

**QUEENS LIBRARY**  
**FINANCE AND INVESTMENT COMMITTEE**  
**THURSDAY, FEBRUARY 22, 2018**

Central Library  
89-11 Merrick Boulevard, Jamaica, NY 11432

**AGENDA**

**6:45 PM FINANCE AND INVESTMENT COMMITTEE REGULAR MEETING**

**I. Call to Order**

**II. Agenda Action Items**

1. Approval of Bills for the Month of January 2018 (ID # 1663)
2. Acceptance of Financial Reports for the Period Ending January 2018 (ID # 1661)

**III. Agenda Report Items**

1. Payroll for the Month of January 2018 (ID # 1662)
2. Property/Casualty Insurance Program Status Report (ID # 1674)
3. Workers' Compensation Self-Insurance Program (ID # 1669)

**IV. Adjournment**

1. Motion to Adjourn (ID # 1671)

## Queens Library Board/Committee Item

*BOARD/COMMITTEE:* Finance and Investment Committee

*DATE OF MEETING:* February 22, 2018

*ITEM ID #:* 1663

*AGENDA:* Approval of Bills for the Month of January 2018

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### **Background:**

In accordance with New York State Law, the Board of Trustees has sole authority over the expenditure of funds appropriated for library purposes and must have a method in place for the review and approval of all expenditures.

### **Current Status:**

The Chief Financial Officer submits for approval bills in the aggregate sum of \$3,964,194 being the amount of January 2018 bills vouchered and paid consisting of \$33,475 in Fines & Fees Funds, \$546,027 in City Funds, \$752,535 in Federal & State Funds, \$2,578,537 in Trust & Agency Funds, \$25,829 in Board-Designated & Private Grants Funds, and \$27,791 from the Workers' Compensation Reserve Fund. All expenditures were made in accordance with Budgets and Appropriations approved by the Board of Trustees.

### **Recommended Motion for Consideration by the Finance & Investment Committee:**

*I move that the Finance & Investment Committee recommend to the Board of Trustees the approval of the January 2018 bills in the aggregate sum of \$3,964,194.*

## Queens Library Board/Committee Item

*BOARD/COMMITTEE:* Finance and Investment Committee

*DATE OF MEETING:* February 22, 2018

*ITEM ID #:* 1661

*AGENDA:* Acceptance of Financial Reports for the Period Ending January 2018

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### **Background:**

In accordance with Library By-Laws, the Library's financial statements shall be reviewed on a regular basis.

### **Current Status:**

The Chief Financial Officer submits the Budget Reports attached for Board approved operating funds and Balance Sheets for all funds as of January 31, 2018.

### **Recommended Motion for Consideration by the Finance & Investment Committee:**

*I move that the Finance & Investment Committee recommend to the Board of Trustees that the Budget Reports for Board approved operating funds and Balance Sheets for all funds as of January 31, 2018 be accepted.*

Attachments:

01\_18 Financial Statements (DOC)

*THE QUEENS BOROUGH PUBLIC LIBRARY*

**FINANCIAL STATEMENTS**

**AS OF JANUARY 31, 2018**

**FINANCE & INVESTMENT COMMITTEE MEETING**

**FEBRUARY 22, 2018**

**City General Fund  
Budget Report as of January 31, 2018**

*In thousands*

	<b>Adopted Budget</b>	<b>Current Budget</b>	<b>Y-T-D Actual</b>	<b>Open Orders</b>	<b>Remaining Balance</b>	<b>Percent Remaining</b>
<b><u>Estimated Revenues</u></b>						
City Appropriations	\$ 105,236	\$ 105,236	\$ 77,779	-	\$ 27,457	26%
Interest Income	4	10	10	-	-	0%
Rental	46	46	25	-	21	46%
Sundry Revenues	-	1	1	-	-	0%
Reader Printer	4	4	4	-	-	0%
<b>Total Revenues</b>	<b>\$ 105,290</b>	<b>\$ 105,297</b>	<b>\$ 77,819</b>	<b>\$ -</b>	<b>\$ 27,478</b>	<b>26%</b>
<b><u>Appropriations</u></b>						
Personal Services	\$ 64,846	\$ 64,561	\$ 34,296	-	\$ 30,265	47%
Health Insurance	14,425	14,433	8,044	-	6,389	44%
Social Security	4,883	4,886	2,562	-	2,324	48%
Unemployment Insurance	125	125	41	-	84	67%
Employee Welfare Fund	2,727	2,718	1,427	-	1,291	47%
Pension	16	16	-	-	16	100%
Disability Insurance	113	113	83	-	30	27%
Workers' Compensation	717	717	-	-	717	100%
Training	187	106	36	4	66	62%
General Supplies	1,306	1,190	613	179	398	33%
Maintenance & Custodial Supplies	771	530	288	60	182	34%
Equipment	405	323	86	39	198	61%
Furniture	63	145	33	11	101	70%
Library Materials	2,174	2,206	1,305	158	743	34%
Contractual Services	2,987	4,134	932	535	2,667	65%
Postage	162	98	35	11	52	53%
Telecommunications	797	758	335	4	419	55%
Carfare, Travel & Mileage	38	34	24	-	10	29%
Maintenance & Repairs - Vehicles	137	125	79	-	46	37%
Maintenance & Repairs - Buildings	1,846	1,612	695	401	516	32%
Information Systems Services	1,892	1,534	604	169	761	50%
Rentals - Land/Buildings	1,185	1,404	786	-	618	44%
Heat, Light, and Power	27	28	9	-	19	68%
P & C Insurance Premiums	988	988	434	-	554	56%
Adult Literacy	1,785	1,785	1,012	9	764	43%
Various City Funded Programs	688	728	241	26	461	63%
<b>Total Appropriations</b>	<b>\$ 105,290</b>	<b>\$ 105,297</b>	<b>\$ 54,000</b>	<b>\$ 1,606</b>	<b>\$ 49,691</b>	<b>47%</b>
<b>Net Income/(Loss)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 23,819</b>	<b>\$ -</b>	<b>\$ (22,213)</b>	

Attachment: 01\_18 Financial Statements (1661 : Acceptance of Financial Reports for the Period Ending January 2018)

**Fines and Fees Fund**  
**Budget Report as of January 31, 2018**

*In thousands*

	<b>Adopted Budget</b>	<b>Current Budget</b>	<b>Y-T-D Actual</b>	<b>Open Orders</b>	<b>Remaining Balance</b>	<b>Percent Remaining</b>
<b><u>Estimated Revenues</u></b>						
Fines on Overdue Items	\$ 1,100	\$ 1,178	\$ 585	-	\$ 593	50%
Lost Library Cards	51	51	135	-	(84)	-165%
Lost & Damaged Items Fees	250	250	28	-	222	89%
Interest Income- Fines/Fees	2	2	2	-	-	0%
<b>Total Revenues</b>	<b>\$ 1,403</b>	<b>\$ 1,481</b>	<b>\$ 750</b>	<b>-</b>	<b>\$ 731</b>	<b>49%</b>
<b><u>Appropriations</u></b>						
Personal Services	\$ -	\$ 24	\$ 3	\$ -	\$ 21	88%
Social Security	-	2	-	-	2	100%
Training	9	153	46	38	69	45%
General Supplies	-	4	2	-	2	50%
Equipment	-	30	1	4	25	83%
Library Materials	422	204	143	182	(121)	-59%
Contractual Services	972	1,021	539	-	482	47%
Information System Services	-	43	3	-	40	93%
<b>Total Appropriations</b>	<b>\$ 1,403</b>	<b>\$ 1,481</b>	<b>\$ 737</b>	<b>\$ 224</b>	<b>\$ 520</b>	<b>35%</b>
<b>Net Income/(Loss)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 13</b>	<b>\$ -</b>	<b>\$ 211</b>	

Attachment: 01\_18 Financial Statements (1661 : Acceptance of Financial Reports for the Period Ending January 2018)

**Federal General Fund**  
**Budget Report as of January 31, 2018**  
*In thousands*

	<b>Adopted Budget</b>	<b>Current Budget</b>	<b>Y-T-D Actual</b>	<b>Open Orders</b>	<b>Remaining Balance</b>	<b>Percent Remaining</b>
<b><u>Estimated Revenues</u></b>						
Federal USDF Program Refunds	\$ 1,221	\$ 1,221	461	-	\$ 760	62%
<b>Total Revenues</b>	<b>\$ 1,221</b>	<b>\$ 1,221</b>	<b>461</b>	<b>-</b>	<b>\$ 760</b>	<b>62%</b>
<b><u>Appropriations</u></b>						
Telecommunications	\$ 1,221	\$ 1,221	\$ 645	\$ -	\$ 576	47%
<b>Total Appropriations</b>	<b>\$ 1,221</b>	<b>\$ 1,221</b>	<b>\$ 645</b>	<b>\$ -</b>	<b>\$ 576</b>	<b>47%</b>
<b>Net Income/(Loss)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (184)</b>	<b>\$ -</b>	<b>\$ 184</b>	

**State General Fund**  
**Budget Report as of January 31, 2018**  
*In thousands*

<b><u>Estimated Revenues</u></b>	<b>Adopted Budget</b>	<b>Current Budget</b>	<b>Y-T-D Actual</b>	<b>Open Orders</b>	<b>Remaining Balance</b>	<b>Percent Remaining</b>
Insurance		\$ 75	\$ 75	-	\$ -	0%
Basic Grant Revenues	\$ 4,976	\$ 5,395	-	-	5,395	100%
Consolidated Systems Aid	1,575	1,575	-	-	1,575	100%
<b>Total Revenues</b>	<b>\$ 6,551</b>	<b>\$ 7,045</b>	<b>\$ 75</b>	<b>\$ -</b>	<b>\$ 6,970</b>	<b>99%</b>
<b><u>Appropriations</u></b>						
Personal Services	\$ 708	\$ 731	\$ 212	\$ -	\$ 519	71%
Health Insurance	14	15	5	-	10	67%
Social Security	57	34	19	-	15	44%
Employee Welfare Fund	1	1	-	-	1	100%
Training	35	35	19	5	11	31%
General Supplies	40	44	19	13	12	27%
Equipment	191	101	51	20	30	30%
Furniture	95	95	57	24	14	15%
Library Materials	1,737	1,737	753	89	895	52%
Contractual Services	621	735	230	3	502	68%
Maintenance & Repairs - Buildings	712	1,112	317	787	8	1%
Information Systems Services	2,112	2,138	1,167	382	589	28%
<b>Total Appropriations</b>	<b>\$ 6,323</b>	<b>\$ 6,778</b>	<b>\$ 2,849</b>	<b>\$ 1,323</b>	<b>\$ 2,606</b>	<b>38%</b>
<b>Net Income/(Loss)</b>	<b>\$ 228</b>	<b>\$ 267</b>	<b>\$ (2,774)</b>	<b>\$ -</b>	<b>\$ 4,364</b>	



**Board-Designated Fund**  
**Budget Report as of January 31, 2018**

*In thousands*

	<b>Adopted Budget</b>	<b>Current Budget</b>	<b>Y-T-D Actual</b>	<b>Open Orders</b>	<b>Remaining Balance</b>	<b>Percent Remaining</b>
<b><u>Estimated Revenues</u></b>						
Interest & Dividend Income	\$ 250	\$ 250	\$ 145	-	\$ 105	42%
Library Merchandise Sales	-	-	-	-	-	0%
Gains (Losses) on Investments	210	210	653	-	(443)	-211%
<b>Total Revenues</b>	<b>\$ 460</b>	<b>\$ 460</b>	<b>\$ 798</b>	<b>-</b>	<b>\$ (338)</b>	<b>-73%</b>
<b><u>Appropriations</u></b>						
Training	\$ 14	\$ 14	\$ 3	\$ -	\$ 11	79%
General Supplies	35	35	12	1	22	63%
Contractual Services	354	354	125	96	133	38%
Carfare, Travel & Mileage	22	22	12	7	3	14%
Information Systems Services	34	34	-	-	34	100%
<b>Total Appropriations</b>	<b>\$ 459</b>	<b>\$ 459</b>	<b>\$ 152</b>	<b>\$ 104</b>	<b>\$ 203</b>	<b>44%</b>
<b>Net Income/(Loss)</b>	<b>\$ 1</b>	<b>\$ 1</b>	<b>\$ 646</b>	<b>\$ -</b>	<b>\$ (541)</b>	

Attachment: 01\_18 Financial Statements (1661 : Acceptance of Financial Reports for the Period Ending January 2018)

**Workers' Comp Fund**  
**Budget Report as of January 31, 2018**

*In thousands*

<b><u>Estimated Revenues</u></b>	<b>Adopted Budget</b>	<b>Current Budget</b>	<b>Y-T-D Actual</b>	<b>Open Orders</b>	<b>Remaining Balance</b>	<b>Percent Remaining</b>
Interest Income	\$ 1	\$ 1	\$ 1	\$ -	\$ -	0%
Interfund Transfers	597	597	-	-	597	100%
<b>Total Revenues</b>	<b>598</b>	<b>598</b>	<b>1</b>	<b>-</b>	<b>597</b>	<b>100%</b>
<b><u>Appropriations</u></b>						
Personal Services	\$ 82	\$ 82	\$ 45	-	\$ 37	45%
Health Insurance	8	8	4	-	4	50%
Social Security	8	8	4	-	4	50%
Employee Welfare Fund	9	9	1	-	8	89%
Workers' Compensation	285	285	82	-	203	71%
Contractual Services	142	142	65	-	77	54%
P & C Insurance Premiums	64	64	52	-	12	19%
<b>Total Appropriations</b>	<b>\$ 598</b>	<b>\$ 598</b>	<b>\$ 253</b>	<b>-</b>	<b>\$ 345</b>	<b>58%</b>
<b>Net Income/(Loss)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (252)</b>	<b>\$ -</b>	<b>\$ 252</b>	

Attachment: 01\_18 Financial Statements (1661 : Acceptance of Financial Reports for the Period Ending January 2018)

# BALANCE SHEET – FINES & FEES FUND GROUP

At January 31, 2018

## Assets

<b>Cash &amp; Cash Equivalents</b>	
Checking Accounts – Interest Bearing	\$ 2,498,668
Money Market Accounts	242,957
Repurchase Agreements	-
On Hand	36,797
<b>Accounts Receivable</b>	
Accounts Receivable and Employee Advances	22,925
<b>Grants and Contracts Receivable</b>	
New York City	-
New York State	-
Federal Government	-
<b>Contributions Receivable</b>	
From New York State	-
From Individuals, Corporations and Foundations	-
<b>Prepaid Expenses</b>	
Prepaid Others	-
<b>Other Assets</b>	
Interfund Receivables	124,906
Certificates of Deposit	-
Investments	-
Property & Equipment (net of depreciation)	515,339
<b>TOTAL ASSETS</b>	<b>\$ 3,441,592</b>
<b>Liabilities and Fund Balances</b>	
<b>Liabilities</b>	
Accounts Payable	\$ 165,716
Accrued Payroll & Related Expense	-
Note Payable	-
Compensated Absences Payable	-
Deferred Revenue	-
Other Liabilities and Interfund Payables	-
<b>Fund Balances</b>	
Invested in Capital Assets, Net of Related Debt (Unrestricted Funds)	515,339
Unrestricted - Other	2,760,537
Current Restricted	-
Permanently Restricted (Endowments)	-
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 3,441,592</b>

Attachment: 01\_18 Financial Statements (1661 : Acceptance of Financial Reports for the Period Ending January 2018)

# BALANCE SHEET – CITY FUNDS GROUP

At January 31, 2018

## Assets

<b>Cash &amp; Cash Equivalents</b>	
Checking Accounts – Interest Bearing	\$ 8,975,458
Money Market Accounts	1,009
Repurchase Agreements	-
On Hand	987
<b>Accounts Receivable</b>	
Accounts Receivable and Employee Advances	1,728
<b>Grants and Contracts Receivable</b>	
New York City	10,795,603
New York State	-
Federal Government	-
<b>Contributions Receivable</b>	
From New York State	-
From Individuals, Corporations and Foundations	90,866
<b>Prepaid Expenses</b>	
Prepaid Insurance	444,258
Prepaid Rent	100,720
Prepaid Other	10,337
<b>Other Assets</b>	
Interfund Receivables	548,236
Security Deposit	-
Investments	-
Property & Equipment (net of depreciation)	7,401,429
<b>TOTAL ASSETS</b>	<b>\$ 28,370,631</b>

## Liabilities and Fund Balances

<b>Liabilities</b>	
Accounts Payable	\$ 463,360
Accrued Payroll & Related Expense	-
Note Payable	-
Compensated Absences Payable	-
Deferred Revenue	-
Other Liabilities and Interfund Payables	8,441,802
<b>Fund Balances</b>	
Invested in Capital Assets, Net of Related Debt (Unrestricted Funds)	7,401,429
Unrestricted - Other	18,734,889
Restricted - Other	(6,670,849)
Permanently Restricted (Endowments)	-
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 28,370,631</b>

Attachment: 01\_18 Financial Statements (1661 : Acceptance of Financial Reports for the Period Ending January 2018)

## BALANCE SHEET – STATE & FEDERAL FUNDS GROUP

At January 31, 2018

### Assets

<b>Cash &amp; Cash Equivalents</b>	
Checking Accounts – Interest Bearing	\$ 5,319,783
Money Market Accounts	-
Repurchase Agreements	-
On Hand	80
<b>Accounts Receivable</b>	
Accounts Receivable and Employee Advances	14,128
<b>Grants and Contracts Receivable</b>	
New York City	525,949
New York State	957,876
Federal Government	269,900
<b>Contributions Receivable</b>	
From New York State	-
From Individuals, Corporations and Foundations	-
<b>Prepaid Expenses</b>	
Prepaid Other	-
<b>Other Assets</b>	
Interfund Receivables	337,768
Certificates of Deposit	-
Investments	8,152,027
Security Deposits	25,667
Property & Equipment (net of depreciation)	28,125,962
<b>TOTAL ASSETS</b>	<b>\$ 43,729,140</b>

### Liabilities and Fund Balances

<b>Liabilities</b>	
Accounts Payable	\$ 349,282
Accrued Payroll & Related Expense	3,150
Line of Credit Payable	-
Compensated Absences Payable	6,196,356
Deferred Revenue	-
Other Liabilities and Interfund Payables	-
<b>Fund Balances</b>	
Invested in Capital Assets, Net of Related Debt (Unrestricted Funds)	28,125,962
Unrestricted - Other	10,823,030
Restricted - Other	(1,768,640)
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 43,729,140</b>

Attachment: 01\_18 Financial Statements (1661 : Acceptance of Financial Reports for the Period Ending January 2018)

# BALANCE SHEET – TRUST & AGENCY FUND

At January 31, 2018

## Assets

<b>Cash &amp; Cash Equivalents</b>	
Checking Accounts – Interest Bearing	\$ 651,510
Money Market Accounts	-
Repurchase Agreements	-
On Hand	-
<b>Accounts Receivable</b>	
Accounts Receivable	-
<b>Grants and Contracts Receivable</b>	
New York City	-
New York State	-
Federal Government	-
<b>Contributions Receivable</b>	
From New York State	-
From Individuals, Corporations and Foundations	-
<b>Prepaid Expenses</b>	
Prepaid Health Insurance	-
<b>Other Assets</b>	
Interfund Receivables	348,227
Certificates of Deposit	-
Investments	-
Property & Equipment (net of depreciation)	-
<b>TOTAL ASSETS</b>	<b>\$ 999,737</b>

## Liabilities and Fund Balances

<b>Liabilities</b>	
Accounts Payable	\$ 117,388
Accrued Payroll & Related Expense	-
Note Payable	-
Incurred Compensation Losses	-
Deferred Revenue	-
Other Liabilities and Interfund Payables	882,349
<b>Fund Balances</b>	
Invested in Capital Assets, Net of Related Debt (Unrestricted Funds)	-
Unrestricted – Other	-
Restricted – Other	-
Permanently Restricted (Endowments)	-
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 999,737</b>

Attachment: 01\_18 Financial Statements (1661 : Acceptance of Financial Reports for the Period Ending January 2018)

## BALANCE SHEET—BOARD DESIGNATED & PRIVATE GRANTS FUND

At January 31, 2018

### Assets

<b>Cash &amp; Cash Equivalents</b>	
Checking Accounts – Interest Bearing	\$ 2,555,203
Money Market Accounts	-
On Hand	475
<b>Accounts Receivable</b>	
Accounts Receivable	18,886
<b>Grants and Contracts Receivable</b>	
New York City	-
New York State	-
Federal Government	-
<b>Contributions Receivable</b>	
From New York State	-
From Individuals, Corporations and Foundations	-
<b>Prepaid Expenses</b>	
Prepaid Other	-
<b>Other Assets</b>	
Interfund Receivables	245,736
Certificates of Deposit	-
Investments	4,097,200
Property & Equipment (net of depreciation)	1,086,758
	-
<b>TOTAL ASSETS</b>	<b>\$ 8,004,258</b>

### Liabilities and Fund Balances

<b>Liabilities</b>	
Accounts Payable	\$ 5,768
Accrued Payroll & Related Expense	-
Note Payable	-
Compensated Absences Payable	-
Deferred Revenue	-
Other Liabilities and Interfund Payables	-
<b>Fund Balances</b>	
Invested in Capital Assets, Net of Related Debt (Unrestricted Funds)	1,086,758
Unrestricted - Other	6,814,991
Restricted - Other	96,741
Permanently Restricted (Endowments)	-
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 8,004,258</b>

Attachment: 01\_18 Financial Statements (1661 : Acceptance of Financial Reports for the Period Ending January 2018)

# BALANCE SHEET – WORKERS’ COMPENSATION FUND

At January 31, 2018

## Assets

<b>Cash &amp; Cash Equivalents</b>	
Checking Accounts – Interest Bearing	\$ 2,090,960
Money Market Accounts	-
Repurchase Agreements	-
On Hand	-
<b>Accounts Receivable</b>	
Accounts Receivable	-
<b>Grants and Contracts Receivable</b>	
New York City	-
New York State	-
Federal Government	-
<b>Contributions Receivable</b>	
From New York State	-
From Individuals, Corporations and Foundations	-
<b>Prepaid Expenses</b>	
Prepaid Health Insurance	-
<b>Other Assets</b>	
Interfund Receivables	15,229
Certificates of Deposit	-
Investments	-
Property & Equipment (net of depreciation)	-
<b>TOTAL ASSETS</b>	<b>\$ 2,106,189</b>

## Liabilities and Fund Balances

<b>Liabilities</b>	
Accounts Payable	\$ 2,045
Accrued Payroll & Related Expense	-
Note Payable	-
Incurred Compensation Losses	283,825
Deferred Revenue	-
Other Liabilities and Interfund Payables	-
<b>Fund Balances</b>	
Invested in Capital Assets, Net of Related Debt (Unrestricted Funds)	-
Unrestricted - Other	1,820,319
Restricted - Other	-
Permanently Restricted (Endowments)	-
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 2,106,189</b>

Attachment: 01\_18 Financial Statements (1661 : Acceptance of Financial Reports for the Period Ending January 2018)



## Queens Library Board/Committee Item

*BOARD/COMMITTEE:* Finance and Investment Committee

*DATE OF MEETING:* February 22, 2018

*ITEM ID #:* 1662

*AGENDA:* Payroll for the Month of January 2018

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**Report Item: Payroll for the Month of January 2018**

The Chief Financial Officer reports the payrolls paid during the month of January 2018 in the aggregate sum of \$5,270,972 consisting of \$684 in Fines and Fees Funds, \$5,106,204 in City Funds, \$155,493 in Federal & State Funds, \$736 in the Board Designated Funds, and \$7,855 in the Workers' Compensation Reserve Funds. All expenditures were made in accordance with Budgets and Appropriations approved by the Board of Trustees.

## Queens Library Board/Committee Item

*BOARD/COMMITTEE:* Finance and Investment Committee

*DATE OF MEETING:* February 22, 2018

*ITEM ID #:* 1674

*AGENDA:* Property/Casualty Insurance Program Status Report

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### **Current Status:**

The insurance policies specified below, which were previously approved by the Board of Trustees in May 2017 (see attachment), became effective June 1, 2017 and will provide coverage through May 31, 2018. So as to ensure continuity of coverage, the Library intends on renewing the existing policies for an additional year, absent extraordinary circumstances.

Given that Hanover, the Library's prior Commercial General Liability (CGL) carrier, sent written notice that it would not renew the Library's CGL policies for the 2017-18 policy year, the Library instructed its broker, Gallagher, to identify alternative carriers and obtain quotes for the coverage at issue. This coverage encompasses liability (including professional liability for in-house security guards), auto, umbrella and sexual abuse and molestation coverage. The remaining lines of coverage were renewed for a second year with no increase in premiums.

A summary of the Library's 2017-18 coverage follows:

<b>Policy</b>	<b>Carrier</b>	<b>Paid Premium</b>
General Liability	Chubb – Federal	\$250,803
Auto	Chubb – Great Northern	\$133,336
Umbrella - \$10M	Philadelphia	\$80,000
Umbrella - XS \$10M	Chubb – Federal	\$35,000
A&M - \$6M	AIG - Lexington	\$100,804
D&O/EPLI - \$5M	Hiscox	\$38,209
D&O/EPLI - XS \$5M	Great American	\$18,600
Crime	Travelers	\$8,320
Property	Arch	\$282,938
AD&D	Chubb	\$10,640

TOTAL PAID		\$958,650
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We have been working collaboratively with the new CGL carrier (Chubb) to ensure a smooth transition with respect to the handling of claims and it is in the Library's best interest to continue that relationship. Accordingly, the Library intends on renewing the existing policies, absent extraordinary circumstances, such as a carrier declining renewal of coverage or a significant increase in the cost of coverage.

Attachments:

Finance Comm Property and Casualty Insurance Status Report (PDF)

## Queens Library Board/Committee Item

*BOARD/COMMITTEE:* Finance and Investment Committee

*DATE OF MEETING:* May 25, 2017

*ITEM ID #:* 1452

*AGENDA:* Property/Casualty Insurance Program Renewal

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### **Background:**

The Library continuously evolves, increasing programs and offering new and diverse services to the communities we serve. As such, Library risks and insurance exposures are also viewed as changing by insurance underwriters during this period of evolution. Current underwriting considerations for Queens Library include expanded hours and programs, new locations and mobile book service and child protection efforts in community libraries. Business risks also include funding and business requirements for coverage, expanded Pre-K locations and the hiring of in-house security staff.

The Library's current broker, Gallagher, continues to meet expectations while understanding our evolving exposures. The Library's current Property and Casualty Insurance Program includes the following major lines of insurance coverage:

### **Commercial General Liability (CGL)**

Library coverage includes General Liability (GL), Auto and Umbrella policies that are purchased as part of the CGL package being provided by the incumbent carrier, Hanover Insurance.

The CGL policy includes coverage found in typical liability policies such as fire damage and medical costs. We also maintain coverage for sexual abuse and molestation (SAM) (required for grant funding), Pre-K programs and added coverage for our expanded in-house security guard program as required by New York State.

The 2016-17 limits are depicted in the table below:

General Liability	\$1M/\$2M aggregate / location
SAM	\$1M/\$1M aggregate
Auto	\$1M
Umbrella	\$20M

Umbrella SAM	\$5M sub-limit
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### **Directors and Officers/Employment Practices**

Directors and Officers insurance (D&O) is intended to provide coverage for the Library, Board of Trustees and employees from errors and omissions associated with the Library's governance and management. The most frequent types of claims filed under such policies include those attributable to poor governance by those defined as insureds, and their failure to provide three basic fiduciary responsibilities owed to the organization: the duty of obedience, loyalty and due care. Wrongful Acts may include actual or alleged acts, errors or omissions on the part of those covered. Defense costs erode the limits.

Employment Practices Liability Insurance (EPLI) is intended to cover the organization for claims made involving wrongful acts arising from employment practices. The most frequent types of claims filed under such policies include claims for wrongful termination, discrimination, retaliation, defamation, invasion of privacy, failure to promote, deprivation of a career opportunity, sexual harassment and negligent evaluation. EPLI claims can be brought by not only employees, but third parties as well. Defense costs erode the policy limits.

D&O and EPLI are currently provided by Hiscox (primary \$5M) and Great American (\$5M excess of \$5M). Limits are depicted in the table below:

Primary	\$5M Limit
Excess	\$5M Limit excess of \$5M
Deductible D&O	\$50,000
Deductible EPLI	\$100,000

### **Property**

The Library has strived to maintain certain levels of coverage on library materials, furniture and boiler equipment. The property program was remarketed twice, post Hurricane Sandy, based on non-renewals and premium increases by our former carriers. Coverage, through Arch Specialty, is depicted in the table below:

Property Limit	\$20M	Deductible	\$500K
Sublimit Flood	\$10M	Deductible	\$500K
Sublimit Flood Zone	\$2M	Deductible	\$500K

### **Crime**

Crime coverage, depicted in the table below, is currently provided by Travelers:

Faithful Performance	\$3M	Deductible	\$50K
Forgery/Alteration	\$100K	Deductible	\$5K
On Premises	\$50K	Deductible	\$1K

### **Accidental Death & Dismemberment (AD&D)**

The AD&D coverage, offered by Chubb, provides different layers of protection with \$100,000 minimum coverage for employees and Trustees. The policy, which pays benefits to the beneficiary if the cause of death or dismemberment of an employee or Trustee is an accident, is in the first year of a 3-year policy effective through June 2019.

### **Current Status:**

The following programs are being presented for the 2017-18 renewal. The negotiated broker fees, some below the industry standard fees of 15% - 20%, are also listed below:

<b>Coverage</b>	<b>Carrier</b>	<b>Broker Fee/ Commission</b>
General Liability	Chubb	12.5%
Auto	Chubb	12.5%
Umbrella - \$10M	Philadelphia	17.5%
Umbrella – XS \$10M	Chubb	15%
SAM	AIG	12.5%
D&O/EPLI	Hiscox/ Great American	11%
Property	Arch	15%
Crime	Travelers	20%
AD&D	Chubb	15%

### **Commercial General Liability**

Hanover would not rewrite the Library's CGL policies for this coming year. We therefore instructed Gallagher to canvas the market and identify alternative carriers. The current coverage and expiring premiums are as follows:

Coverage	Expiring Premium
General Liability	\$182,961
Auto	127,136
Umbrella	\$73,122

The results of the broker's outreach for alternative carriers to provide CGL coverage is as follows:

#### General Liability and Auto Quotes

Carrier	AM	PL	2017 Quote
<i>Chubb</i>	<i>no</i>	<i>yes</i>	<i>\$384,139</i>
Zurich	no	no	\$463,922
Selective	no	no	\$450,000
Philadelphia	\$1M	yes	\$600,000
AIG	no	no	\$803,000
Liberty Mutual			Declined
Nationwide			Declined
Travelers			Declined
Hartford			Declined
AmTrust			Declined
CNA			Declined

AM – coverage for abuse and molestation

PL – professional liability for guards

#### Umbrella Quotes

Carrier	2017 Quote
<i>Philadelphia (\$10M)</i>	<i>\$85,000</i>
Chubb (\$10M)	\$122,610

Philadelphia	\$200,000
*Chubb (\$10M - XS \$10M)	\$35,000
Zurich	No quote
AIG	No quote
Selective	No quote

\* Chubb offered an excess program for \$10M above  
the primary \$10M program

The Library must maintain coverage, or have no exclusions in a policy, for abuse and molestation in order to protect the organization as well as be eligible for multiple grants from agencies that require this coverage, including DYCD. The table below depicts our efforts in obtaining coverage and quotes for abuse and molestation. Please note above that not all carriers offer this coverage in a primary liability program:

#### **Abuse and Molestation Quotes**

<b>Carrier</b>	<b>Deductible</b>	<b>2017 Quote</b>
NAS \$1M	\$25K	\$35,000
NAS \$2M	\$50K	\$50,000
Gen Star \$1M	\$0	\$500,000
Beazley \$2M	\$75K	\$55,000
Beazley \$2M	\$50K	\$62,000
Beazley \$5M	\$75K	\$97,500
Beazley \$5M	\$50K	\$106,000
AIG \$5M	\$25K	\$106,857
AIG \$5M	\$50K	\$82,571
AIG \$6M	\$25K	\$121,428
<i>AIG \$6M</i>	<i>\$50K</i>	<i>\$97,142</i>

#### **Directors & Officers/Employment Practices:**

The current coverage and expiring premiums are as follows:



Coverage	Expiring Premium
D&O/EPLI \$5M	\$38,090
D&O/EPLI XS \$5M	\$18,600
TOTAL	\$56,690

The renewal quotes being offered by the incumbent carriers of Hiscox (primary \$5M) and Great American (excess \$5M) for this coverage total \$56,809 (see table below). Hiscox affords the Library the opportunity to request choice of counsel but there are absolute exclusions for prior activity and associated people and entities. Terms remain the same.

**D&O / EPLI Quotes**

Carrier	2017 Quote
Hiscox	\$38,209
Great American	\$18,600

**Crime Insurance:**

The current crime insurance premium is \$8,247. The crime insurance renewal premium from the incumbent insurer, Travelers Casualty and Surety of America, is \$8,320.

**Property Insurance**

The incumbent insurer, Arch, indicated that there will be a decrease in the premium on the Library’s property program. The current expiring premium is \$285,395. The property renewal quote from Arch is \$272,000.

**Summary**

A summary of the Library’s expiring coverage and premiums is found in the Table 1 (below). The recommendation for renewal coverage and quotes through Gallagher is found in Table 2 (below):

**Table 1**

Expiring Coverage	Carrier	Expiring 2016 Premium
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Liability	Hanover	\$182,961
Auto	Hanover	127,136
Umbrella (\$20M)	Hanover	\$73,122
D&O/EPLI \$5M	Hiscox	\$38,090
D&O/EPLI XS \$5M	Great American	\$18,600
Crime	Travelers	\$8,247
Property	Arch	\$285,395
AD&D	Chubb	\$10,640
<b>TOTAL</b>		<b>\$744,191</b>

Table 2

<b>Quoted Coverage</b>	<b>Carrier</b>	<b>Renewal Quotes 2017</b>
Liability	Chubb	\$250,803
Auto	Chubb	\$133,336
Umbrella - \$10M	Philadelphia	\$85,000
Umbrella - XS \$10M	Chubb	\$35,000
A&M - \$6M	AIG	\$97,142
D&O/EPLI \$5M	Hiscox	\$38,209
D&O/EPLI XS \$5M	Great American	\$18,600
Crime	Travelers	\$8,320
Property	Arch	\$272,000
AD&D	Chubb	\$10,640
<b>TOTAL</b>		<b>\$949,050</b>

**Recommended Motion for Consideration by the Finance & Investment Committee:**

*I move that the Finance & Investment Committee recommend to the Board of Trustees that the Library award the Property and Casualty Insurance Programs provided above to Arthur J. Gallagher & Co. effective June 1, 2017 through May 31, 2018.*

## Queens Library Board/Committee Item

*BOARD/COMMITTEE:* Finance and Investment Committee

*DATE OF MEETING:* February 22, 2018

*ITEM ID #:* 1669

*AGENDA:* Workers' Compensation Self-Insurance Program

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### **BACKGROUND:**

This is a report regarding the status of the Library's workers' compensation self-insurance program.

In 1995, the Library made an initial contribution of \$564,000 to fund the Library's workers' compensation self-insurance program. The total program funding level through December 31, 2017 was \$10,486,900. The contribution for FY 17 was \$594,571.

These contributions have been based on what the estimated cost of financing this risk with an insurer would have been using the New York State Workers' Compensation and Ratings Board formulas and rates and applying them to the Library's payroll.

A Third Party Administrator (TPA) has been retained to administer the Library's workers' compensation program. The services provided by the TPA include claims processing, medical reviews, completing and filing reports, providing information for assessments, projecting funding needs, annual reporting, medical claims management, loss control and consulting services, excess insurance analysis, and placement and general program management. The TPA's services also include conducting investigations, arranging independent medical exams and providing legal representation at the Workers' Compensation Board.

The contract with the incumbent TPA, Wright Risk Management, expired in 2016 at an annual rate of \$60,000. Since the contract was expiring, the Library issued a Request for Proposals for Third Party Administrator services and received 8 responses. The solicitation was posted publicly.

FCS Administrators, Inc. submitted a proposal that provided the most comprehensive program for the most cost effective price. Total charges for the TPA for the first year of the program was \$27,294.46, including monthly charges, bill review, case management and a one-time fee for data conversions.

**LOSS REVIEW**

There are 17 open claims, of which 13 were filed in the last three policy years:

**TABLE 1**

Policy Year	Claims Filed	Open Claims
FY 2016	24	1
FY 2017	31	5
FY 2018	12	7

**FINANCIAL REVIEW (July 1995 - December 2017)**

A detailed review of the financial aspects of the program from July 1, 1995 through December 31, 2017 is as follows:

Claims Paid and Reserved	\$(3,337,660)
Program Management	\$(1,021,579)
Reinsurance	\$(1,034,489)
Assessments/Fees/Studies	\$ (888,502)
Internal Workers Comp Administrator	<u>\$(1,422,274)</u>
<b>Total Paid and Reserved Costs</b>	<b><u>\$(7,704,504)</u></b>
Current Change in Claims Reserve Estimate	<u>\$ (7,641)</u>
<b>Total Incurred Costs</b>	<b><u>\$(7,712,145)</u></b>
Less: Interest Earnings	<u>\$ 734,308</u>
<b>Net Cost</b>	<b><u>\$(6,977,837)</u></b>

The *estimated* cost of commercial insurance premiums that would have been paid to a carrier(s), in lieu of implementing the self-insurance program, is **\$10,716,858**. As calculated above, the net cost of self-insuring this risk during the same period is **\$6,977,837**.

**FINANCIAL REVIEW (July 2012- December 2017)**

The funding level for the workers' compensation program from July 2012 through December 31, 2017 was \$3,223,286 as depicted in Table 2.

**TABLE 2**

Policy Year	Fund Level
2012	\$468,774
2013	\$369,061
2014	\$585,456
2015	\$593,786

2016	\$611,638
2017	\$594,571
<b>Total</b>	<b>\$3,223,286</b>

A detailed review of the financial aspects of the program from July 1, 2012 through December 31, 2017 is as follows:

Claims Paid and Reserved	\$(868,427)
Program Management	\$(279,079)
Reinsurance	\$(270,186)
Assessments/Fees/Studies	\$(327,176)
Internal Workers Comp Administrator	\$(514,997)
<b>Total Paid and Reserved Costs</b>	<b>\$(2,259,865)</b>
Current Change in Claims Reserve Estimate	\$ (7,641)
<b>Total Incurred Costs</b>	<b>\$(2,267,506)</b>
less: Interest Earnings	<u>\$ 7,704</u>
<b>Net Paid Cost</b>	<b>\$(2,259,802)</b>

The *estimated* cost of commercial insurance premiums that would have been paid to carriers, in lieu of implementing the self-insurance program, is **\$3,223,286**. As calculated above, the net cost of self-insuring this risk during the same period is **\$2,259,802**.

## Queens Library Board/Committee Item

*BOARD/COMMITTEE:* Finance and Investment Committee

*DATE OF MEETING:* February 22, 2018

*ITEM ID #:* 1671

*AGENDA:* Motion to Adjourn

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**Recommended Motion for Consideration:**

*I move that the meeting be adjourned.*