

# Finance Committee Meeting

October 14, 2021



**COUNCIL ROCK**  
**SCHOOL DISTRICT**

# Agenda

- Board Items
- Discussion Items
  - PFM – Refund GOB Series of 2017 and new funds
  - Investment Performance and Strategy Review – Kevin Karpuk, Cornerstone
  - 2020-21 Unaudited Results of Operation
  - 2022-2023 Budget Development: Timeline and Landscape



**COUNCIL ROCK**  
SCHOOL DISTRICT



PROUD TO BE  
**100%**  
EMPLOYEE  
OWNED



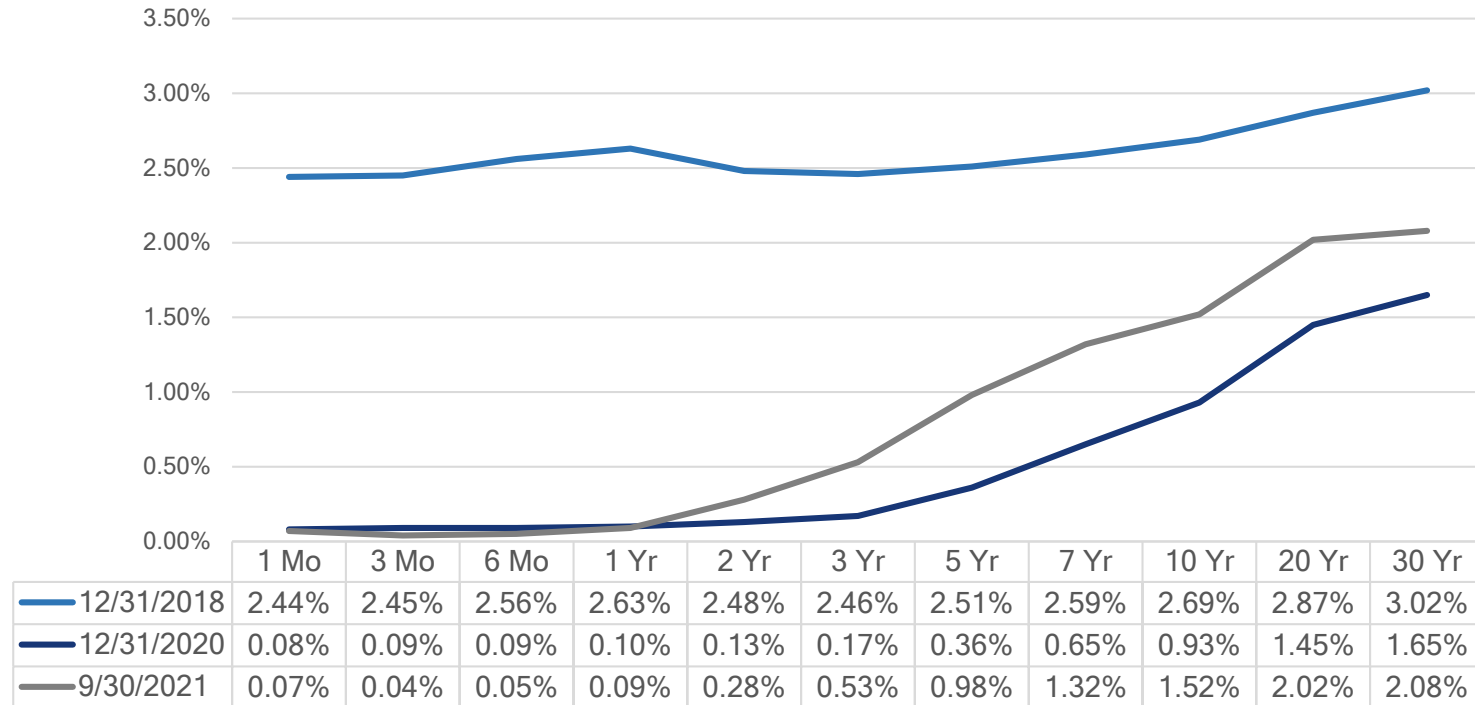
# CASH MANAGEMENT UPDATE

September 2021

Kevin Karpuk, CFA

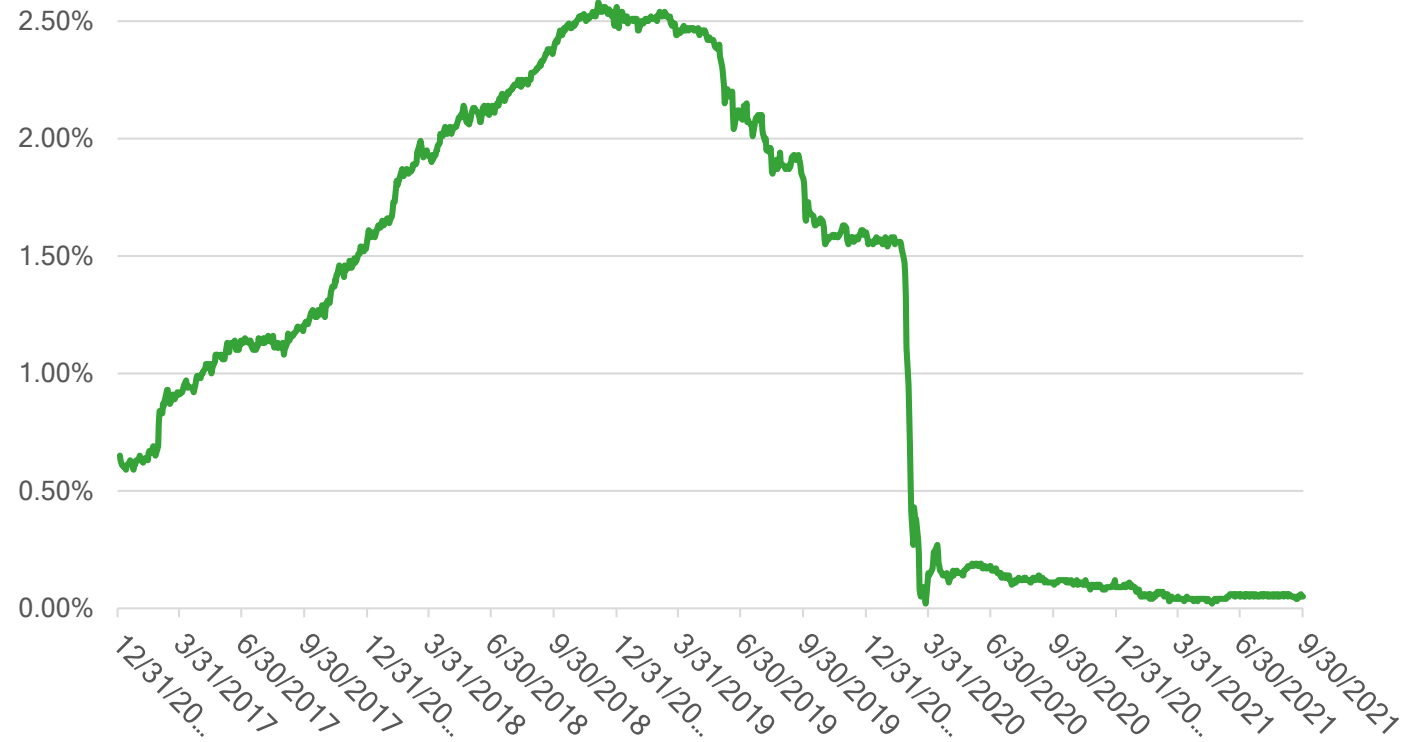
*Chief Investment Officer*

# TREASURY YIELD CURVE



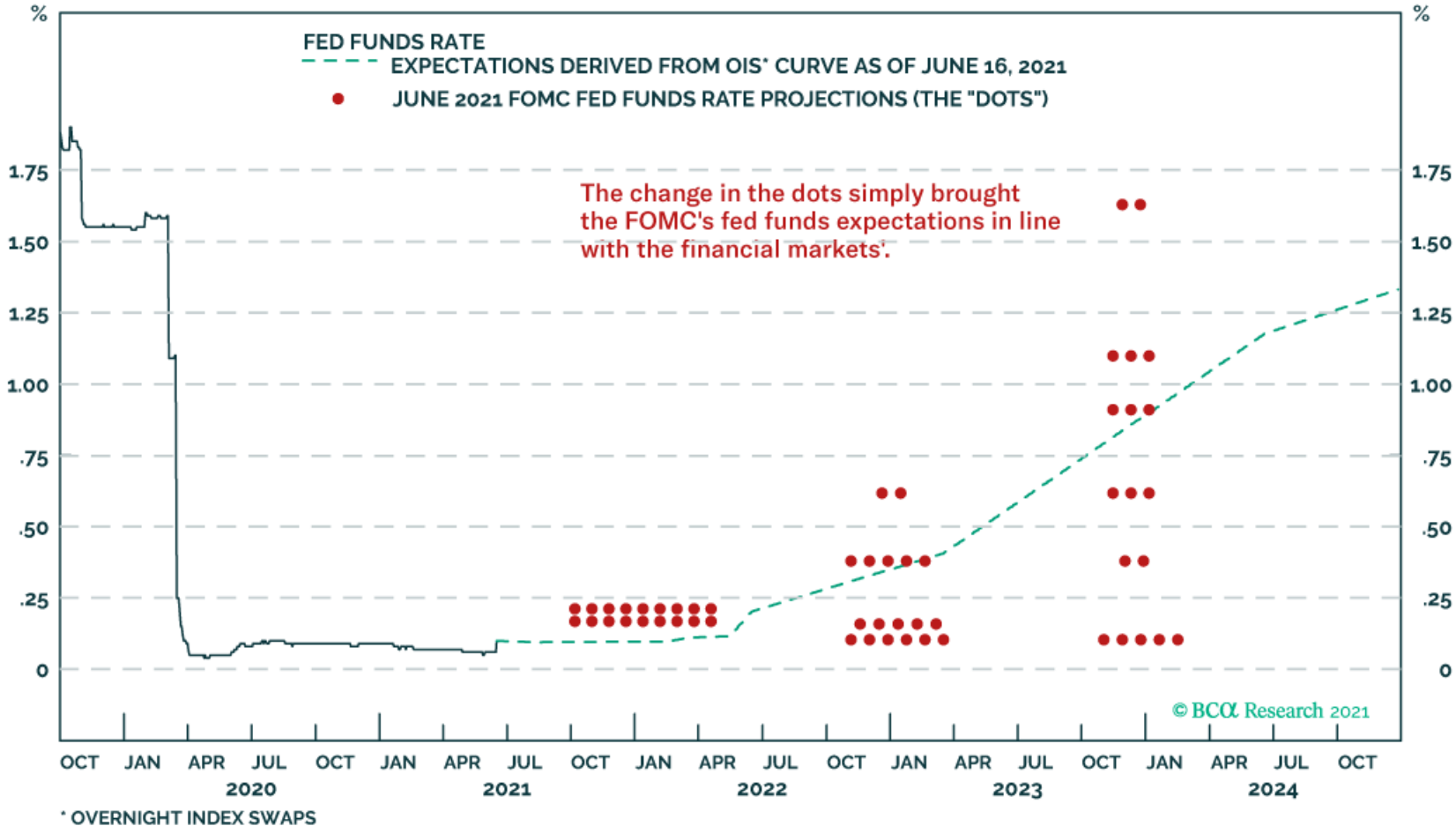
Source: US Department of the Treasury

# SIX MONTH TREASURY



Source: US Department of the Treasury

# DOT PLOT



Source: Federal Reserve Board

# PARTNERS & CURRENT YIELDS



**Yields**

**0.01%**

STONECASTLE

**0.08%**



**0.25%**



**0.11%**

# ASSET LOCATION

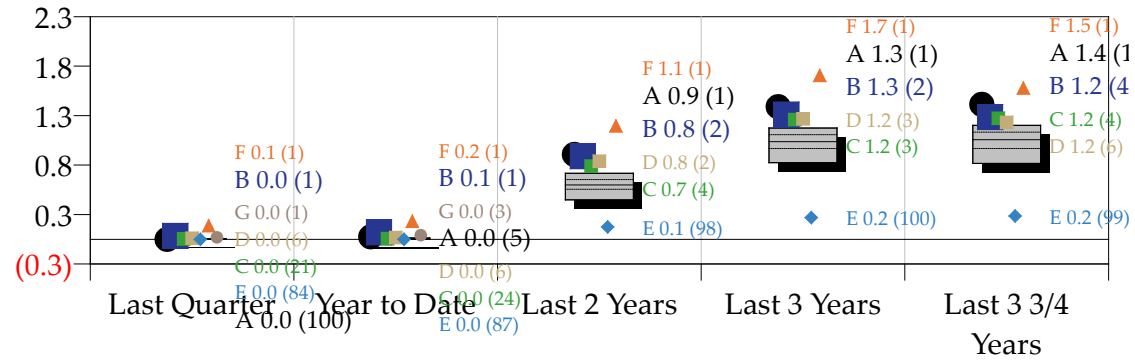
6/30/21-9/30/21

Manager - Mandate	Beginning Market Value	Income	Deposits	Transfers	Expenses	Withdrawals	Change in Market Value	Ending Market Value
M&T - Wilmington Trust Portfolio	\$11,340,299	\$18,280	\$0	\$0	(\$2,268)	\$0	\$11,387	\$11,367,697
StoneCastle Portfolio	\$10,004,734	\$1,513	\$0	\$0	\$0	\$0	\$0	\$10,006,247
TD - General Fund	\$23,901,797	\$23,945	\$155,295,283	\$10,000,000	\$0	(\$57,801,689)	\$0	\$131,419,335
PLGIT - General Fund	\$25,344,769	\$643	\$21,419,037	(\$10,000,000)	\$0	(\$27,526)	\$0	\$36,736,923
TD - CRSD Compensating Balance	\$5,707,521	\$1,812	\$0	\$0	\$0	\$0	\$0	\$5,709,333
<b>Total General Funds</b>	<b>\$76,299,119</b>	<b>\$46,192</b>	<b>\$176,714,319</b>	<b>\$0</b>	<b>(\$2,268)</b>	<b>(\$57,829,215)</b>	<b>\$11,387</b>	<b>\$195,239,535</b>
TD - Capital Reserve	\$3,500,322	\$1,519	\$0	\$0	\$0	(\$856,266)	\$0	\$2,645,575
<b>Total Capital Reserves</b>	<b>\$3,500,322</b>	<b>\$1,519</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$856,266)</b>	<b>\$0</b>	<b>\$2,645,575</b>
PLGIT - GO Bonds Series of 2021	\$20,119,724	\$957	\$0	(\$5,500,000)	\$0	\$0	\$0	\$14,620,682
PLGIT - 2012 - Northampton TWP - Holland Elem	\$1,270,464	\$68	\$0	\$0	\$0	\$0	\$0	\$1,270,531
PLGIT - Escrow - Newtown Township	\$101,066	\$5	\$0	\$0	\$0	\$0	\$0	\$101,072
PLGIT - Northampton TWP - Holland MS	\$688,049	\$37	\$0	\$0	\$0	\$0	\$0	\$688,086
PLGIT - Newtown TWP - Newton MS	\$359,260	\$19	\$0	\$0	\$0	\$0	\$0	\$359,279
PLGIT - Escrow - Rolling Hills Elementary	\$1,296,401	\$69	\$0	\$0	\$0	\$0	\$0	\$1,296,470
PLGIT - Sol Feinstone Elementary - Escrow	\$2,843,905	\$152	\$0	\$0	\$0	\$0	\$0	\$2,844,056
PLGIT - CR High School South Turf - Escrow	\$1,553,350	\$83	\$0	\$0	\$0	\$0	\$0	\$1,553,433
PLGIT - Hillcrest Elementary - Escrow	\$894,449	\$48	\$0	\$0	\$0	\$0	\$0	\$894,496
<b>Total Bond Funds</b>	<b>\$29,126,667</b>	<b>\$1,438</b>	<b>\$0</b>	<b>(\$5,500,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$23,628,105</b>
TD - Capital Projects	\$1,579,611	\$133	\$0	\$5,500,000	\$0	(\$6,841,256)	\$0	\$238,488
FNBN - Cafeteria Account	\$439,886	\$25	\$403,347	\$0	\$0	(\$621,978)	\$0	\$221,281
PLGIT - Cafeteria Account	\$888,904	\$27	\$505,427	\$0	\$0	(\$250,000)	\$0	\$1,144,358
PLGIT - Scholarship Account	\$23,009	\$1	\$0	\$0	\$0	\$0	\$0	\$23,009
PLGIT - Ellen Cohen Scholarship	\$2,339	\$0	\$0	\$0	\$0	\$0	\$0	\$2,339
FNBN - Student Activities	\$1,021,914	\$0	\$64,808	\$0	\$0	(\$277,553)	\$0	\$809,170
<b>Total Miscellaneous Funds</b>	<b>\$3,955,663</b>	<b>\$186</b>	<b>\$973,582</b>	<b>\$5,500,000</b>	<b>\$0</b>	<b>(\$7,990,786)</b>	<b>\$0</b>	<b>\$2,438,645</b>
<b>Aggregate Portfolio</b>	<b>\$112,881,771</b>	<b>\$49,336</b>	<b>\$177,687,902</b>	<b>\$0</b>	<b>(\$2,268)</b>	<b>(\$66,676,267)</b>	<b>\$11,387</b>	<b>\$223,951,861</b>
General Fund FYTD Income	<b>\$47,712</b>							
Bond Fund FYTD Income	<b>\$1,438</b>							
Aggregate Relationship FYTD Income	<b>\$49,336</b>							



# QUARTERLY PERFORMANCE

Net of Fee Returns for Various Periods Ending 6/30/21  
 Callan Taxable Money Mkt  
 3 Month T-Bill

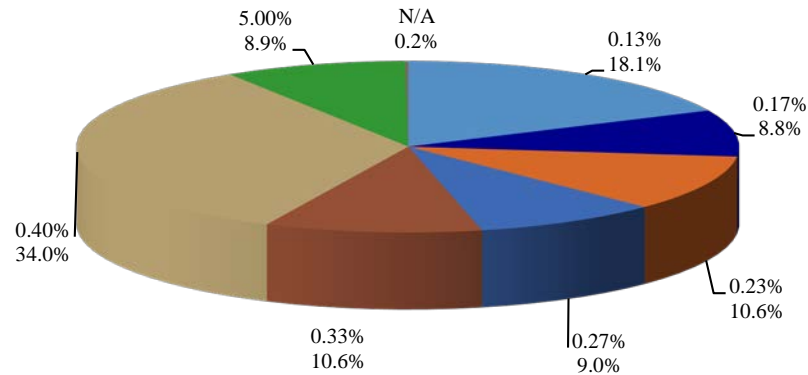


	Last Quarter	Year to Date	Last 2 Years	Last 3 Years	Last 3 3/4 Years
Median	0.00	0.00	0.55	0.99	1.01
3 Month T-Bill ● A	0.00	0.02	0.86	1.34	1.37
CRSD Cash Aggregate ■ B	0.03	0.07	0.84	1.26	1.24
PLGIT Portfolio ■ C	0.00	0.01	0.74	1.21	1.22
TD Portfolio ■ D	0.01	0.02	0.79	1.22	1.18
FNBN Portfolio ◆ E	0.00	0.00	0.12	0.22	0.24
Wilmington Trust Portfolio ▲ F	0.14	0.18	1.15	1.66	1.53
StoneCastle ● G	0.02	0.04	--	--	--

# WILMINGTON TRUST

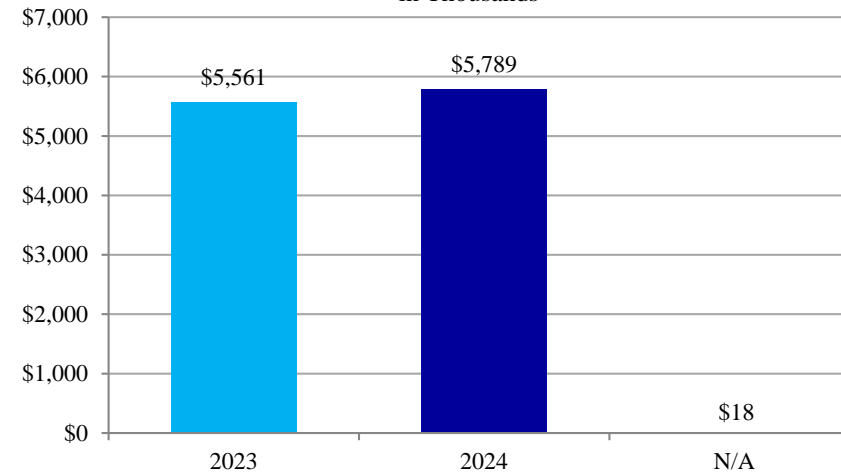
## INVESTMENT SUMMARY

Holdings by Coupon



Coupon	Market Value	% of Portfolio
0.13%	\$2,054,430	18.1%
0.17%	\$998,819	8.8%
0.23%	\$1,199,450	10.6%
0.27%	\$1,026,179	9.0%
0.33%	\$1,199,944	10.6%
0.40%	\$3,860,774	34.0%
5.00%	\$1,010,552	8.9%
N/A	\$17,549	0.2%
<b>Total</b>	<b>\$11,367,697</b>	<b>100%</b>

Holdings by Maturity Date  
in Thousands



Maturity Year	Market Value	% of Portfolio
2023	\$5,561,054	48.9%
2024	\$5,789,094	50.9%
N/A	\$17,549	0.2%
<b>Total</b>	<b>\$11,367,697</b>	<b>100.0%</b>

# WILMINGTON TRUST

## HOLDINGS

Asset Description	Quantity	Cost	Market Value	Market Value + Accrued Income
FHLB 0.400% 5/24/24	1,500,000	\$1,500,000	\$1,497,135	\$1,499,252
FHLB 0.400% 6/28/24	1,060,000	\$1,057,668	\$1,058,463	\$1,059,558
FHLB 5.000% 7/12/24	1,000,000	\$1,000,000	\$999,580	\$1,010,552
FFCB 0.270% 10/05/23	1,025,000	\$1,024,231	\$1,024,826	\$1,026,179
FFCB 0.125% 5/03/23	1,035,000	\$1,034,224	\$1,034,110	\$1,034,642
FFCB 0.170% 11/03/23	1,000,000	\$999,500	\$998,120	\$998,819
FFCB 0.330% 4/05/24	1,200,000	\$1,198,500	\$1,198,008	\$1,199,944
FFCB 0.230% 11/13/23	1,200,000	\$1,199,100	\$1,198,392	\$1,199,450
FHLMC MTN 0.400% 6/30/23	1,300,000	\$1,300,000	\$1,300,650	\$1,301,964
U.S. TREASURY NOTES 0.125% 1/15/24	1,025,000	\$1,023,042	\$1,019,516	\$1,019,788
Wilmington US Treasury Money Mkt Sel	17,549	\$17,549	\$17,549	\$17,549
<b>Total:</b>		<b>\$11,353,814</b>	<b>\$11,346,349</b>	<b>\$11,367,697</b>

# TD BANK

Effective March 24, 2020, TD has replaced the asset-backed securities historically used as collateral with a letter of credit backed by the **Federal Home Loan Bank of Pittsburgh**.

# PLGIT ACCOUNT

Issuer	PLGIT Portfolio	PLGIT/PRIME Portfolio	PLGIT/TERM Series DEC 21
BNP Paribas (NY) <sup>(1)</sup>	6.50%	8.40%	<5.00%
Collateralized Commercial Paper			
FLEX Company LLC	-	<5.00%	5.64%
Cooperatieve Rabobank (NY)	-	<5.00%	9.32%
CRC Funding LLC	-	-	9.19%
Crown Point Capital Company LLC	-	<5.00%	5.25%
Exxon Mobil Corporation	-	-	6.56%
Federal Farm Credit Bank	17.86%	-	-
Federal Home Loan Bank	9.64%	-	-
Goldman Sachs & Co. <sup>(1)</sup>	5.69%	<5.00%	-
International Bank of Reconstruction and Development	5.37%	-	-
Manhattan Asset Funding Company	-	-	5.25%
MUFG Bank LTD (NY)	-	<5.00%	9.98%
Sumitomo Mitsui Bank (NY)	-	6.35%	-
Toronto Dominion Bank (NY)	-	<5.00%	8.94%
Toyota Motor Credit Corporation	-	<5.00%	10.51%
U.S. Treasury	36.23%	10.34%	<5.00%

(1) These issuers are also counterparties to repurchase agreements entered into by the PLGIT and PLGIT/PRIME Portfolios. These repurchase agreements are collateralized by U.S. government and agency obligations.

# DISCLOSURES

---

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

*Investment Advisory Services are offered through Cornerstone Advisors Asset Management, LLC, which is independently owned and operated.*

*Investments in securities involve risks, including the possible loss of principal. When redeemed, shares may be worth more or less than their original value.*

*Performance quoted is past performance and is no guarantee of future results. Unless otherwise noted, data obtained from Callan Associates.*

*All indices are unmanaged and not available for direct investment.*

*Cornerstone Advisors Asset Management, LLC and Cornerstone Institutional Investors, LLC have exercised reasonable care in the preparation of this presentation. Several portions of this presentation are obtained from third party sources. While we have attempted to verify all information within, we disclaim all responsibility for any errors that may occur due to third party information and data.*

*The information is provided solely for informational purposes and therefore should not be considered an offer to buy or sell a security. Except as otherwise required by law, Cornerstone shall not be responsible for any trading decisions or damages or other losses resulting from this information, data, analyses or opinions or their use.*

***Investors should consider the investment objectives and horizons, income tax brackets, risks, charges, and expenses of any Investment carefully before investing. This and other important information about the investment company is contained in each fund's offering memorandum. Please read it carefully before you invest.***

*As an investment adviser, we are required by SEC Rule 206(4)-2 to verify annually that our clients are receiving at least a quarterly account statement from their custodian or record keeper. As previously communicated, this requirement is designed as a checks and balance system to make sure that information provided by advisors with respect to their reports is actually what is held in the client's account.*

*If for any reason you are not receiving a statement at least quarterly from your custodian or record keeper, please notify us immediately so we can contact the custodian on your behalf to request that statements be sent according to the current regulation. Please call Christopher McKinley, our Chief Compliance Officer, at 1-800-923-0900 or 610-694-0900 if you have any questions or need to report that you are not receiving account statements. Thank you for your assistance.*

# General Fund – Budget vs. Actual Major Drivers

## REVENUE

Account	Variance	Comments
Earned Income Tax	+\$5.4m	Collections deferred, COVID
RE Tax	+\$4.1m	Better collection rate
Transfer Tax	+\$2.2m	Decreasing # of liens
Delinquent RE Tax	+\$0.08m	Decreasing # of liens
Debt Service Reimb.	+\$0.2m	Receipt of several prior yr reimb.

## EXPENDITURES

Account	Variance	Comments
Transportation	-\$2.9m	Reduced services
Salaries	-\$1.8m	Fewer LTS needed
Medical Insurance	-\$0.7m	Less contributed to Med Fund
Contracted Subs.	-\$0.7m	Fewer per diem subs
Other Benefits	+\$0.6m	Higher # of retirees
Workers' Comp	-\$0.6m	Funded by accrued liab.
Repairs & Maint.	-\$0.5m	Due to closure
Supplies	-\$0.5m	Due to closure

# General Fund - Estimated Ending Fund Balance

CATEGORY	AMOUNT	NOTES
Non-spendable	0.14m	Inventory
Balancing the 2021-22 Budget	\$1.3m	Required by accounting principles when deficit budgeting
Unassigned Fund Balance	\$12.5m	5% per Board policy
Assigned Fund Balance	\$0.14	Certain accounts requiring admin tracking
Future educational initiatives	\$4m	Was at \$1.5m at Fiscal Year End 2019-20
COVID-19 expenditures	\$14.82m	PPE and other reopening-related expenses. Was at \$5.9 at Fiscal Year End 2019-20
Transfer To Capital Reserves Fund*	\$3.5m	Funds for capital projects
<b>TOTAL FUND BALANCE</b>	<b>\$36.4m</b>	

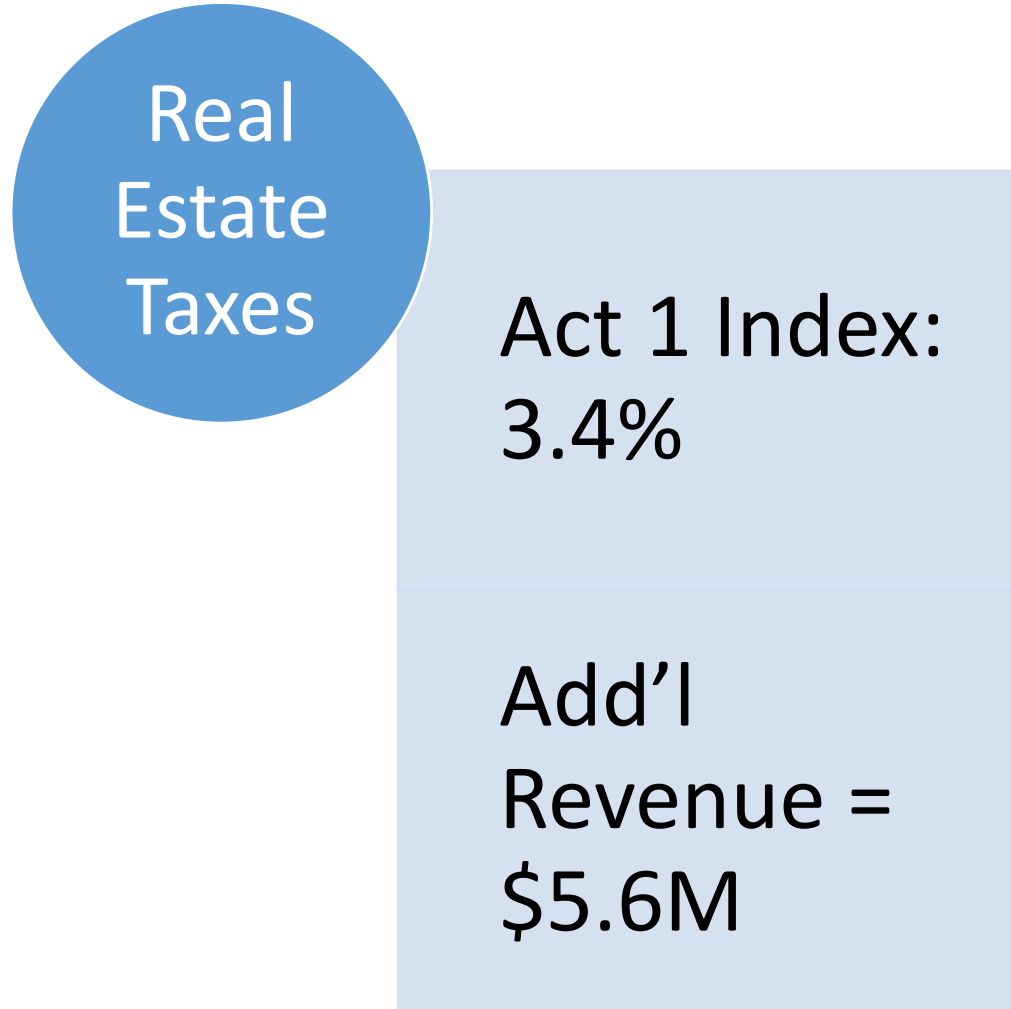


# 2019-20 Other Funds

- Capital Reserve & Capital Projects – utilized existing funding to continue work
- Food Service Fund – loss for the year due to closure
- Medical Fund – increasing surplus, better than expected year
- Student Activities Fund – significant balances



# 2022-2023 Budget Landscape



# 2022-2023 Budget Landscape

- Revenue collections
- Employee costs
- Increased charter school costs



# 2022-23

## Budget Timeline

DATE	ACCELERATED TIMELINE	STANDARD TIMELINE
1/6/2022	Approve Opt Out Resolution	No action required
2/3/2022	No action required	Approve Preliminary Budget and Notice of Intent to Apply for Exceptions
2/21/2022	No action required	File exceptions with PDE
3/18/2022	No action required	Deadline to submit referendum question to Bucks County BOE ( <i>not required</i> )
5/5/2022	Approve Proposed Final Budget	
6/16/2022	Approve Final Budget	