



**Nevada Public Agency Insurance Pool  
Public Agency Compensation Trust**  
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**Minutes of Meeting of the  
Audit Committee of  
Nevada Public Agency Insurance Pool and  
Public Agency Compensation Trust  
Date: January 25, 2006**

**1. Roll**

Members present: Bruce Brooks, Marilou Walling, Bob Kenney, Don Tibbals

Members absent: Cash Minor

Other present: Michael Bertrand, Wayne Carlson, Debra Connally

**2. Action Item: Approval of Minutes of Meeting of December 7, 2004 and October 26, 2005**

Wayne Carlson noted that the December 7, 2004 minutes previously had been approved and that this item should have referred to the December 29, 2004 minutes, which had not been approved. Chairman Brooks removed the December 7, 2004 minutes from the agenda.

On motion and second to approve the October 26, 2005 minutes, the motion carried.

**3. Action Item: Acceptance of Auditor's Report and Recommendations  
Regarding Nevada Public Agency Insurance Pool**

Chairman Brooks opened discussion on this item. Michael Bertrand first addressed his management letter, noting the testing procedures and recommendations he had made. He indicated that the audit had been delayed significantly as a result of working with the new POOL actuary to coordinate needed supporting schedules and data to satisfy the audit requirements. He indicated that the previous actuary had developed many of these schedules over the years, but now POOL staff had to develop additional supporting and reconciliation schedules. In the end, the figures tied out appropriately to the audit.

Wayne Carlson then reviewed the Management Discussion and Analysis report that he is required to write and the auditor reviews for consistency with the audit, but not for its explanatory comments unless they conflict with auditor's findings. Wayne reviewed the highlights of his report and the financial indicators spreadsheet.

Michael Bertrand then reviewed various sections of the financial statements, commenting that administration expenses were fairly stable. He reviewed Note G in detail to explain the effect of the significant reduction of prior years' reserves that offset increases in current year's reserves sufficiently to produce a substantial increase in net assets. He responded to questions concerning the financial statements. Wayne also responded to questions about the changes in some of the administrative expenses.

Chairman Brooks asked about the actuary's methodology and whether it was sufficiently conservative to ensure stability in the financials for the future. Wayne Carlson responded that while the methodology differed from the previous actuary, the 75% confidence level selected by management was in line with the previous actuary's recommendations. In response to a question about any benchmarks for confidence levels, Wayne commented that the actuary gave ranges from 50% to 90% confidence levels and that most pools used the 75% level, although he was aware of some that used higher levels. Bruce expressed that his views come from a fiscally conservative perspective and that a higher confidence level should be discussed. Wayne responded that he would bring these comments to the Executive Committee for consideration in determining renewal strategies.

On motion and second to accept the auditor's report and recommendations, the motion carried.

**4. Action Item: Acceptance of Audit of Nevada Public Agency Insurance Pool**

On motion and second to accept the audit, the motion carried.

**5. Public comment**

Debra Connally stated that as a result of the interactions with the new actuary, she had learned a lot about the information needs of the actuary and how they relate to the auditor's needs in order to complete the audit. While some of the process was difficult and intensive, the learning was very valuable.

**6. Action Item: Adjournment**

On motion and second to adjourn, the committee adjourned at 9:45 a.m.