



New Jersey Schools Insurance Group
6000 Midlantic Drive, Suite 300 North
Mount Laurel, New Jersey 08054
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Board of Trustees Meeting of June 17, 2020 Accounting/Finance Report

- ACCOUNTING DEPARTMENT PROCESSES:

- (1) **Billing & Accounts Receivable Processes:** NJSIG's Accounting Department processed \$140.1 million of 2019/2020 renewal gross member contributions and endorsements in the PeopleSoft Billing Module as of the date of this report (06/09/2020). The Accounting Department is current with all business that was bound and exported from the Underwriting system (Navrisk). In addition, the Accounting Department continues to invoice NJSIG's members in the PeopleSoft Billing system for monthly Workers Compensation installments and miscellaneous endorsements as the billing data is exported from Navrisk. The Accounting Department collected and applied \$136.8 million of members' contribution deposits (to date) for the 2019/2020 fiscal year. Collections of NJSIG member contributions are kept current with the Accounting Department's issuance of color-coded NJSIG member statements on the 15th of each month.

(2) **Accounts Payable:** All accounts payable vouchers and payments are current. The Accounting Department processed \$13.3 million of broker commissions as part of the direct bill procedures during the 2019/2020 fiscal year.

- **FINANCIAL REPORTS:**

Attached are the FY2019/2020 financial reports and the supplementary investment & cash reports as of 04/30/2020. I am currently working on the financial reporting for 05/31/2020.

- **SPECIAL PROJECTS:**

In addition to my standard responsibilities, I have also been working on the following special projects:

(1) 2020-20201 Budget: The 2020/2021 budget was communicated to NJSIG members prior to this meeting in compliance with NJSIG bylaws. There were no changes to the budget since the first reading at our May meeting. The final budget is presented as the second reading (with the Willis Towers Watson opinion) at this meeting. The trustees will be asked to accept/adopt this budget as an action item, as well. The adopted budget will be filed with NJ Department of Banking and Insurance subsequent to NJSIG board resolution.

(2) COVID19 Relief Assistance – The NJSIG Board of Trustee Business

Administrators met with several NJSIG managers to discuss the potential financial hardships facing NJSIG members for the upcoming school year. It is our intention to pursue options to offer assistance to our members, if possible. We discussed some of these options with the business administrators and will address this subject at the meeting with the full board of trustees.

Thank you,

Michele Carosi

Chief Financial Officer

N J S I G
SUMMARY OF CASH AND INVESTMENTS
AS OF **4/30/2020**

CASH & CASH EQUIVALENTS:

Petty Cash	\$190.66
Cash Mgmt. Fund - N.J. State	\$342,316.29
Concentration Acct (TD Bank)	\$0.00
Claims Acct (TD Bank)	(\$12,286.50)
Concentration Acct (Investors)	\$193,423,571.44
Operating Acct (Investors)	(\$687,820.37)
Claims Acct (Investors)	(\$2,520,741.93)
Assessmnt Collection Acct(INV)	\$0.00
Money Market (WT)	\$9,659,712.58

TOTALS AS OF **4/30/2020** **\$200,204,942.17**

INVESTMENTS:

(Including amortization of premiums/discounts & excluding market value adjustments)

	<u>MATURITY</u> <u>AMOUNT</u>	<u>AMORTIZED</u> <u>PREMIUM/DISCOUNT</u> <u>VALUE</u>	<u>TOTAL MARKET</u> <u>VALUE</u>	<u>% OF</u> <u>INVEST</u>
0 TO 12 MONTHS	\$93,225,000	(\$430,623)	\$93,814,176	52%
12 TO 24 MONTHS	\$85,345,000	\$0	\$86,702,131	48%
24 TO 36 MONTHS	\$0			
36 TO 48 MONTHS	\$0			
48 TO 60 MONTHS	\$0			
TOTALS	<u>\$178,570,000</u>	<u>(\$430,623)</u>	<u>\$180,516,306</u>	<u>100%</u>

TOTAL AS OF	4/30/2020	
CASH & CASH EQUIVALENTS		\$200,204,942
INVESTMENTS		\$180,516,306
TOTAL		<u>\$380,721,249</u>



NJSIG
Balance Sheet
For the Period Ended 4/30/2020

	<u>Current Balance</u>	<u>Prior Year</u>
<u>Current Assets:</u>		
CASH IN BANKS	190,545,232.05	176,030,280.94
Money Market (WT)	9,659,712.58	69,950.01
Invest Fund US Notes (WT)	178,570,000.20	129,730,000.20
Invest Prem/Disc - Notes (WT)	(430,622.88)	(748,278.26)
Market Value Adjust (WT)	2,376,929.22	(115,187.57)
Invest Fund-US Bills (WT)	0.00	55,595,000.00
Invest Prem/Disc Bills (WT)	0.04	(810,757.93)
MARKETABLE SECURITIES	<u>190,176,019.16</u>	<u>183,720,726.45</u>
Reins. Recovery Receivable	0.00	0.00
Reins. Recovery 85/86 Recvb'l	(39,274.66)	(40,873.32)
REINSURANCE RECEIVABLES	<u>(39,274.66)</u>	<u>(40,873.32)</u>
Interest/Divid Recvb'l - WT	526,812.85	746,886.47
INTEREST/DIVIDENDS RECEIVABLES	<u>526,812.85</u>	<u>746,886.47</u>
Legal Settlement Recvb'l	100.00	100.00
MISC ACCOUNTS RECEIVABLES	<u>100.00</u>	<u>100.00</u>
Premium Recvb'l Installments	6,067,645.89	5,802,647.32
Premium Receivable	5,043,252.12	3,113,674.36
PREMIUM RECEIVABLES	<u>11,110,898.01</u>	<u>8,916,321.68</u>
TOTAL Current Assets	<u>392,319,787.41</u>	<u>369,373,442.22</u>
F&F Original Value	1,849,528.80	1,936,958.55
Accumulated Depreciation	(1,366,650.63)	(1,363,990.15)
TOTAL FIXED ASSETS	<u>482,878.17</u>	<u>572,968.40</u>
<u>Other Assets:</u>		
Prepaid General Insurance	130,812.76	130,048.16
Prepaid Crime Insurance	18,318.11	24,770.75
Prepaid General Expenses	100,180.59	170,163.24
Prepaid TPA Expenses	0.00	0.00
PREPAID ASSETS	<u>249,311.46</u>	<u>324,982.15</u>
Unearned Reins Exp	0.00	0.00
Unearned Agent Comm.	0.00	0.00
UNEARNED EXPENSES	<u>0.00</u>	<u>0.00</u>



NJSIG
Balance Sheet
For the Period Ended 4/30/2020

	<u>Current Balance</u>	<u>Prior Year</u>
OTHER ASSETS	0.00	0.00
GASB68-Defer Out-ChngInAssump	2,631,505.00	3,554,597.00
GASB68-DeferOut-ChngProportion	2,268,736.00	1,808,057.00
GASB68-DeferOut-ExpectvsActual	304,540.00	415,448.00
GASB68-DeferOut-NETDiffProjInv	0.00	120,142.00
GASB68DeferOut-SubsqntContrib	0.00	0.00
DEFERRED OUTFLOWS	<u>5,204,781.00</u>	<u>5,898,244.00</u>
TOTAL OTHER ASSETS	<u>5,454,092.46</u>	<u>6,223,226.15</u>
TOTAL ASSETS	<u>398,256,758.04</u>	<u>376,169,636.77</u>
Accrued Expenses Payable	122,294.69	122,294.69
A/P Module INS01	(1,158.60)	0.00
Safety Grant Payable	13,550,247.42	16,293,558.31
Unclaimed Prop/Escheat Payable	0.00	0.00
Federal Income Tax W/H	(5.60)	(5.60)
Medicare - Employer	(1.31)	(1.31)
FSA MED Payable	(1,983.80)	(3,357.64)
FSA Depend Payable	908.32	(398.32)
TOTAL CURRENT LIABILITIES	<u>13,670,301.12</u>	<u>16,412,090.13</u>
Estimated Unpaid Losses	200,277,000.00	207,638,000.00
Reserve-Unalloc Loss Adjust	8,700,000.00	8,900,000.00
Unearned Premiums	0.00	0.00
Post Retirement Bene Paybl	2,189,899.61	1,959,565.64
Rate Stabilization-ERIC North	593,362.40	593,362.40
Rate Stabilization-ERIC South	99,230.99	99,230.99
Rate Stabilization - ERIC West	197,760.85	197,760.85
Rate Stabilization - BACCCEIC	319,325.66	319,325.66
Rate Stabilization - MOCSSIF	320,824.09	320,824.09
Rate Stabilization - NJEIF	437,559.63	437,559.63
TOTAL LONG TERM LIABILITIES	<u>213,134,963.23</u>	<u>220,465,629.26</u>
Pensions Payable	41,097.77	41,323.97
GASB68-Pension Payable	15,969,473.00	17,643,695.00
DCRP Payable	0.00	1,079.41
403B/T. Rowe Price Payable	4,075.72	4,272.67
Retro Claims (Cash)	192,208.60	208,634.80
Group Term Life Payable	136.88	112.74
Agent Comm. Payable	701,910.08	569,139.84
TOTAL OTHER LIABILITIES	<u>16,908,902.05</u>	<u>18,468,258.43</u>



NJSIG
Balance Sheet
For the Period Ended 4/30/2020

	<u>Current Balance</u>	<u>Prior Year</u>
TOTAL REINSURANCE PAYABLES	<u>1,900,068.11</u>	<u>1,375,119.56</u>
TOTAL EXCISE TAX LIABILITIES	<u>(5,211.23)</u>	<u>2,722.66</u>
GASB68-DeferIn-DiffInInvest	149,794.00	0.00
GASB68-DeferIn-ChngIn Proport	68,024.00	94,493.00
GASB68-DeferIn-ChngInAssump	5,106,188.00	3,541,565.00
GASB68-DeferIn-ExpectVsActual	82,344.00	0.00
GASB75-DeferIn-ExpectVSActual	(34.00)	(17.00)
GASB68-DeferIn-SpecLiabIndivER	<u>246.00</u>	<u>0.00</u>
TOTAL DEFERRED INFLOWS	<u>5,406,562.00</u>	<u>3,636,041.00</u>
TOTAL LIABILITIES	<u>251,015,585.28</u>	<u>260,359,861.04</u>
Retained Earnings Fund Balance	107,824,597.90	82,580,853.44
Year-to-Date Earnings	39,416,574.86	33,228,922.29
Total Capital	<u>147,241,172.76</u>	<u>115,809,775.73</u>
Total Liabilities and Capital	<u><u>398,256,758.04</u></u>	<u><u>376,169,636.77</u></u>



NJSIG
Income Statement
For the Period Ending 4/30/2020

	<u>Actuals YTD</u>	<u>Budget YTD</u>	<u>Actuals Month</u>	<u>Budget Month</u>
Income:				
Member Contributions	140,086,875.60	136,040,314.00	(8,339.13)	0.00
Retro Accounts Income	0.00	0.00	0.00	0.00
Total Income	140,086,875.60	136,040,314.00	(8,339.13)	0.00
Adjustments:				
4301 Reinsurance Recoveries	5,279,744.19	1,450,000.00	1,110,186.31	0.00
4303 Accrued Reins Recoveries	(1,777,188.00)	0.00	0.00	0.00
4304 Subrogation Income	646,722.44	0.00	30,954.92	0.00
4307 Claim Deduct'bl Credit	94,388.00	0.00	0.00	0.00
Recoveries & Subro Income	4,243,666.63	1,450,000.00	1,141,141.23	0.00
Revenue	144,330,542.23	137,490,314.00	1,132,802.10	0.00



NJSIG
Income Statement
For the Period Ending 4/30/2020

	<u>Actuals YTD</u>	<u>Budget YTD</u>	<u>Actuals Month</u>	<u>Budget Month</u>
Expenses:				
5102 Salaries-Temporary Employees	28,464.08	107,780.00	3,760.64	10,778.00
5103 Salaries	5,072,992.77	5,643,834.00	507,077.22	564,383.40
5104 Salaries-Overtime	18,009.32	47,966.70	751.74	4,796.67
5105 Salaries-Third Party Sick Pay	0.00	0.00	0.00	0.00
5106 Deferred Compensation Pay	1,500.00	0.00	500.00	0.00
5108 Payroll Tax Expenses	501,765.59	455,770.00	47,434.92	45,577.00
5109 Pension Expense	803,692.00	805,164.20	0.00	80,516.42
5111 Recruiting Costs	13,377.50	20,625.00	197.25	2,062.50
5112 Post Retirement Bene Exp	0.00	221,464.20	0.00	22,146.42
5113 Employee Medical Benefits	767,940.77	984,825.00	75,175.04	98,482.50
5114 Employee Dental Benefits	50,923.42	57,076.70	5,254.27	5,707.67
5115 Employee Vision Benefits	22,199.92	22,962.50	2,071.42	2,296.25
5118 Employee ST Disab & Other Ins	57,595.37	68,333.30	14,420.94	6,833.33
5119 Defined Contrib Retirement Exp	4,790.50	5,185.80	0.00	518.58
Personnel Expenses	<u>7,343,251.24</u>	<u>8,440,987.40</u>	<u>656,643.44</u>	<u>844,098.74</u>
5203 Marketing Expenses	<u>2,908.98</u>	<u>12,083.30</u>	<u>80.75</u>	<u>1,208.33</u>
Member Services Dept Expenses	<u>2,908.98</u>	<u>12,083.30</u>	<u>80.75</u>	<u>1,208.33</u>
5227 Loss Prevention	<u>9,721.07</u>	<u>23,206.70</u>	<u>743.45</u>	<u>2,320.67</u>
Loss Control Dept Expenses	<u>9,721.07</u>	<u>23,206.70</u>	<u>743.45</u>	<u>2,320.67</u>
5252 Claims Audit Expense	0.00	85,000.00	0.00	8,500.00
5253 Claims Admin. Expenses	(112.00)	0.00	0.00	0.00
Claims Dept Expenses	<u>(112.00)</u>	<u>85,000.00</u>	<u>0.00</u>	<u>8,500.00</u>
5301 Accounting Fees	3,273.00	0.00	3,273.00	0.00
5303 Actuary Fees	85,243.20	229,166.70	24,513.70	22,916.67
5305 Loss Control Outside Services	220,209.23	245,646.70	13,741.65	24,564.67
5306 Legal & Professional Fees	28,916.13	166,666.70	0.00	16,666.67
5310 Third Party Admin.-Willis	562,500.00	562,500.00	56,250.00	56,250.00
Outside Service Fees	<u>900,141.56</u>	<u>1,203,980.10</u>	<u>97,778.35</u>	<u>120,398.01</u>
Total Agent Commission Expense	<u>13,412,063.71</u>	<u>12,092,957.00</u>	<u>(1,424.98)</u>	<u>0.00</u>
5401 Claims Expense	<u>52,359,727.32</u>	<u>60,359,532.50</u>	<u>3,813,757.39</u>	<u>6,035,953.25</u>
Claims Expenses	<u>52,359,727.32</u>	<u>60,359,532.50</u>	<u>3,813,757.39</u>	<u>6,035,953.25</u>
Reinsurance Expenses	<u>36,301,993.51</u>	<u>36,050,029.70</u>	<u>(4,013.97)</u>	<u>9,129.67</u>



NJSIG
Income Statement
For the Period Ending 4/30/2020

	<u>Actuals YTD</u>	<u>Budget YTD</u>	<u>Actuals Month</u>	<u>Budget Month</u>
5352 IT - Office Equipment Supplies	17,109.82	30,666.70	953.54	3,066.67
5353 Office Equipment Maintenance	6,854.22	25,250.00	1,597.76	2,525.00
5354 Computer Software Maintenance	299,366.94	289,295.80	17,234.79	28,929.58
Information Technology Dept Expenses	<u>323,330.98</u>	<u>345,212.50</u>	<u>19,786.09</u>	<u>34,521.25</u>
5702 Depreciation Expense	465,009.12	525,895.80	51,540.56	52,589.58
5703 Dues & Subscriptions	81,747.44	94,430.00	3,019.38	9,443.00
5704 Misc. Bank Fees	93,046.60	77,979.20	23,522.93	7,797.92
5705 IRS & State Tax/Fees	10,460.48	0.00	1,013.43	0.00
5708 Rent Expense	423,623.60	403,128.30	39,376.40	40,312.83
5709 Office Supplies	20,521.77	31,450.00	5,738.08	3,145.00
5710 Office Operating Expenses	49,153.31	54,320.00	4,765.48	5,432.00
5711 Office Leased Expenses	12,329.47	16,250.00	2,103.07	1,625.00
5712 Telephone Expense	0.00	833.30	0.00	83.33
5715 Group's Insurance Expense	148,233.51	188,083.30	18,088.97	18,808.33
5716 Group's Crime Insurance Exp.	27,736.98	35,000.00	2,289.75	3,500.00
5717 FSA Admin Fee	1,749.20	3,431.70	166.00	343.17
5723 Postage	49,790.46	57,916.70	3,832.21	5,791.67
5727 Employee Seminar Expenses	16,665.79	122,541.70	355.50	12,254.17
5728 Insurance Course Fees	719.00	28,833.40	0.00	2,883.34
5729 Tuition Reimbursement	4,995.00	33,741.70	0.00	3,374.17
5730 Audit Fees	0.00	59,500.00	0.00	5,950.00
5731 Consulting Fees	217,609.40	239,583.40	2,916.67	23,958.34
5732 Miscellaneous Expenses	1,885.03	3,083.30	159.32	308.33
5733 Disaster Recovery Expenses	91,929.83	107,535.00	8,575.29	10,753.50
5737 Cell Phone Expense	9,511.55	13,333.30	1,925.37	1,333.33
5738 OPRA expenses	0.00	20,833.30	0.00	2,083.33
5746 Foreign Excise Tax	82,684.46	54,013.30	(25.76)	5,401.33
Business Operating Expenses	<u>1,809,402.00</u>	<u>2,171,716.70</u>	<u>169,362.65</u>	<u>217,171.67</u>
5201 Travel & Related Expenses	43,340.01	86,337.40	60.38	8,633.74
5851 Annual Meeting	56,468.21	63,400.00	132.92	0.00
5852 Trustee Meeting Expense	2,262.07	8,333.30	99.20	833.33
Conferences & Meeting Expenses	<u>102,070.29</u>	<u>158,070.70</u>	<u>292.50</u>	<u>9,467.07</u>
Total Expenses	<u>112,564,498.66</u>	<u>120,942,776.60</u>	<u>4,753,005.67</u>	<u>7,282,768.66</u>



NJSIG
Income Statement
For the Period Ending 4/30/2020

	<u>Actuals YTD</u>	<u>Budget YTD</u>	<u>Actuals Month</u>	<u>Budget Month</u>
Other Revenue and Expenses:				
4414 Interest-NJ Cash Mgmt Fund	5,031.37	3,333.30	205.57	333.33
4423 Interest - InvBk Concentration	2,403,019.35	1,666,666.70	103,714.26	166,666.67
4424 Interest-Invest Fund (WT)	2,767,771.78	1,333,333.30	206,795.42	133,333.33
4425 Accrued Interest/Divid	(554,479.51)	0.00	(7,979.39)	0.00
Investment Income	<u>4,621,342.99</u>	<u>3,003,333.30</u>	<u>302,735.86</u>	<u>300,333.33</u>
4501 Unrealized Gain/Loss	2,218,500.40	0.00	(250,878.94)	0.00
Financial Income	<u>2,218,500.40</u>	<u>0.00</u>	<u>(250,878.94)</u>	<u>0.00</u>
4603 Miscellaneous Income	237.48	0.00	0.00	0.00
4604 Realized Gain/(Loss) Invest-WT	1,477,738.07	0.00	99,365.23	0.00
4605 Seminar Income	20,275.00	9,791.70	1,250.00	979.17
4609 Change in Unrnd Ag Comm	(34,559.05)	0.00	0.00	0.00
4610 Change in Unrnd Reins	(93,207.05)	0.00	0.00	0.00
Other Revenues	<u>1,370,484.45</u>	<u>9,791.70</u>	<u>100,615.23</u>	<u>979.17</u>
5901 Amortization of Inv. Premiums	559,796.55	0.00	44,097.24	0.00
Investment Expenses	<u>559,796.55</u>	<u>0.00</u>	<u>44,097.24</u>	<u>0.00</u>
Total Other Revenue and Expenses	<u>7,650,531.29</u>	<u>3,013,125.00</u>	<u>108,374.91</u>	<u>301,312.50</u>
Net Revenue	<u>39,416,574.86</u>	<u>19,560,662.40</u>	<u>(3,511,828.66)</u>	<u>(6,981,456.16)</u>