



**Nevada Public Agency Insurance Pool  
Public Agency Compensation Trust**  
201 S. Roop Street, Suite 102  
Carson City, NV 89701-4779  
Toll Free Phone (877) 883-7665  
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**Minutes of Meeting of the  
Audit Committee of  
Nevada Public Agency Insurance Pool and  
Public Agency Compensation Trust  
Date: December 5, 2007  
Time: 9:00 A.M.  
Place: via conference call and at  
POOL Office, 201 S. Roop St., Suite 102  
Carson City, NV 89701**

**1. Roll**

Members Present: Bruce Brooks, Rogene Hill, Josh Foli and Cash Minor

Members Absent: Marilou Walling

Others Present: Michael Bertrand, Debra Connally, Dalene Justice, Doug Smith and Wayne Carlson

**2. Action Item: Approval of Minutes of Meeting of October 19, 2007**

On motion and second to approve the minutes, the motion carried.

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

Michael Bertrand reviewed the financial results of the audit, responding to questions. He informed the committee that he was giving an unqualified opinion. He noted that net assets had grown by nearly \$3,000,000 and that investment income marked to market improved from \$66,549 to \$1,184,921. He commented that he and the actuary had reconciled the reserve figures and that he was seeing stability in the reserves over the last two years.

Michael then reviewed his Management/Audit Committee Letter commenting that the recommended control of having all non-recurring journal entries identified with the name or initial of the individual posting it had been implemented in part. The exception was that journal entries prepared by Debra Connally had not been documented with approval from Wayne Carlson. Wayne commented that this control had been intended for implementation, but had slipped and would be fully implemented this year.



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Michael reviewed the proposed audit adjustments noting that a correcting entry was required regarding specific recoverables that affected the reserves for the year by over \$5,000,000. He explained that this was an unusual occurrence, but brought to light a need to consider tracking vouchers on the books in addition to the spreadsheet tracking. Debra Connally commented that the bank statements were accurate, but that this particular amount was not run through the books as it normally would have been. Wayne Carlson advised the committee that this was a one-off situation involving a very large, contentious claims settlement negotiation for Lyon County in which the adverse party demanded quick release of the funds or they would withdraw from the settlement and the excess insurer agreed that to meet their demands, excess would issue the payment directly rather than have the POOL cash in securities, issue the check and seek reimbursement from excess. As a result, this amount showed up on the loss runs as a payment, but did not get run through POOL's books.

The committee discussed this situation at length and asked that such unique situations be avoided in the future if possible to avoid a repeat problem. They also suggested that management proceed with recording voucher amounts as tracked on spreadsheets into the accounting books as a monthly or quarterly journal entry so that there is a reconciliation during the course of the year of all claims to the books. They expressed that this would avoid a surprise at audit as happened this year. Management indicated that they would follow this recommendation.

Michael then discussed a transfer of \$1,000,000 from POOL to Public Risk Mutual accounts held for investment by Raymond James & Associates that occurred via telephone authorization. He said that there was no paper trail about whether this was approved. Doug Smith said that he had discussed the transfer with Joe Woods of Raymond James and had given the authorization orally. He assured the committee that the amount previously had been approved for transfer by the board and that he would not make such oral authorizations in the future. Michael suggested that a written policy establishing a control would be appropriate. Management agreed to restrict all transfers to being in written form.

Michael commented that certain sign purchases were recorded as repairs and maintenance rather than as equipment. Wayne Carlson commented that these were replacement of portions of the existing reader boards and interior signage due to tenant changes.

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



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**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**

None was received.

**6. Action Item: Adjournment**

On motion and second to adjourn, the meeting adjourned at approximately 10:15 a.m.

**This Agenda was posted at the following locations:**

**N.P.A.I.P.; P.A.C.T.  
201 S. Roop Street, Suite 102  
Carson City, NV 89701**

**Carson City Courthouse  
885 E. Musser Street  
Carson City, NV 89701**

**Eureka County Courthouse  
10 S. Main Street  
Eureka, NV 89316**

**Churchill County Courthouse  
155 North Taylor Street  
Fallon, NV 89406**