

# 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*

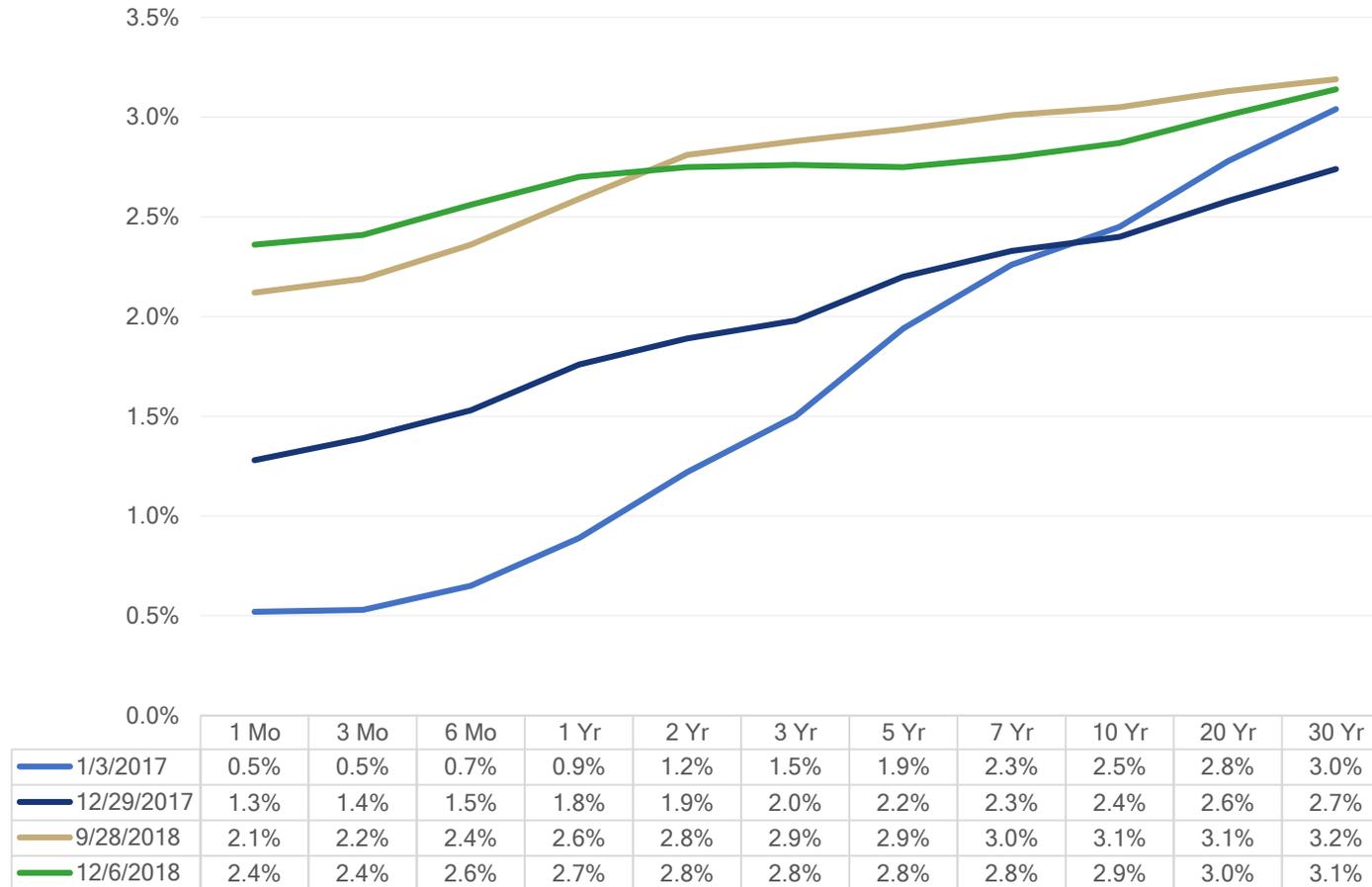
Malcolm L. Cowen II  
President

Kevin Karpuk, CFA  
Chief Investment Officer

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

# Fixed Income Review

Treasury Yield Curve



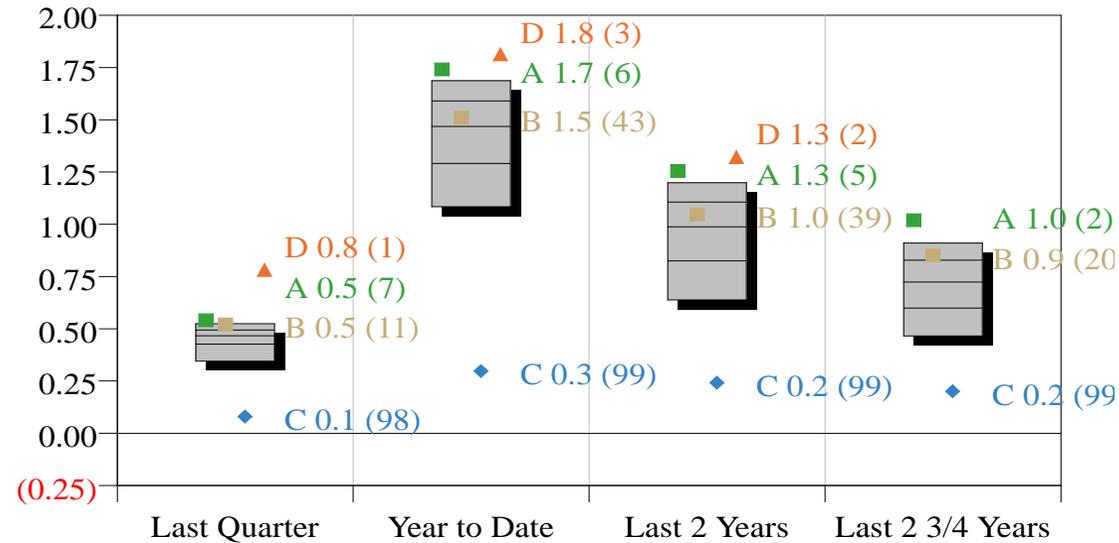
# Asset Location (as of 12/31/2018)

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
<b>Total General Funds</b>	<b>\$155,326,812</b>	<b>\$753,096</b>	<b>\$32,951,730</b>	<b>(\$32,675)</b>	<b>(\$4,701)</b>	<b>(\$52,358,173)</b>	<b>\$65,528</b>	<b>\$136,701,617</b>
TD - Capital Reserve	\$4,015,503	\$18,107	\$25,000	\$0	\$0	(\$1,352,449)	\$0	\$2,706,160
<b>Total Capital Reserves</b>	<b>\$4,015,503</b>	<b>\$18,107</b>	<b>\$25,000</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$1,352,449)</b>	<b>\$0</b>	<b>\$2,706,160</b>
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
<b>Total Bond Funds</b>	<b>\$42,220,969</b>	<b>\$202,931</b>	<b>\$0</b>	<b>(\$7,351,133)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$35,072,767</b>
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
<b>Total Miscellaneous Funds</b>	<b>\$3,087,726</b>	<b>\$7,441</b>	<b>\$2,159,613</b>	<b>\$7,383,807</b>	<b>\$0</b>	<b>(\$9,727,618)</b>	<b>\$0</b>	<b>\$2,910,970</b>
<b>Aggregate Portfolio</b>	<b>\$204,651,009</b>	<b>\$981,575</b>	<b>\$35,136,344</b>	<b>\$0</b>	<b>(\$4,701)</b>	<b>(\$63,438,239)</b>	<b>\$65,528</b>	<b>\$177,391,515</b>
<b>General Fund FYTD Income</b>	<b>\$911,718</b>							
<b>Bond Fund FYTD Income</b>	<b>\$434,556</b>							
<b>Aggregate Relationship FYTD Income</b>	<b>\$1,398,605</b>							

# Quarterly Performance

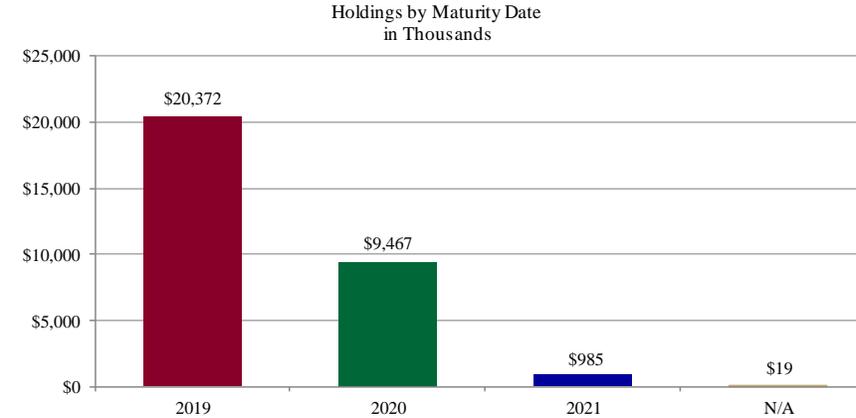
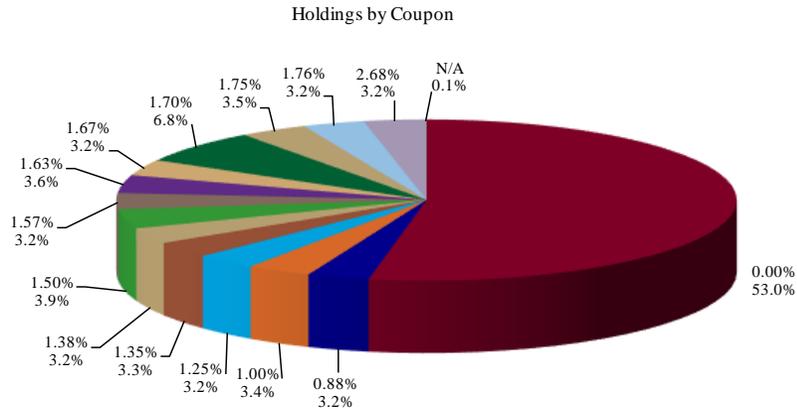
Net of Fee Returns for Various Periods Ending 12/31/18  
Callan Money Market Funds



	Median	Last Quarter	Year to Date	Last 2 Years	Last 2 3/4 Years
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%
	<b>\$30,843,907</b>	<b>100%</b>

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%
	<b>\$30,843,907</b>	<b>100.0%</b>

# 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
<b>Total:</b>		<b>\$30,813,914</b>	<b>\$30,788,094</b>	<b>\$30,843,907</b>

# 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 <sup>(2)</sup>	11.34%	9.52%	10.45%	-
Credit Agricole Corporate & Investment Bank (NY)	-	<5%	-	6.42%
Credit Suisse (NY)	-	<5%	-	8.86%
Customers Bank <sup>(2)</sup>	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. <sup>(1)</sup>	<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

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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>
<b>CRSD</b>	<b>Clerical</b>	<b>\$ 8.00</b>
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
<b>CRSD</b>	<b>Teacher Assistant</b>	<b>\$ 9.00</b>
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
<b>CRSD</b>	<b>Recess Aide</b>	<b>\$ 8.00</b>
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	Hourly Rate	# of Hours	Amount Paid	Amount	%
\$ 8.00	3,190.51	\$ 25,545.08	\$ 11.00	3,828.61	\$ 42,114.71		
9.00	8,762.27	78,860.43	13.00	10,514.72	136,691.36		
10.00	3,048.00	30,480.00	14.00	3,657.60	51,206.40		
	<u>15,000.78</u>	<u>\$134,885.51</u>		<u>18,000.93</u>	<u>\$ 230,012.47</u>		
Assumed Increase in Hours:		20.00%					
\$ 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		
	<u>18,000.93</u>	<u>\$161,837.36</u>		<u>18,000.93</u>	<u>\$ 230,012.47</u>		
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		
		<u>\$ 67,777.49</u>			<u>\$ 96,329.22</u>		
Totals		<u>\$229,614.85</u>			<u>\$ 326,341.69</u>	<u>\$ 96,726.84</u>	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

	<b>2018-19 Contribution</b>	<b>2019-20 Proposed Contribution</b>	<b>Increase/ (Decrease)</b>
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

