	1,005,000	\$1,004,246	\$994,387	\$998,490
FFCB	1.570% 2/14/20	1,000,000	\$999,691	\$989,580	\$995,555
FHLMC MTN	1.625% 12/27/19	1,000,000	\$999,250	\$990,180	\$990,361
FHLMC	1.350% 1/25/19	1,000,000	\$999,400	\$999,400	\$1,005,250
FHLMC MTN	1.700% 9/29/20	1,100,000	\$1,097,800	\$1,083,269	\$1,088,048
FHLMC MTN	1.625% 3/27/20	120,000	\$119,974	\$118,602	\$119,111
FNMA	1.700% 1/27/20	1,000,000	\$998,412	\$990,220	\$997,296
U.S. TREASURY BILLS	0% 1/03/19	10,060,000	\$10,037,134	\$10,059,396	\$10,059,396
U.S. TREASURY BILLS	0% 3/28/19	1,060,000	\$1,048,007	\$1,054,064	\$1,054,064
U.S. TREASURY BILLS	0% 5/23/19	935,000	\$920,390	\$926,108	\$926,108
U.S. TREASURY BILLS	0% 4/18/19	425,000	\$420,047	\$422,004	\$422,004
U.S. TREASURY NOTES	1.500% 8/15/20	1,220,000	\$1,197,749	\$1,200,029	\$1,206,941
U.S. TREASURY NOTES	1.750% 12/31/20	1,110,000	\$1,099,988	\$1,094,171	\$1,094,225
U.S. TREASURY NOTES	0.875% 6/15/19	1,000,000	\$990,316	\$992,700	\$993,109
U.S. TREASURY NOTES	1.000% 9/30/19	1,050,000	\$1,041,267	\$1,037,568	\$1,040,251
U.S. TREASURY NOTES	1.250% 2/29/20	1,000,000	\$993,050	\$984,610	\$988,857
Wilmington US Treasury Money Mkt Sel		19,117	\$19,117	\$19,117	\$19,152
Total:			\$30,813,914	\$30,788,094	\$30,843,907

PLGIT Holdings (as of 12/31/2017)

Issuer	PLGIT Portfolio	PLGIT/PRIME Portfolio	PLGIT/ARM Portfolio	PLGIT/TERM Series DEC 18
Bank of Montreal Chicago	-	<5%	-	5.50%
Bank of Tokyo Mitsubishi UFJ	-	<5%	-	6.82%
BNP Paribas (NY)	-	<5%	-	7.12%
BOFI Federal Bank ⁽²⁾	11.34%	9.52%	10.45%	-
Credit Agricole Corporate & Investment Bank (NY)	-	<5%	-	6.42%
Credit Suisse (NY)	-	<5%	-	8.86%
Customers Bank ⁽²⁾	5.49%	-	5.23%	-
Federal Farm Credit Bank Notes	9.83%	-	9.71%	-
Federal Home Loan Banks	36.03%	-	30.48%	-
Freddie Mac	<5%	-	5.78%	-
Goldman Sachs & Co. ⁽¹⁾	<5%	6.38%	5.71%	-
ING (US) Funding LLC	-	<5%	-	7.37%
JP Morgan Securities LLC	-	<5%	-	7.84%
Metlife Short Term Funding	-	<5%	-	5.67%
Toronto Dominion Bank (NY)	-	<5%	-	9.53%
U.S. Treasury	21.33%	<5%	23.29%	-

(1) This issuer is also counterparty to repurchase agreements entered into by the PLGIT, PLGIT/PRIME and PLGIT/ARM Portfolios. These repurchase agreements are collateralized by the federal agency obligations.

(2) Guaranteed by Federal Home Loan Bank letters of credit.

TD Collateral (as of 12/31/2018)

Issuer	Maturity Date	Original Amount	Par Value	12/31/2018 Market Value	Collateral Location	Asset Backed Security Description
Citibank Credit Card Issuance Trust	01/23/23	285,000,000.00	285,000,000.00	284,992,832.25	Bank of NY	Credit Cards
Citibank Credit Card Issuance Trust	01/23/23	141,000,000.00	141,000,000.00	140,996,453.85	Bank of NY	Credit Cards
Citibank Credit Card Issuance Trust	08/08/22	200,000,000.00	200,000,000.00	196,621,110.00	Bank of NY	Credit Cards
Discover Card Execution Note T	10/15/26	200,000,000.00	200,000,000.00	194,939,820.00	Bank of NY	Credit Cards
SLM Student Loan Trust	05/26/55	140,000,000.00	121,837,993.34	122,327,160.70	Bank of NY	Student Loans
SLC Student Loan Trust	11/25/42	250,000,000.00	65,924,055.75	66,616,317.67	Bank of NY	Student Loans
Brazos Higher Education Author	02/25/30	147,480,000.00	44,284,315.86	44,371,834.95	Bank of NY	Student Loans
Navient Student Loan Trust	10/26/76	750,900,000.00	664,252,550.43	663,239,830.99	Bank of NY	Student Loans
Discover Card Execution Note T	02/15/23	355,000,000.00	355,000,000.00	349,395,277.75	Bank of NY	Credit Cards
Bank of America Credit Card Trust	01/17/23	275,000,000.00	275,000,000.00	270,244,892.50	Bank of NY	Credit Cards

Disclosures

Securities offered through M Holdings Securities, Inc., MEMBER FINRA/SIPC

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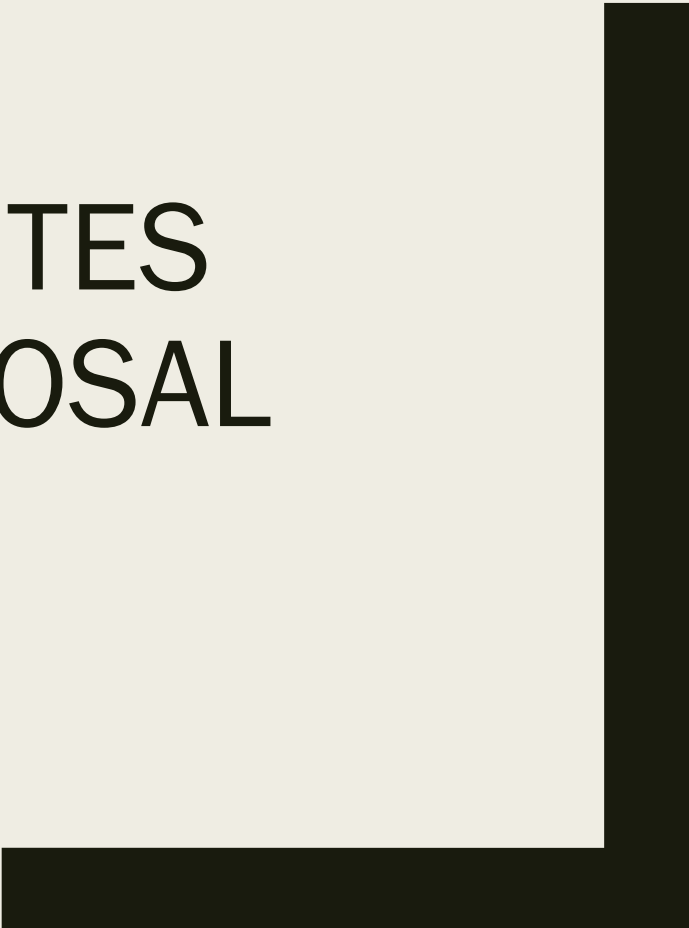
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SUPPORT SUBSTITUTES RATE INCREASE PROPOSAL

Finance Committee Meeting
February 7, 2019



Support Staff Substitute Rate Increase Proposal

- Current Rates:
- \$8.00 per hour for Clerical Positions, Hallway Monitors, Recess Aides
- \$9.00 per hour for Teacher Assistants

Pay Rate Comparison

<u>DISTRICT</u>	<u>POSITION</u>	<u>PAY RATE</u>
CRSD	<i>Clerical</i>	\$ 8.00
Pennsbury	Clerical	\$ 9.00
Neshaminy	Clerical	\$ 11.00
NHSD	Clerical	\$ 11.00
Palisades	Clerical	\$ 11.00
Lower Merion	Clerical	\$ 12.00
Bensalem	Clerical	\$ 14.00
Central Bucks	Clerical	\$ 14.31
CRSD	<i>Teacher Assistant</i>	\$ 9.00
Quakertown	Teacher Assistant	\$ 9.00
NHSD	Teacher Assistant	\$ 10.00
Quakertown	Teacher Assistant	\$ 10.00
Neshaminy	Teacher Assistant	\$ 11.00
Palisades	Teacher Assitant	\$ 11.00
Pennsbury	Teacher Assistant	\$ 11.33
Lower Merion	Teacher Assistant	\$ 12.00
Central Bucks	Teacher Assistant	\$ 14.31
Bensalem	Teacher Assistant	\$ 16.25
Colonial SD	Teacher Assistant	\$ 15.00
North Penn	Teacher Assistant	\$ 15.77
CRSD	<i>Recess Aide</i>	\$ 8.00
Bensalem	Recess Aide	\$ 10.00
Pennsbury	Recess Aide	\$ 8.50

Support Staff Fill Rates

<u>2018-2019</u>	
<u>Month</u>	<u>Percentage Filled</u>
September	46%
October	38%
November	30%
December	30%
January	37%
<u>2017-2018</u>	
<u>Month</u>	<u>Percentage Filled</u>
September	62%
October	47%
November	40%
December	40%
January	44%
February	43%
March	31%
April	37%
May	39%
June	28%

- Most Bucks County districts surveyed responded that they are also struggling with their support staff substitute fill rates
- Bensalem recently approved an increase to rates in an effort to alleviate the shortage
- Central Bucks is experiencing a similar fill rate -- averaging a 43% fill rate for the 2018-2019 school year

Proposed Increases

Daily Substitutes (assignments under 10 consecutive days)

- \$11.00 per hour for Clerical Positions, Hallway Monitors, Recess Aides
- \$13.00 per hour for Teacher Assistants

Long Term Substitutes (assignments over 10 consecutive days but under 90 days)

- \$12.00 per hour for Clerical Positions, Hallway Monitors, Recess Aides
- \$14.00 per hour for Teacher Assistants
- Very few assignments in this area
 - 8 during the 2017-2018 school year
 - 9 during the 2016-2017 school year

Cost of Rate Increases

Council Rock School District								
Analysis of Proposal to Increase Support Staff Substitute Hourly Rate								
December 3, 2018								
2017-2018 Paid			Recommended Hourly Increase			Estimated Cost		
Hourly Rate	# of Hours	Amount Paid						
\$ 8.00	3,190.51	\$ 25,545.08						
9.00	8,762.27	78,860.43						
10.00	3,048.00	30,480.00						
	15,000.78	\$134,885.51						
Assumed Increase in Hours: 20.00%								
Hourly Rate	# of Hours	Amount Paid	Hourly Rate	# of Hours	Amount Paid		Amount	%
\$ 8.00	3,828.61	\$ 30,628.88	\$ 11.00	3,828.61	\$ 42,114.71			
9.00	10,514.72	94,632.48	13.00	10,514.72	136,691.36			
10.00	3,657.60	36,576.00	14.00	3,657.60	51,206.40			
	18,000.93	\$161,837.36		18,000.93	\$ 230,012.47			
FICA	7.65%	\$ 12,380.56		7.65%	\$ 17,595.95			
Retirement	33.43%	54,102.23		33.43%	76,893.17			
Worker's Comp.	0.55%	890.11		0.55%	1,265.07			
Unemployment	0.25%	404.59		0.25%	575.03			
		\$ 67,777.49			\$ 96,329.22			
Totals		\$229,614.85			\$ 326,341.69		\$ 96,726.84	42.13%

Expected Outcomes

- Attract more candidates for support staff substitute positions
- Expanded recruitment efforts with the more competitive rate of pay should yield better results
- Decrease the shortages and increase the fill rate

2019-2020 BCIU Budget

- Annual required approval of District's contribution
- Highlight: Overall budget is flat; CRSD contribution up slightly

	2018-19 Contribution	2019-20 Proposed Contribution	Increase/ (Decrease)
Council Rock	\$86,891	\$88,669	\$1,778

TCC Delegate Change

- Bucks County TCC = governing body for earned income tax collections
- Change in CRSD Delegate
 - Primary Delegate: ~~Bob Reinhart~~ Bill Stone
 - Alternate Delegate: Gail Klohe