



New Jersey Schools Insurance Group  
6000 Midlantic Drive, Suite 300 North  
Mount Laurel, New Jersey 08054  
[www.njsig.org](http://www.njsig.org)

## Board of Trustees Meeting of September 26, 2018 Comptroller/Financial Reporting Report

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The following are updates to and/or new accounting issues (if applicable) since the last Board Package.

### ➤ ACCOUNTING DEPARTMENT PROCESSES:

- (1) **Billing & Accounts Receivable Processes:** The NJSIG Accounting Department processed \$131.8 million of 2018/2019 renewal gross member contributions and endorsements in the PeopleSoft Billing module as of the date of this report (09/17/2018). 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 members in the PeopleSoft Billing system for monthly Workers' Compensation installments, 2018/2019 Renewals (off 07/01/18) and miscellaneous endorsements as the billing data is exported from NavRisk. The Accounting Department has collected and applied \$48.9 million of members' contribution deposits (to date) for the 2018/2019 fiscal year. Collections of NJSIG member contributions are kept current with the Accounting Department's issuance of color-coded NJSIG Member Statements on the 15<sup>th</sup> of each month.
- (2) **Accounts Payable:** All Accounts Payable vouchers and payments are current. The Accounting Department processed \$2.9 million of broker commissions as part of the Direct Bill procedures during the 2018/2019 fiscal year. The Accounting Department has also processed \$565,118 of safety grant checks (declared on the 06/30/17 NJSIG results). The remaining 06/30/17 safety grant checks will be processed in the next few weeks.

## FINANCIAL REPORTING ISSUES 2017/2018:

Please find the attached final 05/2018 financial reports and the *preliminary 06/30/2018 financial reports*. The 06/30/2018 reports have been audited and approved by the Bowman auditors, but are pending the resolution of the action item of the 06/30/18 safety grant declaration (to be determined at the 09/26/18 meeting). I have also included the 06/30/2018 Investment & Cash reports.

### ➤ SPECIAL PROJECTS:

In addition to my standard responsibilities, I have also been working on the following special projects since our last board meeting:

- (1) 2017/2018 Financial Audit: – Over the summer months, I facilitated and coordinated the audit work related to the fiscal year-end audit with the new auditors, Bowman & Company. Although it was Bowman’s first year to audit NJSIG, I believe that it was a smooth transition. I am waiting for their final audit report, including any management recommendations, which will be shared with the Trustees at the next meeting.
- (2) 2018/2019 Investments: Please note that the Wilmington Trust team will be at this meeting to provide an update to our investment portfolio, to address any Trustee questions or concerns and to suggest any new recommendations or changes to the current NJSIG investment strategy. I have included NJSIG’s current Investment Policy and NJSIG’s current Cash Management & Investment Plan in this section. The Cash Management & Investment Plan is also a discussion item/first reading this section and in the “First Reading”/Discussion section for necessary changes. I have also included a worksheet of NJSIG Concentration Account ending bank balances for the past three months for your review and consideration as it relates to the Wilmington Trust presentation.
- (3) 2018/2019 Budget Upload to PeopleSoft: I completed the upload of the approved 2018/2019 budget data (from the 06/2018 meeting) to the PeopleSoft budget module. This upload of data allows me to present budget to actual financial data within the statements that I provide to you at each meeting.

(4) Internal Audit of Payroll/HR documentation: The Senior Payroll & Employee Benefits Specialist performed an internal audit of historical employee data in Imageright (NJSIG's paperless records retention system). This audit indicated that employee records were missing (or were not updated) prior to her assumption of this role in February, 2017. We will be working to rectify this over the next year.

Please contact me if you have any questions or concerns email is [mcarosi@njsig.org](mailto:mcarosi@njsig.org) and my cell number is (609)949-1973.

*Michele Carosi*

Michele Carosi  
Comptroller



**NJSIG**  
**Income Statement**  
**For the Period Ending 5/31/2018**

	<u>Actuals YTD</u>	<u>Budget YTD</u>	<u>Actuals Month</u>	<u>Budget Month</u>
Income:				
Premium Income	129,821,202.94	131,180,680.00	16,945.77	0.00
Retro Accounts Income	0.00	0.00	0.00	0.00
Total Income	129,821,202.94	131,180,680.00	16,945.77	0.00
Adjustments:				
4301 Reinsurance Recoveries	1,258,364.98	0.00	339,429.11	0.00
4303 Accrued Reins Recoveries	(534,115.00)	0.00	0.00	0.00
4304 Subrogation Income	1,285,432.49	0.00	139,519.74	0.00
4307 Claim Deduct'bl Credit	22,894.32	0.00	0.00	0.00
Recoveries & Subro Income	2,032,576.79	0.00	478,948.85	0.00
Revenue	131,853,779.73	131,180,680.00	495,894.62	0.00



**NJSIG**  
**Income Statement**  
**For the Period Ending 5/31/2018**

	<u>Actuals YTD</u>	<u>Budget YTD</u>	<u>Actuals Month</u>	<u>Budget Month</u>
Expenses:				
5102 Salaries-Temporary Employees	73,897.99	103,143.33	9,199.78	9,376.67
5103 Salaries	5,380,774.97	5,912,533.00	488,861.77	537,503.00
5104 Salaries-Overtime	26,799.60	4,583.34	3,460.50	416.67
5105 Salaries-Third Party Sick Pay	0.00	0.00	0.00	0.00
5108 Payroll Tax Expenses	431,091.70	511,600.84	43,540.54	46,509.17
5109 Pension Expense	735,833.75	683,113.75	0.00	62,101.25
5111 Recruiting Costs	5,441.86	28,114.16	990.40	2,555.83
5112 Post Retirement Bene Exp	0.00	167,201.84	0.00	15,200.17
5113 Employee Medical Benefits	879,610.13	1,117,710.00	77,831.65	101,610.00
5114 Employee Dental Benefits	51,523.12	60,135.16	4,745.37	5,466.83
5115 Employee Vision Benefits	23,389.39	25,972.84	2,070.91	2,361.17
5118 Employee ST Disab & Other Ins	48,688.24	75,166.66	10,262.21	6,833.33
5119 Defined Contrib Retirement Exp	5,700.02	6,161.84	0.00	560.17
Personnel Expenses	<u>7,662,750.77</u>	<u>8,695,436.75</u>	<u>640,963.13</u>	<u>790,494.25</u>
5203 Marketing Expenses	5,972.17	7,745.84	738.70	704.17
Member Services Dept Expenses	<u>5,972.17</u>	<u>7,745.84</u>	<u>738.70</u>	<u>704.17</u>
5227 Loss Prevention	123,179.90	160,050.00	10,970.65	14,550.00
Loss Control Dept Expenses	<u>123,179.90</u>	<u>160,050.00</u>	<u>10,970.65</u>	<u>14,550.00</u>
5252 Claims Audit Expense	12,000.00	14,666.66	0.00	1,333.33
5253 Claims Admin. Expenses	(1,240.65)	0.00	0.00	0.00
Claims Dept Expenses	<u>10,759.35</u>	<u>14,666.66</u>	<u>0.00</u>	<u>1,333.33</u>
5301 Accounting Fees	0.00	1,008.34	0.00	91.67
5303 Actuary Fees	61,776.06	201,666.66	0.00	18,333.33
5305 Loss Control Outside Services	106,475.80	82,500.00	578.84	7,500.00
5306 Legal & Professional Fees	112,508.04	229,166.66	9,307.00	20,833.33
5310 Third Party Admin.-Willis	562,500.00	618,750.00	0.00	56,250.00
Outside Service Fees	<u>843,259.90</u>	<u>1,133,091.66</u>	<u>9,885.84</u>	<u>103,008.33</u>
Total Agent Commission Expense	<u>12,895,917.48</u>	<u>12,673,259.00</u>	<u>2,422.05</u>	<u>0.00</u>
5401 Claims Expense	54,845,228.38	63,315,560.91	5,671,888.28	5,755,960.08
Claims Expenses	<u>54,845,228.38</u>	<u>63,315,560.91</u>	<u>5,671,888.28</u>	<u>5,755,960.08</u>



**NJSIG**  
**Income Statement**  
**For the Period Ending 5/31/2018**

	<u>Actuals YTD</u>	<u>Budget YTD</u>	<u>Actuals Month</u>	<u>Budget Month</u>
5505 Reinsurance Exp-District Bill	32,526,435.88	32,968,039.00	4,629.09	0.00
5507 Reinsurance Exp-NJSIG Paid	7,275.88	0.00	0.00	0.00
Reinsurance Expenses	<u>32,533,711.76</u>	<u>32,968,039.00</u>	<u>4,629.09</u>	<u>0.00</u>
5352 IT - Office Equipment Supplies	8,347.66	26,583.34	1,247.25	2,416.67
5353 Office Equipment Maintenance	22,239.35	36,575.00	17,818.35	3,325.00
5354 Computer Software Maintenance	204,243.03	252,134.66	17,869.40	22,921.33
Information Technology Dept Expenses	<u>234,830.04</u>	<u>315,293.00</u>	<u>36,935.00</u>	<u>28,663.00</u>
5702 Depreciation Expense	547,515.00	556,060.09	52,521.77	50,550.92
5703 Dues & Subscriptions	182,068.08	91,975.57	51,215.29	8,361.42
5704 Misc. Bank Fees	21,691.31	34,705.00	0.00	3,155.00
5708 Rent Expense	436,451.80	432,108.41	38,046.18	39,282.58
5709 Office Supplies	24,947.14	64,780.84	6,656.86	5,889.17
5710 Office Operating Expenses	46,306.36	85,235.34	4,790.56	7,748.67
5711 Office Leased Expenses	34,047.11	36,208.34	3,193.40	3,291.67
5712 Telephone Expense	0.00	916.66	0.00	83.33
5715 Group's Insurance Expense	181,249.66	229,166.66	16,517.04	20,833.33
5716 Group's Crime Insurance Exp.	32,188.59	36,666.66	3,051.75	3,333.33
5717 FSA Admin Fee	1,499.20	0.00	117.20	0.00
5723 Postage	49,019.12	56,833.34	983.87	5,166.67
5727 Employee Seminar Expenses	25,231.47	115,958.34	5,041.62	10,541.67
5728 Insurance Course Fees	2,207.95	11,000.00	0.00	1,000.00
5729 Tuition Reimbursement	2,728.00	5,500.00	0.00	500.00
5730 Audit Fees	30,000.00	0.00	0.00	0.00
5731 Consulting Fees	63,986.52	325,416.67	8,150.00	29,583.33
5732 Miscellaneous Expenses	2,394.31	5,683.33	216.09	516.67
5733 Disaster Recovery Expenses	102,498.78	113,388.00	9,187.55	10,308.00
5737 Cell Phone Expense	12,788.18	18,562.50	1,243.33	1,687.50
5738 OPRA expenses	838.50	91,666.66	0.00	8,333.33
Business Operating Expenses	<u>1,799,657.08</u>	<u>2,311,832.40</u>	<u>200,932.51</u>	<u>210,166.58</u>
5201 Travel & Related Expenses	66,216.39	104,763.98	8,331.23	9,524.00
5851 Annual Meeting	50,830.49	48,950.00	1,694.12	4,450.00
5852 Trustee Meeting Expense	2,717.74	10,000.00	31.61	0.00
Conferences & Meeting Expenses	<u>119,764.62</u>	<u>163,713.98</u>	<u>10,056.96</u>	<u>13,974.00</u>
Total Expenses	<u>111,075,031.45</u>	<u>121,758,689.21</u>	<u>6,589,422.21</u>	<u>6,918,853.75</u>



**NJSIG**  
**Income Statement**  
**For the Period Ending 5/31/2018**

	<u>Actuals YTD</u>	<u>Budget YTD</u>	<u>Actuals Month</u>	<u>Budget Month</u>
Other Revenue and Expenses:				
4411 Interest-Concentration Acct	867.80	0.00	0.00	0.00
4414 Interest-NJ Cash Mgmt Fund	3,782.93	205.34	483.98	18.67
4415 Interest-Commerce Concentr	9,572.54	530,079.91	1,141.24	48,189.08
4418 Interest on Assesment Recvbl's	3.41	0.00	0.00	0.00
4420 Interest - Certificate of Dep	0.21	0.00	0.00	0.00
4423 Interest - InvBk Concentration	2,681,397.24	0.00	207,890.99	0.00
4424 Interest-Invest Fund (WT)	838,998.05	0.00	186,768.45	0.00
4425 Accrued Interest/Divid	(108,628.96)	0.00	(25,633.38)	0.00
Investment Income	<u>3,425,993.22</u>	<u>530,285.25</u>	<u>370,651.28</u>	<u>48,207.75</u>
4501 Unrealized Gain/Loss	(474,197.82)	0.00	123,255.72	0.00
Financial Income	<u>(474,197.82)</u>	<u>0.00</u>	<u>123,255.72</u>	<u>0.00</u>
4605 Seminar Income	5,655.00	8,020.84	625.00	729.17
4609 Change in Unrnd Ag Comm	(43,977.67)	0.00	0.00	0.00
4610 Change in Unrnd Reins	(115,030.23)	0.00	0.00	0.00
Other Revenues	<u>(153,352.90)</u>	<u>8,020.84</u>	<u>625.00</u>	<u>729.17</u>
5901 Amortization of Inv. Premiums	(541,522.22)	0.00	(125,336.75)	0.00
5904 Loss/(Gain) on Sale of Assets	0.00	0.00	0.00	0.00
Investment Expenses	<u>(541,522.22)</u>	<u>0.00</u>	<u>(125,336.75)</u>	<u>0.00</u>
Total Other Revenue and Expenses	<u>3,339,964.72</u>	<u>538,306.09</u>	<u>619,868.75</u>	<u>48,936.92</u>
Net Revenue	<u>24,118,713.00</u>	<u>9,960,296.88</u>	<u>(5,473,658.84)</u>	<u>(6,869,916.83)</u>



**NJSIG**  
**Balance Sheet**  
**For the Period Ended 5/31/2018**

	<b>Current Balance</b>	<b>Prior Year</b>
<b><u>Current Assets:</u></b>		
Petty Cash	246.47	184.58
Cash Mgmt. Fund - N.J. State	329,360.78	325,365.52
Concentration Acct (TD Bank)	1,581,995.57	1,745,854.37
Claims Acct (TD Bank)	(143,755.40)	(316,271.79)
FSA/DCA Acct (TD Bank)	0.00	0.40
Lock Box Account(TD Bank)	0.00	0.08
Operating Account (TD Bank2)	0.00	(9,406.50)
Concentration Acct (Investors)	162,073,714.56	328,456,296.68
Operating Acct (Investors)	(291,621.05)	(146,290.30)
Claims Acct (Investors)	(1,718,993.85)	(1,242,007.00)
Assessmnt Collection Acct(INV)	(62,751.27)	(361,203.69)
<b>CASH IN BANKS</b>	<b>161,768,195.81</b>	<b>328,452,522.35</b>
Partnership Interests	0.00	2.00
N.J. State Investment Fund	0.00	0.02
Market Value Adjust (NJ Inv F)	0.00	(0.02)
Money Market (WT)	4,456.63	0.00
Investment Fund (WT)	182,015,000.00	0.00
Invest Premium/Discount (WT)	(1,278,747.68)	0.00
Market Value Adjust (WT)	(474,197.82)	0.00
<b>MARKETABLE SECURITIES</b>	<b>180,266,511.13</b>	<b>2.00</b>
Reins. Recovery Receivable	0.00	0.00
Reins. Recovery 85/86 Recvb'l	(34,844.13)	(36,223.49)
<b>REINSURANCE RECEIVABLES</b>	<b>(34,844.13)</b>	<b>(36,223.49)</b>
Interest/Divid. Recvb'l-NJ Inv	0.00	0.02
Interest/Divid Recvb'l - WT	509,491.05	0.00
<b>INTEREST/DIVIDENDS RECEIVABLES</b>	<b>509,491.05</b>	<b>0.02</b>
Legal Settlement Recvb'l	100.00	100.00
<b>MISC ACCOUNTS RECEIVABLES</b>	<b>100.00</b>	<b>100.00</b>
Premium Recvb'l Installments	2,819,077.24	2,768,432.52
Premium Receivable	1,765,698.10	1,839,115.23
<b>PREMIUM RECEIVABLES</b>	<b>4,584,775.34</b>	<b>4,607,547.75</b>
<b>TOTAL Current Assets</b>	<b>347,094,229.20</b>	<b>333,023,948.63</b>
F&F Original Value	1,804,854.19	1,698,409.41
Accumulated Depreciation	(1,095,433.58)	(893,154.29)
<b>TOTAL FIXED ASSETS</b>	<b>709,420.61</b>	<b>805,255.12</b>





**NJSIG**  
**Balance Sheet**  
**For the Period Ended 5/31/2018**

	<b>Current Balance</b>	<b>Prior Year</b>
<b>Other Assets:</b>		
Prepaid General Insurance	115,123.44	83,476.96
Prepaid Crime Insurance	21,362.32	9,197.51
Prepaid General Expenses	88,763.02	111,723.59
Prepaid TPA Expenses	0.00	(0.12)
PREPAID ASSETS	225,248.78	204,397.94
Unearned Reins Exp	0.00	651,390.18
Unearned Agent Comm.	0.00	199,824.44
UNEARNED EXPENSES	0.00	851,214.62
OTHER ASSETS	0.00	0.00
GASB68-Defer Out-ChngInAssump	4,290,832.00	1,703,943.00
GASB68-DeferOut-ChngProportion	1,056,205.00	1,347,926.00
GASB68-DeferOut-ExpectvsActual	385,217.00	378,521.00
GASB68-DeferOut-NETDiffProjInv	789,843.00	0.00
GASB68DeferOut-SubsqntContrib	0.00	0.00
DEFERRED OUTFLOWS	6,522,097.00	3,430,390.00
TOTAL OTHER ASSETS	6,747,345.78	4,486,002.56
<b>TOTAL ASSETS</b>	<b>354,550,995.59</b>	<b>338,315,206.31</b>
Accrued Expenses Payable	122,294.69	122,496.71
A/P Module INS01	(1,631.31)	(7,663.72)
Safety Grant Payable	8,947,093.52	3,420,840.33
Federal Income Tax W/H	(5.60)	0.00
Medicare - Employer	(1.31)	0.00
Employee Savings Payable	0.00	0.02
Local Income W/H-Phila	0.00	0.03
FSA MED Payable	(3,714.42)	(2,098.19)
FSA Depend Payable	(777.03)	3,805.00
<b>TOTAL CURRENT LIABILITIES</b>	<b>9,063,258.54</b>	<b>3,537,380.18</b>
Estimated Unpaid Losses	210,135,000.00	217,262,000.00
Reserve-Unalloc Loss Adjust	8,800,000.00	1,498,994.27
Unearned Premiums	0.00	1,606,448.11
Post Retirement Bene Paybl	1,357,840.83	1,181,917.80
Rate Stabilization-ERIC North	593,362.40	593,362.40
Rate Stabilization-ERIC South	99,230.99	232,385.94
Rate Stabilization - ERIC West	197,760.85	197,760.85



**NJSIG**  
**Balance Sheet**  
**For the Period Ended 5/31/2018**

	<u>Current Balance</u>	<u>Prior Year</u>
Rate Stabilization - BACCEIC	169,787.47	290,564.19
Rate Stabilization - MOCSSIF	320,824.09	320,824.09
Rate Stabilization - NJEIF	437,559.63	437,559.63
<b>TOTAL LONG TERM LIABILITIES</b>	<u>222,111,366.26</u>	<u>223,621,817.28</u>
Pensions Payable	40,160.10	39,652.63
GASB68-Pension Payable	20,713,990.00	15,866,572.00
DCRP Payable	1,079.41	1,079.41
403B/T. Rowe Price Payable	0.00	0.00
Retro Claims (Cash)	342,340.20	195,120.82
Group Term Life Payable	15,889.47	15,814.65
Agent Comm. Payable	302,430.35	437,982.04
<b>TOTAL OTHER LIABILITIES</b>	<u>21,415,889.53</u>	<u>16,556,221.55</u>
Due to Reinsurers	(1,318,870.81)	(1,468,492.32)
Reinsurance Payable-17/18	377,049.45	0.00
<b>TOTAL REINSURANCE PAYABLES</b>	<u>(941,821.36)</u>	<u>(1,468,492.32)</u>
<b>TOTAL EXCISE TAX LIABILITIES</b>	<u>0.00</u>	<u>0.00</u>
GASB68-DeferIn-DiffInInvest	0.00	255,104.00
GASB68-DeferIn-ChngIn Proport	120,962.00	0.00
<b>TOTAL DEFERRED INFLOWS</b>	<u>120,962.00</u>	<u>255,104.00</u>
<b>TOTAL LIABILITIES</b>	<u>251,769,654.97</u>	<u>242,502,030.69</u>
Retained Earnings Fund Balance	78,662,627.62	68,222,366.06
Year-to-Date Earnings	24,118,713.00	27,590,809.56
<b>Total Capital</b>	<u>102,781,340.62</u>	<u>95,813,175.62</u>
<b>Total Liabilities and Capital</b>	<u>354,550,995.59</u>	<u>338,315,206.31</u>



**NJSIG**  
**Income Statement**  
**For the Period Ending 6/30/2018**  
**PRELIMINARY AS OF 09/17/18**

	<u>Actuals YTD</u>	<u>Budget YTD</u>	<u>Actuals Month</u>	<u>Budget Month</u>
Income:				
Premium Income	129,334,143.86	131,180,680.00	(487,059.08)	0.00
Retro Accounts Income	0.00	0.00	0.00	0.00
Total Income	129,334,143.86	131,180,680.00	(487,059.08)	0.00
Adjustments:				
4301 Reinsurance Recoveries	1,295,074.28	0.00	36,709.30	0.00
4302 Reins Recovery W/C 85/86	(6,029.19)	0.00	(6,029.19)	0.00
4303 Accrued Reins Recoveries	(221,965.38)	0.00	312,149.62	0.00
4304 Subrogation Income	1,415,183.57	0.00	129,751.08	0.00
4307 Claim Deduct'bl Credit	22,894.32	0.00	0.00	0.00
Recoveries & Subro Income	2,505,157.60	0.00	472,580.81	0.00
Revenue	131,839,301.46	131,180,680.00	(14,478.27)	0.00



**NJSIG**  
**Income Statement**  
**For the Period Ending 6/30/2018**  
**PRELIMINARY AS OF 09/17/18**

	<u>Actuals YTD</u>	<u>Budget YTD</u>	<u>Actuals Month</u>	<u>Budget Month</u>
Expenses:				
5102	82,173.66	112,519.99	8,275.67	9,376.67
5103	5,862,754.30	6,450,036.00	481,979.33	537,503.00
5104	31,109.28	5,000.00	4,309.68	416.67
5105	0.00	0.00	0.00	0.00
5108	471,950.08	558,110.00	40,858.38	46,509.17
5109	736,079.26	745,215.00	245.51	62,101.25
5109-68	1,068,654.00	0.00	1,068,654.00	0.00
5111	5,822.36	30,670.00	380.50	2,555.83
5112	609,266.00	182,402.00	609,266.00	15,200.17
5113	958,160.84	1,219,320.00	78,550.71	101,610.00
5114	56,288.25	65,602.00	4,765.13	5,466.83
5115	23,362.15	28,334.00	(27.24)	2,361.17
5118	63,848.21	82,000.00	15,159.97	6,833.33
5119	5,947.47	6,722.00	247.45	560.17
	<u>9,975,415.86</u>	<u>9,485,931.00</u>	<u>2,312,665.09</u>	<u>790,494.25</u>
5203	6,998.87	8,450.00	1,026.70	704.17
	<u>6,998.87</u>	<u>8,450.00</u>	<u>1,026.70</u>	<u>704.17</u>
5227	135,516.05	174,600.00	12,336.15	14,550.00
	<u>135,516.05</u>	<u>174,600.00</u>	<u>12,336.15</u>	<u>14,550.00</u>
5252	12,000.00	16,000.00	0.00	1,333.33
5253	(1,319.65)	0.00	(79.00)	0.00
	<u>10,680.35</u>	<u>16,000.00</u>	<u>(79.00)</u>	<u>1,333.33</u>
5301	700.00	1,100.00	700.00	91.67



**NJSIG**  
**Income Statement**  
**For the Period Ending 6/30/2018**  
**PRELIMINARY AS OF 09/17/18**

	<u>Actuals YTD</u>	<u>Budget YTD</u>	<u>Actuals Month</u>	<u>Budget Month</u>
5303 Actuary Fees	102,776.06	220,000.00	41,000.00	18,333.33
5305 Loss Control Outside Services	106,475.80	90,000.00	0.00	7,500.00
5306 Legal & Professional Fees	128,568.74	250,000.00	16,060.70	20,833.33
5310 Third Party Admin.-Willis	675,000.00	675,000.00	112,500.00	56,250.00
Outside Service Fees	<u>1,013,520.60</u>	<u>1,236,100.00</u>	<u>170,260.70</u>	<u>103,008.33</u>
Total Agent Commission Expense	<u>14,645,823.05</u>	<u>15,116,396.00</u>	<u>1,749,905.57</u>	<u>2,443,137.00</u>
5401 Claims Expense	60,703,864.60	69,071,521.00	5,858,636.22	5,755,960.08
5402 Change in Claims Reserves	(2,497,000.00)	0.00	(2,497,000.00)	0.00
5403 Change in Rsrv for ULAG	100,000.00	0.00	100,000.00	0.00
Claims Expenses	<u>58,306,864.60</u>	<u>69,071,521.00</u>	<u>3,461,636.22</u>	<u>5,755,960.08</u>
5505 Reinsurance Exp-District Bill	32,542,792.85	32,968,039.00	16,356.97	0.00
5507 Reinsurance Exp-NJSIG Paid	7,275.88	0.00	0.00	0.00
Reinsurance Expenses	<u>32,550,068.73</u>	<u>32,968,039.00</u>	<u>16,356.97</u>	<u>0.00</u>
5352 IT - Office Equipment Supplies	10,018.13	29,000.00	1,670.47	2,416.67
5353 Office Equipment Maintenance	22,239.35	39,900.00	0.00	3,325.00
5354 Computer Software Maintenance	229,721.07	275,056.00	25,478.04	22,921.33
Information Technology Dept Expenses	<u>261,978.55</u>	<u>343,956.00</u>	<u>27,148.51</u>	<u>28,663.00</u>
5702 Depreciation Expense	597,722.45	606,611.00	50,207.45	50,550.92
5703 Dues & Subscriptions	186,984.47	100,336.98	4,916.39	8,361.42
5704 Misc. Bank Fees	21,691.31	37,860.00	0.00	3,155.00
5708 Rent Expense	436,451.80	471,391.00	0.00	39,282.58
5709 Office Supplies	28,204.49	70,670.00	3,257.35	5,889.17
5710 Office Operating Expenses	50,155.78	92,984.00	3,849.42	7,748.67
5711 Office Leased Expenses	36,256.74	39,500.00	2,209.63	3,291.67
5712 Telephone Expense	0.00	1,000.00	0.00	83.33



**NJSIG**  
**Income Statement**  
**For the Period Ending 6/30/2018**  
**PRELIMINARY AS OF 09/17/18**

	<u>Actuals YTD</u>	<u>Budget YTD</u>	<u>Actuals Month</u>	<u>Budget Month</u>
5715 Group's Insurance Expense	197,695.87	250,000.00	16,446.21	20,833.33
5716 Group's Crime Insurance Exp.	35,240.34	40,000.00	3,051.75	3,333.33
5717 FSA Admin Fee	1,616.40	0.00	117.20	0.00
5723 Postage	49,607.81	62,000.00	588.69	5,166.67
5727 Employee Seminar Expenses	27,043.08	126,500.00	1,811.61	10,541.67
5728 Insurance Course Fees	3,012.95	12,000.00	805.00	1,000.00
5729 Tuition Reimbursement	2,728.00	6,000.00	0.00	500.00
5730 Audit Fees	90,000.00	60,000.00	60,000.00	60,000.00
5731 Consulting Fees	81,836.52	355,000.01	17,850.00	29,583.33
5732 Miscellaneous Expenses	2,723.36	6,199.99	329.05	516.67
5733 Disaster Recovery Expenses	110,809.67	123,696.00	8,310.89	10,308.00
5737 Cell Phone Expense	12,788.18	20,250.00	0.00	1,687.50
5738 OPRA expenses	838.50	100,000.00	0.00	8,333.33
5807 Ins. Write-off Exp	1,318,870.81	0.00	1,318,870.81	0.00
Business Operating Expenses	<u>3,292,278.53</u>	<u>2,581,998.98</u>	<u>1,492,621.45</u>	<u>270,166.58</u>
5201 Travel & Related Expenses	72,009.34	114,287.98	5,792.95	9,524.00
5851 Annual Meeting	50,965.49	53,400.00	135.00	4,450.00
5852 Trustee Meeting Expense	4,155.08	10,000.00	1,437.34	0.00
Conferences & Meeting Expenses	<u>127,129.91</u>	<u>177,687.98</u>	<u>7,365.29</u>	<u>13,974.00</u>
Total Expenses	<u>120,326,275.10</u>	<u>131,180,679.95</u>	<u>9,251,243.65</u>	<u>9,421,990.75</u>



**NJSIG**  
**Income Statement**  
**For the Period Ending 6/30/2018**  
**PRELIMINARY AS OF 09/17/18**

	<u>Actuals YTD</u>	<u>Budget YTD</u>	<u>Actuals Month</u>	<u>Budget Month</u>
Other Revenue and Expenses:				
4411 Interest-Concentration Acct	0.00	0.00	(867.80)	0.00
4414 Interest-NJ Cash Mgmt Fund	4,286.85	224.00	503.92	18.67
4415 Interest-Commerce Concentr	11,432.53	578,269.00	1,859.99	48,189.08
4418 Interest on Assesment Recvbl's	3.41	0.00	0.00	0.00
4420 Interest - Certificate of Dep	0.21	0.00	0.00	0.00
4423 Interest - InvBk Concentration	2,879,437.60	0.00	198,040.36	0.00
4424 Interest-Invest Fund (WT)	955,415.91	0.00	116,417.86	0.00
4425 Accrued Interest/Divid	(71,758.08)	0.00	36,870.88	0.00
Investment Income	<u>3,778,818.43</u>	<u>578,493.00</u>	<u>352,825.21</u>	<u>48,207.75</u>
4501 Unrealized Gain/Loss	(529,754.87)	0.00	(55,557.05)	0.00
Financial Income	<u>(529,754.87)</u>	<u>0.00</u>	<u>(55,557.05)</u>	<u>0.00</u>
4605 Seminar Income	5,930.00	8,750.00	275.00	729.17
4609 Change in Unrnd Ag Comm	(8,986.87)	0.00	34,990.80	0.00
4610 Change in Unrnd Reins	(24,690.52)	0.00	90,339.71	0.00
Other Revenues	<u>(27,747.39)</u>	<u>8,750.00</u>	<u>125,605.51</u>	<u>729.17</u>
5901 Amortization of Inv. Premiums	(669,162.26)	0.00	(127,640.04)	0.00
5904 Loss/(Gain) on Sale of Assets	0.00	0.00	0.00	0.00
Investment Expenses	<u>(669,162.26)</u>	<u>0.00</u>	<u>(127,640.04)</u>	<u>0.00</u>
Total Other Revenue and Expenses	<u>3,890,478.43</u>	<u>587,243.00</u>	<u>550,513.71</u>	<u>48,936.92</u>
Net Revenue	<u>15,403,504.79</u>	<u>587,243.05</u>	<u>(8,715,208.21)</u>	<u>(9,373,053.83)</u>



**NJSIG**  
**Balance Sheet**  
**For the Period Ended 6/30/2018**  
**PRELIMINARY AS OF 09-17-18**

	<u>Current Balance</u>	<u>Prior Year</u>
<b><u>Current Assets:</u></b>		
Petty Cash	246.47	182.79
Cash Mgmt. Fund - N.J. State	329,864.70	325,577.85
Concentration Acct (TD Bank)	0.00	1,578,200.53
Claims Acct (TD Bank)	(151,913.00)	(147,275.78)
Operating Account (TD Bank2)	0.00	(9,276.12)
Concentration Acct (Investors)	160,880,058.13	325,988,685.46
Operating Acct (Investors)	(166,801.61)	(106,032.52)
Claims Acct (Investors)	(2,507,262.99)	(1,998,506.11)
Assessmnt Collection Acct(INV)	0.00	0.00
<b>CASH IN BANKS</b>	<u>158,384,191.70</u>	<u>325,631,556.10</u>
Money Market (WT)	123,396.57	0.00
Investment Fund (WT)	182,015,000.00	0.00
Invest Premium/Discount (WT)	(1,173,256.08)	0.00
Market Value Adjust (WT)	(529,754.87)	0.00
<b>MARKETABLE SECURITIES</b>	<u>180,435,385.62</u>	<u>0.00</u>
Reins. Recovery Receivable	312,149.62	534,115.00
Reins. Recovery 85/86 Recvb'l	(40,873.32)	(34,844.13)
<b>REINSURANCE RECEIVABLES</b>	<u>271,276.30</u>	<u>499,270.87</u>
Interest/Divid Recvb'l - WT	565,988.29	0.00
<b>INTEREST/DIVIDENDS RECEIVABLES</b>	<u>565,988.29</u>	<u>0.00</u>
Legal Settlement Recvb'l	100.00	100.00
<b>MISC ACCOUNTS RECEIVABLES</b>	<u>100.00</u>	<u>100.00</u>
Premium Recvb'l Installments	0.00	(2.14)
Premium Receivable	1,618,636.50	1,467,214.77
<b>PREMIUM RECEIVABLES</b>	<u>1,618,636.50</u>	<u>1,467,212.63</u>
<b>TOTAL Current Assets</b>	<u>341,275,578.41</u>	<u>327,598,139.60</u>
F&F Original Value	1,608,616.84	1,322,600.95
Accumulated Depreciation	(946,507.46)	(548,390.78)
<b>TOTAL FIXED ASSETS</b>	<u>662,109.38</u>	<u>774,210.17</u>





**NJSIG**  
**Balance Sheet**  
**For the Period Ended 6/30/2018**  
**PRELIMINARY AS OF 09-17-18**

	<b>Current Balance</b>	<b>Prior Year</b>
<b><u>Other Assets:</u></b>		
Prepaid General Insurance	98,677.23	91,558.13
Prepaid Crime Insurance	18,310.57	16,929.91
Prepaid General Expenses	157,049.04	133,015.71
PREPAID ASSETS	274,036.84	241,503.75
Unearned Reins Exp	90,339.71	115,030.23
Unearned Agent Comm.	34,990.80	43,977.67
UNEARNED EXPENSES	125,330.51	159,007.90
OTHER ASSETS	0.00	0.00
GASB68-Defer Out-ChngInAssump	3,554,597.00	4,290,832.00
GASB68-DeferOut-ChngProportion	1,808,057.00	1,056,205.00
GASB68-DeferOut-ExpectvsActual	415,448.00	385,217.00
GASB68-DeferOut-NETDiffProjInv	120,142.00	789,843.00
GASB68DeferOut-SubsqntContrib	718,530.00	663,243.57
DEFERRED OUTFLOWS	6,616,774.00	7,185,340.57
TOTAL OTHER ASSETS	7,016,141.35	7,585,852.22
<b>TOTAL ASSETS</b>	<b>348,953,829.14</b>	<b>335,958,201.99</b>
Accrued Expenses Payable	2,852,637.09	3,141,500.46
A/P Module INS01	(1,252.45)	(6,043.88)
Safety Grant Payable	8,947,093.52	11,920,840.33
Federal Income Tax W/H	(5.60)	0.00
Medicare - Employer	(1.31)	0.00
FSA MED Payable	(4,179.14)	(769.26)
FSA Depend Payable	(777.01)	4,562.70
<b>TOTAL CURRENT LIABILITIES</b>	<b>11,793,515.10</b>	<b>15,060,090.35</b>
Estimated Unpaid Losses	207,638,000.00	210,135,000.00
Reserve-Unalloc Loss Adjust	8,900,000.00	8,800,000.00
Unearned Premiums	357,483.17	418,661.29
Post Retirement Bene Paybl	1,966,606.55	1,363,342.64
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



**NJSIG**  
**Balance Sheet**  
**For the Period Ended 6/30/2018**  
**PRELIMINARY AS OF 09-17-18**

	<b>Current Balance</b>	<b>Prior Year</b>
Rate Stabilization - BACCEIC	319,325.66	169,787.47
Rate Stabilization - MOCSSIF	320,824.09	320,824.09
Rate Stabilization - NJEIF	437,559.63	437,559.63
<b>TOTAL LONG TERM LIABILITIES</b>	<b>220,830,153.34</b>	<b>222,535,529.36</b>
Pensions Payable	41,166.66	40,396.57
GASB68-Pension Payable	17,643,695.00	20,713,990.00
DCRP Payable	1,079.41	1,079.41
403B/T. Rowe Price Payable	4,553.78	5,656.40
Retro Claims (Cash)	331,580.48	136,361.98
Group Term Life Payable	15,660.71	15,790.68
Agent Comm. Payable	196,844.83	133,805.94
<b>TOTAL OTHER LIABILITIES</b>	<b>18,234,580.87</b>	<b>21,047,080.98</b>
Due to Reinsurers	0.00	(1,468,088.32)
Reinsurance Payable-17/18	393,406.42	0.00
<b>TOTAL REINSURANCE PAYABLES</b>	<b>393,406.42</b>	<b>(1,468,088.32)</b>
<b>TOTAL EXCISE TAX LIABILITIES</b>	<b>0.00</b>	<b>0.00</b>
GASB68-DeferIn-ChngIn Proport	94,493.00	120,962.00
GASB68-DeferIn-ChngInAssump	3,541,565.00	0.00
GASB75-DeferIn-ExpectVSActual	(17.00)	0.00
<b>TOTAL DEFERRED INFLOWS</b>	<b>3,636,041.00</b>	<b>120,962.00</b>
<b>TOTAL LIABILITIES</b>	<b>254,887,696.73</b>	<b>257,295,574.37</b>
Retained Earnings Fund Balance	78,662,627.62	68,222,366.06
Year-to-Date Earnings	15,403,504.79	10,440,261.56
<b>Total Capital</b>	<b>94,066,132.41</b>	<b>78,662,627.62</b>
<b>Total Liabilities and Capital</b>	<b>348,953,829.14</b>	<b>335,958,201.99</b>

**NEW JERSEY SCHOOLS INSURANCE GROUP  
INVESTMENT PREMIUMS - FISCAL YEAR**

**6/30/2018**

**VALUED AS OF:**

**6/30/2018**

SOURCE: Wilmington Trust Statements:  
Account Detailed Summary Report  
Investment Detail Report

Purchase Date	Due Date	Description	Maturity /Par Value	Purchase Price	# of days held to maturity	Interest %	Amortiz. Invest prem/disc
1/10/2018	2/15/2018	UNITED STATES TREASURY NOTES DTD 02/15/2015 1.000% 02/15/2018	\$0	\$0	36	1.000%	\$0
1/10/2018	3/15/2018	UNITED STATES TREASURY NOTES DTD 03/15/2015 1.000% 03/15/2018	\$0	\$0	64	1.000%	\$0
1/10/2018	4/15/2018	UNITED STATES TREASURY NOTES DTD 04/15/2015 0.750% 04/15/2018	\$0	\$0	95	0.750%	\$0
1/10/2018	5/15/2018	UNITED STATES TREASURY NOTES DTD 05/15/2015 1.000% 05/15/2018	\$0	\$0	125	1.000%	\$0
1/10/2018	6/15/2018	UNITED STATES TREASURY NOTES DTD 06/15/2015 1.125% 06/15/2018	\$0	\$0	156	1.125%	\$0
1/10/2018	7/15/2018	UNITED STATES TREASURY NOTES DTD 07/15/2015 0.875% 07/15/2018	\$9,000,000	\$8,967,656	186	0.875%	(\$29,735)
5/16/2018	7/31/2018	UNITED STATES TREASURY NOTES DTD 07/31/2016 0.750% 07/31/2018	\$9,345,000	\$9,323,828	76	0.750%	(\$12,536)
1/10/2018	8/15/2018	UNITED STATES TREASURY NOTES DTD 08/15/2015 1.000% 08/15/2018	\$9,000,000	\$8,965,195	217	1.000%	(\$27,427)
6/13/2018	8/31/2018	UNITED STATES TREASURY NOTES DTD 08/31/2016 .750% 08/31/2018	\$9,000,000	\$8,977,852	79	0.750%	(\$4,766)
1/10/2018	9/15/2018	UNITED STATES TREASURY NOTES DTD 09/15/2015 1.000% 09/15/2018	\$9,000,000	\$8,957,813	248	1.000%	(\$29,089)
3/19/2018	10/15/2018	UNITED STATES TREASURY NOTES DTD 10/15/2015 0.875% 10/15/2018	\$9,200,000	\$9,142,141	210	1.000%	(\$28,379)
1/10/2018	11/15/2018	UNITED STATES TREASURY NOTES DTD 11/15/2015 1.250% 11/15/2018	\$9,000,000	\$8,959,570	309	1.250%	(\$22,374)
4/16/2018	12/31/2018	UNITED STATES TREASURY NOTES DTD 12/31/2011 1.375% 12/31/2018	\$9,070,000	\$9,023,941	259	1.375%	(\$16,199)
1/10/2018	1/15/2019	UNITED STATES TREASURY NOTES DTD 01/15/2016 1.125% 01/15/2019	\$9,000,000	\$8,936,719	370	1.125%	(\$29,246)
1/10/2018	2/15/2019	UNITED STATES TREASURY NOTES DTD 02/15/2016 0.750% 02/15/2019	\$9,000,000	\$8,891,719	401	0.750%	(\$46,175)
1/10/2018	3/15/2019	UNITED STATES TREASURY NOTES DTD 03/15/2016 1.000% 03/15/2019	\$9,000,000	\$8,908,594	429	1.000%	(\$36,435)

**NEW JERSEY SCHOOLS INSURANCE GROUP  
INVESTMENT PREMIUMS - FISCAL YEAR**

**6/30/2018**

**VALUED AS OF:**

**6/30/2018**

SOURCE: Wilmington Trust Statements:  
Account Detailed Summary Report  
Investment Detail Report

<b>Purchase Date</b>	<b>Due Date</b>	<b>Description</b>	<b>Maturity /Par Value</b>	<b>Purchase Price</b>	<b># of days held to maturity</b>	<b>Interest %</b>	<b>Amortiz. Invest prem/disc</b>
1/10/2018	4/15/2019	UNITED STATES TREASURY NOTES DTD 04/15/2016 0.875% 04/15/2019	\$9,000,000	\$8,885,742	460	0.875%	(\$42,474)
1/10/2018	5/15/2019	UNITED STATES TREASURY NOTES DTD 05/15/2016 0.875% 05/15/2019	\$9,000,000	\$8,877,656	490	0.875%	(\$42,695)
1/10/2018	7/15/2019	UNITED STATES TREASURY NOTES DTD 07/15/2016 0.750% 07/15/2019	\$9,000,000	\$8,841,797	551	0.750%	(\$49,098)
1/10/2018	9/15/2019	UNITED STATES TREASURY NOTES DTD 09/15/2016 0.875% 09/15/2019	\$9,000,000	\$8,840,742	613	0.875%	(\$44,426)
1/10/2018	10/15/2019	UNITED STATES TREASURY NOTES DTD 10/15/2016 1.000% 10/15/2019	\$9,000,000	\$8,851,289	643	1.000%	(\$39,548)
1/10/2018	11/15/2019	UNITED STATES TREASURY NOTES DTD 11/15/2016 1.000% 11/15/2019	\$9,000,000	\$8,844,258	674	1.000%	(\$39,513)
1/10/2018	11/15/2019	UNITED STATES TREASURY NOTES DTD 11/15/2016 1.000% 11/15/2019	\$200,000	\$196,320	674	1.000%	(\$934)
1/10/2018	12/15/2019	UNITED STATES TREASURY NOTES DTD 12/15/2016 1.375% 12/15/2019	\$9,500,000	\$9,393,125	704	1.375%	(\$25,960)
1/10/2018	1/15/2020	UNITED STATES TREASURY NOTES DTD 01/15/2017 1.375% 01/15/2020	\$9,000,000	\$8,893,125	735	1.375%	(\$24,865)
1/10/2018	1/15/2020	UNITED STATES TREASURY NOTES DTD 01/15/2017 1.375% 01/15/2020	\$500,000	\$494,063	735	1.375%	(\$1,381)
02/15/2018	02/15/2020	UNITED STATES TREASURY NOTES DTD 02/15/2017 1.375% 02/15/2020	\$9,200,000	\$9,046,547	730	1.375%	(\$28,799)
			<b>\$182,015,000</b>	<b>\$180,219,691</b>			<b>(\$622,053)</b>
<b>ADD: Amortiz on Matured Investments</b>							<b>(\$47,109)</b>
<b>TOTAL Purchase Premium/(Discount) - amortized over life of investment=</b>							<b>(\$669,162)</b>

**NEW JERSEY SCHOOLS INSURANCE GROUP  
INVESTMENT PREMIUMS - FISCAL YEAR**

**VALUED AS OF:**

SOURCE: Wilmington Trust Statements:  
Account Detailed Summary Report  
Investment Detail Report

Purchase Date	Due Date	Description	PAR VALUE AS OF:				
			One Year To Maturity Date	Two Year To Maturity Date	6/30/2018 To Maturity Date	Four Year To Maturity Date	Five Year To Maturity Date
1/10/2018	2/15/2018	UNITED STATES TREASURY NOTES DTD 02/15/2015 1.000% 02/15/2018	0.00				
1/10/2018	3/15/2018	UNITED STATES TREASURY NOTES DTD 03/15/2015 1.000% 03/15/2018	0.00				
1/10/2018	4/15/2018	UNITED STATES TREASURY NOTES DTD 04/15/2015 0.750% 04/15/2018	0.00				
1/10/2018	5/15/2018	UNITED STATES TREASURY NOTES DTD 05/15/2015 1.000% 05/15/2018	0.00				
1/10/2018	6/15/2018	UNITED STATES TREASURY NOTES DTD 06/15/2015 1.125% 06/15/2018	0.00				
1/10/2018	7/15/2018	UNITED STATES TREASURY NOTES DTD 07/15/2015 0.875% 07/15/2018	9,000,000.00				
5/16/2018	7/31/2018	UNITED STATES TREASURY NOTES DTD 07/31/2016 0.750% 07/31/2018	9,345,000.00				
1/10/2018	8/15/2018	UNITED STATES TREASURY NOTES DTD 08/15/2015 1.000% 08/15/2018	9,000,000.00				
6/13/2018	8/31/2018	UNITED STATES TREASURY NOTES DTD 08/31/2016 .750% 08/31/2018	9,000,000.00				
1/10/2018	9/15/2018	UNITED STATES TREASURY NOTES DTD 09/15/2015 1.000% 09/15/2018	9,000,000.00				
3/19/2018	10/15/2018	UNITED STATES TREASURY NOTES DTD 10/15/2015 0.875% 10/15/2018	9,200,000.00				
1/10/2018	11/15/2018	UNITED STATES TREASURY NOTES DTD 11/15/2015 1.250% 11/15/2018	9,000,000.00				
4/16/2018	12/31/2018	UNITED STATES TREASURY NOTES DTD 12/31/2011 1.375% 12/31/2018	9,070,000.00				
1/10/2018	1/15/2019	UNITED STATES TREASURY NOTES DTD 01/15/2016 1.125% 01/15/2019	9,000,000.00				
1/10/2018	2/15/2019	UNITED STATES TREASURY NOTES DTD 02/15/2016 0.750% 02/15/2019		9,000,000.00			
1/10/2018	3/15/2019	UNITED STATES TREASURY NOTES DTD 03/15/2016 1.000% 03/15/2019		9,000,000.00			

**NEW JERSEY SCHOOLS INSURANCE GROUP  
INVESTMENT PREMIUMS - FISCAL YEAR**

**VALUED AS OF:**

SOURCE: Wilmington Trust Statements:  
Account Detailed Summary Report  
Investment Detail Report

Purchase Date	Due Date	Description	PAR VALUE AS OF:				
			One Year To Maturity Date	Two Year To Maturity Date	6/30/2018 To Maturity Date	Four Year To Maturity Date	Five Year To Maturity Date
1/10/2018	4/15/2019	UNITED STATES TREASURY NOTES DTD 04/15/2016 0.875% 04/15/2019		9,000,000.00			
1/10/2018	5/15/2019	UNITED STATES TREASURY NOTES DTD 05/15/2016 0.875% 05/15/2019		9,000,000.00			
1/10/2018	7/15/2019	UNITED STATES TREASURY NOTES DTD 07/15/2016 0.750% 07/15/2019		9,000,000.00			
1/10/2018	9/15/2019	UNITED STATES TREASURY NOTES DTD 09/15/2016 0.875% 09/15/2019		9,000,000.00			
1/10/2018	10/15/2019	UNITED STATES TREASURY NOTES DTD 10/15/2016 1.000% 10/15/2019		9,000,000.00			
1/10/2018	11/15/2019	UNITED STATES TREASURY NOTES DTD 11/15/2016 1.000% 11/15/2019		9,000,000.00			
1/10/2018	11/15/2019	UNITED STATES TREASURY NOTES DTD 11/15/2016 1.000% 11/15/2019		200,000.00			
1/10/2018	12/15/2019	UNITED STATES TREASURY NOTES DTD 12/15/2016 1.375% 12/15/2019		9,500,000.00			
1/10/2018	1/15/2020	UNITED STATES TREASURY NOTES DTD 01/15/2017 1.375% 01/15/2020		9,000,000.00			
1/10/2018	1/15/2020	UNITED STATES TREASURY NOTES DTD 01/15/2017 1.375% 01/15/2020		500,000.00			
02/15/2018	02/15/2020	UNITED STATES TREASURY NOTES DTD 02/15/2017 1.375% 02/15/2020		9,200,000.00			
			<b><u>\$81,615,000</u></b>	<b><u>\$100,400,000</u></b>			

**ADD: Amortiz on Matured Investments**

**TOTAL Purchase Premium/(Discount) -  
amortized over life of investment=**

**N J S I G**  
**SUMMARY OF CASH AND INVESTMENTS**  
**AS OF** **6/30/2018**

**CASH & CASH EQUIVALENTS:**

Petty Cash	\$246.47
Cash Mgmt. Fund - N.J. State	\$329,864.70
Concentration Acct (TD Bank)	\$0.00
Claims Acct (TD Bank)	(\$151,913.00)
Concentration Acct (Investors)	\$160,880,058.13
Operating Acct (Investors)	(\$166,801.61)
Claims Acct (Investors)	(\$2,507,262.99)
Assessmnt Collection Acct(INV)	\$0.00
Money Market (WT)	\$123,396.57

**TOTALS AS OF** **6/30/2018** **\$158,507,588.27**

**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	\$81,615,000	(\$222,641)	\$90,335,959	50%
12 TO 24 MONTHS	\$100,400,000	(\$950,615)	\$89,976,030	50%
24 TO 36 MONTHS	\$0			
36 TO 48 MONTHS	\$0			
48 TO 60 MONTHS	\$0			
<b>TOTALS</b>	<b><u><u>\$182,015,000</u></u></b>	<b><u><u>(\$1,173,256)</u></u></b>	<b><u><u>\$180,311,989</u></u></b>	<b><u><u>100%</u></u></b>

<b>TOTAL AS OF</b>	<b>6/30/2018</b>	
<b>CASH &amp; CASH EQUIVALENTS</b>		<b>\$158,507,588</b>
<b>INVESTMENTS</b>		<b>\$180,311,989</b>
<b>TOTAL</b>		<b><u><u>\$338,819,577</u></u></b>

# NJSIG Policies

Adopted: 06/11  
Amended:  
Reviewed: 04/22/11

Index #: 3615  
Page 1 of 2

## **INVESTMENT POLICY**

The purpose of this investment policy is to document for the Group, and communicate to the party(ies) responsible for the investment of Group funds, the investment philosophy and guidelines of the New Jersey Schools Insurance Group (NJSIG). It is intended that this statement provide meaningful guidance in the management of the program's assets.

Individuals responsible for the Group's investments should always be aware that the assets of the Group are to be managed consistent with the general investment objectives, exercising judgment and care under the circumstances prevailing for the protection of the assets of the Group.

### GENERAL INVESTMENT PHILOSOPHY

1. The balance of any account shall be invested to obtain the maximum interest return practical. All investments shall be consistent with the statutes and regulations governing the investment of surplus public funds as contained in applicable New Jersey law.
2. The investment and interest income earned by the investment of the assets of each claim or loss retention or administrative account shall be credited to that specific account.

### INVESTMENT GUIDELINES

1. The investments of NJSIG are restricted to investments permitted by the statutes and regulations issued by the New Jersey State Investment Council and may be further restricted by the Board of Trustees.
2. The average maturity date of all eligible NJSIG investments may not exceed five years; and the longest maturity date of any single investment may not exceed five years.
3. All investments are restricted to investments covered by the Government Unit Deposit Protection Act.



# NJSIG Policies

Adopted: 06/11  
Amended:  
Reviewed: 04/22/11

Index #: 3615  
Page 2 of 2

## **INVESTMENT POLICY**

### GENERAL POLICY

The Board of Trustees bears ultimate responsibility for the investment of funds and the appropriateness of the investment policy and execution. This includes:

- Establishing clear and reasonable investment objectives as provided for under New Jersey law.
- Communicating to the responsible party(ies) their responsibilities for terminating any investment(s).

THOSE RESPONSIBLE FOR THE INVESTMENT OF THE GROUP'S FUNDS SHALL:

- Transfer income to the principal monthly and reinvest those funds.
- Be responsible for the day to day investments of the funds.
- Within the general investment objectives described herein, have discretionary authority to determine the allocation of assets between asset classes and bond maturities.
- Be expected to follow the general investment objectives and adhere to the goals and philosophy of the Board of Trustees.
- Act as a custodian and as a custodian be responsible to provide a detail listing of all program assets to the Board of Trustees and other parties designated by the Board on a monthly basis.

## **NEW JERSEY SCHOOLS INSURANCE GROUP CASH MANAGEMENT AND INVESTMENT PLAN**

### **1.) Cash Management and Investment Objectives**

The New Jersey Schools Insurance Group's (hereinafter referred to as "NJSIG") objectives in this area are:

- a.) Preservation of capital;
- b.) Adequate safekeeping of assets;
- c.) Maintenance of liquidity to meet operating needs, claims settlements and grants/dividends;
- d.) Diversification of NJSIG's portfolio to minimize risks associated with individual investments;
- e.) Maximization of total return, consistent with risk levels specified herein;
- f.) Investment of assets in accordance with State and Federal Laws and Regulations;
- g.) Accurate and timely reporting of interest earnings, gains and losses by line of coverage in each fund year; and,
- h.) Stability in the value of NJSIG's economic surplus.

### **2.) Permissible Investments**

All investments shall be made in accordance with this cash management plan and consistent with the statutes and regulations of the State Investment Council governing the investment of surplus public monies of the State of New Jersey. All investments shall be made in accordance with N.J.S.A. 18A:20-37, N.J.S.A. 18A:18B-4(b)(2) and N.J.A.C. 11:15-4.4(a). All investments shall comply with N.J.S.A. 18A:18B, et seq. (P.L. 1983, c. 108), State of New Jersey Joint Insurance Fund Statutes on purchasing of securities and be approved by the State of New Jersey, Department of Banking and Insurance ("DOBI") and State of New Jersey, State Investment Council ("SIC"). Investments will be limited to the following (exceptions will be allowed if written approval is received from DOBI, SIC and by the NJSIG Finance Committee):

- a.) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- b.) Government money market mutual funds;

- c.) Any federal agency or instrumentality obligation authorized by Congress that matures within 397 days from the date of purchase, and has a fixed rate of interest not dependent on any index or external factors;
- d.) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
- e.) Bonds or other obligations, having a maturity date not exceeding 397 days, approved by the Division of Investment of the Department of Treasury, the State Investment Council and the Department of Banking and Insurance for investment by local units;
- f.) Local government investment pools;
- g.) Deposits with the State of New Jersey Cash Management Fund; and,
- h.) Repurchase agreements of fully collateralized securities, subject to rules and conditions established by the State of New Jersey Department of Community Affairs, State of New Jersey Department of Banking and Insurance and the State of New Jersey State Investment Council.

### **3.) Authorized Depositories**

In addition to the above, NJSIG's is authorized to deposit funds in certificates of deposit and other time deposits in banks covered by the Governmental Unit Depository Protection Act, N.J.S.A. 17:9-14, et seq. ("GUDPA"). Specifically authorized depositories are as follows:

- a.) Investor's Bank;
- b.) Wilmington Trust; and,
- c.) New Jersey Cash Management Fund.

All such depositories shall acknowledge in writing receipt of this Plan by sending a copy of acknowledgement to NJSIG's Executive Director.

### **4.) NJSIG for Investment Management**

NJSIG's Executive Director (or retained asset manager) is directed by the NJSIG Finance Committee to authorize investments which are consistent with this plan and all appropriate regulatory constraints. When possible, federal securities shall be purchased directly from the U.S. Treasury. Transactions may also be processed through the New Jersey Division of Investment by NJSIG's Executive Director and/or a retained asset manager.

The following institution is hereby designated as the firm with whom NJSIG's Executive Director may deal for purposes of buying and selling securities identified in this Plan as "Permissible Investments" (permitted investments) or otherwise providing for Deposits:

- d.) Investor's Bank;
- e.) Wilmington Trust; and,
- f.) New Jersey Cash Management Fund.

All such institutions shall acknowledge in writing receipt of this Plan by sending a copy of acknowledgement to NJSIG's Executive Director.

#### **5.) Preservation of Capital**

Securities shall be purchased with the ability to hold until maturity.

#### **6.) Safekeeping**

Securities purchased on behalf of NJSIG's shall be delivered electronically or physically to NJSIG's custodial bank, which shall maintain custodial and/or safekeeping of the accounts for such securities on behalf of NJSIG's. These securities will be covered by a custodial agreement with the financial institution in the State of New Jersey. The custodial agreement will comply with the required language in N.J.S.A. 18A:20-37-1(b) and the NAIC Financial Condition Handbook Guidelines on Custodian and Safekeeping Agreements. Such institution shall provide for the designation of such investment in the name of NJSIG's to assure that there is no unauthorized use of the funds or the Permitted Investments or deposits. The purchase of any Permitted Investments that involve securities shall be executed by a "delivery versus payment" method to insure that such Permitted Investments are either received by NJSIG or by a third party custodian prior to or upon the release of NJSIG's payment

To assure that all parties with whom NJSIG's deals either by way of Deposits or Permitted Investments are aware of the authority and the limits set forth in this Plan, all such parties shall be supplied with a copy of this Plan in writing and all such parties shall acknowledge the receipt of that Plan in writing, a copy of which shall be on file with NJSIG's Executive Director.

## **7.) Reporting for Asset Managers**

The asset manager will submit written statements describing the proposed investment strategy for achieving the objectives identified herein. The asset manager shall also submit revisions to strategy when justified as a result of changing market conditions or other factors. Such statements shall be provided to NJSIG's Executive Director and Comptroller. The asset manager shall provide NJSIG's Executive Director with a copy of the institution's annual National Association of Security Dealers' audit.

## **8.) Reporting Requirements**

Asset managers will submit written statements to NJSIG's Executive Director and Comptroller describing the proposed investment strategy for achieving the objectives identified herein. Asset managers shall also submit revisions to strategy when justified as a result of changing market conditions or other factors. Such statements shall be provided to NJSIG's Executive Director and Comptroller. The statements shall also include confirmation that all investments are made in accordance with this plan. Additionally, the Asset Manager shall include a statement that verifies the reconciliation and determination of the appropriate fair value of NJSIG's portfolio based on valuation guidelines that shall be kept on file in NJSIG's Executive Director's office.

NJSIG's Comptroller shall report to the NJSIG Board of Trustee at all regular meetings on all investments. This report shall include information on the balances in all bank and investment accounts, and purchases, sales, and redemptions occurring in the prior month.

## **9.) Audit**

This plan, and all matters pertaining to the implementation of it, shall be subject to NJSIG's annual audit and to audits by DOBI.

## **10.) Cash Flow Projections**

Asset management decisions shall be guided by cash flow factors and payout factors supplied by NJSIG's Actuary and reviewed by the NJSIG Finance Committee, NJSIG's Executive Director and NJSIG's Comptroller.

## 11.) Cash Management

All moneys turned over to NJSIG's shall be deposited within forty-eight (48) hours in accordance with N.J.S.A. 40A:5-15 and N.J.S.A. 18A:20-37.

NJSIG's Executive Director shall minimize the possibility of idle cash accumulating in accounts by assuring that all amounts in excess of negotiated compensating balances are kept in interest bearing accounts or promptly credited into the investment portfolio.

Cash may be withdrawn from investment pools under the discretion of NJSIG's Executive Director and/or NJSIG's asset managers and only to fund operations.

NJSIG's Comptroller shall escheat to the State of New Jersey checks which remain outstanding for three years or more after the date of issuance. However, prior to implementing such procedures, NJSIG's Comptroller, with the assistance of NJSIG's Claims Manager, shall confirm that the outstanding check continues to represent a valid claim against NJSIG.

## 12.) Authorized Signatories and Verification

Checks over \$5,000 require two (2) signatures. NJSIG's Executive Director is the primary signatory on all accounts. The alternate primary signatories on all accounts are NJSIG's Underwriting/Loss Control Manager, and/or NJSIG's Chief Legal Officer and/or the NJASBO Representative Trustee and/or NJSIG's Board of Trustee Chairperson. All wire transactions require a dual initiation and approval process of initiation by NJSIG's Executive Director and/or NJSIG's IT Manager and approval by NJSIG's Underwriting/Loss Control Manager and/or NJSIG's Chief Legal Office.

The following is a listing of NJSIG's accounts and the authorized signatories on the accounts:

**Concentration Account:** The Executive Director is the designated authority on this account. Additional designations on these accounts will be the NJASBO Representative Trustee and the NJSIG Board of Trustees Chairperson.

**Operating Account:** The Executive Director, the Underwriting/Loss Control Manager and the Chief Legal Officer are the designated authorities on this account. The NJASBO Representative Trustee and the NJSIG Board of Trustees Chairperson are the additional signatories on this account.

**Claims Account:** The Executive Director, the Underwriting/Loss Control Manager and the Office Manager are the designated authorities on this account. The NJASBO Representative Trustee and the NJSIG Board of Trustees Chairperson are the additional signatories on this account.

**Payroll Account:** The Executive Director, the Underwriting/Loss Control Manager and the Chief Legal Officer are the designated authorities on this account. The NJASBO Representative Trustee and the NJSIG Board of Trustees Chairperson are the additional signatories on this account.

**FSA/DCA Account:** The Executive Director, the Underwriting/Loss Control Manager and the Chief Legal Officer are the designated authorities on this account. The NJASBO Representative Trustee and the NJSIG Board of Trustees Chairperson are the additional signatories on this account.

**Assessment Collections Account:** The Executive Director is the designated authority on this account. Additional designations on these accounts will be the NJASBO Representative Trustee and the NJSIG Board of Trustees Chairperson.

**Wilmington Trust Accounts:** The Executive Director is designated authority on this account. Additional designations on these accounts will be the NJASBO Representative Trustee and the NJSIG Board of Trustees Chairperson

**NJ Cash Management Fund:** The Executive Director is the designated authority on this account. Additional designations on these accounts will be the NJASBO Representative Trustee and the NJSIG Board of Trustees Chairperson.

### **13.) Deviations/Amendments**

Any recommendation regarding a deviation or amendment to the Cash Management Plan (to the extent permitted by law then in effect), must first be approved by two-thirds (2/3) vote of the NJSIG Finance Committee, and then forwarded to the NJSIG Board of Trustees for action.

### **14.) Term of Plan**

This Plan shall be in effect from 09/26/2018 to (approximately) 09/26/2019. Attached to this Plan is a resolution of the NJSIG Board of Trustees approving this Plan for such period of time. The Plan may be amended from time to time. To the extent that any amendment is adopted by the NJSIG Board of Trustees, NJSIG's Executive Director will supply copies of the amendments to all of the parties who otherwise have received the copy of the originally approved Plan, which amendment shall be acknowledged in writing in the same manner as the original Plan was so acknowledged.



## **Acknowledgement of receipt**

I have received a copy of the NJSIG Cash Management Plan and I understand and agree that I must abide by the terms of this Cash Management Plan.

Signed: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Organization: \_\_\_\_\_

Date: \_\_\_\_\_

**NEW JERSEY SCHOOLS INSURANCE GROUP  
INVESTORS CONCENTRATION ACCOUNT  
CASH BALANCES PER BANK STATEMENT**

<b>AS OF:</b>	<b>BALANCE:</b>	<b>CHANGE FROM PRIOR MONTH:</b>
6/30/2018	\$160,880,055.00	
7/31/2018	\$158,240,323.00	<b>(\$2,639,732.00)</b>
8/31/2018	\$148,991,698.00	<b>(\$9,248,625.00)</b>
9/17/2018	\$164,754,350.00	\$15,762,652.00