

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
Telephone (775) 885-7475
Facsimile (775) 883-7398

**AMENDED Notice of Meetings and Agendas for the Joint Meeting of
the Board of Directors/Trustees and of the Executive Committees of
Nevada Public Agency Insurance Pool and
Public Agency Compensation Trust
Date: April 19, 2024 Time: 8:00 a.m.
Location: Grand Sierra Resort, Grand Sierra Resort
500 E 2nd St,
Reno, NV 89595**

JOINT BOARDS and EXECUTIVE COMMITTEES' AGENDA

Notices:

1. Items on the agenda may be taken out of order;
2. Two or more items on the agenda may be combined for consideration
3. Any item on the agenda may be removed or discussion may be delayed at any time
4. The general Public Comment periods are limited to those items not listed on the agenda. Public Comment periods are devoted to comments by the general public, if any, and may include discussion of those comments; however, no action may be taken upon a matter raised under Public Comments until the matter itself has been included specifically on an agenda as an item upon which action may be taken.
5. At the discretion of the Chair of the meeting, public comments on specific agenda items may be allowed, but must be limited to the specific agenda item.

1. Introductions and Roll
2. Public Comment
3. **For Possible Action:** Consent Agenda: Approve as a Whole Unless Moved From Consent Agenda
 - a. Approval of Minutes of Board:
 - 1) Joint Board Meeting April 21, 2023
 - b. Acceptance of Minutes of Committee Meetings
 - 1) Joint Executive Committee: 9/1/2023; 3/12/2024; 4/2/2024
 - 2) Loss Control Committee: 7/13/2023; 10/16/2023; 2/6/2024
 - 3) HR Oversight Committee: 9/8/2023; 12/8/2023
4. **For Possible Action:** Acceptance of Investment Reports and Action on Recommendations:
 - a. NEAM Investment Advisor Report
 - b. Strategic Asset Alliance Investment Advisor Report
5. **For Possible Action:** Review and Approval of Changes to Investment Guidelines
 - a. POOL Investment Guidelines
 - b. PACT Investment Guidelines

6. **For Possible Action: Acceptance of Reports:**
 - a. **Executive Director**
 - b. **Chief Financial Officer**
 - a. **Public Risk Mutual Audit**
 - b. **Public Compensation Mutual Audit**
 - c. **Pooling Resources, Inc. Audit**
 - d. **Nevada Risk Pooling, Inc. Audit**
 - c. **POOL/PACT HR General Manager**
 - d. **Risk Management**
 - e. **ELearning**
 - f. **Member Relations Manager**
 - g. **Davies Claims Solutions Report and Claims Overview**
7. **For Possible Action: Approval of Grant to Nevada Risk Pooling, Inc. for Administrative Services to POOL/PACT and PRM/PACM**
8. **Public Comment**
9. **Adjournment**

This Agenda was posted at the following locations and on the State's Website notice.nv.gov:

**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 Administration
155 North Taylor Street
Fallon, NV 89406**

NOTICE TO PERSONS WITH DISABILITIES

Members of the public who are disabled and require special accommodations or assistance at the meeting are requested to notify the Nevada Public Agency Insurance Pool or Public Agency Compensation Trust in writing at 201 S. Roop Street, Suite 102, Carson City, NV 89701, or by calling (775) 885-7475 at least three working days prior to the meeting.



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**Minutes of the Joint Meeting of
the Board of Directors/Trustees and of the Executive Committees of
Nevada Public Agency Insurance Pool and
Public Agency Compensation Trust
Date: April 21, 2023 Time: 8:00 a.m.
Location: Grand Sierra Resort, Grand Sierra Resort
500 E 2nd St,
Reno, NV 89595**

JOINT BOARDS and EXECUTIVE COMMITTEES' AGENDA

Notices:

- 1. Items on the agenda may be taken out of order;**
- 2. Two or more items on the agenda may be combined for consideration**
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- 5. At the discretion of the Chair of the meeting, public comments on specific agenda items may be allowed, but must be limited to the specific agenda item.**

1. Introductions and Roll

Roll was taken by sign-in sheets and a quorum of the Executive Committees was present, but not a quorum of the full board. Thus, the meeting was conducted by the Executive Committees.

2. Public Comment

Chair Paul Johnson opened public comment and hearing none, closed the comment period.

3. For Possible Action: Consent Agenda: Approve as a Whole Unless Moved From Consent Agenda

a. Approval of Minutes of Board:

- 1) Joint Board Meeting April 21, 2022**

b. Acceptance of Minutes of Committee Meetings

- 1) Joint Executive Committee: July 29, 2022; October 11, 2022; February 17, 2023; March 20, 2023, April 7, 2023**
- 2) Loss Control Committee: July 12, 2022, November 2, 2022, March 14, 2023**
- 3) HR Oversight Committee: September 9, 2022, December 5, 2022; March 10, 2023**

On motion and second to approve the consent agenda, the motion carried.

4. **For Possible Action: Acceptance of Investment Reports and Action on Recommendations:**
 - a. **NEAM Investment Advisor Report**
 - b. **Strategic Asset Alliance Investment Advisor Report**

Chip Clark, President of NEAM, provided an overview of the economy and its effect on the investment markets. Kelly Sullivan provided a review of the investment results for the fixed income portfolio for the pools and captives.

Alton Cogert, President of SAA, presented a review of the equity investment market and of the captives and pools overall performance including both fixed income and risk assets.

5. **For Possible Action: Review and Approval of Changes to Investment Guidelines**
 - a. **POOL Investment Guidelines**
 - b. **PACT Investment Guidelines**

On motion and second to approve the investment guidelines with no changes, the motion carried.

6. **For Possible Action: Employee Assistance Program Review and Approval of Extension of Contract**

Wayne Carlson commented that the current EAP provider is KEPRO pursuant to a joinder contract with the State of Nevada. The State is conducting an RFP process for selection of an EAP provider, however, KEPRO has assured us that POOL/PACT's program and rates would remain in effect whether or not the State retains KEPRO as its provider. He then reviewed the highlights of the second quarter report from KEPRO commenting on the low utilization rate.

On motion and second to approve the KEPRO contract extension, the motion carried.

7. **For Possible Action: Acceptance of Reports:**
 - 1) **Executive Director**
 - 2) **Chief Financial Officer**
 - a. **Public Risk Mutual Audit**
 - b. **Public Compensation Mutual Audit**
 - c. **Pooling Resources, Inc. Audit**
 - d. **Nevada Risk Pooling, Inc. Audit**
 - 3) **POOL/PACT HR General Manager**
 - 4) **Risk Management**
 - 5) **ELearning**
 - 6) **Member Relations Manager**
 - 7) **Davies Claims Solutions Report and Claims Overview**

Each of the above listed reports was included in the board packet and the respective persons added commentary at the meeting.

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

8. Public Comment

Chair Johnson opened public comment and hearing none, closed the comment period.

9. Adjournment

Chair Johnson adjourned the meeting at approximately 10:05 a.m.

This Agenda was posted at the following locations and on the State's Website notice.nv.gov:

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

**Carson City Courthouse
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**Minutes of Joint Meeting of
Executive Committees of
Nevada Public Agency Insurance Pool and
Public Agency Compensation Trust
Date: September 1, 2023
8:15 AM
ZOOM Meeting**

1. Roll

POOL Chairman Josh Foli called the meeting to order at 8:31 am. It was noted that there was a quorum for POOL but not for PACT. So, the meeting will proceed and only POOL related items would be approved.

POOL Members present:, Josh Foli, Geof Stark, Dan Murphy, Ann Cyr, and Gina Rackley.

POOL Members absent: Amanda Osborne, Scott Lindgren.

PACT Members present: Paul Johnson, Mike Giles, Josh Foli.

PACT Members absent: Amanda Osborne, Joe Westerlund, Robyn Dunckhorst, Craig Roissum

Staff members present: Wayne Carlson, Alan Kalt, Stephen Romero, Jarrod Hickman, and Marshall Smith.

2. Public Comment

There were no public comments.

3. For Possible Action: Approval of Consent Agenda

- a. [Approval of minutes of Joint Executive Committee Meeting of April 7, 2023](#)
- b. [Approval of interim financial reports for POOL, PACT, PRM, PCM, NRP and PRI](#)
- c. [Approval of NEAM July Investment Report](#)

Josh Foli noted the information was included in the packet. Josh asked if there were any questions. There were none. Ann Cyr made a motion to approve the Consent Agenda items 3.a-c excluding the PACT interim financial report. Gina Rackley seconded the motion. Motion carried.

4. For Possible Action: Change AGRiP Designated Representative for PACT to Stephen Romero

This agenda item was not acted upon as this is a PACT item. It will appear on a future PACT Executive Committee meeting.

5. For Possible Action: [Review and Adopt Changes to Investment Guidelines Resulting from AB33 Passed in the 2023 Legislative Session](#)

Wayne Carlson and Alan Kalt reviewed the proposed investment changes in the policy to be in compliance with changes in the statutes by the last legislative session. There have been some

investment exceptions noted by NEAM due to our policy being more restrictive than those allowed in the Nevada Revised Statutes. These recommended changes should reduce/eliminate the exceptions noted. Paul Johnson suggested that instead of listing all the allowed and authorized investments in section 6 that it indicate that the investment advisors may invest in accordance with the applicable Nevada Revised Statutes and have an exhibit that specifically list the investments rather than having them listed in Section 6 as they are likely to continue to change in the future. Alan Kalt noted that there was a discussion about including a table with approved minimum and maximum percentages of the allowed investments like the PRM and PCM investment policy, but it was felt this was not necessary by the investment advisors. After the discussion, Geof Stark made a motion to approve the proposed changes to the POOL investment policy. The motion was seconded by Gina Rackley and carried unanimously.

6. Report on Status of POOL and PACT Renewals and Changes in Membership

Stephen Romero gave an update on the POOL and PACT Renewals noting that all the coverages have been placed. He noted that POOL had the following new members added: Central Nevada Health District, Community Chest Inc., Consolidated Agencies of Human Services, McGill-Ruth Water District, City of Sparks for Property Only and Truckee Meadows Water Reclamation Facility for property only. Romero noted that East Fork Fire District left PACT. He indicated that they had the highest Mod-Rate of any member. No action taken on this informational item.

7. [Review of 2023 Legislative Changes Impacting POOL and PACT](#)

Wayne Carlson gave an overview of some of the changes from the 2023 Legislative Session. A detailed report was included in the packet. He spoke specifically on Assembly Bill 398 which a policy of liability insurance must not include defense cost within the limits of liability, but defense cost coverage must be available, although the law does not require unlimited defense costs. It appears to not have an impact on our programs. We will be tracking the regulations and implementation on this bill. Gina Rackley noted that jury duty pay bill which increased the amount paid to those serving on jury duty has been implemented on July 1st by Judicial System. No action was needed on this report.

8. POOL Claims Committee Appointment: Coverage Appeals Pending

Wayne Carlson noted that we have 7 appeals from 1 member and 2 former members that will be heard by the POOL Claims Committee. The POOL Chair appointed the Claims Committee. Josh Foli appointed the following members to serve on the Committee: Josh Foli, Geof Stark, Gina Rackley, Ann Cyr, and Mike Giles. The hearings are scheduled for October 24th for the Boulder City cases, October 25th for the Douglas County cases, and the Nye County cases have asked for a 180-day extension. The date of their hearing will be determined in the future. Josh Foli noted that he had been served a Public Records request for all e-mails and communications from POOL and Davies by Douglas County. It was noted that Douglas County requested the same from POOL, but we are not a local government subject to the Public Records Act. The attorneys are working on responding in this matter. No action was taken.

9. Public Comment

Chair Foli asked for any public comments. There were none.

10. Meeting Adjourned at 8:49 am.



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**Minutes of Joint Meeting and Agenda of
Executive Committees of
Nevada Public Agency Insurance Pool and
Public Agency Compensation Trust
Date: March 12, 2024
1:30 PM via ZOOM**

<https://us02web.zoom.us/j/82703855301?pwd=S05nb2JyeXQxU3NYb3pJTWVMbkZsZz09>
Meeting ID: 827 0385 5301 Passcode: 770080

1. Roll

POOL Chair Josh Foli called the meeting to order at 1:38 pm for POOL. PACT achieved a quorum at 1:45 pm.

POOL Members present: Josh Foli, Geof Stark, Dan Murphy, Ann Cyr, Gina Rackley and Amanda Osborne.

POOL Members absent: Scott Lindgren

PACT Members present: Paul Johnson, Josh Foli, Joe Westerlund, Robyn Dunckhorst, Craig Roissum.

PACT Members absent: Joe Westerlund, Robyn Dunckhorst and Mike Giles.

Staff members present: Wayne Carlson, Alan Kalt, Stephen Romero, Marshall Smith, Jarrod Hickman, and Stacy Norbeck.

2. Public Comment

Chair Foli opened public comment. There was no public comment, so he closed the comment period.

3. For Possible Action: Approval of Consent Agenda

- a. Approval of minutes of Joint Executive Committees Meeting of October 13, 2023
- b. Interim Financial Reports
 - 1). PACT Interim Financial Reports
 - 2). POOL Interim Financial Reports
- c. NEAM and SAA Investment Reports
- d. Report on PRM and PCM 2023 Annual Audits

Ann Cyr made a motion to approve the consent agenda for all the POOL related items. Dan Murphy second the motion which carried. Upon achieving a PACT quorum, Josh Foli made a motion to approve the consent agenda for all PACT related items. Second by Craig Roissum. Motion carried.

4. For Possible Action: Approval of Grants and Agreements

a. Nevada Risk Pooling, Inc Grant Renewal; Lease expires 7/1/2024 - Included as Expense in Grant Budget

Alan Kalt indicated that the NRP Board met on March 11th to approve the budget and grant provisions. After the budget presentation and financial update, the NRP board approved to reduce the upcoming grant base amount by \$500,000. This would still provide for a balanced budget and a growth in ending net assets. NRP has not hired the same level of staffing that Willis Pooling had in their operations and does not currently have plans to expand the risk management staff. Based on the current allocation, this reduction in the contract amount would bring in savings of \$201,236 for POOL, \$49,230 for PRM, \$200,770 in PACT, and \$49,230 for PCM. It also approves the payment of the rental lease costs directly within the NRP grant and budget at the current rate plus an annual increase of 3% which reflects current fair market rental rates. After a brief discussion, Paul Johnson made a motion to approve and recommend approval to the full board the Nevada Risk Pooling, Inc grant renewal and lease provision payment. Gina Rackley seconded the motion which passed unanimously.

b. Public Agency Risk Management Services, Inc. Lease – One Year Term

Alan Kalt indicated that the proposed lease agreement with Public Agency Risk Management Services, Inc be for a one-year period using the current rate +3% each year to keep within fair market rental rates. This lease is for Wayne's office and is based on square footage consistent with prior lease agreements. Paul Johnson made a motion to approve the PARMS lease for a one-year term as noted in the agreement. Gina Rackley seconded the motion which passed unanimously.

5. For Possible Action: Recommendation to the PACT Board re: SpecialtyHealth Wellness Agreement Effective 7-1-2024

Marshall Smith provided an update on the status of the contract discussions with SpecialtyHealth for our Wellness Program. SpecialtyHealth has provided various utilization reports as required by the contract. Marshall and Jarrod are reviewing the reports and have had a couple of meetings with SpecialtyHealth. It is anticipated that a new proposed contract will be available for the Committee's consideration in early April with the final version being presented at the Annual Meeting on April 19. No action was taken on this item.

6. For Possible Action: Approval of Proposed Reinsurance/Insurance Coverage and Risk Management Programs for Fiscal Year 2024-2025 for Recommendations to the Boards:

a. POOL

i. Rate Indications

ii. Loss Fund Contribution Indications

iii. Retention Options and Reinsurance Strategies

iv. Ancillary Programs (Student Accident, Pollution Legal Liability, EAP, and Airports)

Stephen Romero reviewed a PowerPoint presentation on the meetings held during the London market property renewal. It was noted there were 3 days of meeting with 14 different markets. This is POOL's 20th year placing property coverage in the London Market. It has been a very beneficial long-term relationship for the POOL and the Market. Given our longevity, claims history, and stability, our rate of increases has been less than the amount provided to other pools and businesses. Stephen noted that we discussed our POOL Board, Executive Committee and Administration staff. The presentation included our risk management program, member's mitigation measures as well as our appraisal program with Centurisk. A detailed overview of our property exposures and the premium fatigue by our membership. It was noted there was more supply in the market with less restrictions and the heat is coming off having double digit increases. The market has seen a reduction in CAT losses but has been hit hard by secondary perils such as wind, hail, and convective storms. The market emphasized the value of the Nevada POOL, its' risk management

services and the long-term relationship. We should see rate stability and be able to keep our capacity and limits. Several markets indicated that if we had a significant loss (\$20M-\$50M) we would continue to be renewed with stable pricing due to our long-term relationship. Steve Firman should have rates from the syndicates in the first week of April.

Stephen and Alan returned from the AGRIP Conference where they met with several of the liability markets in addition to attending the educational sessions. The school liability carrier, Old Republic indicated a low single digit increase plus exposure changes. GEM and CRL are finalizing their pricing by the end of March. Our independent actuary, Derek Burkhalter, from Bickmore Actuarial is working on the PRM Captive pricing for their layer.

Stephen showed the year over year comparison spreadsheet focusing on the exposure data. He noted that Property TIV was up 7.79%, member payroll +5.31%, school employees up 4.22%, autos for all members up 8.67% and school's ADA down 1.07%. As a result of these exposure increases, even if we had a flat renewal on the rates, the overall premiums would increase with these exposure increases. He reminded the Committee just like if you purchase a new vehicle at home, you must pay additional insurance for the vehicle. The same thing occurs with the POOL. Stephen walked through the renewal quotes received and projected pricing noting that the red numbers were still pending. We continue to work with the markets to obtain favorable pricing and answer their underwriting questions. It is anticipated that the final numbers will be received by the first week of April. He does not expect any numbers to be materially different from the estimated projected pricing.

After discussing the exposures and tentative pricing, Geof Stark made a motion to approve the 2024-2025 NPAIP Renewal Quotes noting that the numbers will be adjusted to reflect final pricing by the markets and recommend approval to the full Board at the Annual Meeting. Paul Johnson seconded the motion which carried.

b. PACT

- i. Rate Indications from Reinsurers Effective 7/1/2024.**
- ii. Loss Fund Contribution Rate Indications Effective 1/2025**
- iii. Retention Options and Reinsurance Strategies**

Alan Kalt reminded the Executive Committee of their action taken on December 19, 2023 to set the classification rates and accept the actuarially determined x-mods effective January 1, 2024 to December 31, 2024 for the Fiscal Year 2024-2025. We are still working with CRL and the actuary for PCM pricing on the reinsurance layers. The CRL rate is expected to be double digit due to a year with zero claims rolling off and the new year has \$2.0M in claims. This was projected into the budget for the 2024 rate setting. Alan noted that once we get the final reinsurance pricing, those figures will be included in the final budget which will be presented at the Annual Board meeting on April 19th. The board took no action at this time at this meeting.

7. For Possible Action: Approval of Proposed Budgets for Fiscal Year 2024-2025 For Recommendations to the Boards:

a. POOL

Alan Kalt reviewed the POOL Budget provided in the meeting materials. He noted that the numbers in red were numbers that needed to be updated once final quotes were received from the markets. The open items are primarily in the Loss Fund and Insurance expense items within the budget. Stephen has been working hard with the markets to get the most favorable renewal terms for the program. Alan noted that our independent actuary has provided the funding level

for POOL's property and liability coverage. He is still working on the PRM layers for the program. Alan noted that the Administrative Expenses are showing a budget increase less than one half of one percent over the current year budget. Management remains very committed to cost cutting measures for the program. Non-operating investment income is anticipated to increase as the book yields on the investments. Kalt noted that the estimated increase in premiums on this draft budget is 8% which reflects the exposure changes and inflationary costs.

After a detailed discussion, Paul Johnson made a motion to approve the proposed budget for Fiscal Year 2024-25 and recommend approval to the full board at the Annual Meeting. He noted that the draft budget would change as the final market quotes are received. Dan Murphy seconded the motion. The motion carried.

b. PACT

Alan Kalt reviewed the PACT Budget provided in the meeting materials. He noted that the Executive Committee approved the tentative budget, and the classification rate increases at their December 19, 2023 meeting. The classification rate increases were as follows: 1% for school and hospital classifications, 3% for governmental classifications and 5% for police/fire classification codes. Alan noted that the actuary is still working on the funding levels for PACT and PCM. We are pending the renewal quotes from CRL and Safety National for their layers. The final budget with these updated numbers will be presented at the Annual Meeting. The classification rates and experience modification rates as calculated by the actuary have already been adopted and sent to the membership for their January 1st payroll system implementation.

After a brief discussion, Josh Foli made a motion to approve the proposed budget subject to final revisions and make a recommendation to the full board for approval at the Annual Meeting. Dan Murphy seconded the motion which was carried unanimously.

c. Notices of Potential Withdrawal from POOL or PACT

- i. City of Elko for POOL and PACT**
- ii. Southern Nevada Health District for POOL and PACT**
- iii. Central Lyon Fire Protection District for PACT**
- iv. Mt. Grant General Hospital for PACT**
- v. Pershing General Hospital for PACT**
- vi. Grover C. Dills Hospital for PACT**
- vii. Battle Mountain General Hospital for PACT**

Wayne Carlson gave an overview of potential withdrawal of members from POOL and PACT as listed on the agenda. It was noted that some of these notices are for due diligence purposes by the members at the request of their governing boards. The rural hospitals are struggling financially, and a separate broker from Nevada Rural Hospital Partners (NRHP) is pitching a different program which appears to cost less and does not have services. Wayne and Stephen have met with NRHP and are collaborating with them to explain the total value of the program and services to their hospital entities beyond the insurance coverage. Paul Johnson asked if there would be value in members reaching out to these entities to assist them in better understanding POOL/PACT and the programs and services provided if that would be beneficial. He offered to contact some of them if requested. It is unknown which entities, if any, will leave the program effective July 1st.

8. For Possible Action: Review of Candidates for POOL and PACT Executive Committees for Election at Annual Meeting

Staff reviewed the positions up for election at the Annual Meeting. The POOL Committee members up for election include Gina Rackley, Counties/Cities with less than 35,000 population, Ann Cyr, School District Representative and Scott Lindgren Special Districts representative. It was also noted that Geof Stark from Churchill County will be retiring so his unexpired term through July 1, 2025 and Vice Chair will be open as well.

The PACT Committee Members up for election are Robyn Dunckhorst, Hospital Representative, Craig Roissum, Counties/Cities with population less than 35,00 and Paul Johnson, School District representative. The existing members were willing to continue to serve.

It was noted that Jan Baum, Elko City Manager, has expressed an interest in serving on the POOL Board. Wayne Carlson encourages the committee to reach out to members they feel would be great board members to consider running for Executive Committee at the Annual Board meeting.

9. Information Only: Staff Updates

Staff gave a brief update on activities noting that the Enterprise Risk Management Excellence Program is highly active and e-learning continues to reach more and more members and their employees. Stephen Romero noted that Nye County has contacted him to consider quoting for POOL and PACT coverages in the upcoming year. Various committee members indicated that due to past claims experience they would not welcome a submission. Stephen will advise the agent accordingly.

10. Public Comment

The Chair opened the public comment period and hearing no public comments closed the period.

11. For Possible Action: Adjournment

The meeting adjourned at 2:55 pm.



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**Minutes of Joint Meeting of
Executive Committees of
Nevada Public Agency Insurance Pool and
Public Agency Compensation Trust
Date: Tuesday, April 2, 2024
2:00 PM
Virtual Meeting**

Join Zoom Meeting:

<https://us02web.zoom.us/j/81382955654?pwd=OE1ieUV2YXNxTUNSV04rWklhV1J4Zz09>

Meeting ID: 813 8295 5654

Passcode: 860849

1. Roll

Members Present: Amanda Osborne, Dan Murphy, Gina Rackley, Ann Cr, Scott Lindgren, Mike Giles, Joe Westerlund, Paul Johnson

Members Absent: Josh Foli, Robyn Dunckhorst, Craig Roissum, Dan Murphy, Geof Stark

Others Present: Alan Kalt, Stephen Romero, Debbie Connally, Wayne Carlson

A quorum of POOL and PACT Executive Committee members being present, Chair Johnson called the meeting to order at 2:03 pm.

2. Public Comment

Chair Johnson opened public comment and hearing none, closed the comment period.

3. For Possible Action: Approval of Consent Agenda

- a. **Approval of minutes of Joint Executive Committee Meeting of March 12, 2024**
- b. **PACT and POOL February 29, 2024 Financial Statements**
- c. **NEAM Investment Report**

On motion by Ann Cyr and second by Mike Giles to approve the consent agenda, the motion carried.

4. For Possible Action: Review of Risk Management Programs, Insurance/Reinsurance Coverage:

- a. **Review of POOL/PACT insurance/reinsurance coverage and risk management programs to determine what coverages and programs to offer for 2024/2025:**
 - i. **Review of POOL and PACT Rate Indications**
 - ii. **Review of POOL and PACT Loss Fund Contribution Rate Indications**
 - iii. **Selection of Options for NPAIP and PACT Renewal and Reinsurance Strategies for Recommendations to the Boards**
 - iv. **Review of Ancillary Programs Including Student Accident, Pollution Legal Liability, Employee Assistance Program and Airports Program.**

Stephen Romero reviewed the renewal rate and exposure changes spreadsheet for POOL and PACT highlighting the overall rate changes and exposure changes since the prior year. He commented on the items still pending final figures which he is working to finalize this week. Overall, it looks like the program rates may rise under 3% year over year. He emphasized that exposure changes were closer to 8% for the POOL Members combined. He also reviewed the ancillary programs noting which ones received reductions and which remained the same. For PACT, the rate increases appear to be closer to 8% with about a 4.5% exposure change overall. He noted that PACT rates had been set effective January 1, 2024. The proposed reinsurance costs were anticipated in developing the rates for January 1, 2024.

b. Review Proposed 2024-2025 Draft Budgets for POOL and PACT for Recommendation to the POOL and PACT Boards

Alan Kalt highlighted key elements of the proposed POOL and PACT budgets explaining increases/decreases compared to the current budget. He noted that the renewal program costs were dependent upon the results that Stephen Romero reviewed.

On motion by Mike Giles and second by Scott Lindgren to accept both items a and item b with the estimated not to exceed numbers, the motion carried.

5. For Possible Action: Recommendation to the PACT Board re: SpecialtyHealth Wellness Agreement Effective July 1, 2024

Alan Kalt reviewed the proposed changes to the SpecialtyHealth three-year agreement, particularly the reduction in the not-to-exceed cost from \$615,000 per year to \$500,000 per year. He reviewed key changes in the agreement that were negotiated by both parties. He noted a provision that allows modification should PACT lose public safety members during the first year. Scope remains relatively the same. He commended the mental health addition and the piloted rapid response services for orthopedics with Swift and ROC for northern Nevada members. Discussion ensued about utilization of the services and the level of participation. Resistance from unions inhibits participation due to misperception of the program for political reasons.

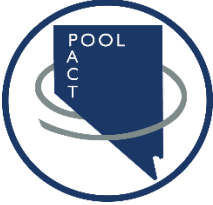
On motion by Scott Lindgren and second Amanda Osborne to recommend the revised agreement with SpecialtyHealth to the PACT Board, the motion carried.

6. Public Comment

Chair Johnson opened public comment. Stephen Romero commended Fire Chief Scott Lindgren for providing patches to take to London for the property program negotiations saying they were well-received and helped with the renewal meetings. No other public comments were received. Chair Johnson closed the public comment period.

7. For Possible Action: Adjournment

Chair Johnson adjourned the meeting at about 2:35 p.m.



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Toll Free: (877) 883-7665
Telephone: (775) 885-7475

**MINUTES FOR THE LOSS CONTROL COMMITTEE OF
NEVADA PUBLIC AGENCY INSURANCE POOL AND PUBLIC AGENCY
COMPENSATION TRUST**

DATE: February 6, 2024

TIME: 9:00 A.M. to 11:00 A.M.

LOCATION:

(1) In-person: Carson City School District Office.

(2) Online: Zoom Meeting:

Zoom Meeting

<https://us02web.zoom.us/j/85662675679?pwd=dGwyTEVkem5DV2ZoYVlkWkkyZEImdz09&from=addon>

MINUTES

1. Roll

- a. Members Present: Dan Murphy (Chairperson), Ann Cyr, Paul Sikora, Alicia Heizer, Geof Stark, Shannon Harris, Curtis Truillo. Not present: Darren Wagner
- b. Others Present: Wayne Carlson, Margaret Malzahn, Donna Squires, Lisa Hutchinson (Safety Director, Eureka County School District) Chief Sean Burke (Grass Valley Volunteer Fire Department), Jennifer Turner, Jarrod Hickman, Stephen Romero, Marshall Smith

2. Public Comment

- a. No public comment

3. **FOR POSSIBLE ACTION:** Approval of the Minutes of Committee Meeting of October 16, 2023.
 - a. Ann Cyr made a motion to approve, Alicia Heizer seconded, motion passed.

4. **For Discussion:** Highlights/Happenings in Carson City School District by Ann Cyr. Ann provided an update on important school emergency operations training relating to extreme weather and reunification procedures. Over 120 people participated.

5. **For Discussion:** Jarrod Hickman presented a summary of risk management activities:
 - a. Webinars/Seminars/Training Since Last Meeting
 - b. *Enterprise Risk Management Excellence Program* Report
 - i. Marshall Smith indicated that a member on the Committee requested a status report. He provided a summary of the objectives of the program, and summary of members who were exposed to the Program through grants or assessments, and a summary of members currently processing through the Program.
 - ii. Geof Stark thanked him for presenting the report and expressed concern about his concern about spreading POOL/PACT risk management resources too thin.
 - iii. Marshall thanked him for his concern, but assured him that of all the risk management programs/services provided by POOL/PACT, he believes that the direct, positive, and constructive interaction with member department heads, and city/county managers, in actually putting best practices in place is among the most significant impacts he can make.
 1. Dan Murphy said that he appreciated the efforts of the POOL/PACT Risk Management Staff and this program and believes it is making a real positive impact on members.
 2. Ann Cyr said that she agreed with Dan's comments and said that the ERMEP has evolved significantly since the original Loss Control Excellence Program which was

essentially a check the box program and impressed with the number of members engaged in the program.

3. Geof Stark also thanked Risk Management staff and requested that this be a regular item on the agenda

- c. Marshall summarized recent Nevada Detention Administrators Working Group
- d. Jarrod summarized upcoming events
- e. Jarrod summarized the PP LCC grant status

6. **FOR POSSIBLE ACTION:** Review and approve or deny grant 0282-RM-2023 submitted by Pershing County.

a. Jarrod provided the staff grant summary to the Committee. Chief Sean Burke (Grass Valley Volunteer Fire Department) presented a summary of the grant. Marshall pointed out the significant involvement that Chief Burke has had with Pershing County's ERMEP participation. Geof Stark moved to approve, which was seconded by Curtis Trujillo. After discussion, the motion carried unanimously.

7. **FOR DISCUSSION: Date and location for next meeting.**

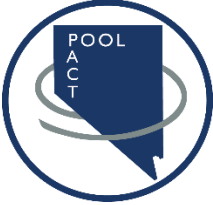
- a. Curtis Trujillo offered to host the June meeting.
- b. Paul Sikora offered to host the October meeting.
- c. Staff to work with Curtis Trujillo on logistics for June 2024 meeting.

8. **Public Comment**

- a. No public comment.

9. **Adjournment**

- a. Meeting adjourned at 9:42 AM



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**MINUTES FOR THE LOSS CONTROL COMMITTEE OF
NEVADA PUBLIC AGENCY INSURANCE POOL AND PUBLIC AGENCY COMPENSATION TRUST**

DATE: July 13, 2023

TIME: 9:00 A.M. to 11:00 A.M.

LOCATION:

(1) In-person: Incline Village General Improvement District Office, 955 Fairway Blvd, Incline Village, NV 89451

(2) Online: Zoom Meeting:

<https://us02web.zoom.us/j/84169667771?pwd=TFVnQ1Ewb3dQc1hEbVh6Wlp2ekh4UT09&from=addon>

Meeting ID: 841 6966 7771

Passcode: 775500

Phone (669) 900-6833

MINUTES

- 1. Roll**
 - a. Curtis Trujillo, Dan Murphy, Paul Sikora, Alicia Heiser, Geof Stark, Darin Wagner, Margaret Malzahn, Donna Squires, Julie Davis, Chris Lawrence, Alyssa Burke, Madison Aviles, Marshall Smith, Jarrod Hickman, Wayne Carlson, Sean Moyle, Jennifer Turner

- 2. Public Comment**
 - a. Chairman Dan Murphy thanked Curtis for hosting the meeting in Incline.

- 3. FOR POSSIBLE ACTION:** Approval of the Minutes of Committee Meeting of November 2, 2022
 - a. Alicia Heiser made a motion to approve, Darin Wagner seconded, motion passed.

4. **For Discussion:** Highlights/Happenings in Incline Village General Improvement District, by Member Curtis Trujillo
 - a. IVGID will be participating in an emergency drill with multiple agencies. The objective of this drill is to familiarize the residents with the evacuation plan. Curtis also shared that Nevada Energy is replacing several poles from wood to metal, during this project, NV Energy will be using IVGID property to store their equipment. IVGID is expanding their beach house and skate park, as well as replacing the main sewer pump station and water line.

5. **For Discussion: Risk Management Activity Report**

A. **Webinars/Seminars/Training Since Last Meeting**

1. **Occupational Safety:** Jarrod Hickman provided a review of Occupation Safety services provided since last meeting.
2. **School Safety:** Digital Threat Assessment Training (04/29/2023): Jarrod Hickman explained a little bit about the DTA that took place in Fallon in April. This training was done in conjunction with Nevada Association of School Boards (NASB), Nevada Association of Superintendents, and the training was presented by Safer Schools Together.
3. **Aquatics:** Jarrod Hickman stated that we are wrapping up all the Aquatic Assessments that took place this year. Marshall commented on the Aquatic Risk Management seminar that took place in Winnemucca; the seminar was very well done, there was good participation. POOL/PACT is now working on putting together a POOL Administrators Working Group (much like NDAWG); this is a peer group for POOL members and the group will meet quarterly.
4. **Fiscal Controls:** Jarrod Hickman noted all the financial trainings Alan has provided to a couple of the members. Alan Kalt briefly explained the year-end fiscal housekeeping training he provides. While he was out in Ely, he talked with the board about consolidated tax, and expanded his discussion to include ACH fraud. Jarrod then noted that the upcoming Cybersecurity Webinar will touch on that subject.
5. **Cybersecurity:** Jarrod Hickman stated that Tony Rucci is providing Passive Network Assessments (PNAs) to various members right now. He also mentioned the upcoming Cybersecurity webinar taking place in August.
6. **Fire Services:** Attended 2023 Annual Nevada State Firefighters' Association Training Conference (06/21/2023): Jarrod Hickman noted that Marshall attended this training in Elko.
7. **Law Enforcement:** Jarrod Hickman reviewed monthly Roll Call Webinars since the last meeting and indicated that the remaining Detention Facility Assessments follow-ups were being concluded.

8. **Board Workshop (ERMEP):** Board Presentation to Lincoln County School District Trustees (6/26/23): Marshall Smith noted that the Board Governance section was added to the ERMEP. Pam Teel from Lincoln County School District suggested that instead of selecting an individual board member to review the Board Governance section of the ERMEP, why not make a presentation to the whole board. Wayne Carlson and Marshall will be making this presentation to the Town of Round Mountain next week.
- B. **Enterprise Risk Management Excellence Program**
 1. **Members processing through the Program: 14.** Marshall Smith noted that 14 members are processing through the ERMEP right now, 12 of those members have applied for Risk Management grants and are processing through the relevant sections of the ERMEP.
- C. **Nevada Detention Administrators Working Group (NDAWG)**
 1. Next Meeting (7/19/23): Marshall stated the date of the NDAWG meeting taking place in Winnemucca. He noted that a panel from the Nevada Department of Health and Human Services will be at the meeting.
- D. **Upcoming Risk Management Webinars/Seminars/Training**
 1. **Occupational Safety:** Jarrod Hickman indicated that he and Marshall are providing basic fire extinguisher training to Carson City School District August 1, 2023.
 2. **Cybersecurity:** Jarrod Hickman indicated that the next Cybersecurity webinar is scheduled for August 23, 2023 and will focus on MFA.
 3. **Law Enforcement:** Jarrod Hickman indicated that the next Roll Call webinar is scheduled for July 27, 2023 and will cover Harassment and Discrimination for Road Operations and PREA for Detention Operations.
 4. **Board Workshop:** Marshall Smith noted that he and Wayne will be presenting to the Board next week.
- E. **Risk Management Grant Program FY2022-2023 Review**
 1. Jarrod Hickman provided a summary of the Risk Management grants programs.
6. **FOR POSSIBLE ACTION:** Discussion and approval of the Enterprise Risk Management Excellence Award to Carson City School District: Marshall Smith presented a recommendation for Carson City School District to receive the ERMEP award. They started in March and jumped right in to complete the entire ERMEP in a short period of time. Marshall made mention of the fact that Jarrod Hickman did an extraordinary amount of work on CCSD's Written Workplace Safety Plan; the WWSP will go before CCSD's board for approval. Marshall also mentioned that the Cyber and Fiscal sections of the ERMEP typically take three to five sessions to complete and CCSD was able to complete both within the first session. A lot of work was involved in getting this complete, job well done to CCSD. Chairman Dan Murphy agreed that the ERMEP is a lot to work through and

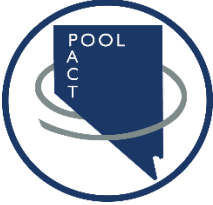
congratulated Ann Cyr on the completion of the EREMP. Geof Stark made a motion to approve, Alicia Heiser seconded it, the motion passed.

7. **FOR POSSIBLE ACTION:** Review and approve or deny grant 0245-RM-2023 submitted by Elko County School District: Julie Davis presented the grant request for Elko County School District, noting that this request comes from the Nursing Department; they would like to update their CPR dummies and technology, as well as purchase Stop the Bleed kits. Jarrod Hickman described the eligibility requirements and criteria that Elko County School District has met, as well as the financing. Alicia Heiser made a motion to approve, Paul Sikora seconded, the motion passed.
8. **FOR POSSIBLE ACTION:** Review and approve or deny grant 0269-RM-2023 submitted by Mineral County: Chris Lawrence presented the augmented reality fire extinguisher training. He mentioned that when POOL/PACT came out to provide this training in the past, not all the staff were able to attend. This new augmented reality system can be brought right to workstations, so employees don't have to miss out. Chris noted they had not yet applied for other funding. Jarrod Hickman described the eligibility criteria and explained the concern POOL/PACT staff had since POOL/PACT already provides free fire extinguisher training to its members. He also went over the financing. Marshall Smith added that POOL/PACT's fire extinguisher training equipment is such that different fires can be addressed. He offered to go out to Mineral County and provide this training again. Mineral County and POOL/PACT are meeting next week to go over their Written Workplace Safety Plan. Chairman Dan Murphy asked if the augmented reality system is similar to what POOL/PACT already offers. However, he does understand the reason for wanting the augmented reality training system. He suggested the need for this system after POOL/PACT and Mineral County meeting next week. Geof Stark agreed that this service is already provided by POOL/PACT. Jarrod suggested that the committee may want to table this grant until the next LCC meeting. Dan Murphy tabled the grant until the next LCC meeting.
9. **FOR POSSIBLE ACTION:** Review and approve or deny grant 0273-RM-2023 submitted by Pershing County School District: Chairman Dan Murphy presented the grant request from Pershing County School District. He recused himself from the approval/denial of this grant. He also clarified that Pershing County School District did not seek other funding prior to applying for the POOL/PACT grant. Jarrod Hickman reviewed other eligibility criteria and financing of the grant. Curtis Trujillo called for questions and for a motion. Alicia Heiser moved to deny the grant for not meeting grant criteria. Paul Sikora seconded. The motion to deny the grant passed.
10. **FOR POSSIBLE ACTION:** Date and location for next meeting: Dan Murphy volunteered to host the meeting in Lovelock in October 2023.
11. **Public Comment**

- a. Marshall Smith noted that the Risk Management grant program is in a constant state of evolution. With that being said, the application process has been tightened up (requirements for seeking other funding prior to applying for the POOL/PACT grant). POOL/PACT has developed a pamphlet with information for members to seek other funding and where to look to seek other funding for grants. He encouraged all the committee members to review the new grant requirements and summary. He made it clear that in the future, if a grant is on the agenda, it is an eligible grant and has met all the criteria.
- b. Dan Murphy stated that he had ideas and comments for the next agenda regarding the grant process.
- c. Curtis told the group that the people at the meeting in Incline would be going out to the driving range to hit some golf balls, as well as discuss the risks that come with the driving range being used as a snow park in the winter.

12. Adjournment

- a. Meeting adjourned at 9:56 AM



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**MINUTES FOR THE LOSS CONTROL COMMITTEE OF
NEVADA PUBLIC AGENCY INSURANCE POOL AND PUBLIC AGENCY COMPENSATION TRUST**

DATE: October 16, 2023

TIME: 9:00 A.M. to 11:00 A.M.

LOCATION:

(1) In-person: Pershing County School District Office, Lovelock, NV

(2) Online: Zoom Meeting:

Join Zoom Meeting

<https://us02web.zoom.us/j/88952410159?pwd=WkxsSUlxY2Zhc3B5MkJSNVlwMEN6UT09&from=addon>

Meeting ID: 889 5241 0159

Passcode: 476447

Phone (669) 900-6833

MINUTES

- 1. Roll**
 - a. Members Present: Dan Murphy (Chairperson), Ann Cyr, Paul Sikora, Alicia Heizer, Geof Stark, Shannon Harris, Curtis Truillo. Not present: Darren Wagner
 - b. Others Present: Wayne Carlson, Margaret Malzahn, Jennifer Turner, Jarrod Hickman, Dave Jensen, Stephen Romero, Marshall Smith
- 2. Public Comment**
 - a. No public comment
- 3. FOR POSSIBLE ACTION:** Approval of the Minutes of Committee Meeting of July 13, 2023.
 - a. Geof Stark made a motion to approve, Paul Sikora seconded, motion passed.

4. **For Discussion:** Highlights/Happenings in Pershing County School District, by Dan Murphy. Dan also provided a very interesting tour of several facilities/improvements and ongoing projects around the district, following the meeting. Followed by lunch at the Lovelock Lions Club.

5. **For Discussion: Risk Management Activity Report**
 - A. **Webinars/Seminars/Training Since Last Meeting**
 1. Jarrod Hickman and Marshall Smith provided a summary of Occupational Safety, School Safety, Aquatic Facility Assessments, Fiscal Control, CyberSecurity, Fire Services, Board Workshops, activities engaged in since last meeting.
 - a. Law Enforcement: Marshall Smith informed the Committee that a proposal for Road Operations Assessment Program will be presented to the Committee at the next meeting (similar to the Detention Facility Assessment)

 - B. **Enterprise Risk Management Excellence Program**
 1. Marshall Smith noted that Carson City School District Award was presented during a CCSD Board meeting, and provided a summary of ERMEP activity since the last meeting.

 - C. **Nevada Detention Administrators Working Group (NDAWG)**
 1. Marshall Smith provided a summary of NDAWG activities since last meeting.

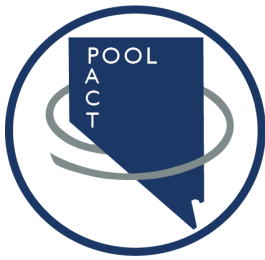
 - D. **Upcoming Risk Management Webinars/Seminars/Training**
 1. Jarrod Hickman provided a summary of upcoming webinars and trainings.

 - E. **Risk Management Grant Program FY2022-2023 Review**
 1. Jarrod Hickman provided a summary of the Risk Management grants programs.

6. **FOR POSSIBLE ACTION:** Review of grant 0278-RM-2023 submitted by Humboldt County School District. Jarrod Hickman provided a summary of the grant application. Superintendent Dave Jensen appeared and explained and supported the grant request. Dan Murphy confirmed that HCSD will be able to fund recurring annual funding. Dave Jensen confirmed that it would be able to do so. Ann Cyr noted that many districts are in the same situation and noted previous grant funding by “Heartbeat” Grant. Geof Stark questioned whether this is a proper grant subject. He stated that Churchill County had previously submitted a grant for AED and was denied. Marshall Smith explained that the LCC approved funding AEDs with the condition, which is now a part of the Grant Application, that the member show previous failed attempt(s) to obtain alternative grant funding. He also stated that he would review to determine why the grant was denied. Dan Murphy indicated that was his understanding as well. Dave Jensen said staff should contact him to complete the Risk Management Section of the ERMEP.

Ann Cyr moved to approve, which was seconded by Paul Sikora. After discussion, the motion carried. Geof Stark opposed the motion.

7. **FOR POSSIBLE ACTION:** Date and location for next meeting: Ann Cyr (Carson City School District) volunteered to host the meeting in Carson City on February 7, 2024.
8. **Public Comment**
 - a. No public comment.
9. **Adjournment**
 - a. Meeting adjourned at 9:42 AM



**APPROVED MINUTES OF THE
POOLING RESOURCES, INC
OVERSIGHT COMMITTEE MEETING**
Date: September 8, 2023 Time: 9:30 a.m.
Place: Virtual Meeting via Zoom and In Person

1. Oversight Committee (OSC) Roll Call

Member(s) participating in person: Chair Geof Stark; Shannon Harris; Austin Osborne. Member(s) participating via Zoom: Erin Feore; Dawn Huckaby; Scott Lindgren; Lourdes Martin; Robert Quick; Dan Sadler; Susie Shurtz. Member(s) not participating: Jonalee Roberts. Pooling Resources, Inc. (PRI) Staff participating in person: Stacy Norbeck. Staff participating via Zoom: Jeff Coulam; Lessly Monroy; Sandra Schooler. Called to order at 9:30 a.m.

2. Item: Public Comment

Chair Geof Stark opened public comment. Geof closed the public comment period.

3. For Possible Action: Approval of Minutes of Meeting June 9, 2023

On motion and second to approve the minutes of June 9, 2023, the motion carried.

4. For Possible Action: Report on Activities

a. 23/24 Strategic Plan to date

Stacy Norbeck, General Manager, POOL/PACT HR (PPHR) reviewed the 23/24 Strategic Plan as follows:

New Trainings — Four new classes are being developed this year: *Online Management Module 7: Corrective Action* is 90% complete, *Online Management Module 8: Legal Issues* is 10% complete, and *Online Management Module 9: Summary* is 0% complete. Upon completion, the entire course will be released on Absorb. An in-person *Investigations Workshop* is in process.

Revisions — *Human Resources Representative (HRR) Sessions 1-5* are being reformatted and are 75% complete. *Addressing Inappropriate Conduct in a School Environment (AICSE)* and *Influential Leadership (IL)* are 100% complete. *Ethics in the Workplace* and *Taking Control of Conflict (TCC)* will soon be in process.

Regional Trainings — Thirteen regional trainings are scheduled this year: *Essential Management Skills* is scheduled four times (one complete, one in process, and two more scheduled); *Advanced Human Resources Representative* is scheduled for March 2023, in Carson City; *Advanced Essential Management Skills* is scheduled for November 2023, in Carson City and April 2023, in Ely; *HRR* is scheduled for February 2023, in Carson City; *TCC (Virtual)* is scheduled for October 2023; *Document, Discipline, Due Process (Virtual)* is scheduled for January 2024; *IL* is scheduled for April 2024, in Carson City; *Dealing with the Difficult Employee (Virtual)* is scheduled for May 2024; and *So, You Want to be a Supervisor? (Virtual)* is scheduled for May 2024.

Regional Workshops or State-wide Virtual Workshops Utilizing Outside Resources — *Mental Health Recognize and Respond – A Session for Managers* (EAP) is scheduled for September 2023 at Regional Transportation Commission of Washoe County (RTC). A date for the *Title IX* workshop with Ann Alexander is to be determined.

2023 HR Leadership Conference — The main conference is scheduled for October 19 – 20, 2023, and the preconference on October 18, 2023, in the afternoon. Current registration as of September 5, 2023, is 104 total (includes 16 POOL/PACT or Davies staff).

On Wednesday, October 18, 2023, there will be a *Preconference Introduction* with Marshall Smith; *POOL/PACT Claims & Losses: Year in Review* with Jarrod Hickman; *Critical Cybersecurity Issues* with Tony Rucci; *Review of Risk Management eLearning Curricula* with Mike Van Houten; *Workers' Compensation and General Liability* with Donna Squires; and *Introduction to POOL/PACT Business Partners: Who They Are and What They Do*. On Thursday, October 19, 2023, at the Main Conference, there will be *Purpose Driven Leadership* with Diaz Dixon, Performance Driven Consulting; *Wage and Hour Issues for the Public Sector* with Brett Sutton, Sutton Hague Law Corporation; *Effective Labor Management Relations* with Renée Mayne; *Round Tables by Entity Type*; *PERS Updates and Key Issues* with Walter Zeron, Public Employees' Retirement System of Nevada; *Empowering Your Voice: Mastering the Art of Public Speaking* with Karyn Jensen, The Human Resource Connection; and Reception and Expo. On Friday, October 20, 2023, there will be *The Empathy Deficit* with Monique Akanbi, Society for Human Resources Management; *Meditation Skills for the Workplace* with Renée Mayne; *Stump the Attorney*; *Legislative Updates* with Rebecca Bruch, Lemons, Grundy & Eisenberg; and Group Trivia Game and Raffle Prizes.

New Briefings — Two new briefings will be developed this year: *Discipline and Documentation*, and *Open Meeting Law Recruitments*.

Review/Update Existing Briefings — Thirty-seven HR briefings will be reviewed and completed by the end of the fiscal year.

HR Briefing Videos — *Reporting Requirements (Addressing Inappropriate Conduct in a School Environment)* was developed and released on August 31, 2023.

Webinars — Five webinars are currently scheduled this year; one is complete. The remaining training hours to be used for onsite and/or virtual mental health fairs, and more onsite trainings.

Round Tables — Four round tables were held in July. The next sessions will be held in person at the POOL/PACT Human Resources (PPHR) Conference in October 2023, and virtually in January 2024.

Post Member Pay Plan/Scale on Website — These are being added as received. Thirteen cities/towns, 13 counties, 3 hospitals, 14 schools, and 10 special districts have been added to date. Stacy indicated PPHR asks members to send salary schedules before posting. She asked the Committee for input on how long schedules should be retained on the website. After discussion, it was decided that schedules older than two years should be removed from the website. Motion and second to direct PPHR to remove any contract and pay tables from 2021 and earlier from the website. Motion carried.

Sample Personnel Policy Update — The sample policy manuals will be updated by the end of the fiscal year.

Coaching and Problem Solving — This is an ongoing process which is currently 25% complete.

Alerts — One Alert has been issued to date: *Revised Form I-9, Employment Eligibility Verification, 8-1-23*.

Trainings — As of August 29, 2023, 28 trainings have been conducted with 603 participants, with 4.65 course content average and 4.8 instructor evaluation average. One HR Briefing has been conducted with 12 participants.

Phase I HR Compliance Assessment Program — Due to the new assessment agreement process, only members who have signed the agreement are listed. Currently, there are three new assessments in process, and twelve rollovers from previous years, two of which are complete (Pershing County and Douglas County School District).

Phase II HR Compliance Assessment Program — There are no rollovers and none in progress.

Geof asked if the Mental Health EAP event at RTC is open to anyone to attend. Stacy confirmed it would be open once confirmation is received that a facilitator has been secured for the class. Lessly Monroy, HR Business Partner, PPHR, reported to date there are no new updates from Kepro regarding confirmation of a facilitator. If Kepro is unable to find a facilitator five days before the date, the class is planned to be held virtually. In the event this does not work out, there may be an opportunity for an in-person event at a different member location in the future.

b. Member Contact Tracking

Stacy reported 614 total contacts this fiscal year as of August 31, 2023. The bulk of the contacts were spent in General Contact at 43% and Program Planning/Service Plans at 21%. The top categories not including General Contact and Program Planning/Services were Leave Plans at 16%; Compensation and Classification at 15%; Employee Relations/Fair Employment Practices (e.g., Title VII, ADA) at 14%; Personnel Administration (e.g., policies, job descriptions, personnel files) at 12%; and Hiring at 12%.

c. Report on Employment-Related Claims

As of July 31, 2023, for FY 23/24, there were six claims, all of which are open. Claims may have multiple charges. Of the six claims, one is gender/sex orientation discrimination; two admin investigation; one breach of contract; one ADA, retaliation, sex harassment; and one USERA complaint. Of the six claims, three are from counties; none from cities/towns; one from school districts; and two from special districts.

d. HR Problem-Solving Reports

Stacy presented the HR Problem-Solving Reports reflecting unique member issues addressed in the last quarter and invited questions.

No action required.

5. For Possible Action: General Manager Report

a. Holding of Seats at Regional Trainings — Stacy reported that on occasion when a training registration is opened, staff receives a call asking if seats can be held for an employee who has not yet been hired. As such, staff has no name or contact information. Stacy explained that currently registration is first come, first served, and staff sends a “Save the Date” email one week prior to registration opening to alert membership of the date and time the registration will open. In addition, an online waitlist has recently been implemented so employees can add themselves once a class is full, rather than having to contact staff directly. If a seat becomes available, the next person on the waitlist is contacted. The waitlist has the added benefit of assisting PPHR in determining whether an additional session should be conducted. In the case of a member asking for a seat to be held for a yet-to-be-hired employee, the practice has been to add them to the waitlist. Stacy asked for the committee’s input on how staff should proceed: should staff hold seats for that member, put them next on the waitlist, or not hold seats. Discussion ensued. Shannon Harris opined PPHR should stay consistent with their first come, first served practice, and prefers adding them to a waitlist. Geof added if the name of a recent hire is known, it is acceptable to register them; however, saving seats for people who have not yet been hired is not acceptable. Austin agreed. Erin Feore asked if this has created conflict; Stacy indicated it is unknown because the waitlist is used to fill empty seats. Stacy also asked what should be done when a registered participant can no longer attend and asks to send a substitution: should the substitute be allowed to attend, or should the next person on the waitlist be contacted? More discussion ensued. On motion and second to continue a first come, first served policy for training registration, putting names on waitlist if a hold is requested, and not allowing substitutions if there is a waitlist, the motion carried.

b. Disposition of Individual Assessment Grants when an Employee Leaves a Member Entity

Stacy reported there are individual grant amounts for the person who completes the work on Phase I and Phase II Assessments. Rarely, but most recently, an individual who completed the Phase I Assessment for their member entity, left that entity and went to another member entity. She requested clarity on whether the \$500 grant amount follows the individual indicating had the individual stayed at that entity, they would have received the \$500. Geof, Austin, and Shannon each opined that the individual who did the work should receive the award. Stacy asked what would happen if the individual did not go to another member entity. Shannon, Geof, Austin and Lourdes Martin agreed if they completed the work, they deserve the money. On motion and second to allow an individual assessment grant to travel with the person who completed the work, the motion carried.

Public v. Private Policies Chart — Stacy reported in the last few years PPHR has obtained seven private, nonprofit members including PRI and Nevada Risk Pooling, Inc. As PPHR was created for the sole purpose of serving public-sector entities, much of the services and products provided by PPHR are public-sector oriented. However, since these private, nonprofits are members, PPHR will serve them to the best of their abilities. As such, in order to assist these members in adopting sample personnel policies, a comparison chart (shared by Stacy) was created listing the policies that do not apply to private entities as well as references to equivalent requirements for those entity types, when applicable. The chart was reviewed by legal counsel to ensure it was comprehensive and to verify the references listed for the private sector. The chart is now an option for private, nonprofit members to better adopt or utilize PPHR sample policies. Geof and Shannon agreed this will be good for both PPHR and the nonprofit members.

Quarterly Newsletter — Stacy reviewed the articles in the quarterly newsletter that was published on August 21, 2023. It included the following articles: *Establish HR Goals Part II: Critical HR Metrics for Employers*, *From Exit to Engagement: Conduct Stay Interview to Keep Your Star Employees*, *Tips to Address Workplace Conflict*, *A Closer Look at Compliance Assessment Series Part I: Personnel Policies*, *PPHR Crossword*, and *Training Spotlight*.

6. For Possible Action: Training Needs Assessment Workgroup Update

Jeff Coulam, Senior HR Business Partner and Training Manager, PPHR, presented his findings from the new workgroup. He stated training needs assessment is a term used to analyze and assess needs for trainings which looks for potential performance and behavioral gaps to determine if training will help close those gaps, and if so, analyze the data to determine what the training will look like, and what employees are doing or not doing now that is contributing to the problem. As PPHR does not get to see the day-to-day interactions with member employees, the workgroup was created to identify and evaluate training topics and content that PPHR can develop to further enable members to build strong foundations for effective human resources practices within their organization. Currently, there are 12 participants from ten member organizations represented including Kingsbury General Improvement District, Lincoln County, Lyon County School District, Mineral County School District, Nevada Rural Housing Authority, Nevada Volunteers, Southern Nevada Health District, Tahoe Douglas Fire Protection District, Town of Round Mountain, and Walker Basin Conservancy. Jeff said typically when conducting a training needs assessment, certain questions are addressed. So far, the group has addressed three questions and started on a fourth question, including:

- What are some issues that you see or have heard about in our organization that could be addressed through training?
- What specific problems from the identified issues would we be trying to solve through training?
- Who is specifically involved (not causing) with those problems?
- What would you like employees to do differently after they go through training for the identified issues/problems?

Additionally, the workgroup will address further questions, including:

- What would it look like if everyone was performing optimally?
- What are the words you would hear and the actions you would see if people were performing optimally?
- What is currently preventing employees from performing optimally now?
- How would we know if training is successful?
- What would training look like?
- Who is the target audience for the training?
- Are there any employees at your organization that are already doing a great job with the issue/problem that could be viewed as subject matter experts?

In the first meeting, the workgroup began to identify some of the issues and problems that can be addressed by training. The topics were divided by communication, supervisory training, and Family and Medical Leave Act and Workers' Compensation benefits education. They also covered who is involved in the issues and

what people can do differently. The workgroup will be meeting monthly and drilling down further to narrow down topics. Many of the workgroup members suggested shorter trainings that are easier to fit into a workday. Their next meeting is scheduled for September 12, 2023, when they will continue to explore what successful training will look like and identify what is currently preventing employees from performing optimally now. Geof expressed appreciation for all the work Jeff and the group put into this endeavor.

7. For Possible Action: Employee Assistance Program Quarterly Report

Stacy reviewed the quarterly and annual Kepro EAP reports. The total number of POOL/PACT members covered quarterly was 15,098 with 49 Individual Cases, 2 Management Consultations, 70 total training participants in the webinars, 262 Unique Web Logins, and 383 Total Overall Lives Touched. The total number of POOL/PACT members covered for the year was 15,105 with 213 Individual Cases, 13 Management Consultations, 290 Training Participants, 1,042 Unique Web Logins, and 1,558 Total Overall Lives Touched. The Individual Utilization Rate for the year was 1.5% and Overall Utilization was 10.3%. The annualized rate was 1.4% individual and 10.1% for the fourth quarter. Highest quarterly utilizations were from Storey County at 5.6% (10.5% annual), Pershing General Hospital at 9.5% (8.2% annual), Lincoln County Schools at 5.9% for the quarter, and North Lake Tahoe Fire Protection District at 0% for the quarter and 5% annually. The top assessed problems for the year at intake were emotional wellbeing, relationships, and work life. Ninety-two percent of calls were by employees, 37% (32% annually) got information from HR or from a poster, 90% were self-referred, and 10% were referred by employer. Kepro provided 13.5 hours of training hours annually, reaching 280 employees. Ten Critical Incidence Response (CIR) hours were used for the year. For the quarter, there were 683 web hits, 262 unique web logins with a web usage of 1.74%. Annually, there were 2,596 web hits, 1,042 unique web logins with a web usage of 6.9%. The utilization report contains more detailed information.

Other updates:

- Stacy indicated the contract with Kepro has been renewed under the same terms.
- Outreach attempts to approximately 50 licensed therapists (provided by Storey County) have been made by Kepro. Lessly said it is up to the provider whether they will sign up.
- PPHR plans to hold the first in-person, member-specific EAP training on September 20, 2023, at RTC if Kepro is able to secure a facilitator. The topic is *Mental Health: Recognize and Respond – A Session for Managers*. This is a test event to measure the effectiveness of on-site EAP training for members.
- Kepro will participate in a health fair being held by Carson City on October 12, 2023.
- Kepro plans on attending the annual HR Conference.
- A number of quarterly trainings have been scheduled for FY 23-24.

Geof was glad to see some entities taking advantage of the EAP services. Churchill County's numbers are higher than in the past which means at least people are looking at the information. Lessly indicated the contact list PPHR sends to Kepro has been enhanced to ensure better distribution of the EAP information; that she meets monthly with Alex Rosa, Senior Account Executive with Kepro, and that Kepro is rebranding and will be Acentra going forward.

8. For Possible Action: HR Scholarship Application Approval

Stacy reported Kimberly Brontsema, HR Specialist at Churchill County is requesting \$2249 (class \$1595, exam fee \$410, membership \$244) for her SHRM-CP. On motion and second to approve the scholarship application for \$2249 as presented, the motion carried, with Geof abstaining.

9. For Possible Action: HR Assessment Grant Application Approval

Stacy reported that Teri Hurt, City Manager for Stagecoach General Improvement District submitted a Phase I Assessment Grant Application requesting \$1000 for the Organizational Excellence Award Grant which will enable staff to attend the HR Conference, purchase supplies and upgrade lap top computers, and purchase small gifts as recognition for staff efforts, and \$500 for the Individual Excellence Award Grant to go to Tina Schmidt. On motion to approve the application as presented, the motion carried.

10. For Possible Action: Schedule Next Meeting for PRI Oversight Committee

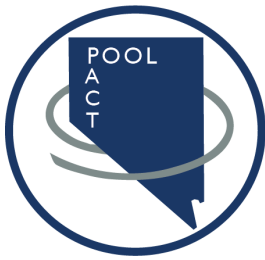
Next meeting is scheduled for Friday, December 8, 2023, at 9:30 a.m. via Zoom and in person (Carson City).

11. Item: Public Comment

Chair Geof Stark opened public comment. Geof closed the public comment period.

12. For Possible Action: Adjournment

The meeting was adjourned at 10:55 a.m.



**UNAPPROVED MINUTES OF THE
POOLING RESOURCES, INC
OVERSIGHT COMMITTEE MEETING**
Date: December 8, 2023 Time: 9:30 a.m.
Place: Virtual Meeting via Zoom and In Person

1. Oversight Committee (OSC) Roll Call

Member(s) participating in person: Chair Geof Stark; Shannon Harris; Scott Lindgren. Member(s) participating via Zoom: Austin Osborne; Robert Quick; Dan Sadler; Susie Shurtz. Member(s) not participating: Erin Feore; Dawn Huckaby; Lourdes Martin; Jonalee Roberts. Pooling Resources, Inc. (PRI) Staff participating in person: Jeff Coulam; Ashley Creel; Stacy Norbeck. Staff participating via Zoom: Lessly Monroy; Sandra Schooler. Called to order at 9:34 a.m.

2. Item: Public Comment

Chair Geof Stark opened public comment. Geof closed the public comment period.

3. For Possible Action: Approval of Minutes of Meeting September 8, 2023

Stacy Norbeck, General Manager, POOL/PACT HR (PPHR) noted Item 5 to be revised to read “One HR Briefing has been conducted with 12 participants.” On motion and second to approve the minutes of September 8, 2023, as amended, the motion carried.

4. For Possible Action: Report on Activities

a. 23/24 Strategic Plan to date

Stacy reviewed the 23/24 Strategic Plan as follows:

New Trainings — Four new classes are being developed this year: *Difficult Conversations* class (replaces in-person Investigations Workshop as a result of the Training Needs Assessment Workgroup findings, discussed later) is 5% complete. *Online Management Module 7: Corrective Action*, *Online Management Module 8: Legal Issues*, and *Online Management Module 9: Summary* are 100% complete. This program is currently being piloted and will be released in Absorb in January 2024.

Revisions — Reformatting *Human Resources Representative (HRR) Sessions 1-5* is being postponed due to software issues and instead the entire program will be revamped in FY 24/25. *Addressing Inappropriate Conduct in a School Environment* and *Influential Leadership (IL)* are 100% complete. *Document, Discipline, and Due Process (DDD)* is 90% complete. *Essential Management Skills (EMS): Session 1 – The Foundation of Effective Management* is 75 % complete. *Ethics in the Workplace* and *You Can’t Do THAT at Work! Anti-Harassment Training* are 50% complete and *Taking Control of Conflict (TCC)* will soon be in process. In addition, *Advanced Essential Management Skills (AEMS)*, and *Dear HR: Toughest Supervisor Challenges* are 75% complete but have not been listed on the strategic plan to date.

Regional Trainings — Fourteen regional trainings are scheduled this year: *EMS* is scheduled five times (two complete, one in process, and two more scheduled); *TCC* (Virtual) is 100% complete; *DDD* (Virtual) is scheduled for January 2024; *HRR* is scheduled for February 2024, in Carson City; *Advanced Human Resources Representative* is scheduled for March 2024, in Carson City; *AEMS* originally scheduled for November 2023 was rescheduled due to low enrollment for April 2024, in Carson City; it is also being held April 2024, in Ely; *IL* is scheduled for April 2024, in Carson City; *Dealing with the Difficult Employee* (Virtual) is scheduled for May 2024; and *So, You Want to be a Supervisor?* (Virtual) is scheduled for May 2024.

Regional Workshops or State-Wide Virtual Workshops Utilizing Outside Resources — *Mental Health Recognize and Respond – A Session for Managers* (EAP) originally scheduled in person for September 2023 at Regional Transportation Commission of Washoe County (RTC) was changed to webinar on November 8, 2023, due to lack of an in-person instructor being identified by Acentra Health EAP. A date for the *Title IX* workshop with Ann Alexander will be determined once the new regulations are released.

2023 HR Leadership Conference — The main conference was held October 19-20, 2023, and the preconference on October 18, 2023, in the afternoon. A more in-depth update to follow later on the agenda.

New Briefings — Three new briefings will be developed this year: *Discipline* and *Documentation* (listed on the strategic plan as one briefing but has since been determined will be two separate briefings) are at 50%, and *Open Meeting Law Recruitments* will be complete by the end of the fiscal year.

Review/Update Existing Briefings — Thirty-seven HR Briefings will be reviewed and completed by the end of the fiscal year. Seven are in process or complete.

HR Briefing Videos — *Reporting Requirements (Addressing Inappropriate Conduct in a School Environment)* was developed and released on August 31, 2023.

Webinars — Five webinars are currently scheduled this year; two are complete.

Virtual Round Tables — Four round tables were held in July. The next sessions are scheduled in January 2024.

Post Member Pay Plan/Scale on Website — These are posted as received. Some members have multiple pay scales. All contract and pay tables from 2021 and earlier have been removed per direction from the last OSC meeting. Currently, 12 cities/towns, 10 counties, 2 hospitals, 13 schools, and 10 special districts are posted.

Sample Personnel Policy Update — The sample policy manuals will be updated by the end of the fiscal year.

Coaching and Problem Solving — This is an ongoing process which is currently 50% complete.

Alerts — Two Alerts have been issued to date: *Revised Form I-9, Employment Eligibility Verification, 8-1-23; and Proposed Exempt Salary Rule 9/15/23.*

Trainings — As of November 28, 2023, 51 trainings have been conducted with 949 participants, with 4.65 course content average and 4.8 instructor evaluation average. Two HR Briefings have been conducted with 20 participants. The four Quarterly Virtual HR Roundtables held had 37 participants.

Phase I HR Compliance Assessment Program — There are six members in process and 12 rollovers from previous years, three of which are complete (Pershing County, Douglas County School District, and City of Wells). One has been removed due to inactivity (Storey County School District).

Phase II HR Compliance Assessment Program — There is one member in process (East Fork Swimming Pool District), and no rollovers from previous years.

Discussion followed on whether action is needed on the noted Strategic Plan changes. It was agreed the strategic plan is a working document and would like PRI to be flexible and adaptable as needed without OSC approval.

b. Member Contact Tracking

Stacy reported 1143 total contacts this fiscal year as of November 30, 2023. The bulk of the contacts were spent in General Contact at 25% and Program Planning/Service Plans at 24%. The top categories not including General Contact and Program Planning/Services were Employee Relations/Fair Employment Practices (e.g., Title VII, ADA) at 20%; Compensation and Classification at 12%; Personnel Administration (e.g., policies, job descriptions, personnel files) at 12%; Hiring at 10%; and Leave Plans at 10%.

c. Report on Employment-Related Claims

As of October 31, 2023, for FY 23/24, there were 11 claims, all of which are open. Claims may have multiple charges. Of the 11 claims, two are gender/sex orientation discrimination; three administrative investigation; one breach of contract; two ADA, two retaliation; one USERA complaint; one hostile work environment; and one age. Of the 11 claims, three are from counties; one from cities/towns; three from school districts; and four from special districts.

d. HR Problem-Solving Reports

Stacy presented the 2nd Quarter 23/24 HR Problem-Solving Reports reflecting unique member issues addressed in the last quarter.

5. For Possible Action: General Manager Report

PRI Personnel Policies — Stacy reported PRI's internal personnel policies are different than the sample policies provided to members as PPHR sample personal policies are public-sector focused, and PRI is a private, non-profit organization. However, as a few non-profits have joined the pools in recent years, PPHR developed a comparison chart for the nonprofits to utilize in order to adopt PPHR's sample policies. This chart was reviewed by staff, specifically Ashley Creel, PPHR Senior Business Partner, and legal counsel, and presented to the OSC at the September 8, 2023, meeting. Since then, it was decided to adopt the PPHR sample policies as PRI's internal personnel policies so that PRI could lead by example and provide PRI staff with the additional benefit of learning what nonprofit members would have to do when adopting PPHR sample policies. To date, PRI personnel policies have been updated utilizing PPHR sample policies, proofed by PRI support staff, and reviewed by legal counsel. The updates are currently being reviewed by PRI staff for input. Once this review is complete, the policies will go to PRI's Board of Directors for approval.

Resource Library Merge — Stacy indicated the HR and risk management library merge is complete. The next step is to restrict access to certain HR documents so that website access will not have to be monitored as closely. Restricted documents will generally be those created by PPHR staff unless information is generic or can be found in a general web search.

HR Leadership Conference — Stacy reported the 2024 HR Leadership Conference will probably be at the Atlantis pending further communication. Geof indicated communication seems to be a challenge each year. Ashley stated the sales department is challenging to work with and hopes to have a contract done by the end of the month so the “Save the Date” can be sent in early January. Scott Lindgren and Shannon Harris suggested the Tahoe Blue Event Center. Discussion ensued regarding possible options for the conference.

Quarterly Newsletter — Stacy reviewed the articles in the quarterly newsletter that was published on November 20, 2023: *A Closer Look at Phase I HR Compliance Assessment Series: Part 2 “Job Descriptions,” Why Document Employment Actions, Baby on Board: Dos and Don’ts for Accommodating Pregnant and Postpartum Employees, Training Spotlight: New eLearning Series Pilot Program!, The Role of HR in Supporting Mental Health Well-Being at Work, Dear POOL/PACT HR, Kepro is now Acentra Health Employee Assistance Program (EAP), and Unlock the Power of Knowledge this Spring with our Regional HR Trainings.*

6. For Possible Action: Training Needs Assessment Workgroup Update

Jeff Coulam, Senior HR Business Partner and Training Manager, PPHR, presented a recap from the workgroup that was formed this summer to identify and evaluate training topics and content that PPHR can develop to further enable members to build strong foundations for effective human resources practices within their organizations. Currently, there are 12 participants from ten member organizations represented including Kingsbury General Improvement District, Lincoln County, Lyon County School District, Mineral County School District, Nevada Rural Housing Authority, Nevada Volunteers, Southern Nevada Health District, Tahoe Douglas Fire Protection District, Town of Round Mountain, and Walker Basin Conservancy. Since July, the workgroup has met once a month to discuss member needs and address questions that would typically be asked when conducting a training needs assessment.

After addressing those questions, the workgroup asked frontline supervisors at their own organizations what issues they are seeing on a day-to-day basis where training would be helpful. Four main topics were identified:

- Having difficult conversations while still maintaining good working relationships;
- Documentation, specifically when and how to implement it;
- Time management; and
- Stress management.

Jeff also received feedback at the PPHR conference from Kate Warner, Tahoe Douglas Fire Protection District. Kate was in favor of PPHR pursuing a difficult conversations class and allowing it to supersede the Investigations Workshop scheduled for this fiscal year. She said training supervisors how to confidently have difficult conversations from day one may eliminate the need for having investigations. Jeff shared Kate’s ideas with the group, and they agreed with pursuing the difficult conversations topic. PPHR discussed it internally and agreed to prioritize this topic over the Investigations Workshop that was originally planned;

the topic was then added to the current strategic plan (reviewed earlier in the meeting). A preliminary outline has been created and a training guide is in progress. The workgroup will be meeting as needed going forward to discuss the content of the guide. The course will include a case study and activities, as well as role playing. The training will be approximately three hours long and is expected to roll out to members by mid-spring. The Investigations Workshop is still being pursued but may not be completed this fiscal year.

Geof was in favor of having trainings designed specifically for members' needs. Shannon expressed appreciation of how PPHR truly listens to the workgroups and what the members are facing and needing. Jeff would like to continue the workgroup going forward. Shannon asked if PPHR would be open to having workgroup members from different levels within an organization. Jeff said that while the workgroup started with primary HR contacts, he would welcome new perspectives.

7. For Possible Action: HR Conference Recap

Ashley provided a review of the 2023 HR Leadership Conference which took place October 18-20, 2023. The Risk Management Preconference was held on Wednesday, October 18, 2023, with 63 members registered and 14 non-members.

The main conference sessions on Thursday and Friday had 108 total participants, including 93 members. Compared year-to-year, there was a 30% increase since 2018. The actual daily check-in was 48 for the preconference, 85 for Day 1 of the main conference, and 74 for Day 2 of the main conference. Actual headcount for the Preconference was 55 and Day 1 headcounts ranged from 73 (Round Tables by Entity Type) to 93 (FLSA Wage and Hour Issues). Round Tables by Entity Type for Day 1: Special Districts had 20; School Districts 16; Counties 14; Public Safety 13; Cities/Towns 8; and Hospitals 2. Headcounts for Day 2 ranged from 53 (Kahoot & Raffle) to 82 (Stump the Attorney).

Evaluation ratings for Day 1 sessions: Diaz Dixon was the highest rated, followed by Round Tables by Entity Type, Karyn Jensen, Brett Sutton, Walter Zeron, and Renee Mayne (labor relations). Evaluation ratings for Day 2 sessions: Becky Bruch (Legislative Updates) and Monique Akanbi were highest rated followed by Stump the Attorney and Renee Mayne (mediation). All session ratings out of 5 were over 4 for both days.

Ashley briefly reviewed some of the daily comment trends which indicated attendees wanted Stump the Attorney and Round Table sessions to be longer. Some nonprofit attendees commented that the Public Employees' Retirement System (PERS) session did not apply to them and suggested a concurrent session be offered in the future. Geof commented that a staff member found the PERS session to be very helpful. A brief discussion followed on the possibility of having concurrent sessions for the next conference. There were many general, positive comments as well. Evaluation Ratings for food and beverage, facilities, and check in were generally high. Ashley surveyed participants on swag bags and based on the positive response, plan to offer them again next year. Most participants indicated the evaluations showed the main priorities for attending the conference was for learning, networking, and continuing education credits. Almost all participants said their main priority for attending the event was fulfilled with a handful saying it was somewhat fulfilled. Notable comments and suggestions about the conference and for future topics were reviewed.

Members were also surveyed about possible conference locations other than Reno. The average ratings per location were (5 being yes and 1 being no way): Las Vegas 2.96; South Lake Tahoe or Incline Village 4.24; Elko 2.75; Winnemucca 2.69; and Ely 2.38.

Based on the survey results, if another location is considered, it would be in the South Lake Tahoe/Incline Village area. Ashley added that logistically, rural locations would require staff to travel and transport all the conference materials and may also make it more difficult to get speakers due to travel costs. Geof agreed the lake would be the best alternative since it is closest to Reno. Shannon commented that the conference still receives high ratings at the Atlantis which means it is working well as a location. Scott suggested the new Tahoe Blue Event Center is a very nice venue and a great option to consider in the future. He has a contact at the center and will forward it to Ashley for further research.

8. For Possible Action: Employee Assistance Program (EAP) Quarterly Report

Stacy reviewed the first quarter Kepro EAP report. The total number of POOL/PACT members covered was 14,931 with 56 Individual Cases, 2 Management Consultations, 21 training participants in the webinars, 249 Unique Web Logins, and 328 Total Overall Lives Touched. The individual utilization rate was 1.6% and the overall rate was 8.8% for the first quarter. Legal was the highest utilized work life service. Eighty-one percent of cases opened in the first quarter were new cases, while 57.1% of employees felt their presenting issues had an impact on their job performance. Highest quarterly utilizations were from Storey County at 11.2%, Mount Grant General Hospital at 8.9%, North Lake Tahoe Fire Protection District at 8%, and Pershing General Hospital at 4.8%. The top assessed problems for the first quarter at intake were work life, emotional wellbeing, and relationships. Ninety-seven percent of calls were by employees, 50% got information from HR, 27% from a poster, 19% referred by employer, and 95% were self-referred. Kepro provided 13.5 hours of training hours annually, reaching 280 employees. Two Critical Incidence Response (CIR) hours were used for the quarter with 21 participants. There were 602 web hits on the website with 249 unique web logins and a 1.67% usage rate.

Stacy provided other updates including:

- Kepro is rebranding to Acentra Health; all the contact information is the same.
- The Utilization Report contains additional information.
- Contract training hours have been allotted for PPHR members to utilize within their organizations. So far training hours have been used for:
 - *Mental Health: Recognize and Respond – A Session for Managers* live webinar conducted on November 8, 2023, for the Regional Transportation Commission of Washoe County (RTC).
 - Attendance by Acentra Health representatives at three membership events:
 - Carson City – Health Fair on October 12, 2023.
 - HR Leadership Conference Orientation and Reception on October 18-19, 2023.
 - Boulder City – Health Fair on October 25, 2023.

Positive feedback was received after these events demonstrating the effectiveness of utilizing the contract training hours in this fashion. Two more fairs are scheduled next year at Southern Nevada Health District on January 24, 2024, and Mount Grant General Hospital on April 18, 2024.

Geof asked how the Critical Incident Stress Debriefing was received as there have been issues in the past. Jeff said it was very well received by the employees. A next-day visit was requested by the member and the

EAP was able to meet that request. Lessly Monroy, PPHR Business Partner, said they have not had issues with critical incident stress debriefings.

9. For Possible Action: HR Scholarship Application Approval

Stacy reported Annette Cooper, HR Manager at Churchill County School District is requesting \$2454.36 (class and exam fee \$1149.50, travel \$1304.86) for a CLRP certification. On motion and second to approve the scholarship application for \$2454.36 as presented, the motion carried.

10. For Possible Action: HR Assessment Grant Application Approval

Stacy reported Samantha Nance, City Clerk/Finance Director for City of Wells, submitted a Phase I Assessment Grant Application requesting \$500 for the Organizational Excellence Award Grant which will enable staff to purchase a new desk including file drawers, and \$250 for the Individual Excellence Award Grant to go to Samantha. On motion to approve the application as presented, the motion carried.

11. For Possible Action: Schedule Next Meeting for PRI Oversight Committee

Next meeting is scheduled for Friday, March 15, 2024, at 9:30 a.m. via Zoom and in person (Carson City).

12. Item: Public Comment

Chair Geof Stark opened public comment. Geof closed the public comment period.

13. For Possible Action: Adjournment

The meeting was adjourned at 10:56 a.m.



Partnership at Work®

Economic Outlook & Investment Review



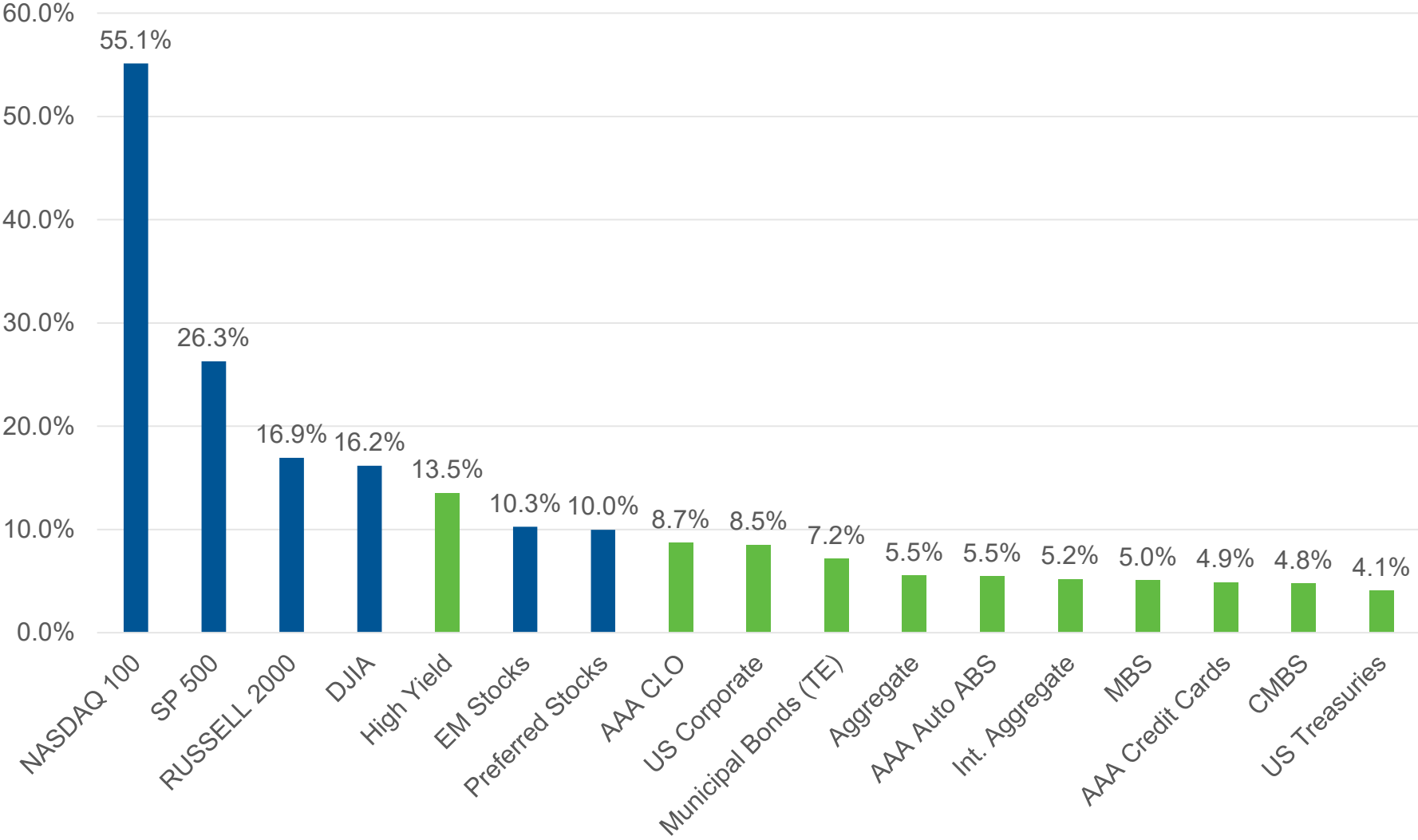
April 19, 2024

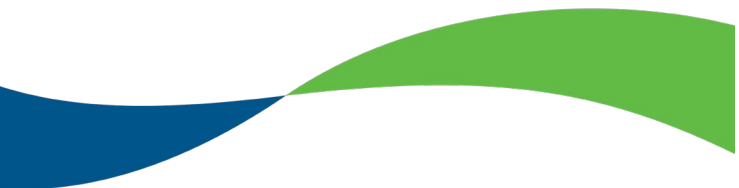
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Economic Outlook

Capital Market Returns 2023



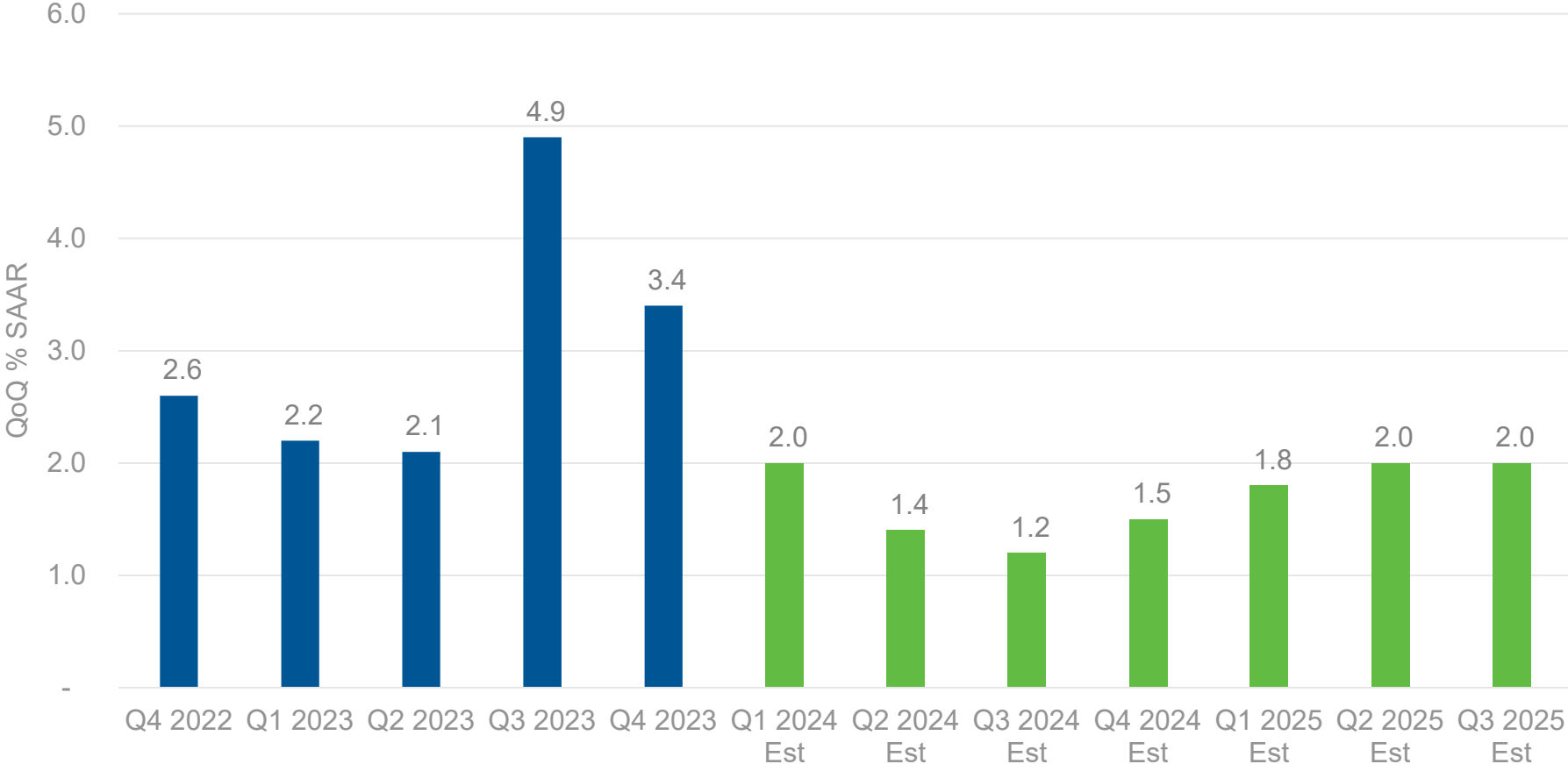


Economic Outlook

Quarterly Real Economic Growth – Actual & Estimated

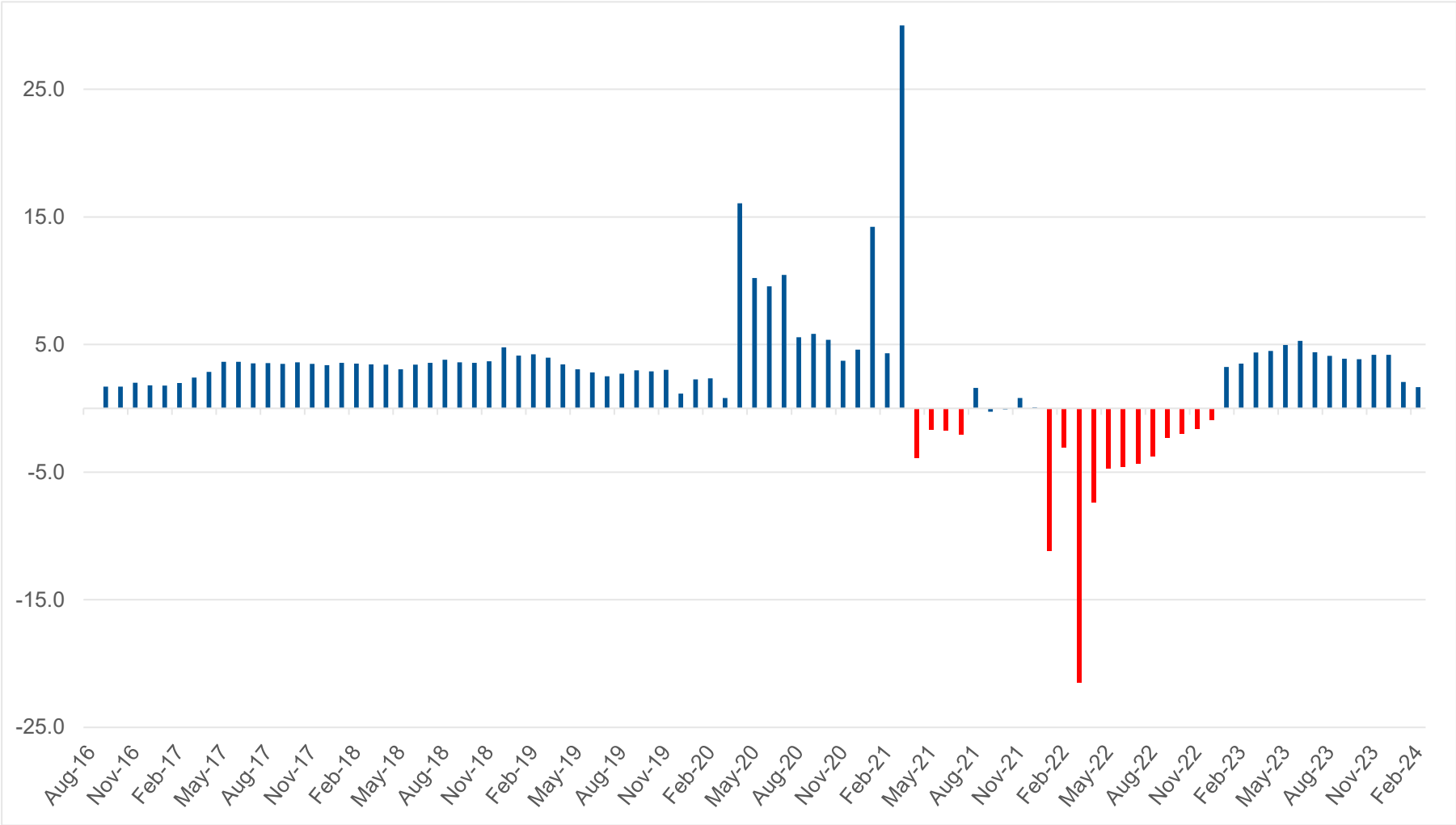


Quarterly Real GDP Annualized Rates



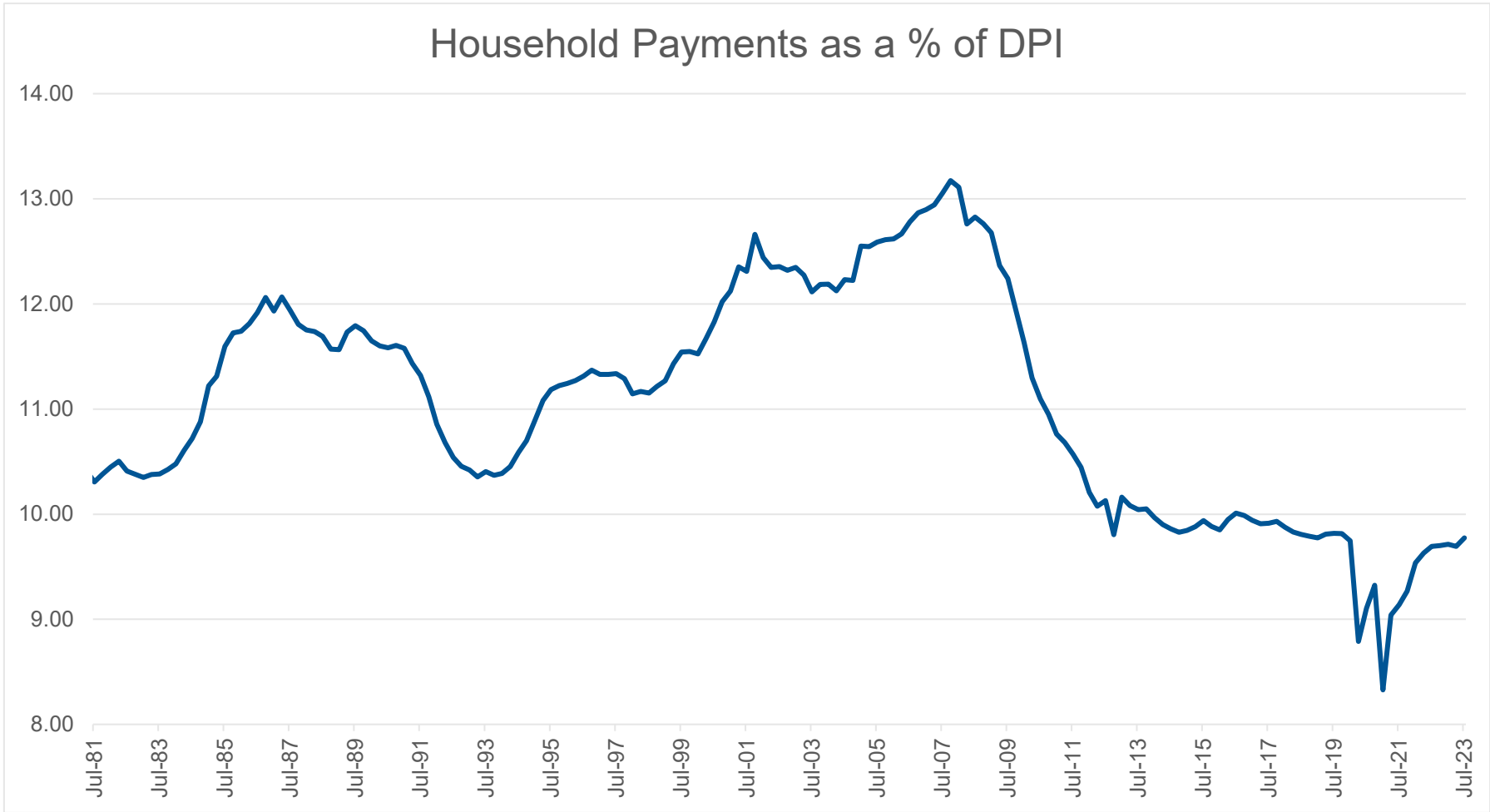
Source : Bureau of Economic Analysis, Bloomberg

Real Disposable Personal Income Growth



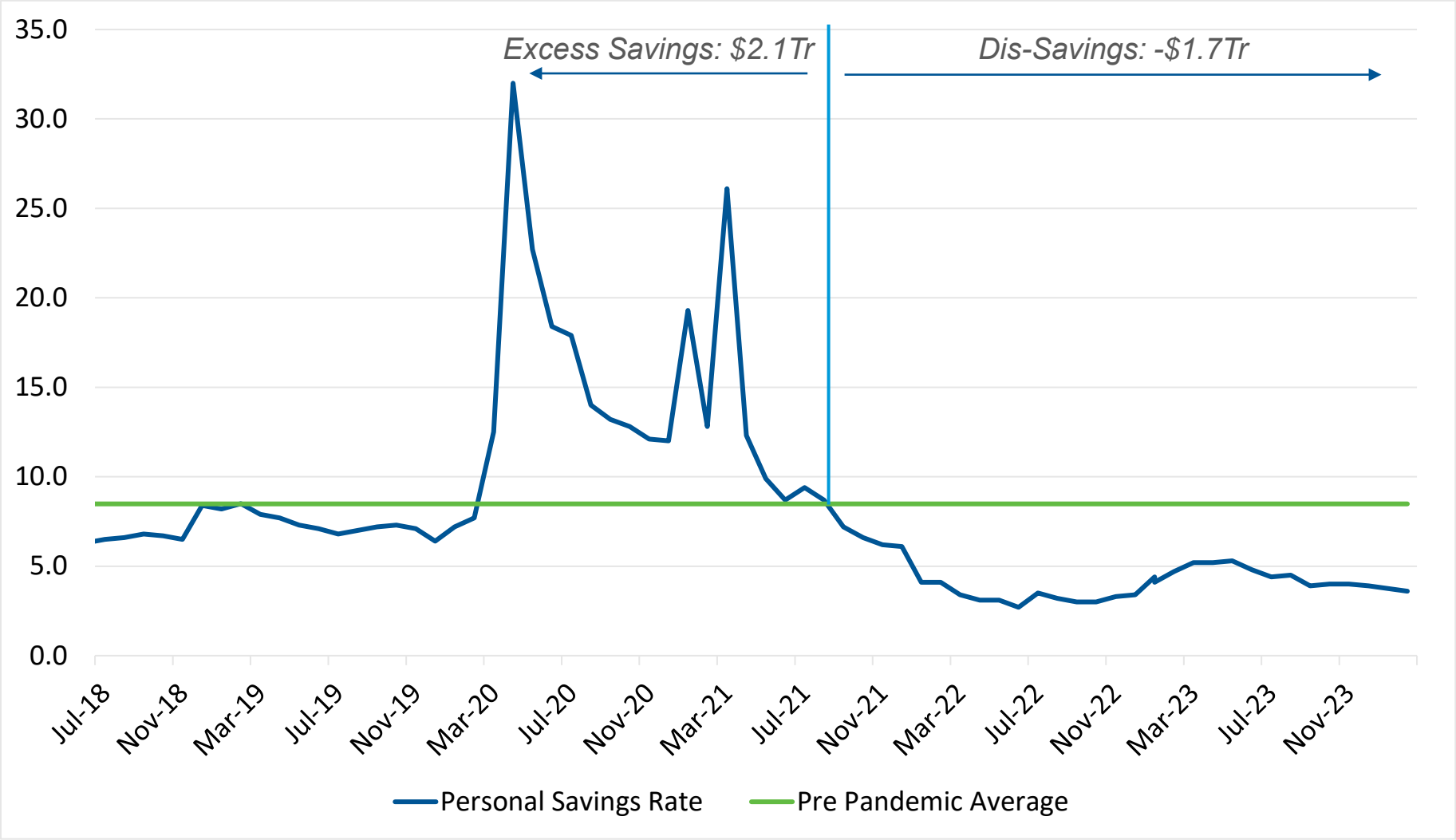
Source: Federal Reserve Bank of St. Louis, NEAM Analytics

Household Debt Service Ratio Near Historic Lows



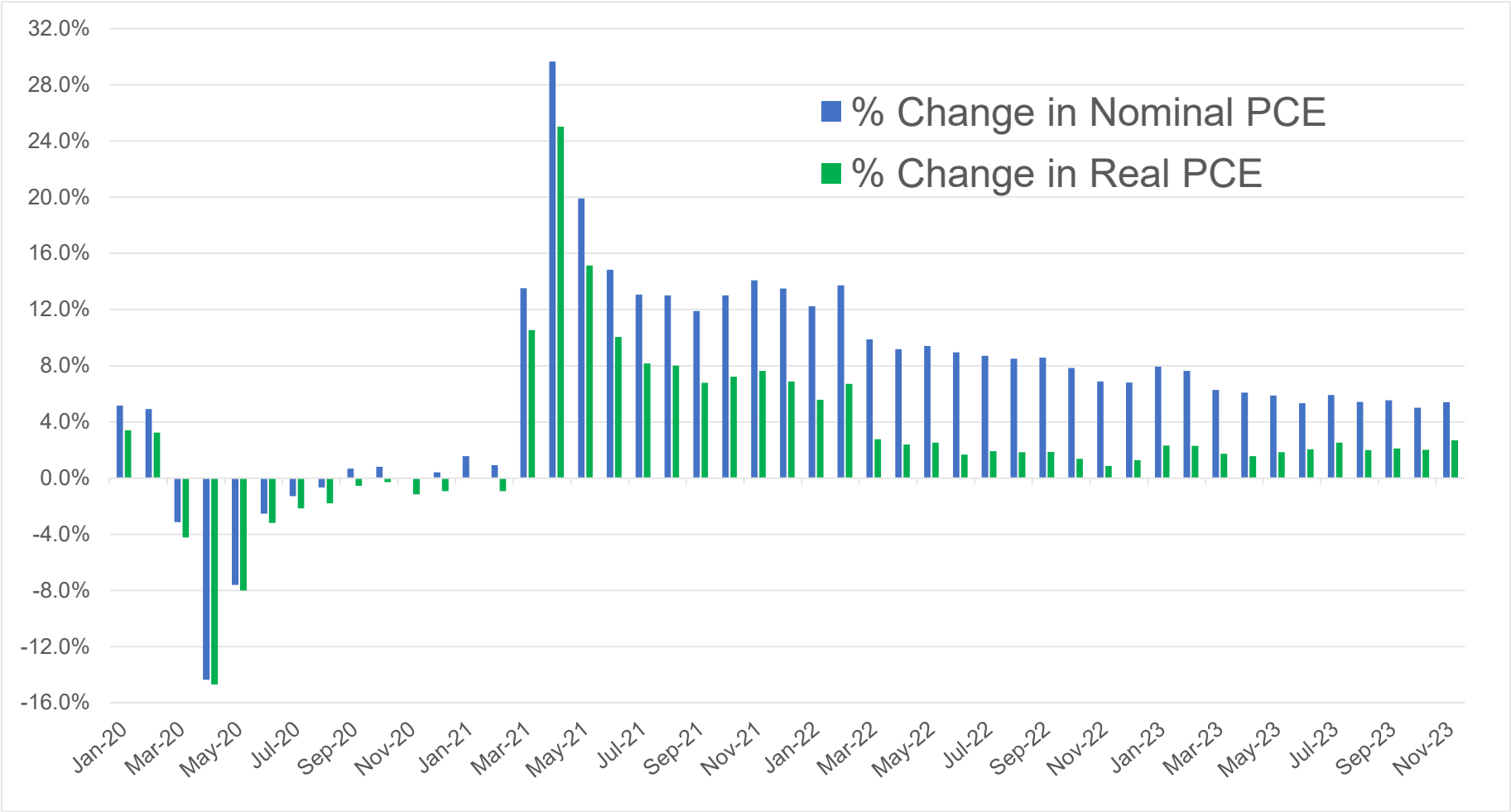
Source: Board of Governors of the Federal Reserve System, Haver Analytics, NEAM Analytics

Personal Savings Rate



Source: Federal Reserve Bank of St. Louis, NEAM Analytics

Consumer Spending – Nominal & Real

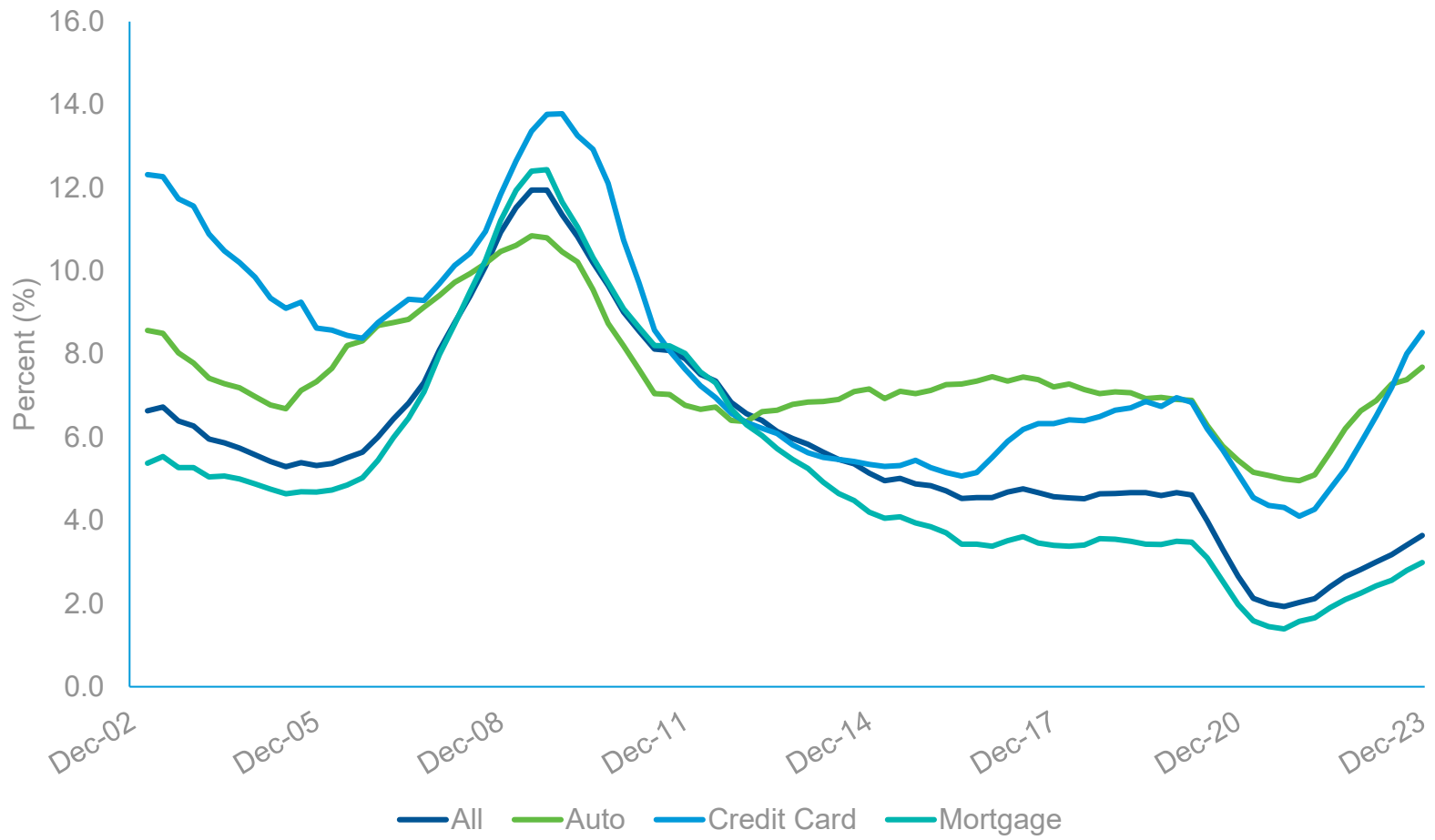


Source: Federal Reserve Bank of St. Louis, NEAM Analytics

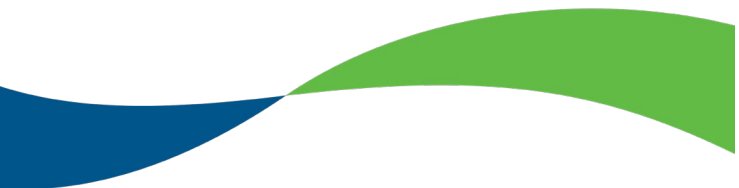
Consumer Loan Delinquencies Rising



Delinquency Rate on Household Loans (30+ Days Past Due)

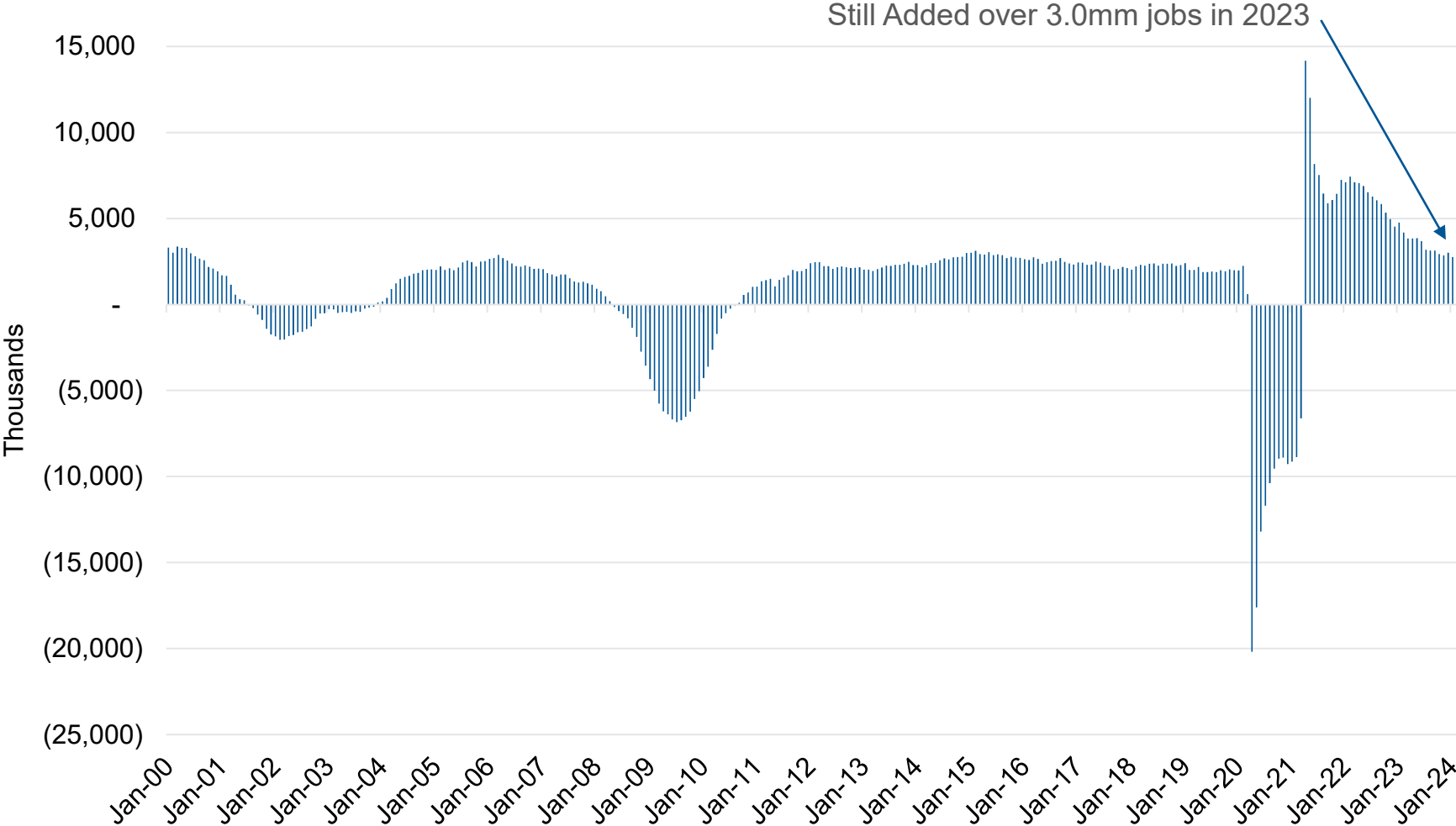


Source: Haver, Federal Reserve Bank of New York



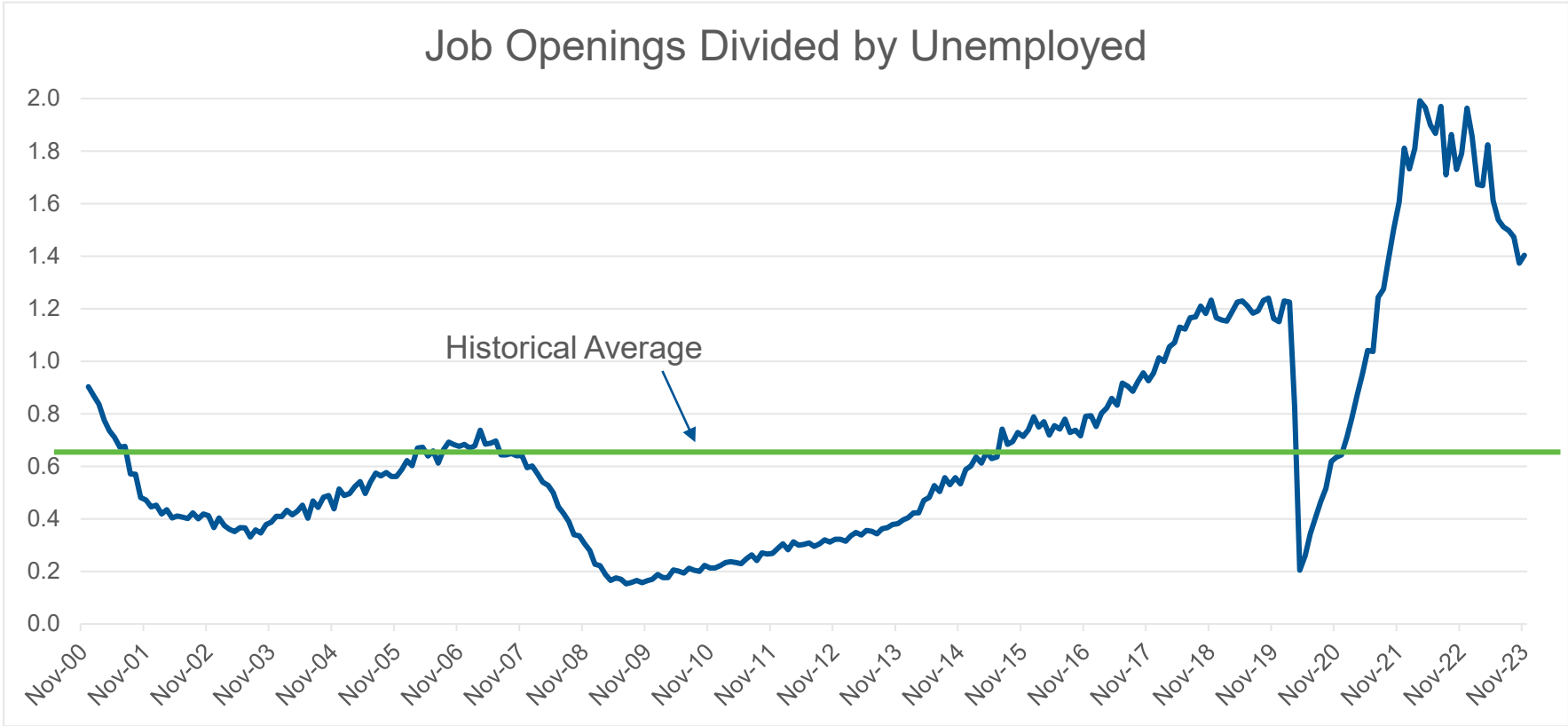
Labor Market & Inflation

Annual Employment Growth



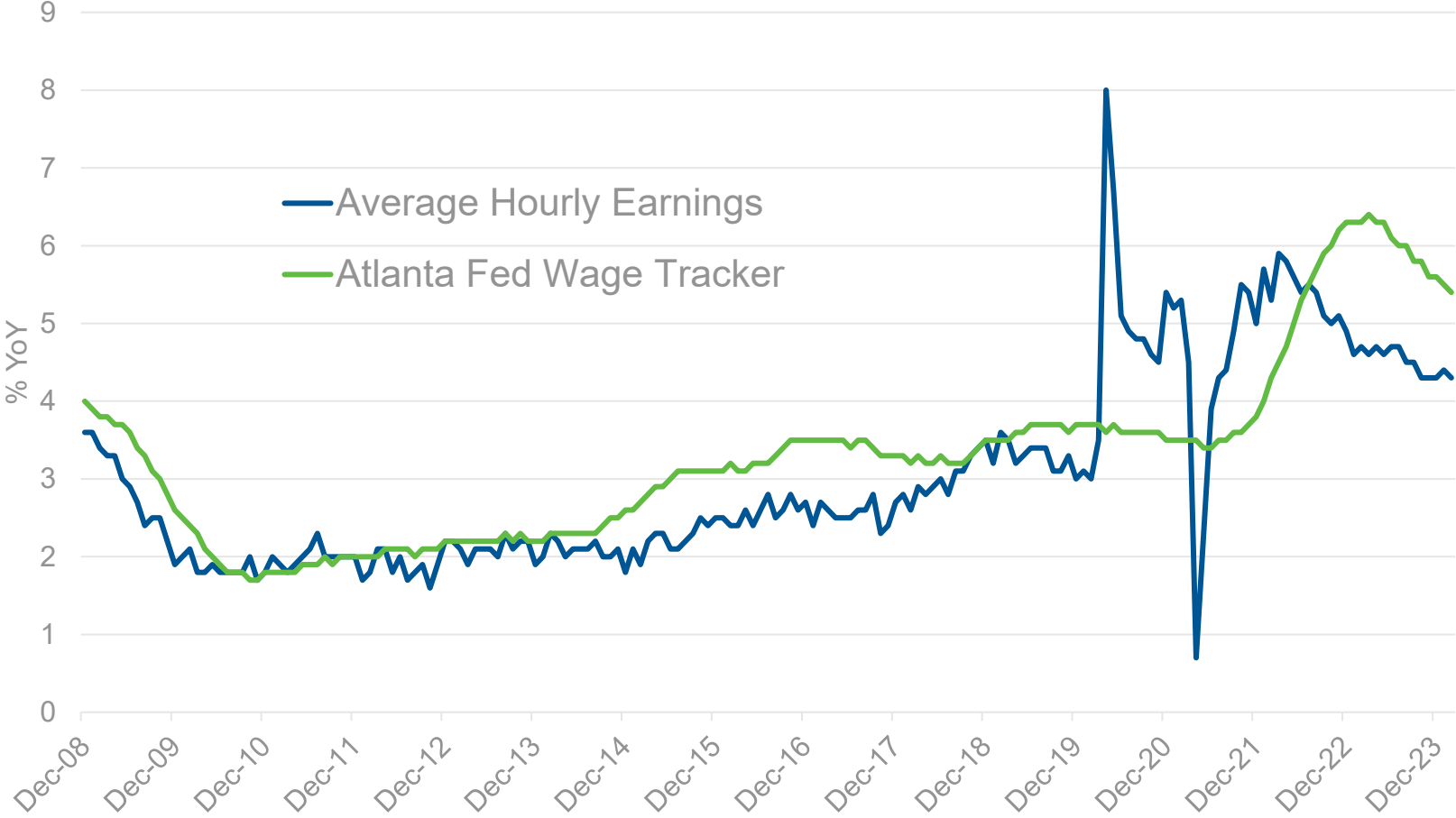
Source: Bureau of Labor Statistics

Job Openings and Unemployment Level



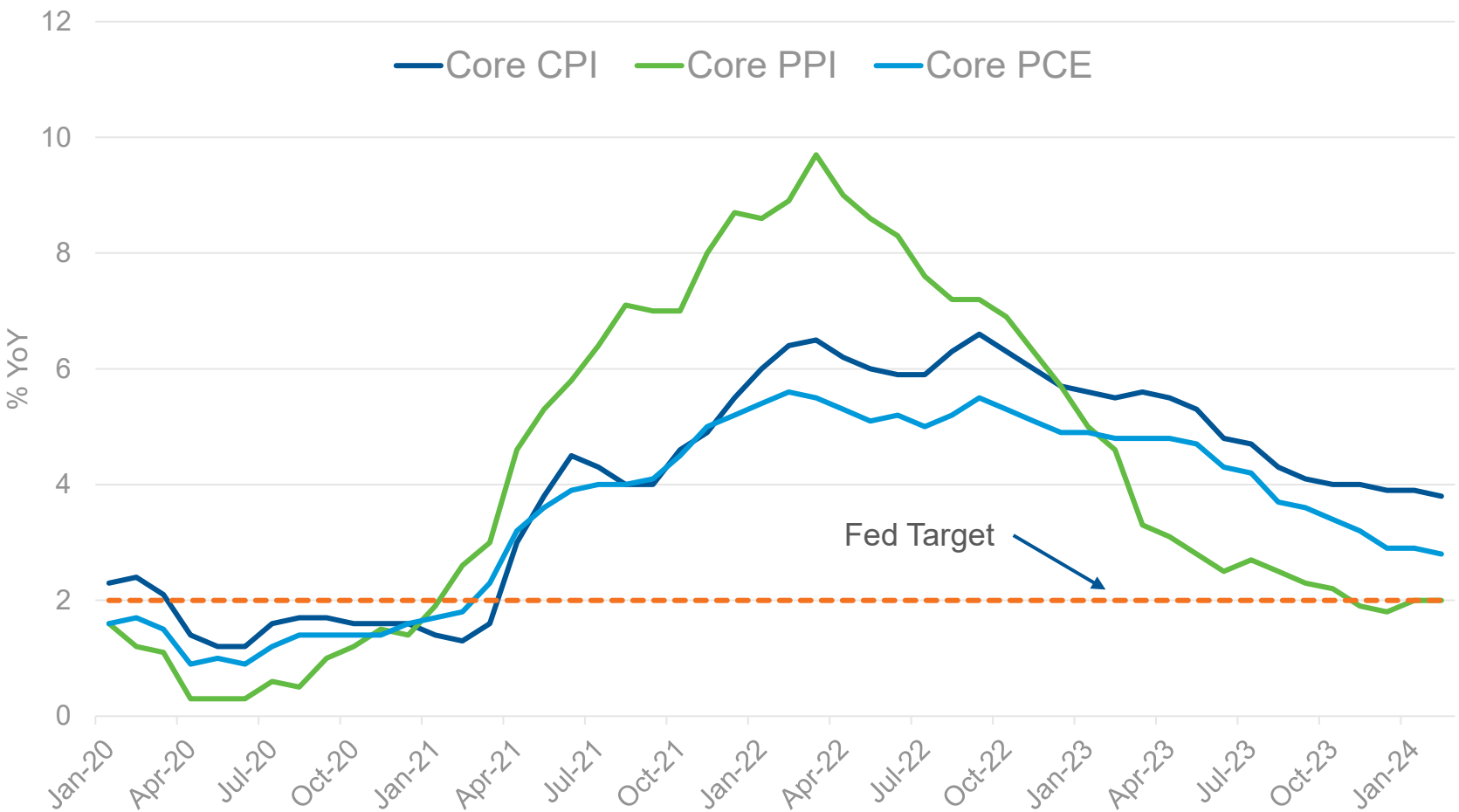
Source: Federal Reserve Bank of St. Louis, NEAM Analytics

Wage Costs Remain Elevated

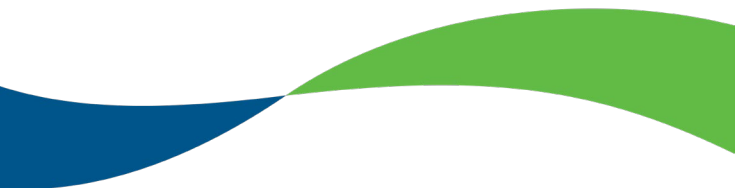


Source: Bureau of Labor Statistics, Federal Reserve Bank of Atlanta

Core Inflation Readings – Year over Year



Source: BLS, Federal Reserve Bank of St. Louis, NEAM



Federal Reserve Policy

Current Cycle

Commenced in March 2022
11 Rate Hikes for a total of 5.25%

2022

How Fast to Increase Rates?

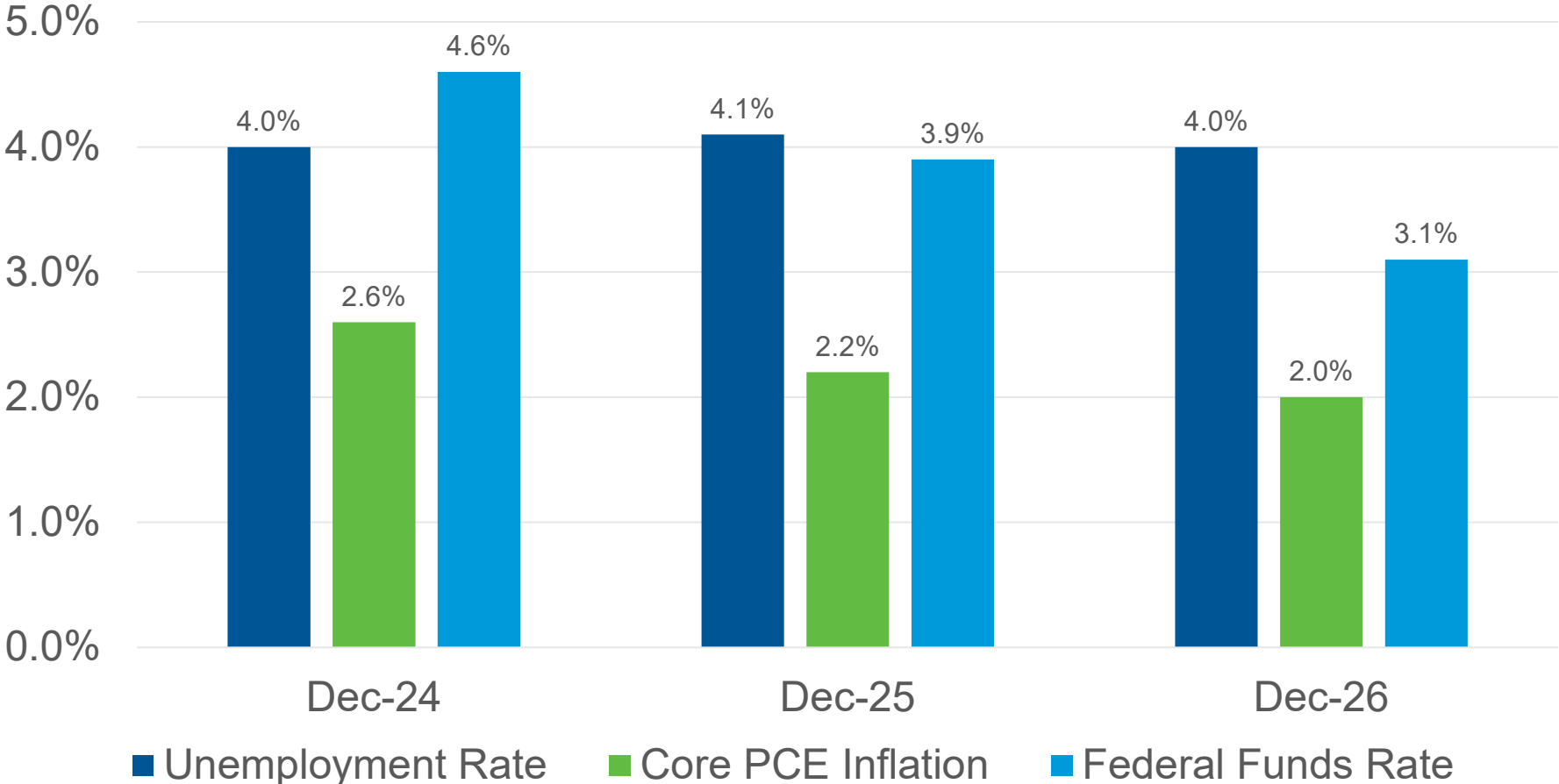
2023

How High to Increase Rates?

2024

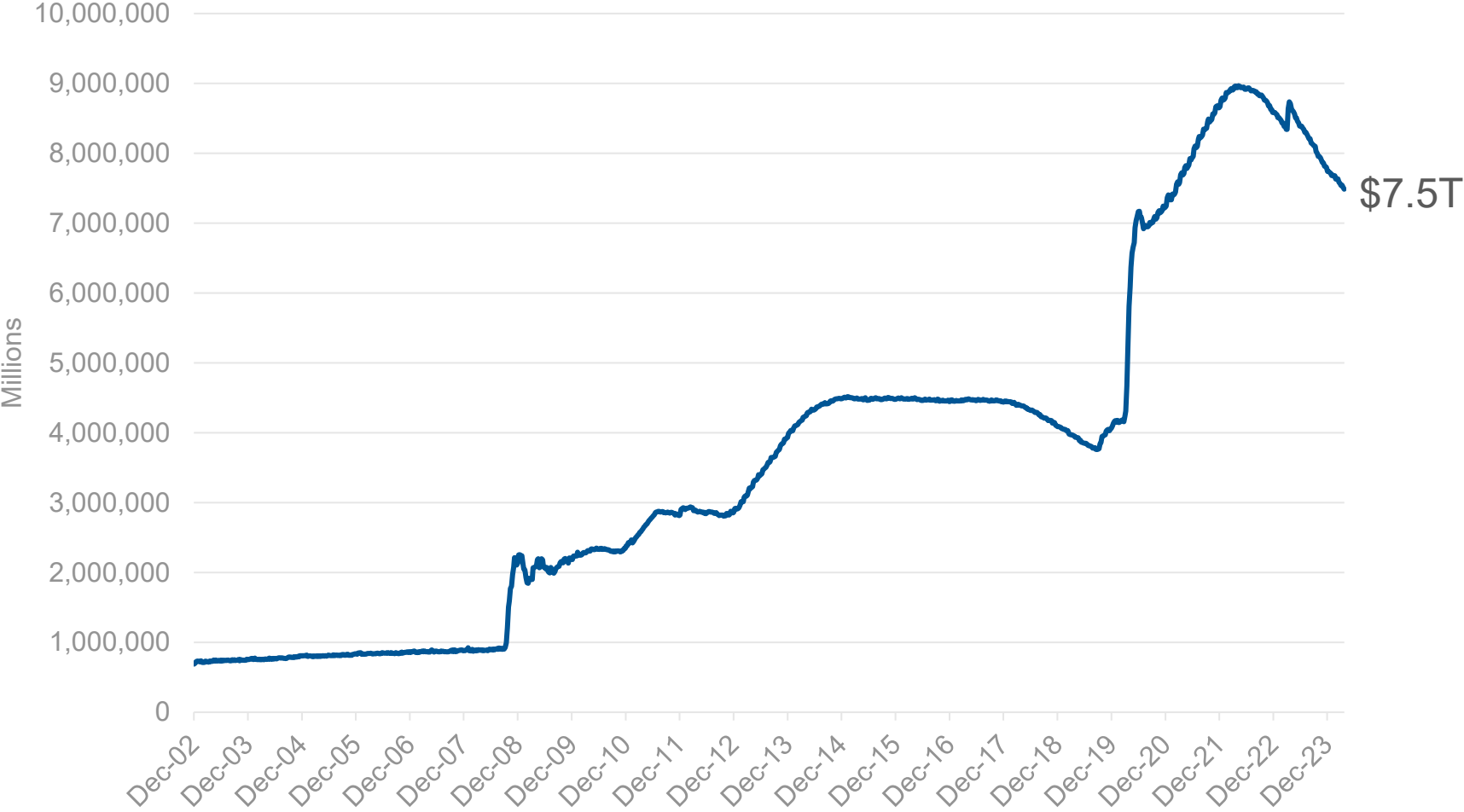
When to Start Cutting Rates and by How Much?

The Fed's Latest Projections (March 2024)



Source: Federal Reserve

Federal Reserve Balance Sheet – QT Takes Hold

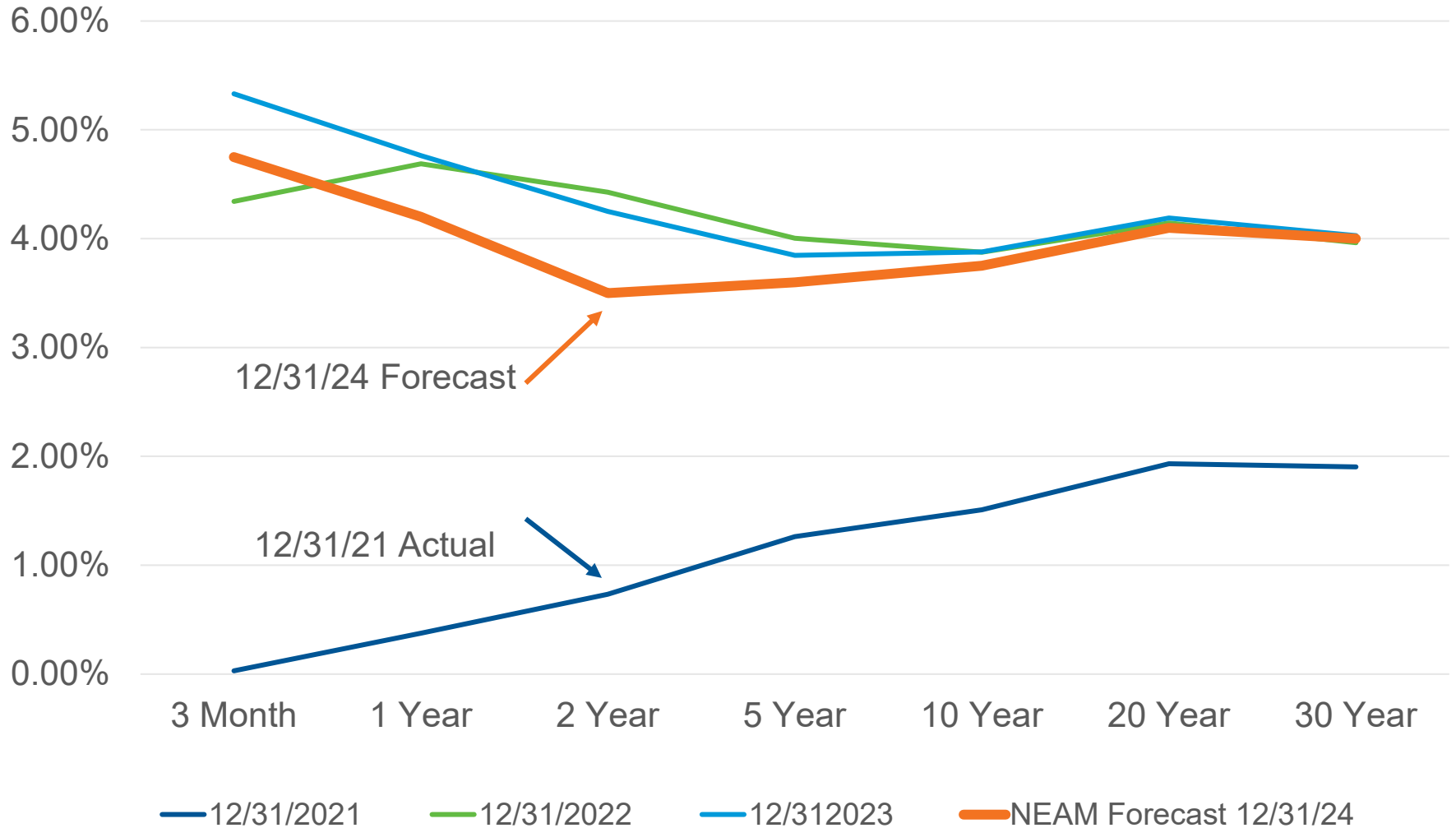


Source: Federal Reserve



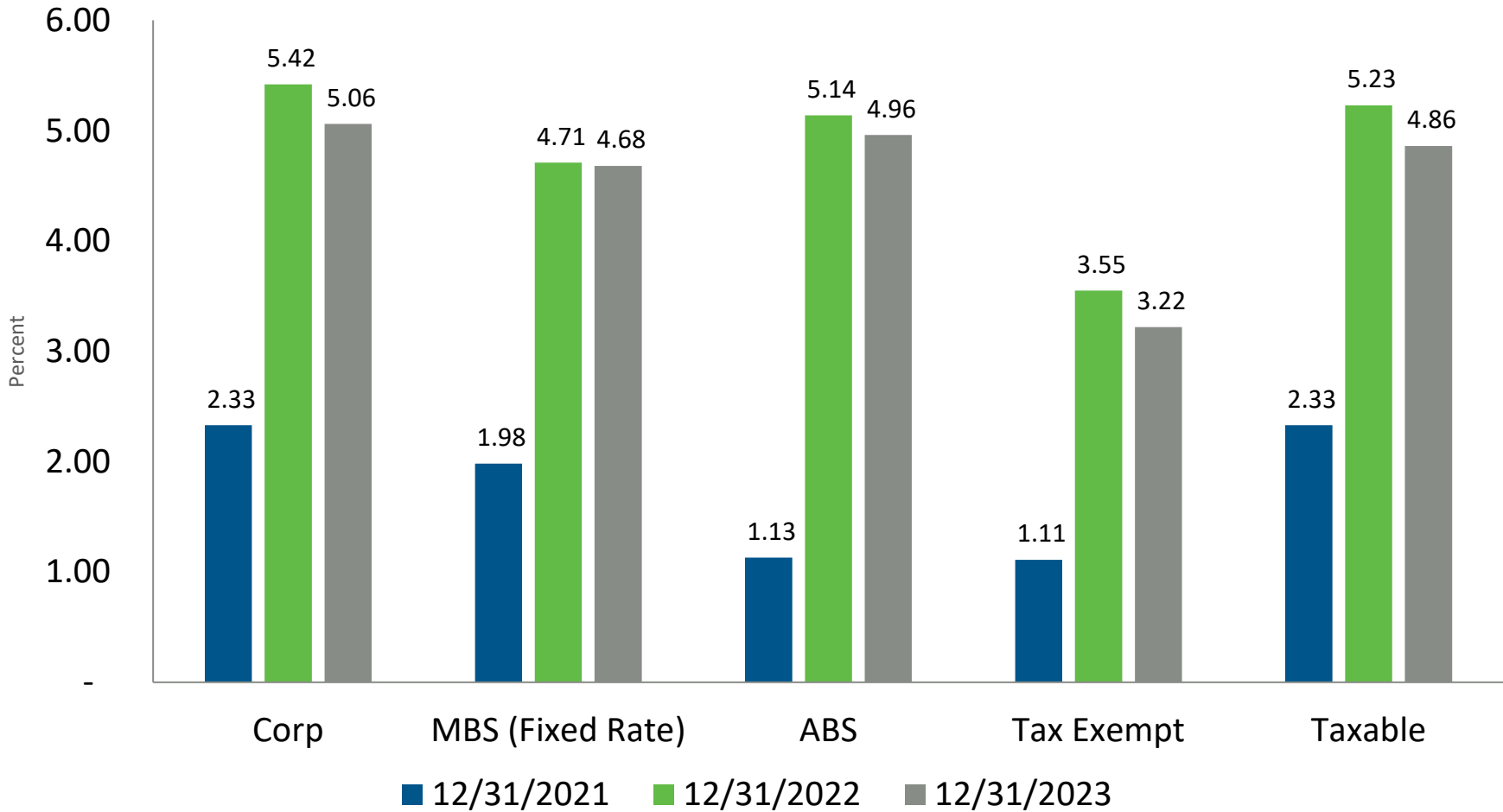
**Capital Market Implications &
Strategy Recommendations**

NEAM Interest Rate Forecast



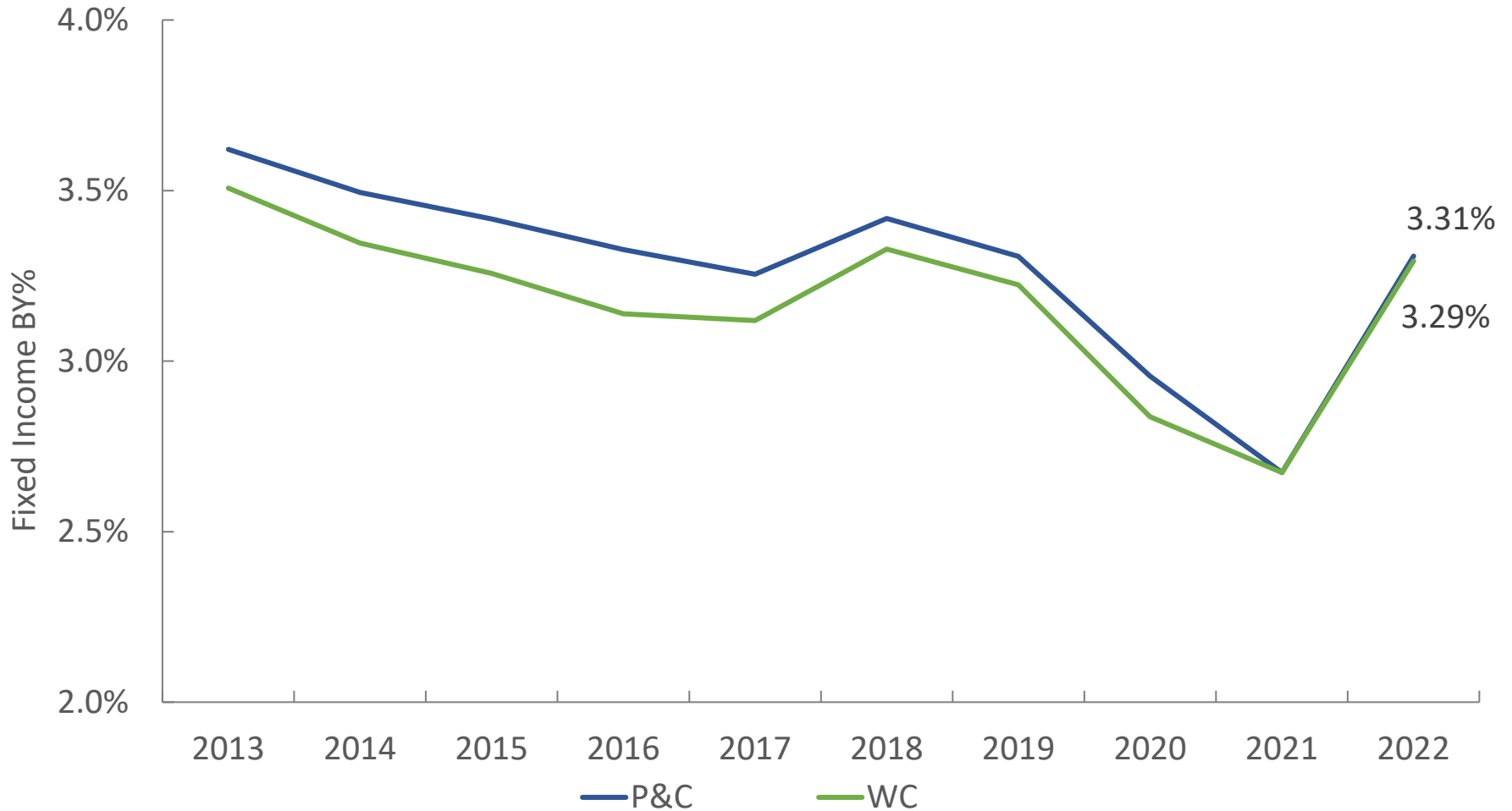
Source: NEAM

Historically Attractive Opportunities in Fixed Income



Source: Bloomberg Barclays, NEAM

The Insurance Industry is Rebuilding Book Yield



- Both the WC and the P&C industry saw an increase in book yield in 2022 for the first time since 2018, due to the higher interest rate environment.

Source: Bloomberg Barclays, SNL, NEAM Analytics

- Take advantage of the opportunities in investment grade fixed income.
- Revisit your asset allocation – you do not need to take as much risk to earn targeted returns.
- Emphasize the “durability” of the book yields being added to your fixed income portfolio – no time to be short duration targets.
- Be prepared for additional volatility as there are plenty of potential catalysts.

The background features two large, overlapping, wavy shapes. The left shape is dark blue and curves upwards from the bottom left towards the center. The right shape is green and curves downwards from the top right towards the center, overlapping the blue shape. The text is positioned in the white space between these two shapes.

POOL/PACT:

*Fixed Income Portfolio Review
& Investment Strategy*

POOL/PACT's Investment Objectives:

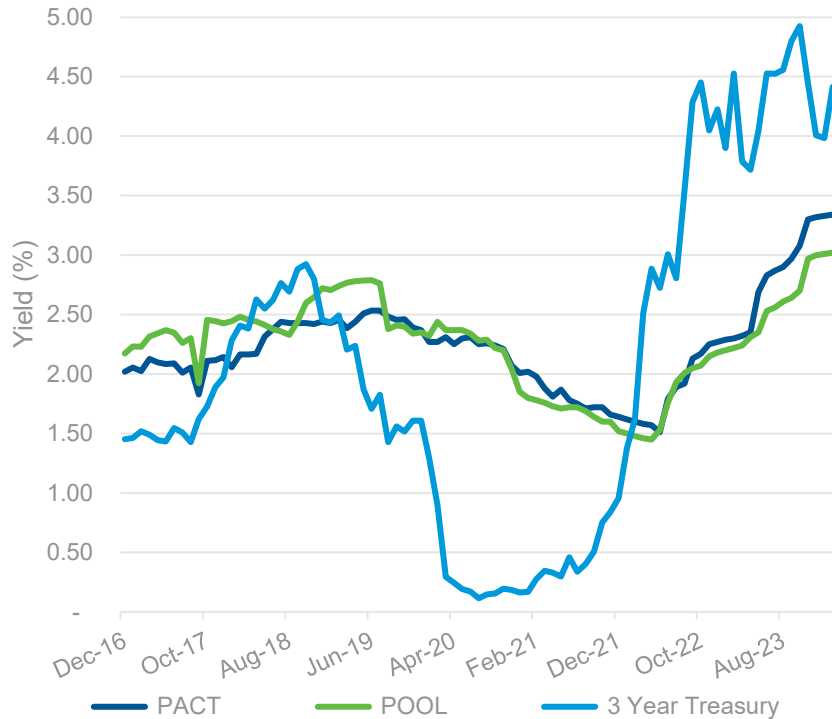
- Safety of principal / Capital preservation
- Diversification
- Liquidity to meet operating needs
- Provide a balanced return of current income & modest growth of principal

NEAM's Investment Strategy for POOL/PACT:

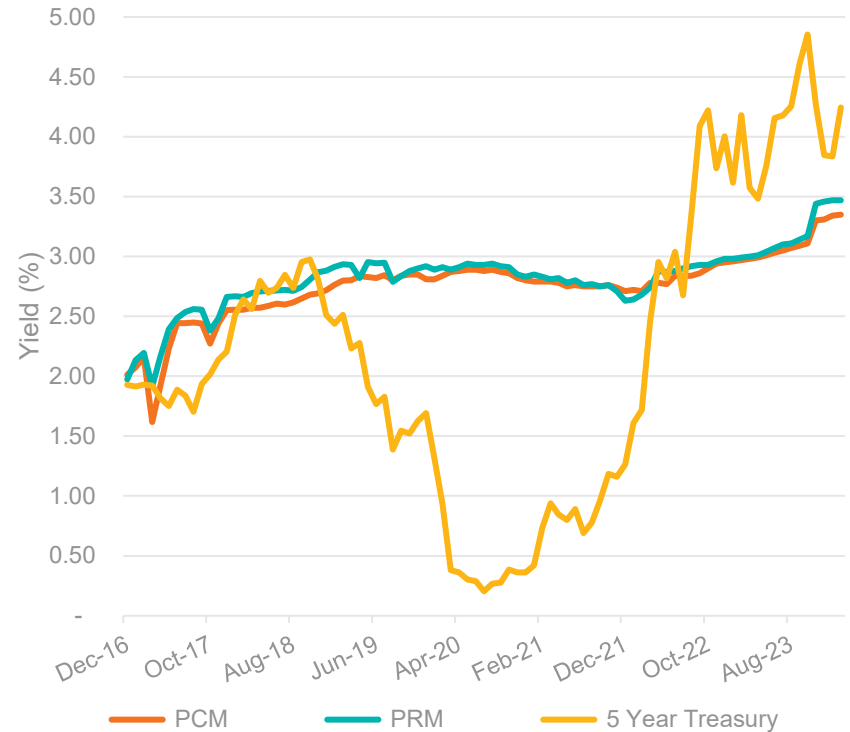
- **Realize the highest possible levels of investment income while generating competitive rates of total return over time**
- Emphasize spread product (i.e., non-Treasuries) to earn incremental income
- **Generate stable and rising levels of investment income in support of the programs and services that POOL/PACT offers for the benefit of its members**

Book Yield History

POOL & PACT



PRM & PCM



- **POOL/PACT** has benefitted from the higher interest rate environment due to higher yields earned on new bonds purchased, resulting in **rising book yields and higher levels of investment income generation**

Source: NEAM Analytics.

2023 Transaction Highlights

	POOL & PACT	PRM & PCM
Purchases	\$22.7mm	\$10.0mm
Purchase Yield	5.38%	5.73%
Duration	4.6 years	8.9 years
Rating	AA	A+

- **Executed Fixed Income Loss Harvesting Program (November 2023)**

- Sold \$8.1mm of short duration bonds at an average book yield of 1.39%
- Realized \$814k in losses on sales
- Reinvested proceeds in longer duration Corporates, Agency MBS, & Taxable Municipals at an average yield of 5.61%
- **Income pick-up of \$363k per year**
- **Payback period of 2.2 years**

- **Focused Purchases on Longer Duration (throughout 2023)**

- Purchases generally emphasized 5-10+ year maturities to take advantage of higher interest rates and to **lock in durable book yields for an extended period**

Source: NEAM Analytics.

Fixed Income Performance



2022	Total Return	Price Return	Income Return
PACT	-7.35%	-9.49%	+2.14%
POOL	-7.42%	-9.65%	+2.23%
PCM	-11.38%	-14.10%	+2.72%
PRM	-11.66%	-14.40%	+2.74%

2023	Total Return	Price Return	Income Return
PACT	+5.49%	+2.23%	+3.26%
POOL	+5.15%	+2.11%	+3.04%
PCM	+6.97%	+3.31%	+3.66%
PRM	+7.16%	+3.40%	+3.76%

- **Stability of income returns overtime** ties back to POOL/PACT's primary investment objective of maximizing investment income

Source: NEAM Analytics.

- Real yields remain firmly in positive territory and valuations are still reasonable which presents an **attractive yield environment to rebuild book yield** and enhance enterprise value
- Continue to **emphasize spread sectors to support investment income**, focusing on best relative value across sectors and across the curve
- Target **slightly longer duration posture** (105%) relative to the benchmark to take advantage of attractive reinvestment rates and **lock in durable book yields**
- Maintain **high credit quality bias** and emphasize **careful security selection**



Appendix

- *Multi Period Summary*
- *Portfolio Comparison*
- *Transaction Summary*

Multi Period Summary



	12/31/2021	12/31/2022	12/31/2023	
Summary Statistics	Book Value	171.4mm	172.9mm	177.0mm
	Market Value	175.2mm	155.9mm	165.4mm
	Unrealized Gain/(Loss)	3.8mm	(17.0mm)	(11.5mm)
	Duration	4.23	4.28	4.31
	Quality	AA	AA	AA-
	Book Yield	2.16%	2.61%	3.29%
	Annualized Book Income	3.7mm	4.5mm	5.8mm

Sector Distribution	Cash	6%	2%	2%
	Treasury / Agency	11%	16%	9%
	Corporate	29%	33%	34%
	Agency MBS / CMO	32%	28%	33%
	ABS / CMBS	12%	11%	10%
	Taxable Municipal	10%	10%	12%

Quality Distribution	Average Quality	AA	AA	AA-
	AAA	17%	12%	12%
	AA	52%	54%	51%
	A	22%	26%	28%
	BBB	9%	8%	9%
	BB	< 1%	< 1%	< 1%

Duration Distribution	Average Duration	4.23	4.28	4.31
	< 1 Year	12%	12%	10%
	1-3 Years	21%	20%	22%
	3-5 Years	37%	28%	35%
	5-10 Years	26%	37%	29%
	10+ Years	4%	3%	4%

- In 2023:
 - Book yield** +68 bps
 - Income** +\$1.3mm per year

- Well-diversified portfolio** invested in high quality fixed income sectors

- Maintain defensive, up in quality bias**
 - Selectively take advantage of opportunities in BBB's

- Duration maintained with an eye toward extending slightly**
 - Purchases continue to target longer maturities to lock in higher, more durable yields

Portfolio Comparison



	PACT	POOL	PRM	PCM	POOL / PACT Consolidated	
Summary Statistics	Book Value	58.4mm	28.2mm	31.9mm	58.5mm	177.0mm
	Market Value	55.0mm	26.4mm	29.7mm	54.4mm	165.4mm
	Unrealized Gain/(Loss)	(3.4mm)	(1.7mm)	(2.2mm)	(4.2mm)	(11.5mm)
	Duration	3.41	3.26	5.29	5.18	4.31
	Quality	AA	AA	AA-	A+	AA-
	Book Yield	3.32%	3.00%	3.46%	3.31%	3.29%
	Annualized Book Income	1.9mm	0.8mm	1.1mm	1.9mm	5.8mm
Sector Distribution	Cash	4%	4%	2%	1%	2%
	Treasury / Agency	18%	17%	-	-	9%
	Corporate	17%	19%	49%	52%	34%
	Agency MBS / CMO	57%	52%	11%	10%	33%
	ABS / CMBS	1%	3%	18%	18%	10%
	Taxable Municipal	3%	5%	20%	19%	12%
Quality Distribution	Average Quality	AA	AA	AA-	A+	AA-
	AAA	5%	6%	19%	19%	12%
	AA	79%	75%	29%	24%	51%
	A	16%	17%	35%	40%	28%
	BBB	< 1%	2%	17%	16%	9%
	BB	-	-	< 1%	1%	< 1%
Duration Distribution	Average Duration	3.41	3.26	5.29	5.18	4.31
	< 1 Year	18%	15%	6%	3%	10%
	1-3 Years	22%	25%	16%	23%	22%
	3-5 Years	34%	41%	32%	32%	35%
	5-10 Years	26%	19%	37%	33%	29%
	10+ Years	-	-	9%	9%	4%

Transaction Summary – YTD 2023



(000's Omitted)

Purchases	Market Value	%	Spread (Bp)	Book Yld	Lwst	Duration
Sovereigns	299	0.9	-	4.47	AA+	1.88
Corporates	10,478	32.0	111	5.52	A-	6.31
MBS	16,463	50.3	129	5.51	AA+	5.63
ABS	500	1.5	135	5.17	AAA	9.56
Municipals - Taxables	5,018	15.3	85	5.43	AA-	5.86
Total Purchases	32,758	100.0	116	5.49	AA-	5.91

Sales	Market Value	%	Realized G/L	Trade / Book Yld	Lwst	Duration
Corporates	4,009	49.3	(189)	5.60 / 1.51	A	1.31
MBS	2,788	34.3	(537)	5.62 / 1.04	AA+	3.60
ABS	501	6.2	(48)	6.69 / 0.65	AAA	1.54
CMO / RMBS	447	5.5	(29)	6.93 / 2.22	AA+	1.22
Municipals - Taxables	389	4.8	(11)	5.74 / 2.50	A	0.88
Total Sales	8,134	100.0	(814)	5.75 / 1.39	AA-	2.08

Other Transactions	Market Value	%	Realized G/L	Book Yld	Lwst	Duration
Tender	396	2.0	(4)	3.70	A-	0.93
Calls	355	1.8	< 1	2.82	A+	0.89
Maturities	13,895	68.5	-	2.04	AA+	0.06
Paydowns	5,609	27.7	-	2.28	AA+	4.52
Sinking Funds	30	0.1	-	3.18	AA+	3.13
Total Other Transactions	20,286	100.0	(4)	2.15	AA+	1.33



Investment Program Annual Review

April 19, 2024

Alton Cogert

President & CEO



STRATEGIC ASSET ALLIANCE
THE INSURANCE INVESTMENT SPECIALIST



Member Contributions (\$)



FLOAT

Investment Portfolio (\$)
INVEST & PROTECT



Claims Payments (\$)



Risk Management – Realistic Version

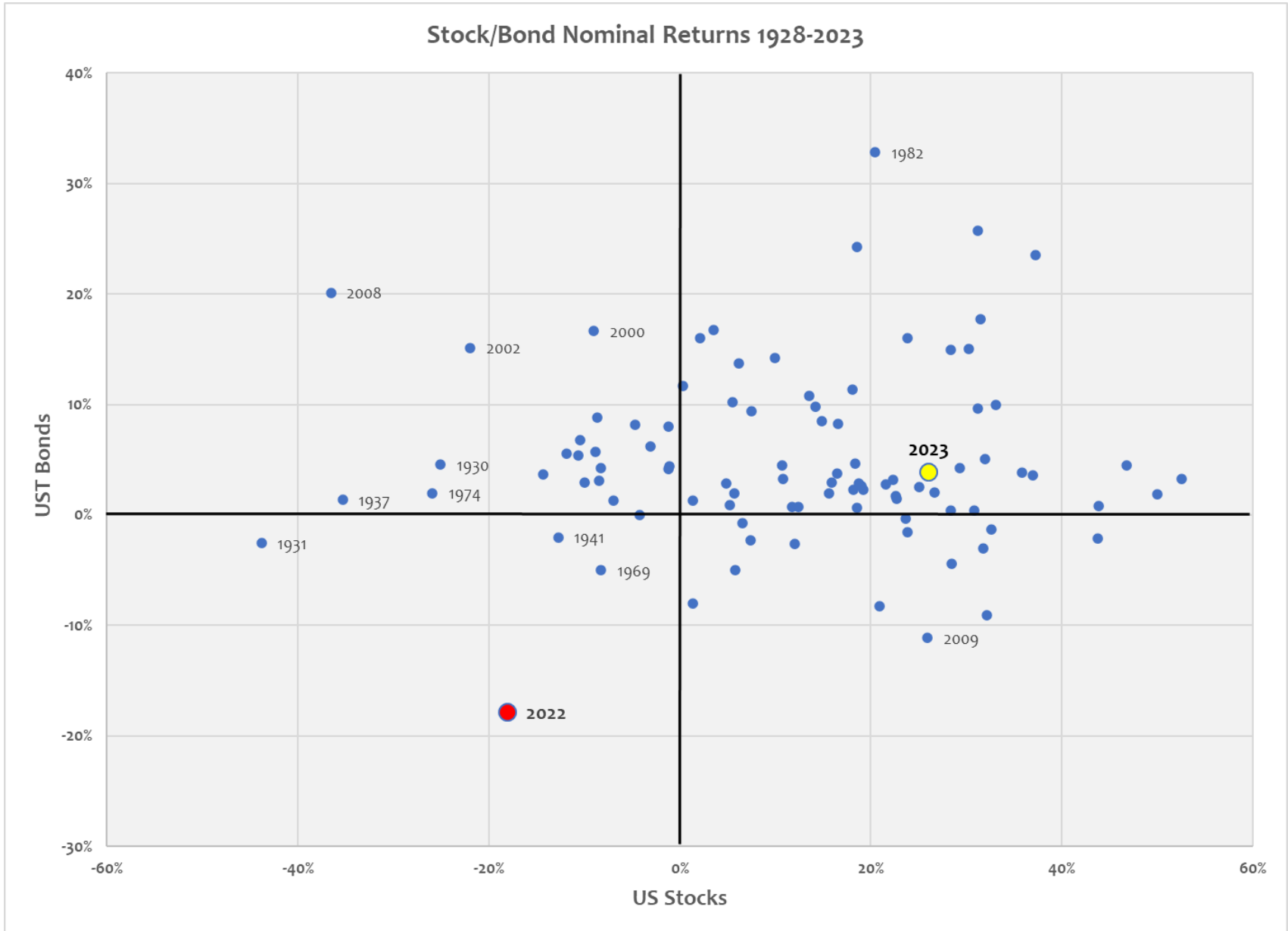


Risks of which we are aware and actively measure and monitor.

Risks of which we are currently unaware or aware of and underestimate.



PERSPECTIVE: Stock/Bond Nominal Returns – 1928 to 2023





PERFORMANCE REVIEW – YEAR 2023





	<u>2022</u>	<u>2023</u>
● POOL	-7.56%	+4.99%
● PRM	<u>-10.38%</u>	<u>+8.87%</u>
● TOTAL	-9.41%	+7.50%





	<u>2022</u>	<u>2023</u>
● PACT	-7.46%	+5.37%
● PCM	<u>-10.18%</u>	<u>+8.52%</u>
● TOTAL	-9.21%	+7.26%





2022

2023

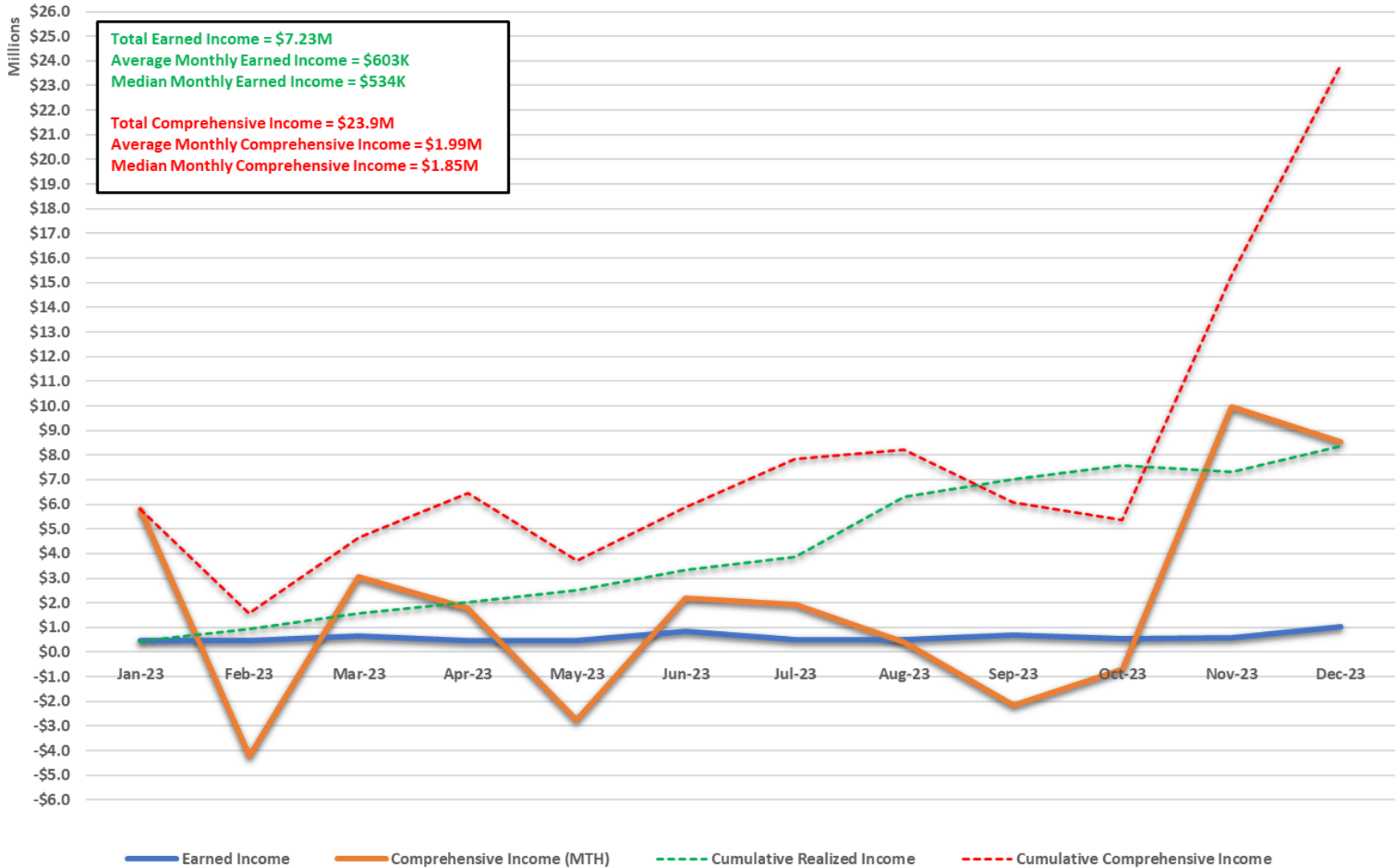
● RETURN (%)	-9.26%	+7.35%
● TOTAL INCOME	-\$21.6M	+\$23.9M
● EARNED INCOME	+\$6.3M	+\$7.2M



CONSOLIDATED PROGRAM – INVESTMENT INCOME



POOL/PACT/PCM/PRM Consolidated Investment Income - Year 2023





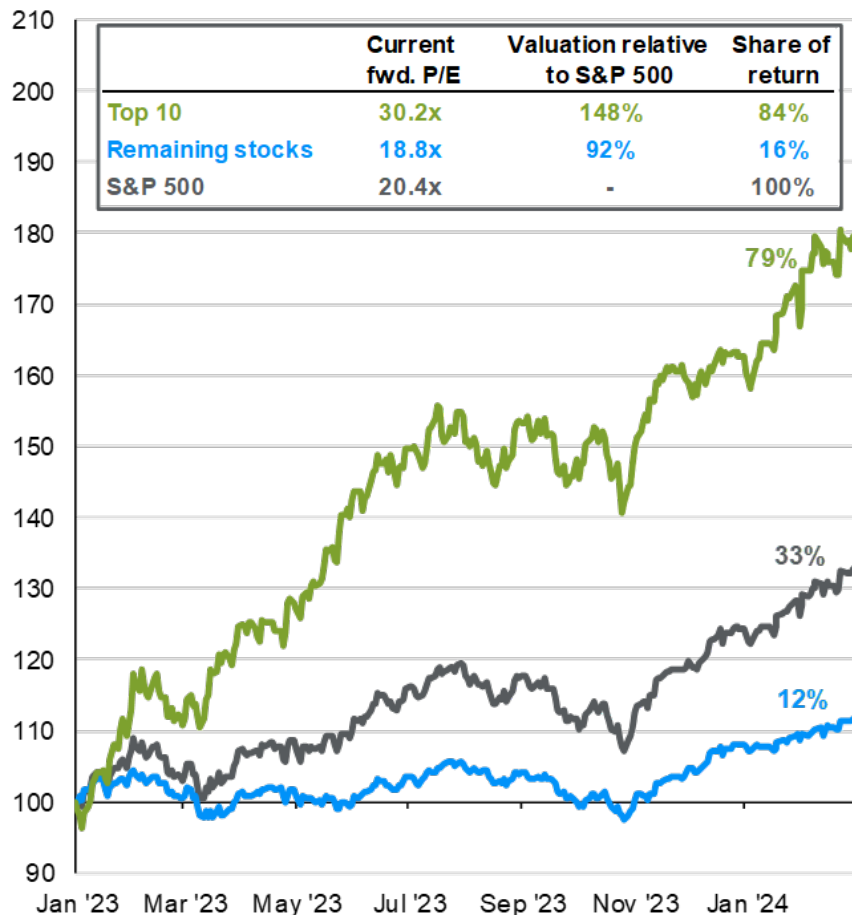
STRATEGIC OUTLOOK



REVIEW - A Tale of Two Markets

Performance of the top 10 stocks in the S&P 500

Indexed to 100 on 1/1/2023, price return, top 10 held constant



Weight of the top 10 stocks in the S&P 500

% of market capitalization of the S&P 500



Earnings contribution of the top 10 in the S&P 500

Based on last 12 months' earnings



Key Take Aways:

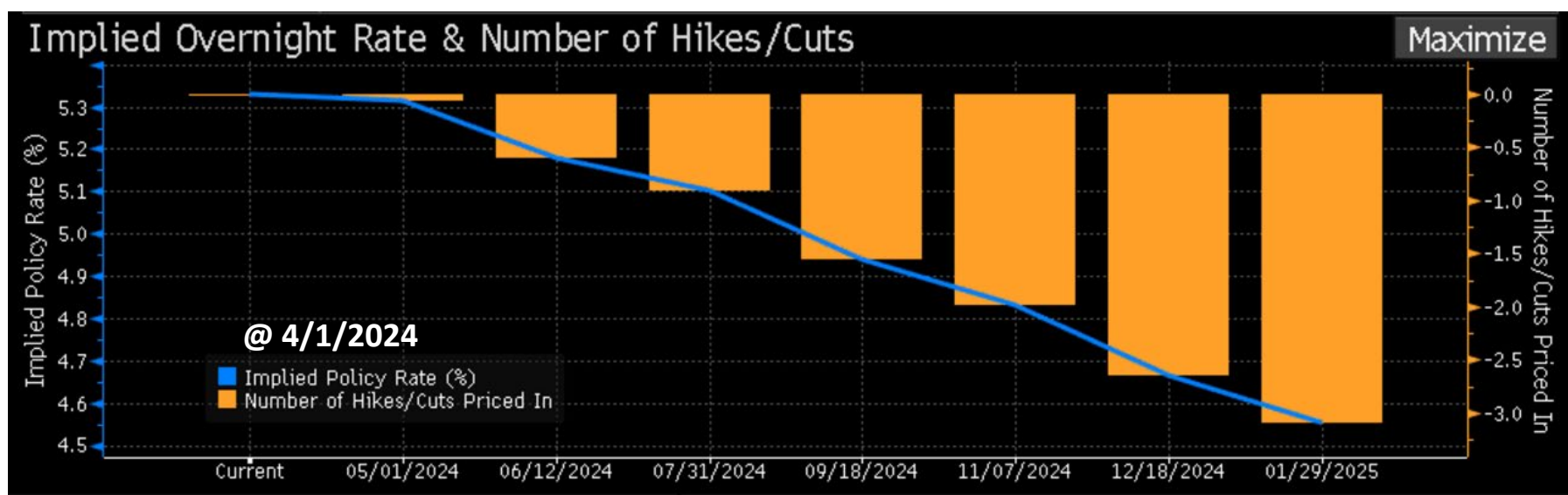
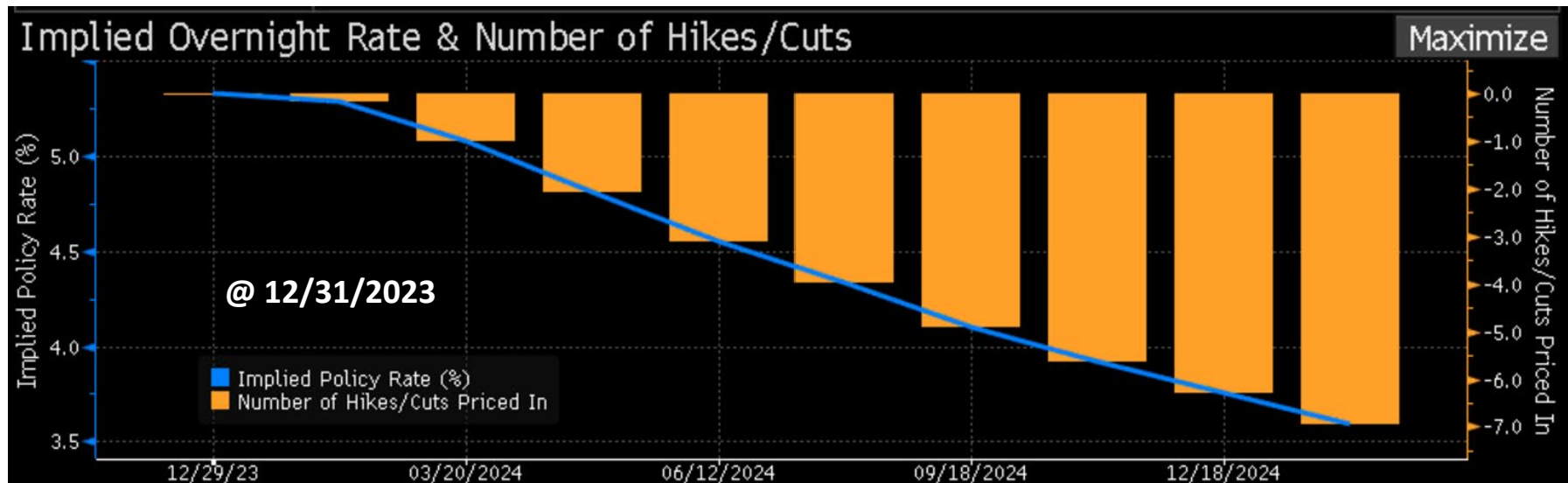
- Index performance is not always an accurate gauge as to what's really driving returns. In today's US Equity markets, it is truly a tale of two markets: 1) Large Cap, Big Tech, and 2) Everyone else...

¹ Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management.

² (Left) The top 10 companies used for this analysis are held constant and represent the S&P 500's 10 largest index constituents at the start of 2023.

³ The top 10 stocks are: AAPL, MSFT, AMZN, NVDA, GOOGL, BRK.B, GOOG, META, XOM, UNH, and TSLA. The remaining stocks represent the rest of the 494 companies in the S&P 500. (Right) The top 10 companies used for these two analyses are updated monthly and are based on the 10 largest index constituents at the beginning of each month. As of 1/31/2024, the top 10 companies in the index were MSFT (7.3%), AAPL (6.6%), NVDA (3.7%), AMZN (3.5%), META (2.1%), GOOGL (2.0%), GOOG (1.7%), BRK.B (1.7%), TSLA (1.3%), AVGO (1.3%) and LLY (1.3%).

OUTLOOK - Fed Funds Expectation Mania



Key Take Aways:

- The ongoing saga of how quickly market expectations can change regarding the path of interest rates with any new economic data or changes in the Federal Reserve rhetoric.

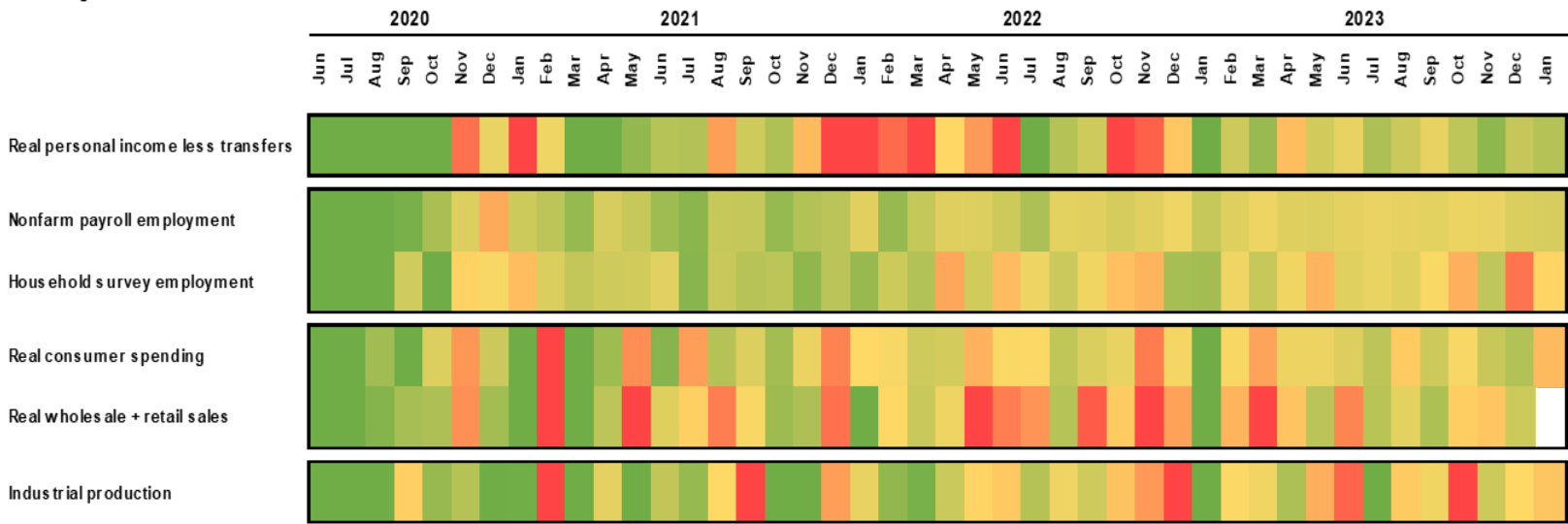


OUTLOOK - Recession Variables for NBER

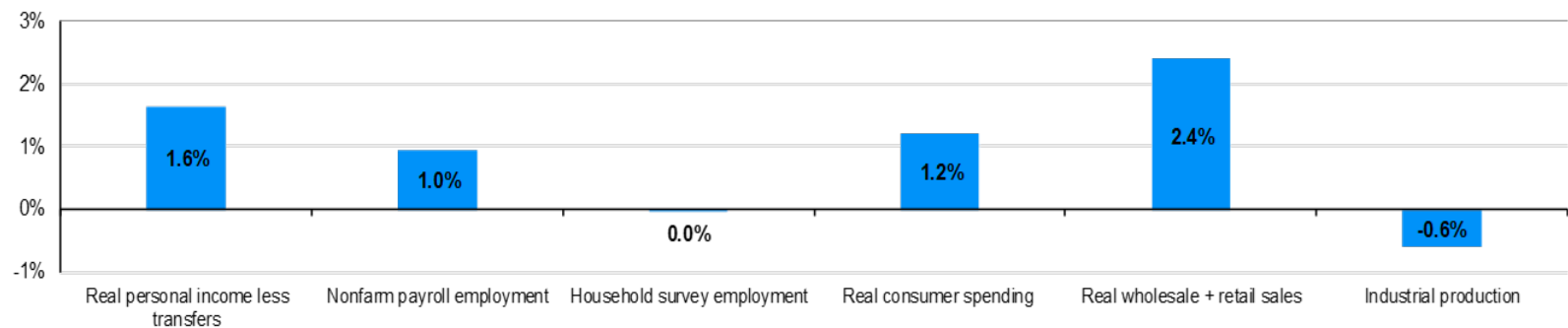


Variables used by the NBER in making recession determination*

% change month-over-month



% change, last six months



Key Take Aways:

☐ Using the various economic metrics utilized by the NBER, there is currently no recession or “hard landing” in sight for the time being.

Source: BEA, BLS, Census Bureau, NBER, J.P. Morgan Asset Management. Heatmap shading reflects 10 years of data, with green and red reflecting a range of +/- 0.5 standard deviations from a baseline of 0% monthly growth. *The NBER's definition of a recession involves a significant decline in economic activity that is spread across the economy and lasts more than a few months. Specifically, they consider real personal income less transfers, nonfarm payroll employment, employment as measured by the household survey, real personal consumption expenditures, wholesale-retail sales adjusted for price changes and industrial production. There is no fixed rule about which measures contribute to the process or how they are weighted, but the committee notes that “in recent decades, the two measures we have put the most weight on are real personal income less transfers and nonfarm payroll employment.”

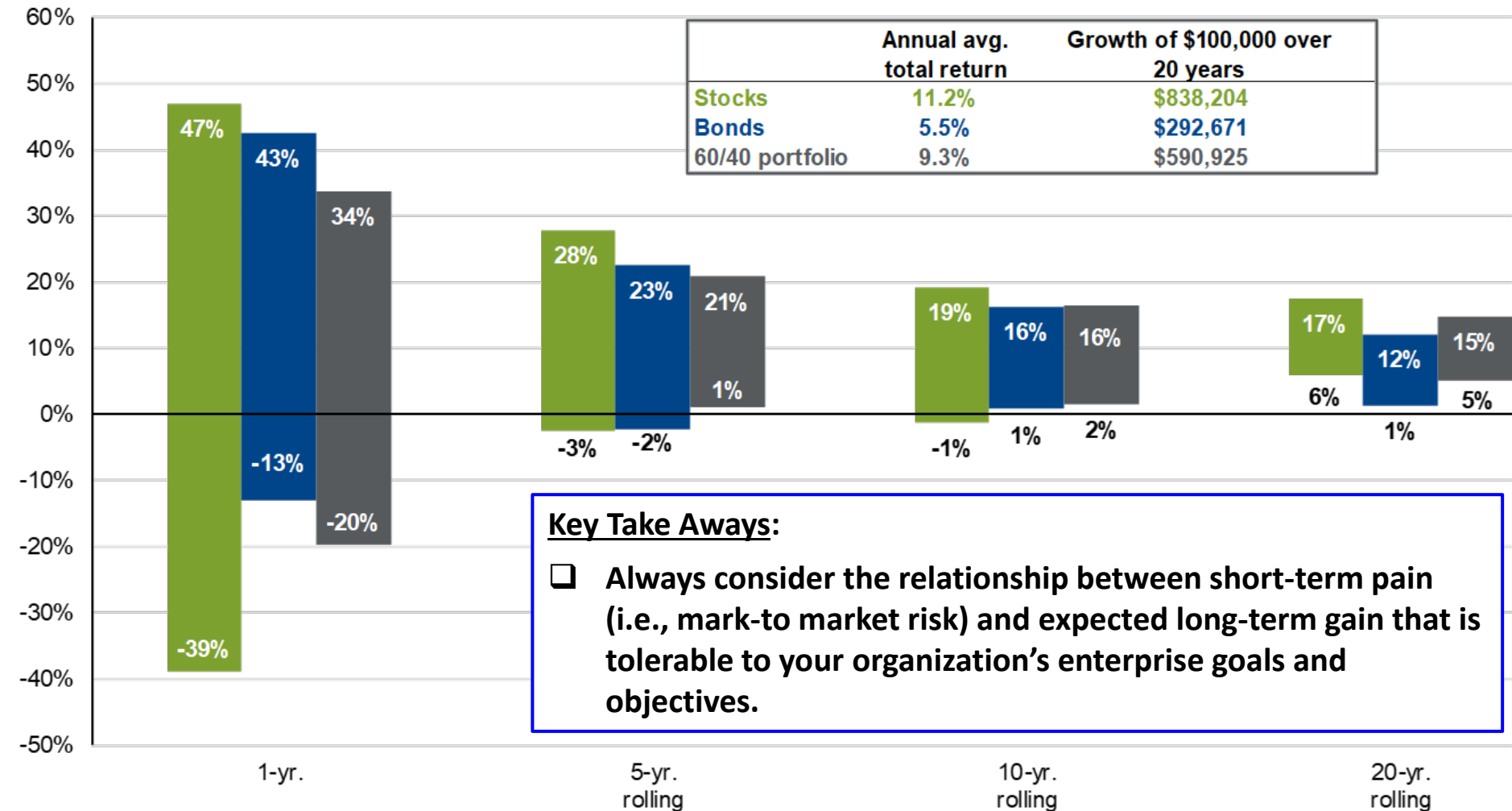
Guide to the Markets – U.S. Data are as of February 29, 2024.

OUTLOOK - Patience Pays, But Mind Your Capacity for Shocks



Range of stock, bond and blended total returns

Annual total returns, 1950-2023



Key Take Aways:

- Always consider the relationship between short-term pain (i.e., mark-to market risk) and expected long-term gain that is tolerable to your organization's enterprise goals and objectives.

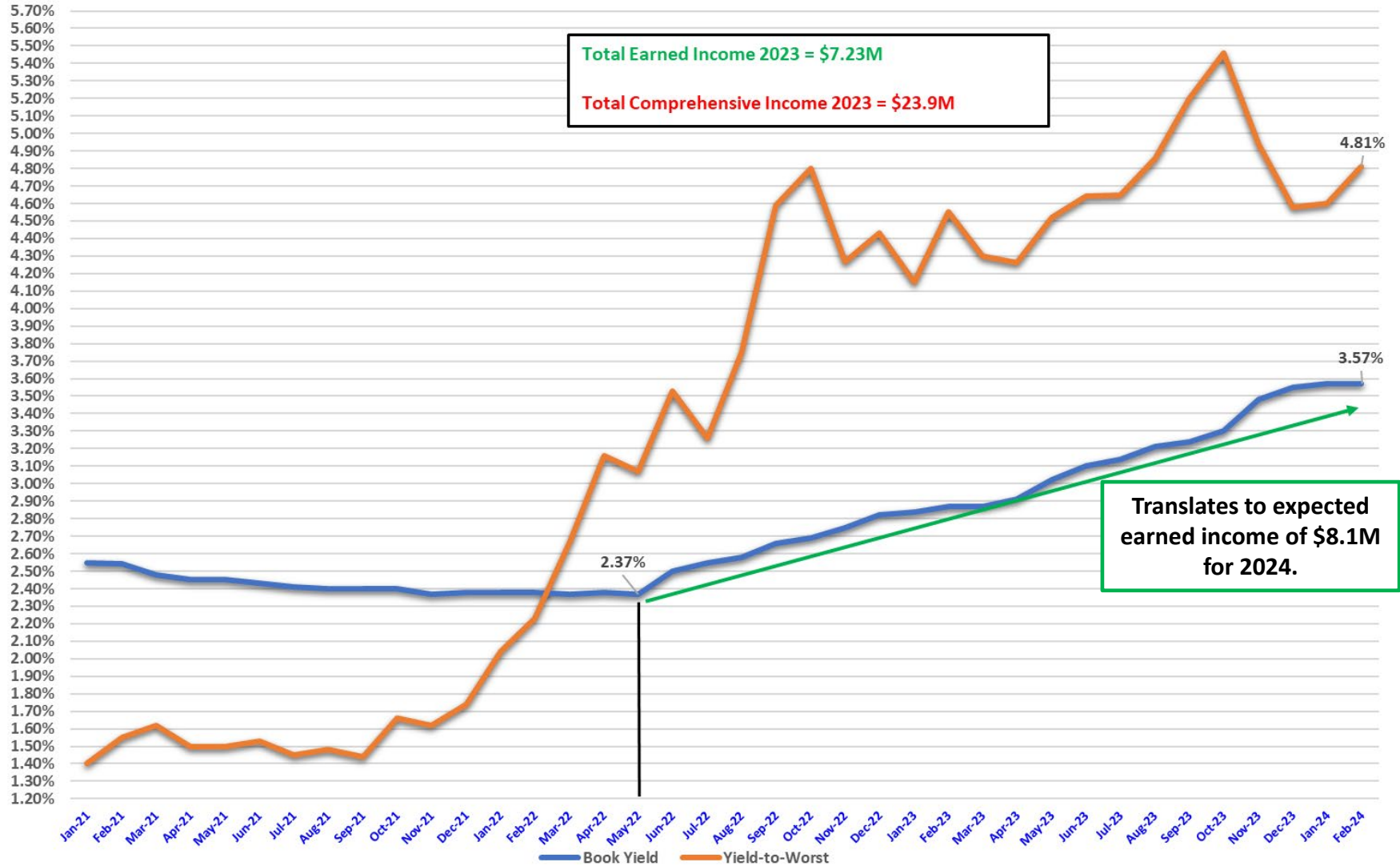
Source: Bloomberg, FactSet, Federal Reserve, Robert Shiller, Strategas/Ibbotson, J.P. Morgan Asset Management. Returns shown are based on calendar year returns from 1950 to 2023. Stocks represent the S&P 500 Shiller Composite and Bonds represent Strategas/Ibbotson for periods from 1950 to 2010 and Bloomberg Aggregate thereafter. Growth of \$100,000 is based on annual average total returns from 1950 to 2023. Guide to the Markets - U.S. Data are as of December 31, 2023.



CONSOLIDATED PROGRAMS - EXPECTED EARNED INCOME



POOL/PACT/PCM/PRM Consolidated - Yield Trends



PUBLIC AGENCY COMPENSATION TRUST

INVESTMENT GUIDELINES

1. Scope

This investment policy applies to all financial assets of PACT. These funds are accounted for in PACT's annual financial report.

2. Statement of Purpose

- A. Safety of principal is an important objective of the investment program. To ensure that investment of funds is accomplished in a safe and secure manner, particularly with respect to limiting the exposure of the PACT to unnecessary risk investments shall be undertaken in a manner that seeks to ensure the preservation of capital. To attain this objective, diversification is required in accordance with these guidelines. Further, it is becoming increasingly important to consider environmental, social and governance risks within the investment decision process.
- B. To provide adequate liquidity to meet all operating obligations which reasonably may be anticipated.
- C. To structure an investment portfolio which is designed to attain a rate of return throughout budgetary and economic cycles commensurate with the investment risk constraints and cash flow characteristics of the portfolio. A balanced return of current income and modest growth of principal is an important objective. In addition, a related objective is to achieve returns in excess of the rate of inflation over the investment horizon in order to preserve the purchasing power of PACT.
- D. To assure that the investment allocation does not impair the maintenance of capital in accordance with the PACT Capitalization Policy Statement.

3. Investment Strategy

- A. PACT generally will adhere to the concept of matching amounts and maturities to uses of funds.
- B. Investment officers acting in accordance with written procedures and exercising due diligence will not have personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

Investment officials will adhere to the Prudent Investor Rules that state that a fiduciary must:

- 1. Make investment and management decisions with respect to individual assets in the context of the investment portfolio as a whole and as part of an overall investment strategy, not in isolation.
- 2. Adhere to fundamental fiduciary duties of loyalty, impartiality, and prudence.
- 3. Maintain overall portfolio risk at a reasonable level. That is, risk and return objectives must be reasonable and suitable to the portfolio. The tradeoff between risk and return is the fiduciary's central concern.
- 4. Provide for the reasonable diversification of investments.
- 5. Act with prudence in deciding whether and how to delegate authority to experts and in selecting supervising agents. Be cost conscious when investing. The fiduciary should incur only costs that are reasonable in amount and appropriate to the investment responsibilities of the fiduciary.

- C. Investment strategy will facilitate an appropriate balance of these investment objectives:

- 1) capital preservation;
- 2) diversification among types of investments, issuers and credit ratings; and
- 3) allocation of investments in a manner consistent with principles of prudent investment management; and
- 4) liquidity to meet operating obligations.

D. The investment strategy will conform to state statutes governing investment of public funds per NRS 355.170 & 355.171.

4. Investment Risk

A. It is the policy of PACT that safety of principal is an important objective of the investment program and seeks to mitigate to mitigate risks to the extent possible. Four types are recognized:

1. Credit Risk - is the risk that the issuer of a security will default on the principal and interest. PACT will not assume significant credit risk in an attempt to enhance return. Acceptable credit ratings for securities shall be AAA, AA, or A as rated by a Nationally Recognized Statistically Rating Organization (“NRSRO”) pursuant to statutory limitations. In addition, PACT will diversify the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.
2. Liquidity Risk - is the risk that an investment may not be converted into cash if a need for cash arises. PACT will minimize liquidity risk to the extent possible through planning investment maturities to ensure that funds are available to meet cash flow needs (static liquidity) and maintain a portion of the funds in money market mutual funds which offer same-day liquidity for short-term funds. In addition, the portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity).
3. Maturity Risk - is the risk that an investment may yield poor results if the length of maturity or maturity structure is inappropriate for the market conditions. The PACT will minimize this risk by actively managing the maturity structure to enable holding securities to maturity unless 1) the security has declining credit and needs to be sold early to minimize loss of principal, 2) a security swap would improve the quality, yield or target duration of the portfolio, or 3) liquidity needs of the portfolio require that the security be sold.
4. Market Risk - arises from the change in the value of the investment as economic conditions and interest rates change. PACT will, to the extent possible, minimize market risk by matching investments with its liabilities, making it possible to hold investments to maturity if appropriate. The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles consistent with investment risk constraints and liquidity needs.

5. Investment Responsibility

- A. Investment authority for PACT rests with the Board of Trustees. This authority may be delegated to the Executive Committee and the Executive Director.
- B. The Board of Trustees may contract with investment advisor(s) to advise and manage the PACT's investments. Such advisor(s) shall provide a comprehensive report at least annually to the Board of Directors or its designee of all transactions and the investment performance of funds under management. The report shall suggest changes in policies or improvements that might be made in the investment program.

C. The Executive Director will manage all investment activity as closely as is practicable. The Executive Director will make day-to-day investments. In all cases, the Executive Director will:

1. Ensure that all investments are made in accordance with PACT policies;
2. Make recommendations to the Board of Trustees concerning investment policy and strategy;
3. Inventory all securities held by PACT (This shall be done in conjunction with the annual CPA audit);
4. Provide quarterly reports to the Executive Committee and annually to the Board of Trustees of all investment activity. The report shall include a listing of all securities bought, sold and matured. The report will also include a status of all investments held;
5. The Board of Trustees will review the investment report, and shall make the review a matter of record in the minutes;
6. The Board of Trustees may appoint a Fiscal Officer. The Fiscal Officer will, at the direction of the Board of Trustees, make investments and execute transactions in cooperation with the Executive Director.
7. Officers, the Executive Director and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial decisions. Such persons shall disclose to the Executive Director or to the Chairman of the Board any material financial interests in financial institutions that conduct business within their jurisdiction, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the PACT.
8. The Board of Directors will review this investment policy and the asset allocation, diversification and risks at least annually and at any other time as needed to fulfill its fiduciary responsibility.

6. Authorized Investments

A. The following types of securities are eligible investments subject to asset allocation:

- 1) U.S. Treasury Securities
- 2) Federal Agency Securities
- 3) Federal Funds
- 4) Supranational Bonds (rated AA or better; maturity not more than 5 years; denominated in U.S. Dollars)
- 5) Bank Certificates of Deposit insured (rated A-1, P-1 or better; maturity not more than 5 years)
- 6) Savings and Loan Certificates of Deposit insured
- 7) Repurchase Agreements
- 8) Money Market Mutual Funds
- 9) U.S. Corporate Bonds (rated A or better; maturity not more than 5 years)
- 10) Yankee Bonds (issued in the United States by a foreign issuer) (rated A or better; maturity not more than 5 years; denominated in U.S. Dollars)
- 11) Taxable Municipal Bonds (rated A or better)
- 12) US Agency Collateralized Mortgage Obligations (CMO) (rated AAA)
- 13) US Agency Asset-Backed Securities (ABS) (rated AAA)
- 14) Such other securities as authorized under Nevada laws applicable to the PACT.

Not more than ten percent (10%) of the fixed income portfolio should be to any one issuer, other than securities of the U.S. government or agencies.

Supranational bonds are permissible only if issued or guaranteed by the International Bank for Reconstruction and Development (IBRD), the International Finance Corporation (IFC), or the Inter-American Development Bank (IADB). Supranational bond allocation cannot exceed 15% of the total par value of the portfolio.

Certificates of deposit subject to a 5% maximum of total portfolio par value issued by any one commercial bank, insured credit union, savings and loan association or savings bank.

Corporate bond allocation cannot exceed 25% of the total par value of the portfolio with a per corporate issuer limit of 5% of total par value of the portfolio.

Yankee bond allocation cannot exceed 10% of the total par value of the portfolio.

An aggregate limit on Taxable Municipals of 25% of total par value of the portfolio.

- B. A Master Repurchase Agreement must be signed with the bank or dealer.
- C. If governmental sponsored pools and/or mutual funds are to be utilized, a thorough investigation of the pool/fund is required prior to investing, and on a continual basis. The following general information must be addressed:
 - 1. A description of the eligible investment securities, and a written statement of investment policy and objectives
 - 2. A description of interest calculations and how its is distributed, and how gains and losses are treated.
 - 3. A description of how the securities are safeguarded (including the settlement processes) and how often the securities are priced and the program audited.
 - 4. A description of who may invest in the program, how often, what size deposit and withdrawal are allowed.
 - 5. A schedule for receiving statements and portfolio listings.
 - 6. A statement regarding utilization by the pool/funds of reserves or retained earnings.
 - 7. A fee schedule and when and how it is assessed.
 - 8. A statement regarding whether the pool/fund is eligible for bond proceeds and/or whether it will accept such proceeds.

7. Authorized Financial Dealers and Institutions

The Executive Director will maintain a list of financial institutions authorized by the Board or the Executive Committee to provide investment services. No public deposit shall be made except in a qualified public depository as established by Nevada law. All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the Executive Director with the following evidence of qualifications:

- a. audited financial statements
- b. proof of National Association of Security Dealers certification
- c. trading resolution
- d. proof of Nevada registration
- e. completed broker/dealer questionnaire
- f. certification as having read the PACT's Investment Guidelines and depository contracts

An annual review of the financial condition and registrations of qualified bidders will be conducted by the Executive Director. A current audited financial statement is required to be on file for each financial institution and broker/dealer in which the PACT invests.

8. Investment Guidelines and Limitations

A. Diversity. There will be sufficient diversity in the authorized instruments to allow for variety in the makeup of the portfolio. The Board of Trustees will review investment activity reports to assure appropriate diversity exists. PACT will diversify its investments by maturity, security type and issuer. Maturities selected shall provide for stability of income and reasonable liquidity. For cash management funds, the following guidelines shall apply: Liquidity shall be assured through practices ensuring that the next disbursement date is covered through maturing investments or marketable U.S. Treasury bills

Risks of market price volatility shall be controlled through maturity diversification such that aggregate price losses on instruments with maturities exceeding one year shall not be greater than coupon interest and investment income received from the balance of the portfolio.

B. Maximum Duration. To the extent possible, the PACT will attempt to match its investments with anticipated cash flow requirements. The PACT will not directly invest in securities that have a weighted average life of more than ten (10) years from the date of purchase, except as permitted by law. The average duration of the portfolio will not exceed +/- one year of the benchmark duration.

C. Return on Investment. The PACT's investment portfolio will be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the PACT's investment risk constraints and the cash flow characteristics of the portfolio.

D. Performance Standards. The investment portfolio results will be compared to reasonably comparable indexes reflective of the investment goals and benchmarks listed below:

1. Goal - to outperform over a 4-to-5-year period the risk-free return from short-term U.S. Treasury bills by at least 100 to 200 basis points per year.
2. Goal - to outperform the Consumer Price Index over a 4-to-5-year period by at least 200 basis points per year.
3. Goal - to perform in line with the BB US Government Credit 1-5 Year Index (currently trading as BC1031) over a 1 to 5-year period.

9. Safekeeping and Custody

Securities purchased by the PACT will be held by a professionally qualified institution that has the necessary specialization to provide accurate and timely safekeeping of the assets of PACT. If securities are purchased from outside dealers, then trades will be executed by delivery vs. payment (DVP) to ensure that securities are deposited in an eligible financial institution prior to the release of funds.

The Executive Director shall establish a system of internal controls, which shall be documented in writing. The internal controls shall be reviewed by the Audit Committee and with the independent auditor. The controls shall be designed to prevent the loss of PACT funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets or imprudent actions by employees, service providers and officers of PACT.

10. Collateralization

Collateralization will be required on two types of investments: certificates of deposit in excess of current FDIC insurance limits and repurchase (and reverse) agreements. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be 102% of market value of principal and accrued interest.

Collateral always will be held by an independent third party with which the PACT has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the PACT and retained.

The right of collateral substitution is granted.

11. Selection and Performance Review of Investment Managers

The PACT Board of Directors will select appropriate investment managers to manage PACT assets. A qualifying investment manager must meet the following minimum criteria:

- Be a registered investment advisor under the Registered Investment Advisors Act of 1940 or be a bank, insurance company or investment management company.
- Provide historical quarterly performance numbers calculated on a time-weighted basis, based on a composite of all fully discretionary accounts of similar investment style, and reported net and gross of fees.
- Provide performance evaluation reports prepared by an objective third party that illustrate the risk/return profile of the manager relative to other managers of like investment style.
- Provide detailed information on the history of the firm, key personnel, key clients, fee schedule and support personnel.
- Clearly articulate the investment strategy that will be followed and document that the strategy successfully has been adhered to over time.
- Have no outstanding legal judgments or past judgments that may reflect negatively on the firm.
- Provide in writing acknowledgement of fiduciary responsibility to PACT.

The investment performance of total portfolios, as well as asset class components, will be measured against commonly accepted performance benchmarks. Consideration will be given to the extent to which the investment results are consistent with the investment objectives, goals and guidelines as set forth in this investment policy statement.

The Board of Directors intends to evaluate the portfolio(s) over at least a three-year period, but reserves the right to terminate a manager for any reason, including the following:

- Investment performance that significantly is less than anticipated given the discipline employed and the risk parameters established or unacceptable justification of poor results.
- Failure to adhere to any aspect of this investment policy statement including communication and reporting requirements.'
- Significant qualitative changes to the investment management organization.

Investment managers shall be reviewed regularly regarding performance, personnel, strategy, research capabilities, organizational and business matters, and other qualitative factors that may impact their ability to achieve the desired investment results.

12. Reporting

The Executive Director will include a market report on investment activity and returns in the PACT's Financial Report, which will be distributed quarterly to the Executive Committee and at each Board meeting.

13. Investment Policy Adoption

The PACT's investment policy will be adopted by the Board of Trustees. The policy will be reviewed on an annual basis by the Executive Committee and any modifications made thereto must be approved by the Board.

Adopted 9/91
Revised 10/95
Revised 4/98

Revised 5/1/2000
Revised 9/13/2006
Revised 5/1/2009
Revised 5/1/2015
Revised 2/23/2018
Revised 9/28/2020
Revised 4/22/2021
Revised 04/21/2022
Revised 6/7/2023
Revised 9/11/2023

NEVADA PUBLIC AGENCY INSURANCE POOL

INVESTMENT GUIDELINES

1. Scope

This investment policy applies to all financial assets of the POOL. These funds are accounted for in the POOL's annual financial report.

2. Statement of Purpose

- A. Safety of principal is an important objective of the investment program. To ensure that investment of funds is accomplished in a safe and secure manner, particularly with respect to limiting the exposure of the POOL to unnecessary risk, investments shall be undertaken in a manner that seeks to ensure the preservation of capital. To attain this objective, diversification is required in accordance with these guidelines. Further, it is becoming increasingly important to consider environmental, social and governance risks within the investment decision process.
- B. To provide adequate liquidity to meet all operating obligations which reasonably may be anticipated.
- C. To structure an investment portfolio which is designed to attain a rate of return throughout budgetary and economic cycles commensurate with the investment risk constraints and cash flow characteristics of the portfolio. A balanced return of current income and modest growth of principal is an important objective. In addition, a related objective is to achieve returns in excess of the rate of inflation over the investment horizon in order to preserve the purchasing power of POOL.
- D. To assure that the investment allocation does not impair the maintenance of capital in accordance with the POOL Capitalization Policy Statement.

3. Investment Strategy

- A. POOL generally will adhere to the concept of matching amounts and maturities to uses of funds.
- B. Investment officers acting in accordance with written procedures and exercising due diligence will not have personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

Investment officials will adhere to the Prudent Investor Rules that state that a fiduciary must:

1. Make investment and management decisions with respect to individual assets in the context of the investment portfolio as a whole and as part of an overall investment strategy, not in isolation.
2. Adhere to fundamental fiduciary duties of loyalty, impartiality, and prudence.
3. Maintain overall portfolio risk at a reasonable level. That is, risk and return objectives must be reasonable and suitable to the portfolio. The tradeoff between risk and return is the fiduciary's central concern.
4. Provide for the reasonable diversification of investments.
5. Act with prudence in deciding whether and how to delegate authority to experts and in selecting supervising agents. Be cost conscious when investing. The fiduciary should incur only costs that are reasonable in amount and appropriate to the investment responsibilities of the fiduciary.

- C. Investment strategy will facilitate an appropriate balance of these investment objectives:
- 1) capital preservation;
 - 2) diversification among types of investments, issuers and credit ratings; and
 - 3) allocation of investments in a manner consistent with principles of prudent investment management;
 - 4) liquidity to meet operating obligations.
- D. The investment strategy will conform to state statutes governing investment of public funds per NRS 355.170 & 355.171.

4. Investment Risk

- A. It is the policy of the POOL that safety of principal is an important objective of the investment program and seeks to mitigate risks to the extent possible. Four types are recognized:
1. Credit Risk - is the risk that the issuer of a security will default on the principal and interest. POOL will not assume significant credit risk to enhance return. Acceptable credit ratings for securities shall be AAA, AA, or A as rated by a Nationally Recognized Statistically Rating Organization (“NRSRO”) pursuant to statutory limitations. In addition, POOL will diversify the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.
 2. Liquidity Risk - is the risk that an investment may not be converted into cash if a need for cash arises. POOL will minimize liquidity risk to the extent possible through planning investment maturities to ensure that funds are available to meet cash flow needs (static liquidity) and maintain a portion of the funds in money market mutual funds which offer same-day liquidity for short-term funds. In addition, the portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity).
 3. Maturity Risk - is the risk that an investment may yield poor results if the length of maturity or maturity structure is inappropriate for the market conditions. The POOL will minimize this risk by actively managing the maturity structure to enable holding securities to maturity unless 1) the security has declining credit and needs to be sold early to minimize loss of principal, 2) a security swap would improve the quality, yield or target duration of the portfolio, or 3) liquidity needs of the portfolio require that the security be sold.
 4. Market Risk - arises from the change in the value of the investment as economic conditions and interest rates change. POOL will, to the extent possible, minimize market risk by matching investments with its liabilities, making it possible to hold investments to maturity if appropriate. The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles consistent with investment risk constraints and liquidity needs.

5. Investment Responsibility

- A. Investment authority for POOL rests with the Board of Directors. This authority may be delegated to the Executive Committee and the Executive Director.
- B. The Board of Directors may contract with investment advisor(s) to advise and manage the POOL's investments. Such advisor(s) shall provide a comprehensive report at least annually to the Board of Directors or its designee of all transactions and the investment performance of funds under management. The report shall suggest changes in policies or improvements that might be made in the investment program.
- C. The Executive Director will manage all investment activity as closely as is practicable. The Executive Director will make day-to-day investments. In all cases, the Executive Director will:
 - 1. Ensure that all investments are made in accordance with POOL policies;
 - 2. Make recommendations to the Board of Directors concerning investment policy and strategy;
 - 3. Inventory all securities held by POOL (This shall be done in conjunction with the annual CPA audit);
 - 4. Provide quarterly reports to the Executive Committee and annually reports to the Board of Directors of all investment activity. The reports shall include a listing of all securities bought, sold and matured. The reports will also include a status of all investments held;
 - 5. The Board of Directors will review the investment report, and shall make the review a matter of record in the minutes;
 - 6. The Board of Directors may appoint a Fiscal Officer. The Fiscal Officer will, at the direction of the Board of Directors, make investments and execute transactions in cooperation with the Executive Director.
 - 7. Officers, the Executive Director and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial decisions. Such persons shall disclose to the Executive Director or to the Chairman of the Board any material financial interests in financial institutions that conduct business within their jurisdiction, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the POOL.
 - 8. The Board of Directors will review this investment policy and the asset allocation, diversification and risks at least annually and at any other time as needed to fulfill its fiduciary responsibility.

6. Authorized Investments

- A. The following types of securities are eligible investments subject to asset allocation:
 - 1) U.S. Treasury Securities
 - 2) Federal Agency Securities
 - 3) Federal Funds
 - 4) Supranational Bonds (rated AA or better; maturity not more than 5 years; denominated in U.S. Dollars)
 - 5) Bank Certificates of Deposit insured (rated A-1, P-1 or better; maturity not more than 5 years)

- 6) Savings and Loan Certificates of Deposit insured
- 7) Repurchase Agreements
- 8) Money Market Mutual Funds
- 9) U.S. Corporate Bonds (rated A or better; maturity not more than 5 years)
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Certificates of deposit subject to a 5% maximum of total portfolio par value issued by any one commercial bank, insured credit union, savings and loan association or savings bank.

Corporate bond allocation cannot exceed 25% of the total par value of the portfolio with a per corporate issuer limit of 5% of total par value of the portfolio.

Yankee bond allocation cannot exceed 10% of the total par value of the portfolio.

An aggregate limit on Taxable Municipals of 25% of the total par value of the portfolio.

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 2. A description of interest calculations and how it is distributed, and how gains and losses are treated.
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The Executive Director will maintain a list of financial institutions authorized by the Board or the Executive Committee to provide investment services. No public deposit shall be made except in a qualified public depository as established by Nevada law. All financial institutions and broker/dealers who desire to become

qualified bidders for investment transactions must supply the Executive Director with the following evidence of qualifications:

- a. audited financial statements
- b. proof of National Association of Security Dealers certification
- c. trading resolution
- d. proof of Nevada registration
- e. completed broker/dealer questionnaire
- f. certification as having read the POOL's Investment Guidelines and depository contracts

An annual review of the financial condition and registrations of qualified bidders will be conducted by the Fiscal Officer. A current audited financial statement is required to be on file for each financial institution and broker/dealer in which the POOL invests.

8. Investment Guidelines and Limitations

- A. **Diversity.** There will be sufficient diversity in the authorized instruments to allow for variety in the makeup of the portfolio. The Board of Directors will review investment activity reports to assure appropriate diversity exists. The POOL will diversify its investments by maturity, security type and issuer. Maturities selected shall provide for stability of income and reasonable liquidity. For cash management funds, the following guidelines shall apply: Liquidity shall be assured through practices ensuring that the next disbursement date is covered through maturing investments or marketable U.S. Treasury bills

Risks of market price volatility shall be controlled through maturity diversification such that aggregate price losses on instruments with maturities exceeding one year shall not be greater than coupon interest and investment income received from the balance of the portfolio.

- B. **Maximum Duration.** To the extent possible, the POOL will attempt to match its investments with anticipated cash flow requirements. The Pool will not directly invest in securities that have a weighted average life of more than ten (10) years from the date of purchase, except as permitted by law. The average duration of the portfolio will not exceed +/- one year of the benchmark duration.
- C. **Return on Investment.** The POOL's investment portfolio will be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the POOL's investment risk constraints and the cash flow characteristics of the portfolio.
- D. **Performance Standards.** The investment portfolio results will be compared to reasonably comparable indexes reflective of the investment goals and benchmarks listed below:
1. Goal - to outperform over a 4-to-5-year period the risk free return from short-term U.S. Treasury bills by at least 100 to 200 basis points per year.
 2. Goal - to outperform the Consumer Price Index over a 4-to-5-year period by at least 200 basis points per year.

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Collateralization will be required on two types of investments: certificates of deposit in excess of current FDIC insurance limits and repurchase (and reverse) agreements. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be 102% of market value of principal and accrued interest.

Collateral always will be held by an independent third party with which the POOL has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the POOL and retained.

The right of collateral substitution is granted.

11. Selection and Performance Review of Investment Managers

The POOL Board of Directors will select appropriate investment managers to manage POOL assets. A qualifying investment manager must meet the following minimum criteria:

- Be a registered investment advisor under the Registered Investment Advisors Act of 1940 or be a bank, insurance company or investment management company.
- Provide historical quarterly performance numbers calculated on a time-weighted basis, based on a composite of all fully discretionary accounts of similar investment style, and reported net and gross of fees.
- Provide performance evaluation reports prepared by an objective third party that illustrate the risk/return profile of the manager relative to other managers of like investment style.
- Provide detailed information on the history of the firm, key personnel, key clients, fee schedule and support personnel.
- Clearly articulate the investment strategy that will be followed and document that the strategy successfully has been adhered to over time.
- Have no outstanding legal judgments or past judgments that may reflect negatively on the firm.
- Provide in writing acknowledgement of fiduciary responsibility to POOL Board.

The investment performance of total portfolios, as well as asset class components, will be measured against commonly accepted performance benchmarks. Consideration will be given to the extent to which the investment results are consistent with the investment objectives, goals and guidelines as set forth in this investment policy statement.

The Board of Directors intends to evaluate the portfolio(s) over at least a three-year period, but reserves the right to terminate a manager for any reason, including the following:

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- Failure to adhere to any aspect of this investment policy statement including communication and reporting requirements.'
- Significant qualitative changes to the investment management organization.

Investment managers shall be reviewed regularly regarding performance, personnel, strategy, research capabilities, organizational and business matters, and other qualitative factors that may impact their ability to achieve the desired investment results.

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The Executive Director will include a market report on investment activity and returns in the POOL's Financial Report, which will be distributed quarterly to the Executive Committee and at each Board meeting.

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The POOL's investment policy will be adopted by the Board of Directors. The policy will be reviewed on an annual basis by the Executive Committee and any modifications made thereto must be approved by the Board.

Adopted 9/91
Revised 10/95
Revised 4/98
Revised 5/1/2000
Revised 9/13/2006
Revised 5/1/2009
Revised 5/1/2015
Revised 2/23/2018
Revised 9/28/2020
Revised 4/22/2021
Revised 4/21/2022
Revised 6/7/2023
Revised 9/1/2023

Executive Director's Report 4-2023

Market conditions:

- Property market conditions improved such that property rates flattened after several years of rate increases due to catastrophe losses worldwide impacting all reinsurers such as East Coast hurricanes, West Coast flooding (after wildfires) and earthquake.
- Appraised property valuations are up about 8% due to inflation and additional new locations.
- Liability increases continue this year especially for law enforcement liability due to national trends, CRL experience and our own adverse loss experience.
- Cyber liability reinsurance terms and limits including the pool-wide shared aggregate limit remain unchanged even though business email compromise claims increased this year.
- Workers compensation assessments rates appear to trend upward at the higher excess coverage levels. PACT and PCM retained loss experience remains high due to long-term large losses within the retentions. PCM is being impacted by larger losses so will show increased premiums.

Renewal issues – POOL:

- Changes to update the Equipment Breakdown coverage extension to align it with changes in the BoilerRe reinsurance agreement are proposed for the POOL Coverage Form. A redlined version of the changes will be included in the POOL board packet.
- No changes are proposed for the Cyber Risk Coverage Form.

Renewal issues – PACT:

- PACT's financial performance continues to be hit with large claims and the development of claims from former members for which PACT remains responsible. This puts pressure on PACT's financial condition and rates. To enhance PACT's net position, PCM returned \$4.5 million of contributed capital in this year. Based upon a Board approved change in the rating methodology to have rates changed effective January 1st each year using calendar year payroll, the first rate change was approved in December 2023 and members were notified of the rates for calendar year 2024.

Notices of Potential Withdrawal: As of 3/1/2024

- i. City of Elko for POOL and PACT
- ii. Southern Nevada Health District for POOL and PACT
- iii. Central Lyon Fire Protection District for PACT
- iv. Mt. Grant General Hospital for PACT
- v. Pershing General Hospital for PACT
- vi. Grover C. Dills Hospital for PACT
- vii. Battle Mountain General Hospital for PACT

Claims Practices Review:

Consistent with AGRiP standards, every three years POOL contracts with an independent claims consultant to review the claims practices of the third party administrator Davies Claims Solutions. Overall, the report showed favorable results regarding Davies claims handling and reserves practices. Davies reviewed and commented on the report results.

Governance and Risk

POOL/PACT staff continue to conduct training for Members on Board Governance, Ethics, and the Open Meeting Law. Members continue to be challenged by political issues that create ongoing stresses during this Presidential election year. Members should focus on their core mission, vision, and values to mitigate the outside stressors. The POOL/PACT Enterprise Risk Management program is a valuable tool to keep the focus on significant risk mitigation issues that are keys to an effective local government operation.

Voting Members are reminded that designating the appropriate person as voting and alternative voting representatives assures that the board decisions reflect Members' needs and deliver effective programs and services that address those needs. As turnover in representatives naturally occurs, Members should have a succession plan in place to assure quality candidates serve in these roles.

Programs and Services

Separate reports about financials, human resources, risk management, ELearning, member relations, and claims will give insights into ongoing programs and services available to all Members as part of membership in POOL and PACT.

.....

**We Excel in:
Innovative Solutions,
Financial Strength,
Security, Durability,
Cost Effective Risk
Sharing and Financing
Member Networking
Resource Sharing**

.....

Financial Strength Made Simple

Net Position Goal: To assure financial stability and long-term viability of NPAIP, the accumulation and maintenance of Net Position is necessary. At least 10 times the highest SIR retention per occurrence.



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We Are:

**Member Governed
Stewards of Public Assets
Committed to Quality
Member Services
Focused on the Future**



POOL PACT

.....

**A NON-PROFIT
MEMBER SERVICE CONSORTIUM**



.....

Financial Facts: Net Position / Balance Sheets

NPAIP FYE 6-30-2023 Results

Investments @ FMV	\$24,076,484
Building (Net of Depreciation)	\$1,569,699
Total Assets	\$35,31,169
Claims Reserves	\$11,953,000
Total Other Liabilities	\$ 340,511
Net Position	\$23,037,738

PACT FYE 6-30-2023 Results

Cash	\$14,759,925
Investments @ FMV	\$49,050,842
Total Assets	\$71,969,433
Claims Reserves	\$58,871,000
Total Other Liabilities	\$ 1,851,601
Net Position	\$11,246,832

.....

PRM & PCM Captives

PRM 12-31-2023

Cash/Investments	\$53,422,779
Reserves/Liabilities	\$ 4,787,085
Total Net Position	\$48,974,201

PCM 12-31-2023

Cash/Investments	\$94,186,624
Reserves/Liabilities	\$16,119,038
Total Net Position	\$78,529,421





Net Position Analysis



Contribution Ratio:

Net Contributions/Net Position

Reserve Leverage:

Net Loss Reserves/Net Position

Invested Assets:

Invested Assets/Net Position

Retention Ratio:

Net Position / SIR

	FY 20	FY 21	FY 22	FY 23
POOL:	.978	.943	1.010	.928
PACT:	1.185	2.259	2.534	1.65
	FY 20	FY 21	FY 22	FY 23
POOL:	0.64	0.61	0.62	0.52
PACT:	5.08	7.82	9.82	5.23
	FY 20	FY 21	FY 22	FY 23
POOL:	1.47	1.45	1.23	1.36
PACT:	5.41	7.55	7.86	5.67
	FY 20	FY 21	FY 22	FY 23
POOL:	35.1	36.8	40.5	46.1
PACT:	21.4	24.8	19.8	37.5



Net Positions

Fiscal Year 2021 2022 2023

NPAIP	\$19.4M	\$20.2M	\$23.0M
PRM	\$50.1M	\$44.3M	\$48.9M
PACT	\$7.5M	\$5.9M	\$11.2M
PCM	\$88.5M	\$71.4M	\$78.5M
Total	\$165.5M	\$141.8M	\$161.6M





Financial Facts: Revenues, Expenses, Net Position

NPAIP FYE 6-30-2023 Results

Premiums	\$ 21,371,509
Loss Expenses	\$ 3,013,324
Excess Reinsurance	\$ 9,343,539
Member Services	\$ 2,160,941
Agent Commissions	\$ 1,336,938
Administrative Expenses	\$ 1,668,913
Increase in Net Position	\$2,787,670

PACT FYE 6-30-2023 Results

Assessments	\$18,563,181
Loss Expense	\$ 8,572,744
Excess Reinsurance	\$ 3,097,121
Member Services	\$ 1,224,250
DOI Fees & Insolvency	\$ 534,026
Administrative Expense	\$ 1,495,777
Non-operating investment +	\$ 74,453
Increase Net Position	\$ 3,304,866

PRM & PCM Captives



PRM 12-31-2023

Premiums Earned	\$1,857,518
Net Investment Income	\$1,678,569
Total Expenses/Losses	\$1,342,620
Comprehensive Income	\$4,643,967

PCM 12-31-2023

Premiums Earned	\$2,756,977
Net Investment Income	\$2,998,880
Total Expenses/Losses	\$2,802,378
Comprehensive Income	\$7,083,165



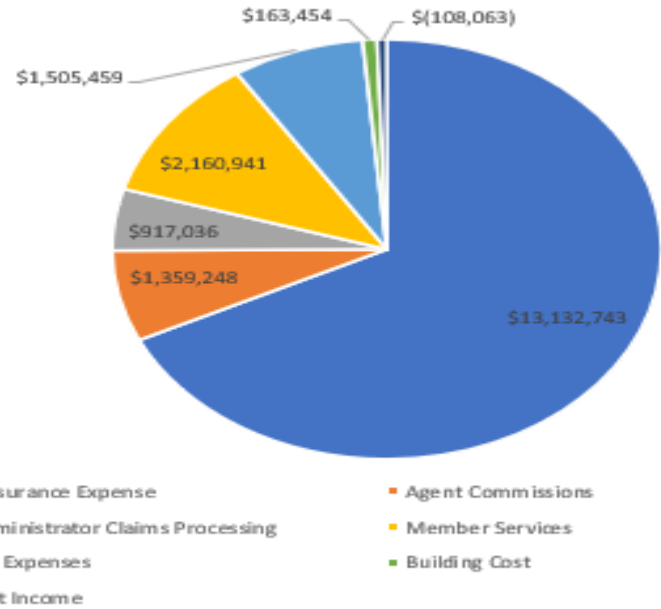


FINANCIAL STABILITY

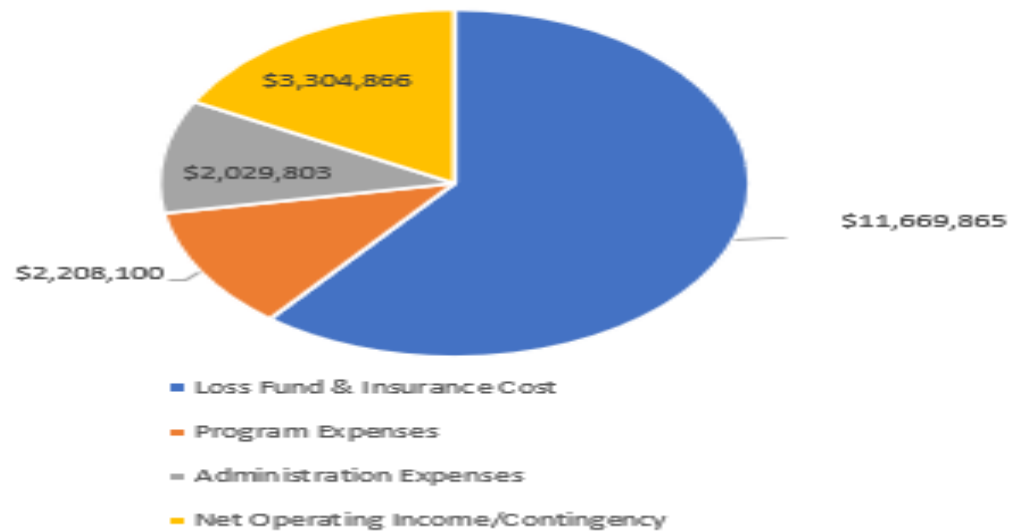
- Prudent Board Fiscal Policies
- Prudent Board Investment Policy
- Rate Stability
- Adequate Reserves
- Effective Cash Flow Management
- Effective Risk Management



POOL FYE 6-30-2023 Audited Allocations



PACT FY 22-23 Audited Expense Allocation



CFO UPDATE

- Training Courses Provided:
- Local Government Finance
- Financial Leadership
- Fraud Prevention & Detection
- Understanding CTX
- Fiscal Year End Housekeeping
- Fiscal & Internal Controls
- NASB School Financial Statements
- How \$s are Distributed



Understanding CTX Distribution

Understanding WPC decision to go to Non-Guarantee Status



Public Agency
Compensation
Trust

AN ASSOCIATION OF SELF-
INSURED PUBLIC AGENCIES

AUDITS COMPLETED

- PACT FYE 6-30-2023 Report Date 9-21-23**
- POOL FYE 6-30-2023 Report Date 10-6-2023**
- NRP FYE 6-30-2023 Report Date 10-23-2023**
- PRI FYE 6-30-2023 Report Date 10-09-2023**
- PRM 12-31-2023 Report Date 2-19-2024**
- PCM 12-31-2023 Report Date 2-19-2024**

POOL/PACT Coverage/Financial Protection Program

Coverage Limits

Levels of Coverage
Types of Coverage
Allocation of Coverage layers

Underwriting

Member Agents
Identification of Markets,
Products, Programs and
Services

Financial/Auditing

NRP, Bertrand & Assoc., Casey Neilson, Inc.
Accounting Systems and Reporting
Financial Stability & Planning
Financial Statements
Independent Auditors

Claims Processing

Davies General, Coverage & Defense
Counsel
Interactive Claims Management

Investments

NEAM Strategic Assets Alliance (SAA)
Investment Policy
Enterprise Risk Management
Investment Yields, Returns

Actuarial

Bickmore
Funding Recommendations
Rate Setting
Reserves for Financial Statements
Confidence Interval Options



POOL
ACT

.....

We Excel in:
Innovative Solutions,
Financial Strength,
Security, Durability,
Cost Effective Risk
Sharing and Financing
Member Networking
Resource Sharing

.....

Financial Strength Made Simple

Strong Financial Position
Stable Premium Rates
Effective Claims Management
Effective Risk Management
Effective Financial Management
Power of the POOL



.....

We Are:

Member Governed
Stewards of Public Assets
Committed to Quality
Member Services
Focused on the Future



POOL PACT

.....

**A NON-PROFIT
MEMBER SERVICE CONSORTIUM**

PUBLIC RISK MUTUAL
DECEMBER 31, 2023 AND 2022

**PUBLIC RISK MUTUAL
DECEMBER 31, 2023 AND 2022**

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President's Letter

There were many challenges for Public Risk Mutual (PRM) in 2023 but the results showed the strength of its business plan. Long-term financial stability is our focus. With this foundation, we can deploy the capacity, coverage, and stability our members need and absorb shocks even in periods of profound change. Here are few of the primary financial highlights during the year:

- ❖ PRM is a nonprofit pure captive mutual insurance company owned by the Nevada Public Agency Insurance Pool (POOL). The total POOL surplus contribution of \$29,477,263 remained unchanged since there were no additional surplus contributions to PRM in 2023.
- ❖ PRM provides reinsurance to the POOL on an excess of loss basis as noted in the tables in Note 7 to the financial statements. This coverage expanded during the year to meet the program needs.
- ❖ PRM contributed \$475,000 in 2023 to the POOL to support investment in risk management services to the members, such as the cyber security initiatives. Funds from PRM help support the KnowBe4 email cyber security testing, training program giving specialized cyber security advice for issues such as cyber threat response plans and hosting the annual cyber security summit for the membership.
- ❖ Total investments increased from \$46,427,564 to \$50,308,141 in 2023. This increase is due primarily to the increases in the market value of investments held as a result of unrealized gains on the fixed income and equity securities during the year. Our fixed income securities represent 58.1% of our investment portfolio with equity securities having 41.9%. This is within our investment policy guidelines. The actions of the Federal Reserve to significantly raise interest rates resulted in a change in the book values. We intend to hold our fixed income investments to maturity.
- ❖ PRM's investment income increased from \$1,583,963 to \$1,678,569 in 2023 due to higher book yields. PRM's investment portfolio includes U.S. government obligations, U.S. state and local bonds, U.S. corporate bonds, fixed income mutual funds, bond mutual funds and equity mutual funds.
- ❖ One of PRM's main goals is to continue increasing investment earnings while providing our members with added value to property and liability coverage through cost effective reinsurance. Investment earnings exceed the administrative cost of the PRM program.
- ❖ PRM had an underwriting gain as the premiums of \$1,857,518 exceeded the loss and loss adjustment expense of \$663,327 during the year.
- ❖ PRM's total surplus increased from \$44,330,234 to \$48,974,201 primarily due to unrealized gains on investments, investment income and reduced loss adjustment expenses. PRM's business plan strategy of having enough surplus to provide additional coverage for our members when the markets reduce capacity or impose caps on coverage enabled responsive shifts in capacity where needed.
- ❖ Our focus is to anticipate, prepare for, and respond to disruptions while safeguarding member assets and maintaining continuous business operations.

Due to increases in current year loss developments and reductions in prior years incurred amounts, the loss and loss adjustment expenses decreased from \$1,403,585 to \$663,327. This type of loss activity is a reminder of why PRM exists and the need to have accumulated surplus to paid claims. Our financial strength helps reduce rate increases while still providing enough funds to cover our losses. This is especially true as the "hardening" insurance market continues to impact rates.

I personally want to thank the board of trustees for POOL and the PRM captive board for their commitment to the dynamic development of the coverages and risk management products that we have been able to provide to the membership. PRM has remained true to its business plan in providing appropriate coverage and rate stabilization for our members.

Sincerely,

Wayne Carlson

PRM President

PUBLIC RISK MUTUAL
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023 AND 2022

Public Risk Mutual's (PRM) discussion and analysis is designed to, (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the entity's financial activities, (c) identify changes in the Company's financial position (its ability to address subsequent years challenges), and (d) identify any material deviations from the financial plan.

We encourage readers to read this information in conjunction with the President's letter, financial statements, and notes to gain a more complete understanding of the information presented.

Company Overview

Public Risk Mutual (PRM), a Nevada nonprofit pure captive mutual insurer formed pursuant to Nevada Revised Statutes 694C, is engaged in the business of providing reinsurance for the Nevada Public Agency Insurance Pool (POOL). PRM's formation was approved as a nonprofit association captive mutual insurance company on July 26, 2004 by the State of Nevada Division of Insurance and began operations September 1, 2004. Effective July 18, 2013, the Company became a pure captive authorized by the State of Nevada Division of Insurance. Currently, the Company issues a single reinsurance policy to POOL each year and the underlying POOL program which issues a certificate of participation to the members with a copy of the POOL coverage form providing coverage details.

Financial Highlights

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America, including the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

The auditor's report offers an unmodified opinion on the financial statements, the best opinion that can be attained.

Critical Accounting Estimates

Preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of income and expenses during the accounting period. Actual results could differ from these estimates.

PRM has identified the estimates inherent in the valuation of investments and loss reserves, including reserves for unreported claims (IBNR), as critical in that they involve a higher degree of judgment and are subject to a significant degree of variability. In developing these estimates, management makes subjective and complex judgements that are inherently uncertain and subject to material change as facts and circumstances develop. Although variability is inherent in these estimates, management believes the amounts provided are appropriate and conservative based upon the facts available as of the date of the financial statements. The estimates were made with the assistance of an independent outside actuarial firm in relation to the IBNR and overall loss reserve adequacy.

Investments

One significant estimate inherent in the valuation of investments is the evaluation of fair value and other than temporary impairment (OTTI). Fair value requires management judgment on the appropriate classes of assets and liabilities for which disclosures about fair value measurement should be provided.

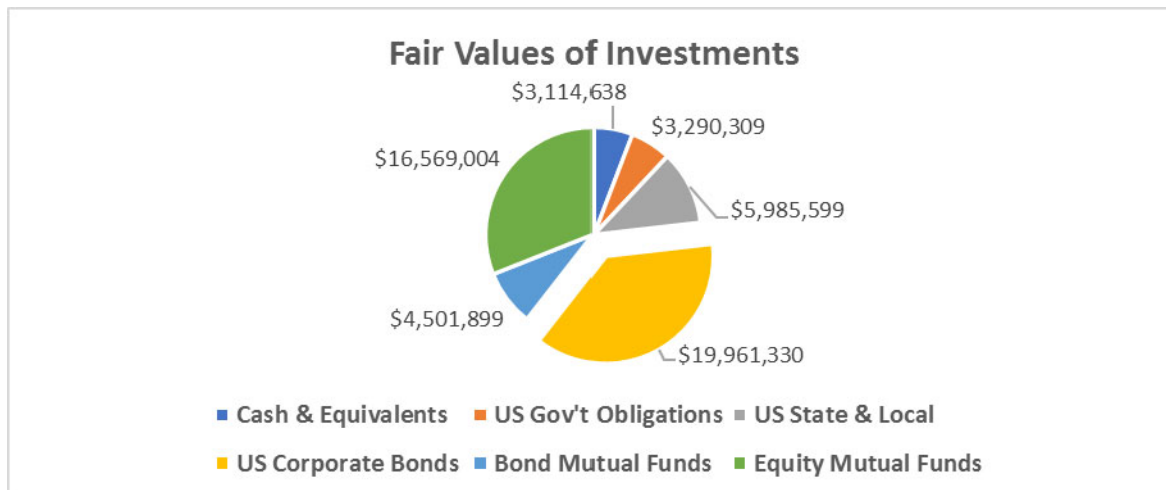
PUBLIC RISK MUTUAL
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023 AND 2022

Fair value for investments primarily is a quantitative assessment. For debt and equity securities, class is determined on the basis, nature, and risk of the investments. A full disclosure of PRM's fair value methodology can be found in Note 3 - Fair Value of Financial Instruments in the Notes to the Audited Financial Statements.

Determination of OTTI is a quantitative and qualitative process, which is subject to judgment about whether declines in the fair value of investments are other than temporary. The cost basis of fixed maturity investments is adjusted for impairments in value, deemed to be other than temporary, with the associated realized loss reported in net income. Factors considered in evaluating whether a decline in value is other than temporary include: 1) the magnitude of the decline in value; 2) current economic conditions and the financial condition and near-term prospects of the issuer; 3) the amount of time that the fair value has been less than cost; and 4) the estimated period over which the security is expected to recover and whether PRM's cash or working capital requirements and contractual or regulatory requirements may indicate a need to sell the security before its forecasted recovery.

Cash and investments of \$53,422,779 are available to meet current liabilities, including reserves for loss and loss adjustment expenses of \$4,787,085. Total liabilities include accounts payable, reserves for loss and loss adjustment expenses and unearned premiums. This is a conservative measure of cash and investments available to pay current obligations. PRM's cash ratio is 11.2, meaning that it has 11.2 times the unrestricted cash and investments on hand to meet its obligations. Last year's cash ratio was 12.9.

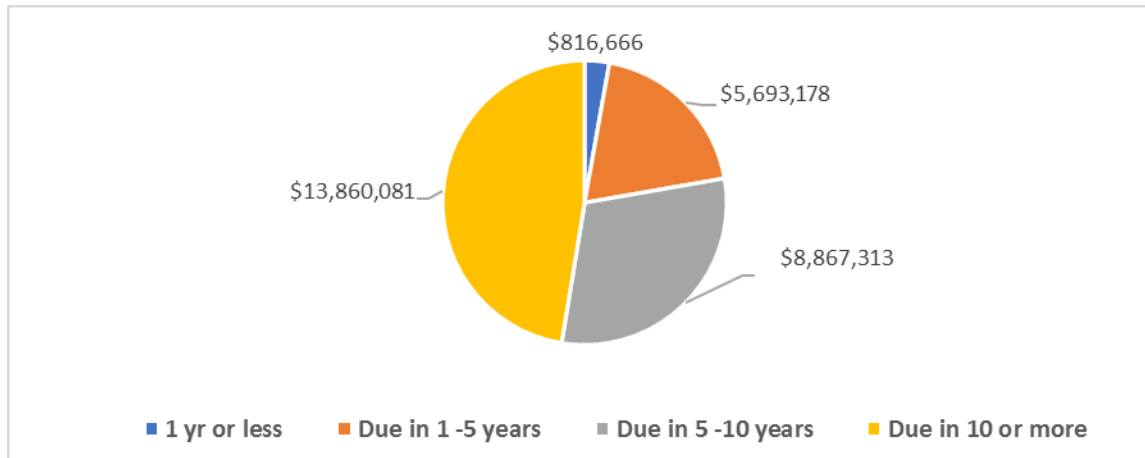
Investments as of December 31, 2023 were \$50,308,141 compared to the 2022 balance of \$46,427,564. Thus, an increase of \$3,880,577 or 8.4% during the year. The increase is due primarily to the increase in the market value of the equity securities and fixed maturity investments held because of the interest rate movements during 2023. As noted in Note 3, Level 1 quoted price in active market for identical assets were valued at \$21,070,903, the Level 2 significant other observable inputs at \$29,237,238 and no Level 3 assets. The following is an overview of the fair value investments allocation:



As noted in Note 6 - Investments, the contractual maturities of available-for-sale debt securities on December 31, 2023 and 2022 are as follows:

PUBLIC RISK MUTUAL
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023 AND 2022

	Estimated Fair Values	
	<u>2023</u>	<u>2022</u>
1 year or less	\$ 816,666	\$ 577,081
Due in 1 – 5 years	5,693,178	5,990,616
Due in 5 - 10 years	8,867,313	8,576,977
Due in 10 years or more	<u>13,860,081</u>	<u>12,384,350</u>
Total Investment in debt securities	<u>\$29,237,238</u>	<u>\$27,529,024</u>



Investment Income Receivable

The investment income receivable on December 31, 2023 is \$247,257 compared to \$203,207 in 2022. This is a change of \$44,050 or 21.7%. This is due primarily to the timing of the payment of accrued interest and the slightly higher book yield on the investments.

Loss Reserves

Loss reserves are estimates of losses and loss development and as such will differ from the ultimate results. Therefore, one of the critical accounting estimates is the proper amount of reserves to be set aside to meet the net future liabilities of the current in-force business. Changes in or deviations from the assumptions used to develop the loss reserves can significantly affect PRM's reserve levels and related future operations. Assumptions include company methodology for underwriting and claims handling and current estimates of the legal, inflation rate, and social environments. Annually, PRM retains an independent actuary, to provide a loss reserve opinion and establish a range for PRM's loss reserves. PRM's policy is to book reserves at the 75% actuarial confidence level as recommended by the actuary. Management has elected not to discount the reserves for the anticipated investment income. See Note 7 - Reserve for Loss and Loss Adjustment Expense in the Notes to the Audited Financial Statements.

Reserves for loss and loss adjustment expenses increased from \$2,896,240 to \$3,698,093 on December 31, 2023 an increase of \$801,853 or 27.7% during the year. This increase is due to the unfavorable claim development in the current year and decreases in prior year claims loss development.

Unearned Premiums

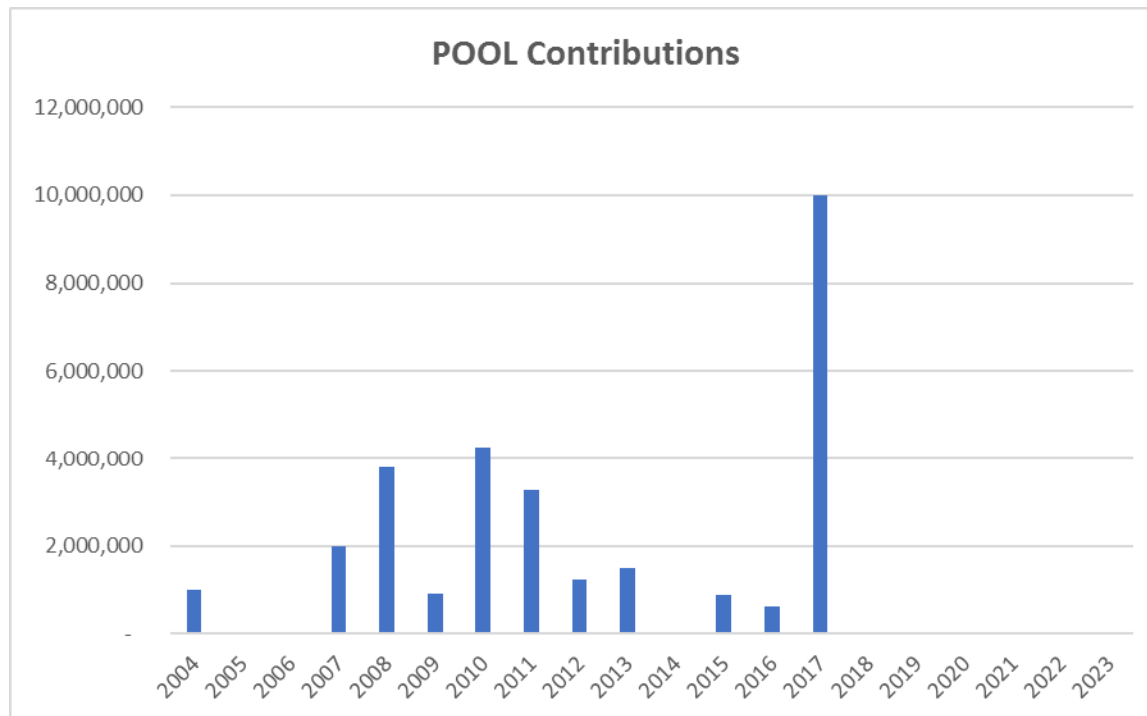
PRM writes only 12-month reinsurance policies effective July 1st of the year written, so the entire

PUBLIC RISK MUTUAL
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023 AND 2022

\$1,058,198 unearned assessments carried in 2023 will be fully earned in 2024.

Surplus Contributions

There were no surplus contributions from POOL in 2022. Surplus contributions from POOL during 2017 were \$10,000,000 as approved by the Board at their meeting held on March 22, 2017. This brings the total surplus contribution into PRM at \$29,477,263. See Note 8 - Surplus Contributions for more details. The following chart indicated the POOL surplus contributions to PRM:



Surplus

PRM's total surplus on December 31, 2023 was \$48,974,201 an increase of \$4,643,967 from the December 31, 2022 balance of \$44,330,234. The increase is the result from the net income of \$3,501,257 combined with unrealized gains on available-for-sale securities arising during the period of \$1,012,695 and a reclassification adjustment for gains recognized in net income of \$130,015 during the year. On December 31, 2023, PRM had paid-in capital (POOL's contributions) of \$29,477,263 and accumulated retained earnings and other comprehensive income of \$19,496,938 to account for the total surplus of \$48,974,201 in 2023.

The following is the comparative Balance Sheet of Public Risk Mutual as of December 31, 2023 and 2022.

PUBLIC RISK MUTUAL
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023 AND 2022

**Public Risk Mutual
Balance Sheet**

	2023	2022	\$ Difference	% Difference
Assets				
Cash and cash equivalents	\$ 3,114,638	\$ 1,392,573	\$ 1,722,065	123.7%
Premium receivable	86,250	-	86,250	
Deposits	5,000	5,000	-	0.0%
Fixed maturity securities at fair value	29,237,238	27,529,024	1,708,214	6.2%
Equity securities at fair value	21,070,903	18,898,540	2,172,363	11.5%
Investment income receivable	247,257	203,207	44,050	21.7%
Prepaid administrative expense	-	13,659	(13,659)	-100.0%
Total Assets	\$ 53,761,286	\$ 48,042,003	\$ 5,719,283	11.9%
Liabilities and Surplus				
Accrued expenses	\$ 30,794	\$ 16,209	\$ 14,585	90.0%
Unearned premium	1,058,198	799,320	258,878	32.4%
Reserve for loss and loss adjustment expenses	3,698,093	2,896,240	801,853	27.7%
Total Liabilities	4,787,085	3,711,769	1,075,316	29.0%
Surplus	51,175,974	47,674,717	3,501,257	7.3%
Accumulated other comprehensive income (loss)	(2,201,773)	(3,344,483)	1,142,710	-34.2%
Total Surplus	48,974,201	44,330,234	4,643,967	10.5%
Total Liabilities and Surplus	\$ 53,761,286	\$ 48,042,003	\$ 5,719,283	11.9%

Net Income from Operations

PRM reported net income from operations for the year ended December 2023 of \$3,501,257 a change of \$4,667,125 from the prior year loss of (\$1,165,868). The increase primarily is driven by an increase in net realized and unrealized investment gains of \$1,307,790 compared to prior year unrealized loss of (\$2,447,616) due to increases in fixed maturity securities values due to the action to raise rates during the year by the Federal Reserve. As securities matured, new higher yielding securities were purchased. The fixed income securities market and book yields increased during 2023. Additionally, there was a decrease in the loss and loss adjustment expense due to claim development. The loss and loss adjustment expense were \$1,403,585 in 2022 and \$663,327 in 2023. The decrease is due to favorable claims development during 2023. See further explanation below.

The unrealized gain (losses) on available for sale securities were \$1,012,695 compared to (\$4,573,114) in 2022 due to overall increase in the equity markets during the year.

Earned Premiums

Earned premiums increased by \$75,003 or 4.2% to \$1,857,518 on December 31, 2023 compared to prior year amount of \$1,782,515. Pricing is determined with the assistance of an independent actuary.

PUBLIC RISK MUTUAL
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023 AND 2022

Investment Income Including Realized and Unrealized Gains

Net investment income of \$1,678,569 was earned in 2023 compared to \$1,583,963 in 2022. The increase of \$94,606 was the result of increased book yields on the portfolio during this time of rising interest rates. The unrealized gains (losses) on available for sale securities were \$1,012,695 compared to (\$4,573,114) in 2022 due to overall increase in the equity markets during the year. See Note 6 - Investments for greater details.

Loss and Loss Adjustment Expenses

Losses and loss adjustment expenses decreased by (\$740,258) from \$1,403,585 to \$663,327 in 2023. As a result of changes in estimates of incurred events in current and prior years, the provision for losses changed by \$850,000 and \$120,000 for the years ended December 31, 2022 and 2023 due to higher or (lower) than anticipated losses on the development of claims. See Note 7 – Reserve for Loss and Loss Adjustment Expenses for more details.

Administrative Expenses

Administrative expenses including membership services expenses were \$204,293 and \$206,145 for the years ended December 31, 2023 and 2022, respectively. PRM provided \$475,000 to POOL to support risk management services to POOL members as approved by the Board to reduce future claim costs in years 2023 and 2022 respectively.

Other Comprehensive Income

Other comprehensive income, which consist of unrealized gains (losses) on available-for-sale securities arising during the period less reclassification adjustment for (gains) losses recognized in net income. In 2023, the unrealized gain (loss) on available-for-sale securities during the period was \$1,012,695 compared to a (loss) of (\$4,573,114) in 2022. The reclassification adjustment for (gains) losses recognized in net income were \$130,015 compared to (\$12,861) in 2022. This results in a total Other Comprehensive Income of \$1,142,710 in 2023 and a loss of (\$4,585,975) in 2022. This increase in Other Comprehensive income is due primarily to the increases in the interest rates in 2023 and a strong equity market during 2023. Additionally, implementation of ASU 2016-01 required the reclassification of equity securities from available-for-sale to equity securities, with unrealized gains and losses reported on the income statement rather than as a component of Other Comprehensive Income (Loss). Although investments are classified as available-for-sale, the board policy states, investments are intended to be held for maturity, thus the unrealized gains (losses) are not likely to materialize. The significant unrealized gains will become future net investment income as the payment of the book yield occurs on the portfolio.

The following is the Statement of Income and Comprehensive Income for the years ended December 31, 2023 and 2022.

PUBLIC RISK MUTUAL
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023 AND 2022

Public Risk Mutual

Statement of Income and Comprehensive Income

	2023	2022	\$ Difference	% Difference
INCOME				
Premiums	\$ 1,857,518	\$ 1,782,515	\$ 75,003	4.2%
Net Investment income	1,678,569	1,583,963	94,606	6.0%
Net realized and unrealized gains and (losses)	1,307,790	(2,447,616)	3,755,406	-153.4%
Total Income	4,843,877	918,862	3,925,015	427.2%
EXPENSES				
Administrative expenses	204,293	206,145	(1,852)	-0.9%
Membership service expenses	475,000	475,000	-	0.0%
Loss and loss adjustment expenses	663,327	1,403,585	(740,258)	52.7%
Total Expenses	1,342,620	2,084,730	(742,110)	-35.6%
Net Income Before Income Taxes	3,501,257	(1,165,868)	4,667,125	-400.3%
Provision for Income Taxes	-	-	-	
Net Income	\$ 3,501,257	\$ (1,165,868)	\$ 4,667,125	-400.3%
OTHER COMPREHENSIVE INCOME				
Unrealized gains (losses) on available for sale securities arising during the period	\$ 1,012,695	\$ (4,573,114)	\$ 5,585,809	-122.1%
Less: Reclassified adjustments for (gains) losses recognized in net income	130,015	(12,861)	142,876	-1110.9%
Other Comprehensive Income (Loss)	1,142,710	(4,585,975)	5,728,685	-124.9%
Comprehensive Income (Loss)	\$ 4,643,967	\$ (5,751,843)	\$ 10,395,810	-180.7%

Request for Information

This financial report is designed to provide a general overview of the financial activities and conditions of Public Risk Mutual to all having an interest in PRM. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Public Risk Mutual, 201 South Roop Street, Suite 102, Carson City, Nevada 89701, or email at akalt@poolpact.com.

Casey Neilson, Inc.
Accountants and Advisors

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Public Risk Mutual

Opinion

We have audited the accompanying financial statements of Public Risk Mutual (a Nevada non-profit pure captive mutual insurer corporation), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of income and comprehensive income, changes in surplus and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Public Risk Mutual as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Public Risk Mutual and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, the Company adopted ASU 2016-13, reporting credit losses on available-for-sale fixed maturity securities net of an allowance for credit losses. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Public Risk Mutual's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Public Risk Mutual's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Public Risk Mutual's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the expanded disclosures regarding short duration contracts contained in Note 7 to the financial statements be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information Included in the Company's Annual Report

Management is responsible for the other information included in the annual report. The other information comprises the President's Letter and Management's Discussion and Analysis but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Other Legal and Regulatory Requirements

In accordance with the Nevada Administrative Code, we have also issued our report dated February 19, 2024, on our consideration of Public Risk Mutual's internal control and compliance over financial reporting. That report is an integral part of an audit performed in accordance with this code and should be read in conjunction with this report in considering the results of our audits.



Carson City, Nevada
February 19, 2024

**PUBLIC RISK MUTUAL
BALANCE SHEETS
DECEMBER 31, 2023 AND 2022**

	2023	2022
ASSETS		
Cash and cash equivalents	\$ 3,114,638	\$ 1,392,573
Premiums receivable	86,250	-
Investments:		
Fixed maturity securities at fair value	29,237,238	27,529,024
Equity securities at fair value	21,070,903	18,898,540
Investment income receivable	247,257	203,207
Prepaid administrative expense	-	13,659
Deposits	5,000	5,000
	<u>\$ 53,761,286</u>	<u>\$ 48,042,003</u>
 LIABILITIES AND SURPLUS		
Accrued expenses	\$ 30,794	\$ 16,209
Unearned premium	1,058,198	799,320
Reserve for loss and loss adjustment expenses	3,698,093	2,896,240
	<u>4,787,085</u>	<u>3,711,769</u>
Total Liabilities	<u>4,787,085</u>	<u>3,711,769</u>
Surplus	51,175,974	47,674,717
Accumulated other comprehensive loss	(2,201,773)	(3,344,483)
	<u>48,974,201</u>	<u>44,330,234</u>
Total Surplus	<u>48,974,201</u>	<u>44,330,234</u>
Total Liabilities and Surplus	<u>\$ 53,761,286</u>	<u>\$ 48,042,003</u>

See accompanying notes.

PUBLIC RISK MUTUAL
STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
INCOME		
Premiums earned	\$ 1,857,518	\$ 1,782,515
Net investment income	1,678,569	1,583,963
Net realized and unrealized gains and (losses) on investments	1,307,790	(2,447,616)
Total Income	4,843,877	918,862
EXPENSES		
Administrative expenses	204,293	206,145
Membership services expense	475,000	475,000
Loss and loss adjustment expenses	663,327	1,403,585
Total Expenses	1,342,620	2,084,730
Net Income (Loss) Before Income Taxes	3,501,257	(1,165,868)
Provision for income taxes	-	-
Net Income (Loss)	3,501,257	(1,165,868)
OTHER COMPREHENSIVE INCOME (LOSS)		
Unrealized gains (losses) on available for sale securities arising during the period	1,012,695	(4,573,114)
Less: Reclassification adjustment for (gains) losses recognized in net income (loss)	130,015	(12,861)
Total Other Comprehensive Income (Loss)	1,142,710	(4,585,975)
Total Comprehensive Income (Loss)	\$ 4,643,967	\$ (5,751,843)

See accompanying notes.

PUBLIC RISK MUTUAL
STATEMENTS OF CHANGES IN SURPLUS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>Surplus</u>	<u>Accumulated Other Comprehensive Income (Loss)</u>	<u>Total Surplus</u>
Balance, December 31, 2021	\$ 48,840,585	\$ 1,241,492	\$ 50,082,077
Net loss	(1,165,868)	-	(1,165,868)
Unrealized holding losses arising during the period	-	(4,573,114)	(4,573,114)
Add: Reclassification adjustment for gains included in net income	-	(12,861)	(12,861)
Balance, December 31, 2022	<u>\$ 47,674,717</u>	<u>\$ (3,344,483)</u>	<u>\$ 44,330,234</u>
Net income	3,501,257	-	3,501,257
Unrealized holding gains arising during the period	-	1,012,695	1,012,695
Add: Reclassification adjustment for losses included in net income	-	130,015	130,015
Balance, December 31, 2023	<u><u>\$ 51,175,974</u></u>	<u><u>\$ (2,201,773)</u></u>	<u><u>\$ 48,974,201</u></u>

See accompanying notes.

**PUBLIC RISK MUTUAL
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ 3,501,257	\$ (1,165,868)
Adjustments to reconcile net income to net cash provided by operating activities:		
Unrealized (gains) losses on equity securities	(1,437,805)	2,460,477
Realized gains on sales of fixed maturity securities	130,015	(12,861)
Amortization of premium or discount	35,172	42,611
Changes in assets and liabilities:		
(Increase) decrease in:		
Investment income receivable	(44,050)	(30,308)
Premiums receivable	(86,250)	-
Prepaid administrative expense	13,659	(13,659)
Increase (decrease) in:		
Accrued expenses	14,585	(13,902)
Unearned premium	258,878	(183,875)
Reserve for loss and loss adjustment expenses	801,853	104,389
	<u>3,187,314</u>	<u>1,187,004</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of securities	3,175,723	2,259,202
Purchase of investments	<u>(4,640,972)</u>	<u>(5,518,828)</u>
	<u>(1,465,249)</u>	<u>(3,259,626)</u>
Increase (Decrease) in Cash and Cash Equivalents	1,722,065	(2,072,622)
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>1,392,573</u>	<u>3,465,195</u>
CASH AND CASH EQUIVALENTS, End of Year	<u>\$ 3,114,638</u>	<u>\$ 1,392,573</u>

See accompanying notes.

PUBLIC RISK MUTUAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Operations:

Public Risk Mutual (the “Company”), initially a Nevada nonprofit captive association mutual insurer formed pursuant to Nevada Revised Statute 694C, is engaged in the business of providing reinsurance for the Nevada Public Agency Insurance Pool (POOL). Effective July 18, 2013, the Company became a pure captive authorized by the State of Nevada Division of Insurance. POOL is a quasi-governmental entity formed by an intergovernmental agreement between political subdivisions of the State of Nevada, and organized to operate as a group self-insurer. The Company’s formation was approved on July 26, 2004 by the State of Nevada Division of Insurance and began operations September 1, 2004.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation:

The accompanying financial statements have been prepared in conformity with reporting practices prescribed or permitted by the State of Nevada Division of Insurance. These financial statements are also presented in conformity with accounting principles generally accepted in the United States of America because the accounting practices prescribed or permitted under statutory authority, when applied to the Company, do not vary materially from generally accepted accounting principles.

Cash Equivalents:

For the purpose of presentation in the Company’s financial statements, cash equivalents are short-term, highly liquid investments that are both (a) readily convertible to known amounts of cash and (b) so near to maturity that they present insignificant risk of changes in value due to changing interest rates.

Method of Accounting:

The Company prepares its financial statements on the accrual method of accounting, recognizing income when earned and expenses when incurred.

Fixed Maturity Securities Available for Sale:

Investments not classified as either trading or held-to-maturity are reported at fair value, adjusted for other than temporary declines in fair value, with unrealized gains and losses excluded from net income and reported as a separate component of surplus. Realized gains and losses are calculated using the specific identification method. The fair value of securities is determined by quoted market prices and observable information for similar items in active or inactive markets.

Beginning in 2023, with the adoption of ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326)*, the Company's investments in fixed maturity securities are presented net of an allowance for current expected credit losses (CECL). The Company first assesses whether it intends to sell, or it is more likely than not that it will be required to sell, the security before recovery of its amortized cost basis. If either of the criteria is met, the security's amortized cost basis is written down to its fair value. For available-for-sale debt securities that do not meet either criteria, the Company evaluates whether the decline in fair value has resulted from credit losses or other factors.

**PUBLIC RISK MUTUAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Fixed Maturity Securities Available for Sale (continued):

In making this assessment, management considers the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency, and adverse conditions specifically related to the security, among other factors. The changes in the Company's allowance for CECL on investments are included in Net realized and unrealized gains on investments on the Company's Statements of Income and Comprehensive Income (see Note 6).

Equity Securities:

Equity securities are reported at fair value, and changes in fair value are included in net realized and unrealized (losses) gains on investments on the Company's statements of income and comprehensive income.

Investments and Investment Income:

Captive insurance companies are governed by NRS 694C.340 regarding allowable investments, however, as a pure captive, the Company is not subject to any restrictions on allowable investments. The Board has, by policy, implemented investment guidelines to which the Company adheres such that investments are in accordance with NRS 682A.

Reserve for Loss and Loss Adjustment Expenses:

Loss and loss adjustment expenses includes an amount determined from loss reports on individual cases and estimates of the cost of claims incurred but not reported. Such liabilities are necessarily based on estimates and, while management believes the amount is adequate, the ultimate liability may be in excess of, or less than, the amounts provided. It is reasonably possible that the estimate will change within one year of the date of the financial statements. The loss liabilities were developed from a combination of the insurance industry loss payment and reporting patterns. The data was developed and trended, using standard actuarial techniques, to meet the Company's premium rate structure and experience. The methods for making such estimates and for establishing the resulting liability are continually reviewed, and any adjustments are reflected in earnings currently.

Premiums:

Premiums are generally recognized as revenue on a pro rata basis over the policy term. The portion of premiums that will be earned in the future are deferred and reported as unearned premiums.

Reinsurance:

In the normal course of business, the Company may seek to reduce the loss that may arise from catastrophes or other events that cause unfavorable underwriting results by purchasing reinsurance at certain levels of risk in various areas of exposure with other insurance enterprises.

Income Tax Status:

Under Internal Revenue Code Section 115, and pursuant to regulations and rulings issued by the Internal Revenue Service, organizations formed, operated and funded by political subdivisions formed to pool casualty and other risks arising from their obligations concerning public liability, may exclude income derived from such activities from taxable income. Accordingly, no provision for income taxes has been provided in the accompanying financial statements, and no federal tax returns have been filed. As no tax returns have been filed, there is no statute of limitations to toll, and all years remain open to potential adjustment.

PUBLIC RISK MUTUAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Credit Risk:

Credit risk is the risk that the issuer of a security will default on principal and interest in the security. The investment guidelines, do not limit investments based upon the rating of a security, but it is policy to limit those securities with potential default risk such that the Company's annual investment income would exceed a loss on a single issuer's securities.

Concentration of Credit Risk:

The Company limits investments in any single mutual fund, exchange traded fund or similar vehicle to no more than 10% of assets, except for diversified money market funds approved by the NAIC (National Association of Insurance Commissioners).

Interest Rate Risk:

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Company minimizes this risk through maturity diversification such that aggregate price losses on instruments with maturities exceeding one year shall not be greater than coupon interest and investment income received from the balance of the portfolio.

Prior Year Reclassifications:

The prior year's financial statements have been reclassified where applicable to conform to the current year's presentation.

NOTE 2 – NEW ACCOUNTING STANDARDS:

Recently Issued Accounting Standards:

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326)*. This update replaces the incurred loss impairment methodology for recognizing credit losses on financial instruments with a methodology that reflects an entity's current estimate of all expected credit losses (CECL). This update requires financial assets measured at amortized cost to be presented net of an allowance for credit losses. Additionally, this update requires credit losses on available-for-sale fixed maturity securities to be presented as an allowance rather than as a write-down, allowing an entity to also record reversals of credit losses in current period net income. This update is effective for fiscal years beginning after December 15, 2022. See Note 6 regarding the impact of this adoption on the Company's financial condition and results of operations.

NOTE 3 - FAIR VALUE OF FINANCIAL INSTRUMENTS:

The Company has adopted and implemented FASB ASC 820-10, Fair Value Measurements, which provides a framework for measuring fair value under GAAP. This statement defines fair value as the exchange price that would be received for an asset, or paid to transfer a liability (an exit price), in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. FASB ASC 820-10 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. FASB ASC 820-10 establishes a fair value hierarchy, which prioritizes the valuation inputs into four broad levels based on the nature of inputs as follows:

Level 1: Fair value is based on quoted prices in active markets for identical assets.

Level 2: Fair value is based on quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or prices derived from valuation models that consider various observable market inputs. Prices obtained from independent pricing services are

**PUBLIC RISK MUTUAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 3 - FAIR VALUE OF FINANCIAL INSTRUMENTS (continued):

generally considered Level 2.

Level 3: Unobservable inputs reflecting assumptions that market participants would use, including assumptions about risk. Generally, prices obtained from a broker are considered Level 3.

Level NAV (net asset value): Certain securities, as described in the NAIC SSAP No. 100R (Fair Value Measurement), may be classified as NAV which can be utilized as an expedient to fair value.

Fair values for the Company's securities are based on prices provided by its custodian bank and investment management company, New England Asset Management (NEAM).

For NEAM managed assets, fair value measurement for fixed income and equity securities are based on values from independent pricing service vendors that have been evaluated and approved by their internal pricing policy committee. Cash Equivalents and Short Term securities are valued at amortized cost.

NEAM relies predominately on independent pricing service vendors such as Refinitiv (formerly Reuters), ICE Data Services, Bloomberg, IHS Markit, S&P Capital IQ and PricingDirect. Under certain circumstances, if a vendor price is not available, a price may be obtained from a broker.

Generally, pricing service vendors use a pricing methodology involving the market approach, including pricing models, which use prices and relevant market information regarding a particular security or securities with similar characteristics to establish a valuation. Documentation from each pricing vendor is reviewed and monitored periodically to ensure they are consistent with NEAM's pricing policy procedures.

For US Statutory accounting, certain investments are carried at fair value, while others may periodically be carried at fair value based on certain factors such as the NAIC's lower of amortized cost or market rule or an impairment. Assets recorded at fair value are categorized based on an evaluation of the various inputs used to measure the fair value. Supporting documentation received from pricing vendors detailing the inputs, models and processes used in the vendor's evaluation process is used by NEAM to determine the appropriate fair value hierarchy. Market Information obtained from brokers with respect to security valuations is also considered in the pricing hierarchy.

Publicly traded common equities, publicly traded exchange-traded funds (ETF) and publicly traded closed-end mutual funds are valued by one of NEAM's pricing vendors as described above and classified as Level 1. These funds generally have active secondary markets for their listed shares, which serve as the basis for their valuation.

Open-end mutual funds are classified as Level NAV which represents the exit value of the security as of the measurement date. These funds trade at their end of day NAV and are validated with observable activity resulting from the daily purchases and sales activity at NAV.

Money market mutual funds are valued and classified as Level NAV as a practical expedient to fair value.

The Company's Level 1 securities consist of equity securities whose values are based on quoted prices in active markets for identical assets. The Company's level 2 securities are comprised of available-for-sale fixed maturity securities whose fair value was determined using observable market inputs. Investments valued using these inputs include U.S. Treasury securities, obligations of states and political subdivisions, corporate and other securities, commercial and residential mortgage-backed securities, and other asset-backed securities.

PUBLIC RISK MUTUAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 3 - FAIR VALUE OF FINANCIAL INSTRUMENTS (continued):

The following table presents the Company's fair value hierarchy for financial instruments measured at fair value on a recurring basis as of December 31, 2023 and 2022:

Description	December 31, 2023	Fair Value measurement at reporting date using		
		Level 1	Level 2	Level 3
Fixed maturity securities				
U.S. government obligations	\$ 3,290,309	\$ -	\$ 3,290,309	\$ -
U.S states and local authorities	5,985,599	-	5,985,599	-
Bonds	19,961,330	-	19,961,330	-
Total fixed maturity securities	<u>29,237,238</u>	<u>-</u>	<u>29,237,238</u>	<u>-</u>
Equity securities at fair value				
Bond mutual funds	4,501,899	4,501,899	-	-
Equity mutual funds	16,569,004	16,569,004	-	-
Total equity securities at fair value	<u>21,070,903</u>	<u>21,070,903</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 50,308,141</u>	<u>\$ 21,070,903</u>	<u>\$ 29,237,238</u>	<u>\$ -</u>

Description	December 31, 2022	Fair Value measurement at reporting date using		
		Level 1	Level 2	Level 3
Fixed maturity securities				
U.S. government obligations	\$ 2,834,350	\$ -	\$ 2,834,350	\$ -
U.S states and local authorities	5,502,473	-	5,502,473	-
Bonds	19,192,201	-	19,192,201	-
Total fixed maturity securities	<u>27,529,024</u>	<u>-</u>	<u>27,529,024</u>	<u>-</u>
Equity securities at fair value				
Bond mutual funds	3,993,675	3,993,675	-	-
Equity mutual funds	14,904,865	14,904,865	-	-
Total equity securities at fair value	<u>18,898,540</u>	<u>18,898,540</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 46,427,564</u>	<u>\$ 18,898,540</u>	<u>\$ 27,529,024</u>	<u>\$ -</u>

There were no transfers between fair value levels during the year ended December 31, 2023 and 2022.

NOTE 4 - CONCENTRATIONS:

As detailed in Note 1, the Company provides excess insurance coverage to POOL; additionally, POOL provided the surplus contribution to the Company, and is the sole insured.

The Company maintains its cash balances in various institutions. The balances are insured by Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Company has not experienced any losses in such accounts.

PUBLIC RISK MUTUAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 4 – CONCENTRATIONS (continued):

Additionally, as of December 31, 2023 and 2022, the Company has certain cash equivalent and investment balances insured by the Securities Investor Protection Corporation (SIPC) up to \$500,000 (with a limit of \$250,000 for cash) per institution. In addition, the Company's investment policy provides additional coverage above the SIPC limits for any missing securities and cash in client investment accounts up to a firm aggregate limit of \$1 billion (including up to \$1.9 million for cash per client). The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

NOTE 5 - REINSURANCE ACTIVITY:

Until June 30, 2010, the Company ceded insurance to another company; however, effective July 1, 2010, POOL no longer passes the property premiums through the Company, and is directly reinsured by an outside reinsurer. This reinsurance contract does not relieve the Company from its obligations to policyholders. Failure of the reinsurer to honor its obligations could result in losses to the Company; the Company does not believe that there is a substantial risk of the reinsurer not honoring its obligations. All claims that were incurred during the period of reinsurance coverage are now closed, and there are no outstanding liabilities or receivables attributable to the reinsurance policies.

NOTE 6 - INVESTMENTS:

Available-for-sale securities at December 31, 2023 and 2022 consist of various investments as indicated below:

Description	December 31, 2023				
	Cost	Estimated Fair Value	Allowance for Current Expected Credit Losses	Gross Unrealized	
				Gains	Losses
Fixed maturity securities					
U.S. government obligations	\$ 3,489,562	\$ 3,290,309	\$ -	\$ 37,641	\$ (236,894)
U.S states and local authorities	6,571,800	5,985,599	-	73,216	(659,417)
Bonds	21,377,649	19,961,330	-	116,381	(1,532,700)
Total fixed maturity securities	<u>31,439,011</u>	<u>29,237,238</u>	<u>-</u>	<u>227,238</u>	<u>(2,429,011)</u>
Total available-for-sale securities	<u>\$ 31,439,011</u>	<u>\$ 29,237,238</u>	<u>\$ -</u>	<u>\$ 227,238</u>	<u>\$ (2,429,011)</u>
	December 31, 2022				
	Cost	Estimated Fair Value	Allowance for Current Expected Credit Losses	Gross Unrealized	
				Gains	Losses
Fixed maturity securities					
U.S. government obligations	\$ 3,196,534	\$ 2,834,350	\$ -	\$ -	\$ (362,184)
U.S states and local authorities	6,400,033	5,502,473	-	-	(897,560)
Bonds	21,276,940	19,192,201	-	-	(2,084,739)
Total fixed maturity securities	<u>30,873,507</u>	<u>27,529,024</u>	<u>-</u>	<u>-</u>	<u>(3,344,483)</u>
Total available-for-sale securities	<u>\$ 30,873,507</u>	<u>\$ 27,529,024</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,344,483)</u>

Proceeds from the sale of investment securities available for sale were \$3,175,723 in 2023 and \$2,259,202 in 2022.

PUBLIC RISK MUTUAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 6 – INVESTMENTS (continued):

For the adoption of ASC Topic 326, *Financial Instruments – Credit Losses*, the Company made a policy election to exclude accrued interest from the amortized cost basis of available-for-sale debt securities and report accrued interest separately in “Investment income receivable” in the balance sheets. Available-for-sale debt securities are placed on non-accrual status when the Company no longer expects to receive all contractual amounts due, which is generally at 90 days past due. Investment income receivable is reversed against interest income when a security is placed on non-accrual status. Accordingly, the company does not currently recognize an allowance for credit loss against investment income receivable on available-for-sale debt securities. The table above excludes investment income receivable of \$247,257 and \$203,207 at December 31, 2023 and 2022, respectively, that is recorded in investment income receivable.

During 2023 and 2022, net realized gains (losses) on investments and the change in unrealized gains (losses) on the Company’s investments recorded at fair value are determined on a specific-identification basis and were as follows:

		December 31, 2023					
		Gross Realized Gains	Gross Realized Losses	Net Change in CECL Allowance	Changes in Net Unrealized Gains (Losses)	Change in FV Reflected in Earnings	Change in FV Reflected in AOCI, before tax
Fixed maturity securities	\$	165	\$ (130,180)	\$ -	\$ 1,142,710	\$ (130,015)	\$ 1,012,695
Equity securities		-	-	-	1,437,805	1,437,805	-
	\$	165	\$ (130,180)	\$ -	\$ 2,580,515	\$ 1,307,790	\$ 1,012,695

		December 31, 2022					
		Gross Realized Gains	Gross Realized Losses	Net Change in CECL Allowance	Changes in Net Unrealized Gains (Losses)	Change in FV Reflected in Earnings	Change in FV Reflected in AOCI, before tax
Fixed maturity securities	\$	12,879	\$ (18)	\$ -	\$ (4,585,975)	\$ 12,861	\$ (4,573,114)
Equity securities		-	-	-	(2,460,477)	(2,460,477)	-
	\$	12,879	\$ (18)	\$ -	\$ (7,046,452)	\$ (2,447,616)	\$ (4,573,114)

Management evaluates available-for-sale securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the entity to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value. As management has the ability to hold the securities for the foreseeable future, no declines are deemed to be other-than-temporary.

Changes in fair value for equity securities at fair value are included in net realized and unrealized gains and losses on investments in the Company’s Statements of Income and Comprehensive Income. All investments have been valued based on quoted prices in active markets for identical assets and liabilities.

PUBLIC RISK MUTUAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 6 – INVESTMENTS (continued):

Contractual maturities of available-for-sale debt securities at December 31, 2023 and 2022 are as follows:

	Estimated Fair Values	
	2023	2022
1 year or less	\$ 816,666	\$ 577,081
Due in 1 - 5 years	5,693,178	5,990,616
Due in 5 - 10 years	8,867,313	8,576,977
Due in 10 years or more	13,860,081	12,384,350
Total investment in fixed maturity securities	\$ 29,237,238	\$ 27,529,024

Actual maturities may differ from contractual maturities because some borrowers have the right to call or prepay obligations with or without call or prepayment penalties.

The following is a summary of available-for-sale investments that have been in a continuous unrealized loss position for less than 12 months and those that have been in a continuous unrealized loss position for 12 months or greater as of December 31, 2023 and 2022.

	December 31, 2023		December 31, 2022	
	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses
<u>Less than 12 months:</u>				
Fixed maturity securities				
U.S. government obligations	\$ 1,191,266	\$ -	\$ 1,658,453	\$ (150,112)
U.S. states and local authorities	1,046,753	-	5,176,395	(760,855)
Bonds	2,326,989	-	17,548,032	(1,795,762)
Total fixed maturity securities	4,565,008	-	24,382,880	(2,706,729)
Total less than 12 months	4,565,008	-	24,382,880	(2,706,729)
<u>12 months or greater:</u>				
Fixed maturity securities				
U.S. government obligations	\$ 2,099,043	\$ (236,894)	\$ 1,175,897	\$ (212,072)
U.S. states and local authorities	4,938,846	(659,417)	326,078	(136,705)
Bonds	17,634,341	(1,532,700)	1,644,169	(288,978)
Total fixed maturity securities	24,672,230	(2,429,011)	3,146,144	(637,755)
Total 12 months or greater	24,672,230	(2,429,011)	3,146,144	(637,755)
Total fixed maturity securities	\$ 29,237,238	\$ (2,429,011)	\$ 27,529,024	\$ (3,344,484)

The Company recorded an allowance for CECL on available-for-sale debt securities of \$0 and \$0 during the years ended December 31, 2023 and 2022, respectively. There were no other-than-temporary impairments recognized on fixed maturity securities during the year ended December 31, 2023. The Company determined that the total unrealized losses on fixed maturity securities at December 31, 2023 were primarily the result of changes in prevailing interest rates and not the credit quality of the issuers. Realized gains and losses on investments include the gain or loss on a security at the time of sale compared to its original or adjusted cost (equity securities and other invested assets) or amortized cost (fixed maturity securities). Realized losses on fixed maturity securities are also recognized when securities are written down as a result of an other-than-temporary impairment or for changes in the CECL allowance.

**PUBLIC RISK MUTUAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 7 - RESERVE FOR LOSS AND LOSS ADJUSTMENT EXPENSES:

The Company provides property reinsurance to POOL on an excess of loss basis per the following table:

Fiscal Year	Retention 1	Retention 2
	Insurance layer	Insurance layer
7/1/2005 - 7/1/2007	\$ 50,000 excess of \$150,000	
7/1/2007 - 7/1/2014	\$ 50,000 excess of \$200,000	
7/1/2014 - 7/1/2019	\$300,000 excess of \$200,000	
7/1/2019 - 7/1/2023	\$300,000 excess of \$200,000	3% of \$100,000,000 excess \$50,000,000
7/1/2023 - 7/1/2024	\$300,000 excess of \$200,000	15% of \$100,000,000 excess \$50,000,000

Also, from inception of the captive until June 30, 2010, Lloyds of London reinsured the Company for property losses exceeding \$50,000 net loss per incident, but that reinsurance is now directly contracted by POOL, not the Company.

The Company's coverage to Nevada Public Agency Insurance Pool's liability program is as follows:

Fiscal Year	Retention 1			Retention 2			
	Insurance layer	Quota share	Insurance layer - excluding school district	Quota share	Insurance layer - all members	Quota share	Insurance layer - school district
7/1/2005 - 7/1/2007	\$250,000 excess of \$2,000,000						
7/1/2007 - 7/1/2011	\$250,000 excess of \$2,000,000	20%	\$1,500,000 excess of \$500,000				
7/1/2011 - 7/1/2014		20%	\$2,500,000 excess of \$500,000		\$7,000,000 excess of \$3,000,000		
7/1/2014 - 7/1/2016		20%	\$2,500,000 excess of \$500,000	15%	\$7,000,000 excess of \$3,000,000		
7/1/2016 - 7/1/2017		30%	\$2,500,000 excess of \$500,000	25%	\$7,000,000 excess of \$3,000,000		
7/1/2017 - 7/1/2018		30%	\$2,500,000 excess of \$500,000	25%	\$7,000,000 excess of \$3,000,000	25%	\$2,500,000 excess of \$500,000
7/1/2018 - 7/1/2019		30%	\$2,500,000 excess of \$500,000	25%	\$7,000,000 excess of \$3,000,000	25%	\$2,500,000 excess of \$500,000
7/1/2019 - 7/1/2021		30%	\$2,500,000 excess of \$500,000	25%	\$7,000,000 excess of \$3,000,000		
7/1/2021 - 7/1/2022		30%	\$2,500,000 excess of \$500,000	25%	\$7,000,000 excess of \$3,000,000		\$500,000 excess of \$500,000 + \$2,500,000 excess of \$12,500,000
7/1/2022 - 7/1/2024		30%	\$2,500,000 excess of \$500,000				

**PUBLIC RISK MUTUAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 7 - RESERVE FOR LOSS AND LOSS ADJUSTMENT EXPENSES (continued):

The Company's coverage to Nevada Public Agency Insurance Pool's Cyber Event program is as follows:

Fiscal Year	Retention 1		Retention 2	Retention 3
	Insurance layer	Quota share	Quota share	
			Insurance layer - excluding school district	Insurance layer - school district
7/1/2019 - 7/1/2020			\$1,000,000 excess of \$2,000,000	\$250,000 excess of \$250,000
7/1/2020 - 7/1/2021			\$1,000,000 excess of \$2,000,000	\$250,000 excess of \$250,000
7/1/2021 - 7/1/2022			\$1,000,000 excess of \$2,000,000	\$250,000 excess of \$250,000
7/1/2022 - 7/1/2023			\$1,000,000 excess of \$2,000,000	\$250,000 excess of \$250,000
7/1/2023 - 7/1/2024				Aggregate Cyber Limit of \$5,000,000
				Aggregate Cyber Limit of \$5,000,000

Loss reserve estimates are inherently uncertain because the ultimate amount the Company will pay for many of the claims it has incurred as of the balance sheet date will not be known for many years. The estimate of loss reserves is intended to equal the difference between the expected ultimate losses of all claims that have occurred as of a balance sheet date and amounts already paid. The Company establishes loss reserves based on its own analysis of emerging claims and review of the results of actuarial projections. The Company's aggregate carried reserve for unpaid losses is the sum of its reserves for each accident year and represents its best estimate of outstanding loss reserves.

The amount by which estimated losses in the aggregate differ from those previously estimated for a specific time period is known as reserve "development." Reserve development is unfavorable when losses ultimately settle for more than the amount reserved or subsequent estimates indicate a basis for reserve increases on open claims, causing the previously estimated loss reserves to be "deficient." Reserve development is favorable when estimates of ultimate losses indicate a decrease in established reserves, causing the previously estimated loss reserves to be "redundant." Development is reflected in the Company's operating results through an adjustment to incurred losses during the period in which it is recognized.

The three main components of reserves for unpaid losses are case reserves, incurred but not reported (IBNR) loss reserves and reserves for loss adjustment expenses (LAE). When claims are reported, the Company establishes individual estimates of the ultimate cost of each claim (case reserves). These case reserves are continually monitored and revised in response to new information and for amounts paid. IBNR is an actuarial estimate of future payments on claims that have occurred but have not yet been reported. The Company also estimates and makes a provision for the extent to which the case reserves on known claims may develop. IBNR reserves apply to the entire body of claims arising from a specific time period, rather than a specific claim. Most of the Company's IBNR reserves relate to estimated future claim payments on recorded open claims.

For the year ended December 31, 2023, estimated unpaid losses have been determined to range from a recommended low of \$3,699,000 to a recommended high of \$4,533,000 with a conservative estimate of \$5,325,000 based on actuarial estimates; further the actuary has projected expected losses at \$2,975,000. For the year ended December 31, 2022, estimated unpaid losses have been determined to range from a recommended low of \$2,855,000 to a recommended high of \$3,955,000 with a conservative estimate of \$4,999,000 based on actuarial estimates; further the actuary has projected expected losses at \$1,899,000.

Management has estimated reserves to be \$3,698,093 and \$2,896,240 at December 31, 2023 and 2022, respectively. This estimate is based on funding the Company at the 75% confidence level as recommended by the actuary and adjusting for claims that are deemed paid during the actuarial analysis but in reality, have not yet been paid by the Company. Management has elected not to discount the

**PUBLIC RISK MUTUAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

reserves for anticipated investment income.

NOTE 7 - RESERVE FOR LOSS AND LOSS ADJUSTMENT EXPENSES (continued):

Activity in the reserve for loss and loss adjustment expenses account is summarized as follows:

	<u>2023</u>	<u>2022</u>
Balance at January 1	\$ 2,896,240	2,791,851
Less reinsurance recoverables	-	-
Net Balance at January 1	<u>2,896,240</u>	<u>2,791,851</u>
Incurred related to:		
Current year	850,000	848,000
Prior years	<u>120,000</u>	<u>567,000</u>
Total incurred	<u>970,000</u>	<u>1,415,000</u>
Net paid	<u>168,147</u>	<u>1,310,611</u>
Plus reinsurance recoverables	-	-
Balance at December 31	<u>\$ 3,698,093</u>	<u>\$ 2,896,240</u>

As a result of changes in estimates of incurred events in prior years, the provision for losses changed by \$120,000 and \$567,000 for the years ended December 31, 2023 and 2022, respectively due to higher than anticipated losses on the development of claims and the recovery of \$300,000 and \$0 in prior losses for the years ended December 31, 2023 and 2022, respectively.

The Company's reserve estimates are based on loss experience and exposure data and have assumed future development of incurred and paid losses can be reasonably predicted on the basis of development of such losses in the recent past.

The Company compiles and aggregates its claims data by grouping the claims according to the year in which the claim occurred ("accident year") when analyzing claim payment and emergence patterns and trends over time. It has been assumed that costs associated with liability claims and claim size are increasing by 2.0% annually. It has been assumed that costs associated with property claims and claim size are increasing by 3.0% annually. For the purposes of defining claims frequency, the number of reported claims includes any claim that has case reserves and/or loss and LAE payments associated with them. The Company has assumed that the average frequency of claims stays constant.

The Company analyzed the usefulness of disaggregation of its results and determined the characteristics associated with the policies and the related unpaid loss reserves, incurred losses, and payment patterns are similar in nature.

The following tables show the Company's historical incurred and cumulative paid losses and LAE development, net of reinsurance, (liability and property combined) as well as IBNR loss reserves and the number of reported claims on an aggregated basis as of December 31, 2023 for each of the previous 10 accident years:

PUBLIC RISK MUTUAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 7 - RESERVE FOR LOSS AND LOSS ADJUSTMENT EXPENSES (continued):

Direct Incurred Losses and LAE including IBNR												Cumulative number of reported claims
Years Ended December 31,												
Accident Year	2014 (1)	2015 (1)	2016 (1)	2017 (1)	2018 (1)	2019 (1)	2020 (1)	2021 (1)	2022 (1)	2023	IBNR	
(in thousands, except claims counts)												
2014	\$ 284.9	\$ 291.5	\$ 558.7	\$ 355.6	\$ 531.3	\$ 565.5	\$ 622.2	\$ 496.2	\$ 496.2	\$ 496.2	\$ -	2
2015		804.0	435.5	402.7	394.3	407.6	426.4	406.7	406.7	406.7	-	5
2016			582.8	1,398.2	1,426.3	1,766.9	1,219.9	1,189.8	1,177.5	1,177.5	-	6
2017				818.7	1,307.9	1,957.8	1,770.6	1,706.9	1,709.4	1,677.1	-	6
2018					1,207.6	690.9	597.7	264.2	231.9	204.6	24.8	1
2019						1,957.2	1,386.0	1,404.4	1,256.2	900.9	75.0	1
2020							818.7	1,319.5	957.9	644.3	175.5	4
2021								758.9	1,138.4	962.7	251.7	5
2022									1,575.9	2,294.4	925.8	8
2023										849.0	619.5	4
Total										\$ 9,613.3		

Cumulative Direct Paid Losses and LAE										
Years Ended December 31,										
Accident Year	2014 (1)	2015 (1)	2016 (1)	2017 (1)	2018 (1)	2019 (1)	2020 (1)	2021 (1)	2022 (1)	2023
(in thousands)										
2014	\$ -	\$ 73.7	\$ 73.7	\$ 417.9	\$ 417.9	\$ 496.2	\$ 496.2	\$ 496.2	\$ 496.2	\$ 496.2
2015		-	50.0	245.2	245.2	245.2	320.1	406.8	406.7	406.7
2016			50.0	200.0	1,177.3	1,177.3	1,177.3	1,177.3	1,177.5	1,177.5
2017				-	600.0	1,317.4	1,658.9	1,677.1	1,677.1	1,677.1
2018					-	179.8	179.8	179.8	179.8	179.8
2019						-	512.0	817.3	817.3	517.3
2020							-	-	268.1	268.1
2021								-	300.0	433.3
2022									731.1	759.3
2023										-
Total										\$ 5,915.2

All outstanding liabilities for unpaid losses and LAE prior to 2014, net of reinsurance

Total outstanding liabilities for unpaid losses and LAE, direct basis

-

\$ 3,698.1

Data presented for these calendar years is considered to be supplementary information, which is unaudited.

The following table presents the average percentage payout of incurred claims by age, net of reinsurance, as of December 31, 2023 and is presented as required supplementary information, which is unaudited:

Average Annual Percentage Payout of Incurred Claims by Age Including IBNR										
Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
3.6%	28.1%	32.9%	12.8%	-5.4%	6.8%	1.8%	0.0%	0.0%	0.0%	

The following table represents a reconciliation of claims development to the aggregate carrying amount of the liability for unpaid losses and LAE:

Liabilities for unpaid losses and LAE, net of reinsurance	\$ 3,698,093
Reinsurance recoverable on unpaid losses	-
Unallocated LAE	-
Total liability for unpaid losses and LAE	<u><u>\$ 3,698,093</u></u>

**PUBLIC RISK MUTUAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 8 - SURPLUS CONTRIBUTION:

The following is a summary of the surplus contributed to the Company from POOL pursuant to authorization by the Executive Committee of POOL:

Years	POOL Surplus Contribution
2004	\$ 1,000,000
2005	-
2006	-
2007	2,000,000
2008	3,800,000
2009	908,416
2010	4,265,924
2011	3,276,619
2012	1,237,581
2013	1,500,000
2014	-
2015	876,123
2016	612,600
2017	10,000,000
2018	-
2019	-
2020	-
2021	-
2022	-
2023	-
Total	<u><u>\$ 29,477,263</u></u>

NRS 694C.250 requires a pure captive to maintain capital of not less than \$200,000, the Company is in compliance with this requirement as of December 31, 2023 and 2022.

NOTE 9 - RELATED PARTIES:

All premiums and surplus contributions are made by POOL and all claims activity is attributable to the quota share reinsurance agreement with POOL.

Public Risk Mutual has entered into a management services agreement with Nevada Risk Pooling, Inc. to provide captive management for the day to day operations of PRM for a five year period from July 1, 2019 to June 30, 2024. The cost of the initial base year is \$75,000 with annual increases of 3% each succeeding year. Effective July 1, 2021, the Board approved a change in the contract to induce this fee to \$159,135 for period from July 1, 2021 to June 30, 2022, but still keep the annual increase at 3% for each succeeding year until period ended June 30, 2024.

NOTE 10 - SUBSEQUENT EVENTS:

Management has evaluated subsequent events through February 19, 2024, which is the date the financial statements were available to be issued.

Casey Neilson, Inc.
Accountants and Advisors

**REPORT ON INTERNAL CONTROL AND COMPLIANCE OVER FINANCIAL REPORTING BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
NEVADA ADMINISTRATIVE CODE 694C.210**

To the Board of Directors
Public Risk Mutual

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Public Risk Mutual, which comprise the balance sheet as of December 31, 2023, and the related statements of income and comprehensive income, changes in surplus, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 19, 2024.

In planning and performing our audit of the GAAP basis financial statements of Public Risk Mutual as of and for the years ended December 31, 2023 in accordance with auditing standards generally accepted in the United States of America, we considered its internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Public Risk Mutual's internal control. Accordingly, we do not express an opinion on the effectiveness of Public Risk Mutual's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, detected or corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

In connection with our audit, nothing came to our attention that caused us to believe that Public Risk Mutual failed to comply with the terms, covenants, provisions, or conditions of their bylaws, articles of incorporation, or business plan, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Company's noncompliance with the above-referenced terms, insofar as they relate to accounting matters.

This communication is intended solely for the information and use of the Board of Directors, management, others within the organization and state insurance departments to whose jurisdiction Public Risk Mutual is subject and is not intended to be and should not be used by anyone other than these specified parties.



Carson City, Nevada
February 19, 2024

PUBLIC COMPENSATION MUTUAL

DECEMBER 31, 2023 AND 2022

**PUBLIC COMPENSATION MUTUAL
DECEMBER 31, 2023 AND 2022**

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President's Letter

Public Compensation Mutual (PCM) completed 2023 consistent with its business plan. Below are some of the primary financial highlights:

- ❖ PCM is a nonprofit pure captive mutual insurance company owned by Public Agency Compensation Trust (PACT). PCM returned \$4,500,000 of its capital to PACT during 2022, a portion of PACT's surplus contribution total of \$49,200,939 to PCM. PCM's total Surplus grew to \$78,529,421 at December 31, 2023.
- ❖ PCM continued to provide \$700,000 excess of PACT's \$300,000 retention and 25% quota share of \$2,000,000 excess of the first \$1,000,000 for worker's compensation coverage. In addition, PCM provides aggregate excess coverage for all ceding entity losses in the amount of \$1,500,000 part of \$3,000,000 annually, to attach (a) once any other annual aggregate excess/reinsurance coverage obtained by the ceding entity has been exhausted or, (b) at an annual retention of \$10,000,000 in the aggregate, whichever is greater. This coverage helps PACT absorb major claims expenses while maintaining financial stability.
- ❖ With the assistance of New England Asset Management (Fixed Income Manager) and Strategic Asset Alliance (Investment Advisor), investment earnings were \$2,998,880 compared to \$2,897,774 in 2022. The cash and investment balance on December 31, 2023 was \$94,186,624 compared to \$86,069,444 in 2022. Net realized and unrealized gains on investments were \$2,081,667 compared to an unrealized loss of \$(4,413,988) in 2022. The turnaround is due in part to higher market and book yields within the portfolio as older lower yielding investments matured and new higher yielding investments replaced them in the portfolio. This investment income is key to the risk management services and claim coverage for the PACT and PCM.
- ❖ PCM's reserves for loss and loss adjustment expenses increased to \$14,622,246 in 2023 from \$13,709,855 in 2022. These reserves are based on a 75% actuarial confidence level. The actual losses and loss adjustment expenses were \$2,030,001 in 2023 to \$4,397,000 in 2022. The decrease primarily resulted from favorable development of current and prior year losses. PCM incurred losses related to prior years, as determined by the independent actuary, were \$889,585 more than the prior year and current years losses increased by \$1,140,415, offset by net payments of \$1,117,609 in the current year. PCM is seeing more severe claims during the past couple of years. This type of volatility is expected with workers compensation claims.
- ❖ PCM's total surplus as of December 31, 2023 was \$78,529,421 compared to \$71,446,256 as of December 31, 2022. This increase of \$7,083,165 includes a net income of \$5,035,146 and other comprehensive income of \$1,785,283 and reclassification adjustment for gains recognized in net income of \$262,736.

One of PCM's goals is to continue to increase investment earnings while providing PACT added value to workers compensation coverage. This has been instrumental when PACT seeks reinsurance and excess quotes from its reinsurance partners. Building financial strength and security is a long-held value of PACT and PCM. Under the Board's direction and leadership, we continue to work toward achieving those goals.

I personally want to thank the board of trustees for PACT and the PCM Captive board of trustees for their commitment to the dynamic development of the coverages and risk management products that we support. PCM has remained true to its business plan in providing appropriate coverage for its members.

Sincerely,

Wayne E. Carlson, Executive Director

PUBLIC COMPENSATION MUTUAL
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023 AND 2022

Public Compensation Mutual's (PCM) discussion and analysis is designed to, (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the entity's financial activities, (c) identify changes in the Company's financial position (its ability to address subsequent years challenges), and (d) identify any material deviations from the financial plan.

We encourage readers to read this information in conjunction with the President's letter, financial statements, and notes to gain a more complete understanding of the information presented.

Company Overview

Public Compensation Mutual, a Nevada nonprofit pure captive mutual insurer formed pursuant to Nevada Revised Statutes 694C, is engaged in the business of providing reinsurance for Public Agency Compensation Trust (PACT). Effective July 18, 2013, the Company converted from an association captive to a pure captive authorized by the State of Nevada Division of Insurance. Currently, the Company issues a single reinsurance policy to PACT each year and the underlying PACT program in turn issues a certificate of participation with a copy of the PACT Coverage Form to each member.

Financial Highlights

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America, including the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

The auditor's report offers an unmodified opinion on the financial statements, the best opinion that can be attained.

Critical Accounting Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of income and expenses during the accounting period. Actual results could differ from these estimates.

PCM has identified the estimates inherent in the valuation of investments and loss reserves, including reserves for incurred but not reported claims (IBNR), as critical in that they involve a higher degree of judgment and are subject to a significant degree of variability. In developing these estimates, management makes subjective and complex judgements that are inherently uncertain and subject to material change as facts and circumstances develop. Although variability is inherent in these estimates, management believes the amounts provided are appropriate and conservative based upon the facts available as of the date of the financial statements. PCM uses the assistance of an independent actuarial firm in relation to the IBNR and overall loss reserve adequacy.

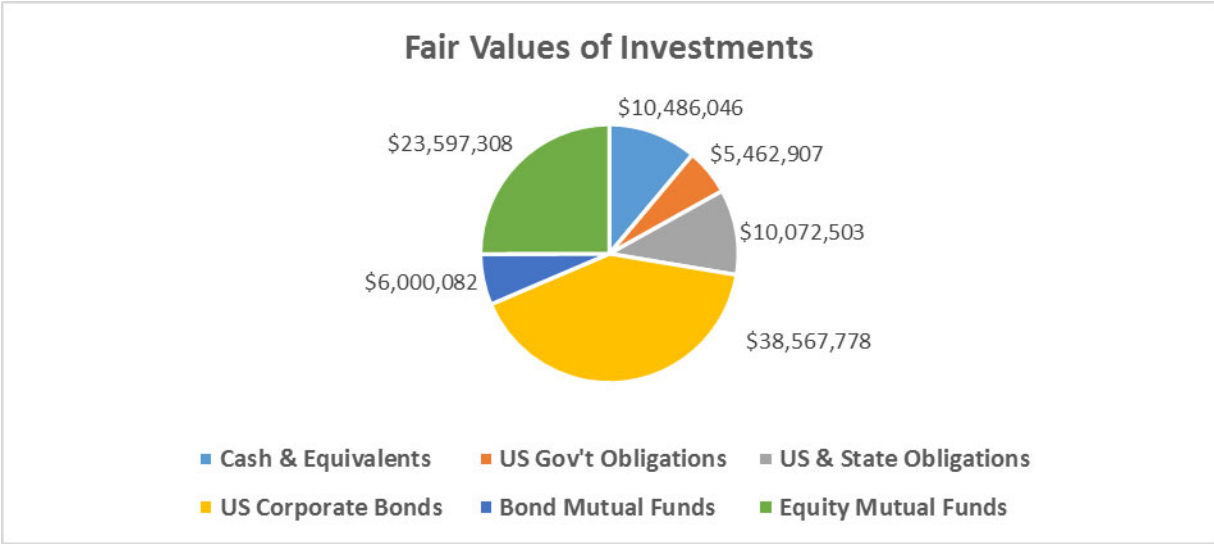
Investments

One significant estimate inherent in the valuation of investments is the evaluation of fair value and other than temporary impairment (OTTI). Fair value requires management judgement on the appropriate classes of assets and liabilities for which disclosures about fair value measurement should be provided. Fair value for investments is primarily a quantitative assessment. For debt and equity securities, class is determined on the basis, nature, and risk of the investments. A full disclosure of PCM's fair value methodology can be found in Note 3 Fair Value of Financial Instruments in the Notes to the Audited Financial Statements.

The determination of OTTI is a quantitative and qualitative process, which is subject to judgment in determining whether declines in the fair value of investments are other than temporary. The cost basis of fixed maturity investments is adjusted for impairments in value, deemed to be other than temporary, with the associated realized loss reported in net income. Factors considered in evaluating whether a decline in value is other than temporary include: 1) the magnitude of the decline in value; 2) current economic conditions and the financial condition and near-term prospects of the issuer; 3) the amount of time that the fair value has been less than cost; and 4) the estimated period over which the security is expected to recover and whether PCM's cash or working capital requirements and contractual or regulatory requirements may indicate a need to sell the security before its forecasted recovery.

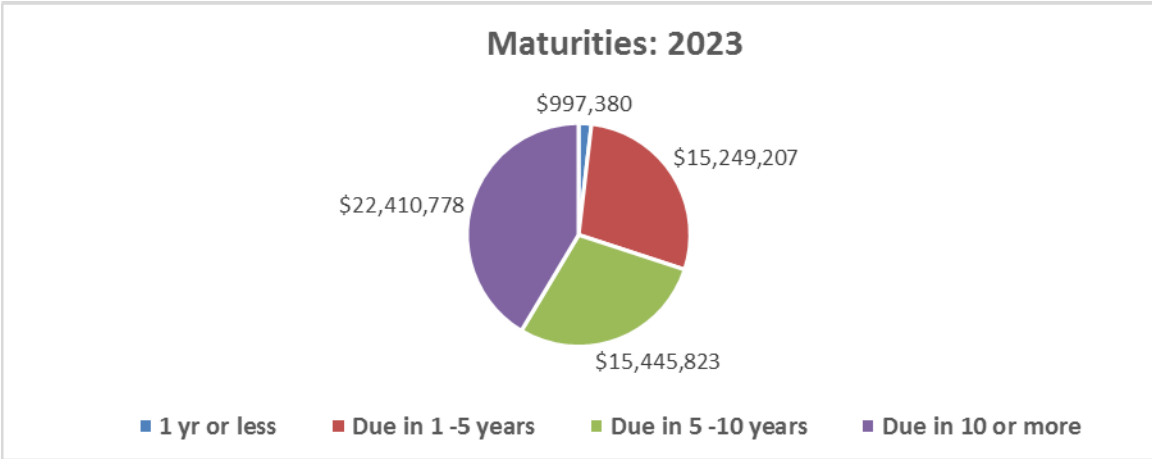
Cash and investments of \$94,186,624 are available to meet current liabilities, including reserves for loss and loss adjustment expenses of \$16,119,038. Total liabilities include accounts payable, reserves for loss and loss adjustment expenses and unearned assessments. This is a conservative measure of cash and investments available to pay current obligations. PCM's cash ratio is 5.8, meaning that it has 5.8 times the unrestricted cash and investments on hand to meet its obligations. Last year's cash ratio was 5.7.

Investment balances as of December 31, 2023, were \$83,700,578 compared to the prior year's amount of \$84,321,669. This represents a decrease of \$621,091 or -0.7%. This decrease is due in part to rebalancing the risk asset portfolio during the second half of the year. A rebalance was necessary as the percentage of risk assets compared to the total portfolio was approaching the maximum level allowed by the investment policy. The proceeds were retained in cash in a money market fund yielding over 5%. The cash balance at December 31, 2023 was \$10,486,046 compared to the prior year of \$1,747,775. As noted in Note 3, Level 1 quoted price in active market for identical assets were valued at \$29,597,390 and the Level 2 significant other observable inputs at \$54,103,188 and no Level 3 assets. The following is an overview of the fair value investments:



As noted in Note 5 - Investments, the contractual maturities of available-for-sale debt securities on December 31st, 2023, and 2022 are as follows:

	Estimated Fair Values	
	<u>2023</u>	<u>2022</u>
1 year or less	\$ 997,380	\$ 573,332
Due in 1 – 5 years	15,249,207	14,392,713
Due in 5 -10 years	15,445,823	15,637,034
Due in 10 years or more	<u>22,410,778</u>	<u>19,764,785</u>
Total Investment in debt securities	<u>\$54,103,188</u>	<u>\$50,367,864</u>



Investment Income Receivable

The investment income receivable on December 31, 2023, is \$461,835 compared to \$399,208 in 2022. This is a change of \$62,627 or 15.7%. This is due primarily to the timing of the payment of accrued

interest on the investments and a slightly higher investment book yield compared to the prior year due to market conditions.

Loss Reserves

Loss reserves are estimates of losses and loss development and as such will differ from the ultimate results. Therefore, one of the critical accounting estimates is the proper amount of reserves to be set aside to meet the net future liabilities of the current in-force business. Changes in or deviations from the assumptions used to develop the loss reserves significantly can affect PCM's reserve levels and related future operations. Assumptions include company methodology for underwriting and claims handling and current estimates of the legal, inflation rate, and social environments. Annually, PCM retains an independent actuary to provide a loss reserve opinion and establish a range for PCM's loss reserves. PCM's policy is to book reserves at the 75% actuarial confidence level. Management has elected not to discount the reserves for the anticipated investment income. See Note 6-Reserve for Loss and Loss Adjustment Expense in the Notes to the Audited Financial Statements.

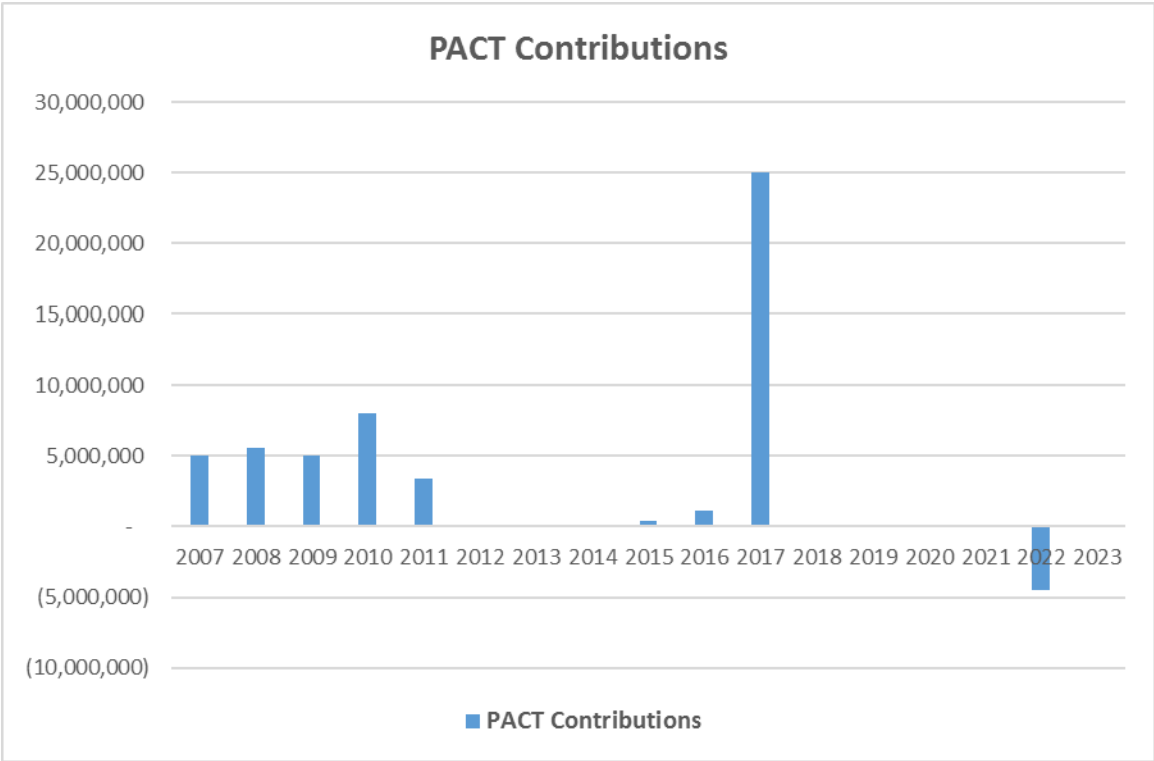
Reserves for loss and loss adjustment expenses increased from \$13,709,855 to \$14,622,246 on December 31, 2023, an increase of \$912,391 or 6.7% during the year due to case reserve increases on several severe loss claims incurred during the year, higher than anticipated losses on the development of prior years' open claims as well as higher payments due to legislative changes.

Unearned Premiums

PCM writes only 12-month insurance policies effective July 1st of the year written, so the entire \$1,456,273 unearned premiums carried in 2023 will be fully earned in 2024.

Surplus Contributions

There were no surplus contributions from PACT during 2023. The last surplus contribution was during 2017 in the amount of \$25,000,000 as approved by the Board at their meeting held on March 22, 2017. PCM transferred a total of \$4,500,000 of capital back to PACT during 2022. This brings the total surplus contribution into PCM to \$49,200,939. NRS 694C.250 requires a pure captive to maintain capital of not less than \$200,000. See Note 7 – Surplus Contributions for more details. The following chart indicates PACT's surplus contributions to PCM.



Surplus

PCM’s total surplus on December 31, 2023, was \$78,529,421, an increase of \$7,083,165 from the December 31, 2022 balance of \$71,446,256. The increase results from net income of \$5,035,146 increased by other comprehensive income of \$2,048,019 during the year which is composed of \$1,785,283 in unrealized holding gains on available-for-sale securities arising during the period due to changes in the interest rates as well as \$262,736 in reclassification adjustment for gains recognized in net income during the period.

The following is the comparative Balance Sheet of Public Compensation Mutual as of December 31, 2023 and 2022.

**Public Compensation Mutual
Balance Sheet**

	2023	2022	\$ Difference	% Difference
Assets				
Cash and cash equivalents	\$ 10,486,046	\$ 1,747,775	\$ 8,738,271	500.0%
Fixed income securities at fair value	54,103,188	50,367,864	3,735,324	7.4%
Equity securities at fair value	29,597,390	33,953,805	(4,356,415)	-12.8%
Investment income receivable	461,835	399,208	62,627	15.7%
Prepaid Expenses	-	13,659	(13,659)	
Total Assets	\$ 94,648,459	\$ 86,482,311	\$ 8,166,148	9.4%
Liabilities and Surplus				
Accounts payable	\$ 40,519	\$ 25,496	\$ 15,023	58.9%
Reserve for loss and loss adjustment expenses	14,622,246	13,709,855	912,391	6.7%
Unearned assessments	1,456,273	1,300,704	155,569	12.0%
Total liabilities	\$ 16,119,038	\$ 15,036,055	\$ 1,082,983	7.2%
Surplus	82,697,910	77,662,764	5,035,146	6.5%
Accumulated other comprehensive income (loss)	(4,168,489)	(6,216,508)	2,048,019	-32.9%
Total Surplus	78,529,421	71,446,256	7,083,165	9.9%
Total Liabilities and Surplus	\$ 94,648,459	\$ 86,482,311	\$ 8,166,148	9.4%

Net Income from Operations

PCM reported net income from operations for the year ended December 2023 of \$5,035,146, an increase of \$9,128,384 from the prior year net loss of (\$4,093,238). The increase primarily is driven by an increase of \$6,495,655 in net realized and unrealized losses on investments between the two years. In addition to the increase in unrealized gains, there was a decrease in loss and loss adjustment expense in the amount of \$2,366,999 during the period. There was a slight reduction of \$169 in administrative expenses. An underwriting gain (premiums less loss expenses) of \$726,976 in 2023 shows improvement compared to the prior year underwriting loss of (\$1,804,478). The increase in the underwriting gain is due to the decrease in the loss and loss adjustment expenses during the year and a slight increase in premium assessments. See further explanation below.

Net Earned Premiums

Net earned premiums of \$2,756,977 increased by \$164,455 or 6.3% from \$2,592,522 on December 31, 2022. This increase in 2023 is due to higher assessment based on claims experience and recommended funding levels at the 75% confidence level as determined by our independent actuary.

Investment Income Including Realized and Unrealized Gains (Losses)

Investment income of \$2,998,880 in 2023 was higher than the prior year by \$101,106 or 3.5% increase due to the higher interest rates. The net realized and unrealized gains and (losses) on investments of

\$2,081,667 on December 31, 2023, compared to the prior year loss of (\$4,413,988) resulting in a change of \$6,495,655 resulting from the unprecedented and significant changes in the interest rates during the year based on the monetary policy of the Federal Reserve Board. Interest rates went from historically low rates to rapidly rising rates during the year. As interest rates increase, the value of the underlining securities decreases creating an unrealized loss situation at Balance Sheet date. During 2023, the interest rate environment stabilized at a higher rate and the number of rate hikes by the Federal Reserve reduced compared to 2022. PCM's intent is to hold investments to maturity and the losses will not be realized. As investments mature, new securities are purchased at a greater yield which will increase investment income in subsequent years. See Note 5 - Investments for greater details.

Loss and Loss Adjustment Expenses

Losses and loss adjustment expenses decreased by (\$2,366,999) from \$4,397,000 in 2022 to \$2,030,001 in 2023. This is due in part to a large member with adverse loss experience leaving the program on July 1, 2022. See Note 6 - Reserve for loss and loss adjustment expenses for more details.

Administrative Fees

Administrative fees were \$772,377 and \$772,546 respectively, for the years ended December 31, 2023 and 2022, respectively. The decrease was attributed to cost containment by management.

Other Comprehensive Income

Other comprehensive income is comprised of unrealized gains (losses) on available for sale securities arising during the period less reclassification adjustment for (gains) losses recognized in net income. In 2023 the unrealized gain on available for sale securities during the period was \$1,785,283 compared to unrealized losses of (\$8,475,641) in 2022. The unrealized gain primarily results from increases in the interest rates because of action taken by the Federal Reserve. In addition, 2023 was a positive year for equity markets. The reclassification adjustment for (gains) losses recognized in net income were \$262,736 in 2023 compared to \$7,027 in 2022. This results in total Other Comprehensive Income of \$2,048,019 in 2023 and compares to Other Comprehensive Income loss (\$8,468,614) in 2022. Risk assets had a gain during the year. Additionally, implementation of ASU 2016-01 in 2019 required reclassification of equity securities from available-for-sale to equity securities, with unrealized gains and losses reported on the income statement rather than as a component of Other Comprehensive Income (Loss). Although assets are classified as Available for Sale, PCM's board policy states that investments are intended to be held for maturity, thus the unrealized gains (losses) are not likely to materialize. The significant unrealized gains will become future net investment income as the payment of the book yield occurs on the portfolio.

The following is the Statement of Income and Comprehensive Income for the years ended December 31, 2023, and 2022.

Public Compensation Mutual
Statement of Income and Comprehensive Income

	2023	2022	\$ Difference	% Difference
INCOME				
Premiums	\$ 2,756,977	\$ 2,592,522	\$ 164,455	6.3%
Investment income	2,998,880	2,897,774	101,106	3.5%
Net realized and unrealized gains (losses) on investments	2,081,667	(4,413,988)	6,495,655	-147.2%
Total Income	7,837,524	1,076,308	6,761,216	628.2%
EXPENSES				
Administrative expenses	772,377	772,546	(169)	0.0%
Loss and loss adjustment expenses	2,030,001	4,397,000	(2,366,999)	-53.8%
Total Expenses	2,802,378	5,169,546	(2,367,168)	-45.8%
Net Income Before Income Taxes	5,035,146	(4,093,238)	9,128,384	-223.0%
Provision for Income Taxes	-	-	-	
Net Income	\$ 5,035,146	\$ (4,093,238)	\$ 9,128,384	-223.0%
OTHER COMPREHENSIVE INCOME				
Unrealized gains (losses) on available for sale securities arising during the period	\$ 1,785,283	\$ (8,475,641)	\$ 10,260,924	-121.1%
Less: Reclassified adjustment for (gains) losses recognized in net income	262,736	7,027	255,709	3638.9%
Other Comprehensive Income (Loss)	2,048,019	(8,468,614)	10,516,633	-124.2%
Comprehensive Income (Loss)	\$ 7,083,165	\$ (12,561,852)	\$ 19,645,017	-156.4%

Request for Information

This financial report is designed to provide a general overview of the financial activities and conditions of Public Compensation Mutual. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Public Compensation Mutual, 201 South Roop Street, Suite 102, Carson City, Nevada 89701 or email at akalt@poolpact.com.

Casey Neilson, Inc.
Accountants and Advisors

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Public Compensation Mutual

Opinion

We have audited the accompanying financial statements of Public Compensation Mutual (a Nevada non-profit pure captive mutual insurer corporation), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of income and comprehensive income, changes in surplus and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Public Compensation Mutual as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Public Compensation Mutual and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, the Company adopted ASU 2016-13, reporting credit losses on available-for-sale fixed maturity securities net of an allowance for credit losses. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Public Compensation Mutual's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Public Compensation Mutual's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Public Compensation Mutual's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the expanded disclosures regarding short duration contracts contained in Note 6 to the financial statements be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information Included in the Company's Annual Report

Management is responsible for the other information included in the annual report. The other information comprises the President's Letter and Management's Discussion and Analysis but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Other Legal and Regulatory Requirements

In accordance with the Nevada Administrative Code, we have also issued our report dated February 19, 2024, on our consideration of Public Compensation Mutual's internal control and compliance over financial reporting. That report is an integral part of an audit performed in accordance with this code and should be read in conjunction with this report in considering the results of our audits.



Carson City, Nevada
February 19, 2024

**PUBLIC COMPENSATION MUTUAL
BALANCE SHEETS
DECEMBER 31, 2023 AND 2022**

	2023	2022
ASSETS		
Cash and cash equivalents	\$ 10,486,046	\$ 1,747,775
Investments:		
Fixed maturity securities at fair value	54,103,188	50,367,864
Equity securities at fair value	29,597,390	33,953,805
Investment income receivable	461,835	399,208
Prepaid expense	-	13,659
Total Assets	\$ 94,648,459	\$ 86,482,311
LIABILITIES AND SURPLUS		
Accounts payable	\$ 40,519	\$ 25,496
Reserve for loss and loss adjustment expenses	14,622,246	13,709,855
Unearned premiums	1,456,273	1,300,704
Total Liabilities	16,119,038	15,036,055
Surplus	82,697,910	77,662,764
Accumulated other comprehensive income (loss)	(4,168,489)	(6,216,508)
Total Surplus	78,529,421	71,446,256
Total Liabilities and Surplus	\$ 94,648,459	\$ 86,482,311

See accompanying notes.

**PUBLIC COMPENSATION MUTUAL
STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023	2022
INCOME		
Premiums	\$ 2,756,977	\$ 2,592,522
Net investment income	2,998,880	2,897,774
Net realized and unrealized gains (losses) on investments	2,081,667	(4,413,988)
Total Income	7,837,524	1,076,308
EXPENSES		
Administrative fees	772,377	772,546
Loss and loss adjustment expenses	2,030,001	4,397,000
Total Expenses	2,802,378	5,169,546
Net Income (Loss) Before Income Taxes	5,035,146	(4,093,238)
Provision for income taxes	-	-
Net Income (Loss)	5,035,146	(4,093,238)
OTHER COMPREHENSIVE INCOME (LOSS)		
Unrealized gains (losses) on available for sale securities arising during the period	1,785,283	(8,475,641)
Less: Reclassification adjustment for (gains) losses recognized in net income	262,736	7,027
Total Other Comprehensive Income (Loss)	2,048,019	(8,468,614)
Total Comprehensive Income (Loss)	\$ 7,083,165	\$ (12,561,852)

See accompanying notes.

**PUBLIC COMPENSATION MUTUAL
STATEMENTS OF CHANGES IN SURPLUS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>Surplus</u>	<u>Accumulated Other Comprehensive Income (Loss)</u>	<u>Total Surplus</u>
Balance, December 31, 2021	\$ 86,256,002	\$ 2,252,106	\$ 88,508,108
Net loss	(4,093,238)	-	(4,093,238)
Unrealized holding losses arising during the period	-	(8,475,641)	(8,475,641)
Transfer of capital	(4,500,000)	-	(4,500,000)
Add: Reclassification adjustment for losses realized in net income	-	7,027	7,027
Balance, December 31, 2022	<u>\$ 77,662,764</u>	<u>\$ (6,216,508)</u>	<u>\$ 71,446,256</u>
Net income	5,035,146	-	5,035,146
Unrealized holding gains arising during the period	-	1,785,283	1,785,283
Add: Reclassification adjustment for losses realized in net income	-	262,736	262,736
Balance, December 31, 2023	<u>\$ 82,697,910</u>	<u>\$ (4,168,489)</u>	<u>\$ 78,529,421</u>

See accompanying notes.

**PUBLIC COMPENSATION MUTUAL
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023	2022
CASH FLOWS FROM OPERATING		
ACTIVITIES:		
Net income (loss)	\$ 5,035,146	\$ (4,093,238)
Adjustments to reconcile net income to net cash provided by operating activities:		
(Gains) losses on sale of securities	(1,678,403)	7,027
Amortization of premium or discount	61,700	73,185
Net unrealized (gains) and losses on marketable securities classified as trading	(403,264)	4,406,961
Changes in assets and liabilities:		
(Increase) decrease in:		
Investment income receivable	(62,627)	(30,873)
Prepaid expenses	13,659	(13,659)
Increase (decrease) in:		
Reserve for loss and loss adjustment expenses	912,391	4,311,005
Accounts payable	15,023	(16,080)
Unearned premiums	155,569	8,887
	4,049,194	4,653,215
CASH FLOWS FROM INVESTING		
ACTIVITIES:		
Purchase of securities	(7,302,198)	(6,957,135)
Sale of securities	11,991,275	5,530,506
	4,689,077	(1,426,629)
CASH FLOWS FROM FINANCING		
ACTIVITIES:		
Transfer of capital	-	(4,500,000)
	-	(4,500,000)
Increase (Decrease) in Cash and Cash Equivalents	8,738,271	(1,273,414)
CASH AND CASHEQUIVALENTS, Beginning of Period	1,747,775	3,021,189
CASH AND CASHEQUIVALENTS, End of Period	\$ 10,486,046	\$ 1,747,775

See accompanying notes.

**PUBLIC COMPENSATION MUTUAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Operations:

Public Compensation Mutual (“the Company”), a Nevada nonprofit pure captive mutual insurer formed pursuant to Nevada Revised Statute 694C, is engaged in the business of providing reinsurance for the Public Agency Compensation Trust (PACT). Effective July 18, 2013, the Company became a pure captive authorized by the State of Nevada Division of Insurance; prior to this date, the Company was an association captive. PACT is a quasi-governmental entity formed by local governments for the purpose of organizing an association for self-insured workers compensation. The Company’s formation was approved on June 26, 2007 by the State of Nevada Division of Insurance and began operations on July 1, 2007.

Basis of Presentation:

The accompanying financial statements have been prepared in conformity with reporting practices prescribed or permitted by the State of Nevada, Division of Insurance. These financial statements are also presented in conformity with accounting principles generally accepted in the United States of America because the accounting practices prescribed or permitted under statutory authority, when applied to the Company do not vary materially from generally accepted accounting principles.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Method of Accounting:

The Company prepares its financial statements on the accrual method of accounting, recognizing income when earned and expenses when incurred.

Cash Equivalents:

For the purpose of presentation in the Company’s financial statements, cash equivalents are short-term, highly liquid investments that are both (a) readily convertible to known amounts of cash and (b) so near to maturity that they present insignificant risk of changes in value due to changing interest rates.

Fixed Maturity Securities Available for Sale:

Investments in debt securities not classified as either trading or held-to-maturity are reported at fair value, adjusted for other than temporary declines in fair value, with unrealized gains and losses excluded from net income and reported as a separate component of surplus. Realized gains and losses are calculated using the specific identification method. The fair value of securities is determined by quoted market prices and observable information for similar items in active or inactive markets.

**PUBLIC COMPENSATION MUTUAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Fixed Maturity Securities Available for Sale (continued):

Beginning in 2023, with the adoption of ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326)*, the Company's investments in fixed maturity securities are presented net of an allowance for current expected credit losses (CECL). The Company first assesses whether it intends to sell, or it is more likely than not that it will be required to sell, the security before recovery of its amortized cost basis. If either of the criteria is met, the security's amortized cost basis is written down to its fair value. For available-for-sale debt securities that do not meet either criteria, the Company evaluates whether the decline in fair value has resulted from credit losses or other factors.

In making this assessment, management considers the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency, and adverse conditions specifically related to the security, among other factors. The changes in the Company's allowance for CECL on investments are included in net realized and unrealized gains on investments on the Company's Statements of Income and Comprehensive Income (see Note 5).

Equity Securities:

Equity securities are reported at fair value, and changes in fair value are included in net realized and unrealized gains (losses) on investments on the company's statements of income and comprehensive income.

Investments and Investment Income:

Captive insurance companies are governed by NRS 694C.340 regarding allowable investments, however, as a pure captive, the Company is not subject to any restrictions on allowable investments. The Board has, by policy, implemented investment guidelines to which the Company adheres, such that investments are in accordance with NRS 682A.

Reserve for Loss and Loss Adjustment Expenses:

Loss and loss adjustment expenses includes an amount determined from loss reports on individual cases and estimates of the cost of claims incurred but not reported. Such liabilities are necessarily based on estimates and, while management believes the amount is adequate, the ultimate liability may be in excess of, or less than, the amounts provided. It is reasonably possible that the estimate will change within one year of the date of the financial statements. The loss liabilities were developed from a combination of the insurance industry loss payment and reporting patterns. The data was developed and trended, using standard actuarial techniques, to meet the Company's premium rate structure and experience. The methods for making such estimates and for establishing the resulting liability are continually reviewed, and any adjustments are reflected in earnings currently.

Premiums:

Premiums are generally recognized as revenue on a pro rata basis over the policy term. The portion of premiums that will be earned in the future are deferred and reported as unearned premiums.

**PUBLIC COMPENSATION MUTUAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Reinsurance:

In the normal course of business, the Company may seek to reduce the loss that may arise from catastrophes or other events that cause unfavorable underwriting results by purchasing reinsurance at certain levels of risk in various areas of exposure with other insurance enterprises.

Income Tax Status:

Under Internal Revenue Code Section 115, and pursuant to regulations and rulings issued by the Internal Revenue Service, organizations formed, operated and funded by political subdivisions formed to pool casualty and other risks arising from their obligations concerning public liability, may exclude income derived from such activities from taxable income. Accordingly, no provision for income taxes has been provided in the accompanying financial statements, and no federal tax returns have been filed. As no tax returns have been filed, there is no statute of limitations to toll, and all years remain open to potential adjustment.

Credit Risk:

Credit risk is the risk that the issuer of a security will default on principal and interest in the security. The investment guidelines do not limit investments based upon the rating of a security, but it is policy to limit those securities with potential default risk such that the Company's annual investment income would exceed a loss on a single issuer's securities.

Concentration of Credit Risk:

The Company limits investments in any single mutual fund, exchange traded fund or similar vehicle to no more than 10% of assets.

Interest Rate Risk:

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Company minimizes this risk by maturity diversification such that aggregate price losses on instruments with maturities exceeding one year shall not be greater than coupon interest and investment income received from the balance of the portfolio.

Prior Year Reclassifications:

The prior year's financial statements have been reclassified where applicable to conform to the current year's presentation.

NOTE 2 – NEW ACCOUNTING STANDARDS:

Recently Issued Accounting Standards:

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326)*. This update replaces the incurred loss impairment methodology for recognizing credit losses on financial instruments with a methodology that reflects an entity's current estimate of all expected credit losses. This update requires financial assets measured at amortized cost to be presented net of an allowance for credit losses. Additionally, this update requires credit losses on available-for-sale fixed maturity securities to be presented as an allowance rather than as a write-down, allowing an entity to also record reversals of credit losses in current period net income. This update is effective for fiscal years beginning after December 15, 2022. See Note 5 regarding the impact of this adoption on the Company's financial condition and results of operations..

**PUBLIC COMPENSATION MUTUAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 3 – FAIR VALUE OF FINANCIAL INSTRUMENTS:

The Company has adopted and implemented FASB ASC 820-10, Fair Value Measurements, which provides a framework for measuring fair value under GAAP. This statement defines fair value as the exchange price that would be received for an asset, or paid to transfer a liability (an exit price), in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. FASB ASC 820-10 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. FASB ASC 820-10 establishes a fair value hierarchy, which prioritizes the valuation inputs into four broad levels based on the nature of inputs as follows:

Level 1: Fair value is observable in an active market and based on quoted prices in active markets for identical assets.

Level 2: Fair value is based on quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or prices derived from valuation models that consider various observable market inputs. Prices obtained from independent pricing services are generally considered Level 2.

Level 3: Unobservable inputs reflecting assumptions that market participants would use, including assumptions about risk. Generally, prices obtained from a broker are considered Level 3.

Level NAV (net asset value): Certain securities, as described in the National Association of Insurance Commissioner's Statements of Statutory Accounting Principles ("NAIC SSAP") No. 100R (Fair Value Measurement), may be classified as NAV which can be utilized as an expedient to fair value.

Fair values for the Company's securities are based on prices provided by its custodian bank and investment management company, New England Asset Management (NEAM).

For NEAM managed assets, fair value measurement for fixed income and equity securities are based on valuations from independent pricing service vendors that have been approved and are monitored periodically by NEAM's pricing policy committee. Investments in short term securities and cash equivalents are valued at amortized cost, which approximates fair value.

Generally, NEAM's pricing service vendors use a pricing methodology involving the market approach, including pricing models, which use prices and relevant market information regarding a particular security or securities with similar characteristics to establish a valuation.

NEAM relies predominately on independent pricing service vendors such as LSEG (Reuters), S&P Global Market Intelligence, S&P Capital IQ Pro, Bloomberg, PricingDirect, ICE Data Services or Solve. Under certain circumstances, if a vendor price is unavailable, a price may be obtained from a broker.

Documentation from each pricing vendor is reviewed periodically to ensure they are consistent with NEAM's pricing policies and procedures.

For US statutory accounting, only certain investments are carried at fair value, while others may periodically be carried at fair value based on factors such as the NAIC's "lower of amortized cost or fair value" rule or an investment that was impaired to fair value. Assets recorded at fair value are categorized based on an evaluation of the various inputs used to measure the fair value. Supporting documentation received from pricing vendors detailing the inputs, models and processes used in the vendor's evaluation process is used by NEAM to determine the appropriate fair value hierarchy. Market Information obtained from brokers with respect to security valuations is also considered in the pricing hierarchy.

**PUBLIC COMPENSATION MUTUAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 3 – FAIR VALUE OF FINANCIAL INSTRUMENTS (continued):

The Company’s Level 1 securities consist of equity securities whose values are based on quoted prices in active markets for identical assets. The Company’s level 2 securities are comprised of available-for-sale fixed maturity securities whose fair value was determined using observable market inputs. Investments valued using these inputs include U.S. Treasury securities, obligations of states and political subdivisions, corporate and other securities, commercial and residential mortgage-backed securities, and other asset-backed securities.

The following table presents the Company’s fair value hierarchy for financial instruments measured at fair value on a recurring basis as of December 31, 2023 and 2022:

Description	December 31, 2023	Fair Value measurement at reporting date using		
		Level 1	Level 2	Level 3
Fixed maturity securities				
U.S. government obligations	\$ 5,462,907	\$ -	\$ 5,462,907	\$ -
U.S. states and local authorities	10,072,503	-	10,072,503	-
Bonds	38,567,778	-	38,567,778	-
Total fixed maturity securities	54,103,188	-	54,103,188	-
Equity securities at fair value				
Bond mutual funds	6,000,082	6,000,082	-	-
Equity mutual funds	23,597,308	23,597,308	-	-
Total equity securities at fair value	29,597,390	29,597,390	-	-
Total investments at fair value	\$ 83,700,578	\$ 29,597,390	\$ 54,103,188	\$ -

Description	December 31, 2022	Fair Value measurement at reporting date using		
		Level 1	Level 2	Level 3
Fixed maturity securities				
U.S. government obligations	\$ 5,583,438	\$ -	\$ 5,583,438	\$ -
U.S. states and local authorities	9,557,715	-	9,557,715	-
Bonds	35,226,711	-	35,226,711	-
Total fixed maturity securities	50,367,864	-	50,367,864	-
Equity securities at fair value				
Bond mutual funds	6,966,915	6,966,915	-	-
Equity mutual funds	26,986,890	26,986,890	-	-
Total equity securities at fair value	33,953,805	33,953,805	-	-
Total investments at fair value	\$ 84,321,669	\$ 33,953,805	\$ 50,367,864	\$ -

There were no transfers between fair value levels during the year ended December 31, 2023 and 2022.

NOTE 4 – CONCENTRATIONS:

Premiums:

As detailed in Note 1, the Company provides reinsurance insurance coverage to PACT; additionally, PACT provided the surplus contribution to the Company, and is the sole insured.

**PUBLIC COMPENSATION MUTUAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 4 – CONCENTRATIONS (continued):

Credit Risk:

The Company maintains its cash balances in various institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Company has not experienced any losses in such accounts.

Additionally, as of December 31, 2023 and 2022, the company has certain cash equivalent and investment balances insured by the Securities Investor Protection Corporation (SIPC) up to \$500,000 (with a limit of \$250,000 for cash) per institution. In addition the Company's investment policy provides additional coverage above the SIPC limits for any missing securities and cash in client investment accounts up to a firm aggregate limit of \$1 billion (including up to \$1.9 million for cash per client). The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

NOTE 5 – INVESTMENTS:

Available-for-sale securities at December 31, 2023 and 2022 consist of various investments as indicated below:

Description	December 31, 2023				
	Cost	Estimated Fair Value	Allowance for Current Expected Credit Losses	Gross Unrealized	
				Gains	Losses
Fixed maturity securities					
U.S. government obligations	\$ 5,999,678	\$ 5,462,907	\$ -	\$ 41,132	\$ (577,903)
U.S. states and local authorities	10,830,844	10,072,503	-	41,189	(799,530)
Bonds	41,441,155	38,567,778	-	364,780	(3,238,157)
Total fixed maturity securities	<u>58,271,677</u>	<u>54,103,188</u>	<u>-</u>	<u>447,101</u>	<u>(4,615,590)</u>
Total available-for-sale securities	<u>\$ 58,271,677</u>	<u>\$ 54,103,188</u>	<u>\$ -</u>	<u>\$ 447,101</u>	<u>\$ (4,615,590)</u>
Description	December 31, 2022				
	Cost	Estimated Fair Value	Allowance for Current Expected Credit Losses	Gross Unrealized	
				Gains	Losses
Fixed maturity securities					
U.S. government obligations	\$ 6,396,946	\$ 5,583,438	\$ -	\$ 8,286	\$ (821,794)
U.S. states and local authorities	10,735,170	9,557,715	-	-	(1,177,455)
Bonds	39,452,256	35,226,711	-	34,930	(4,260,475)
Total fixed maturity securities	<u>56,584,372</u>	<u>50,367,864</u>	<u>-</u>	<u>43,216</u>	<u>(6,259,724)</u>
Total available-for-sale securities	<u>\$ 56,584,372</u>	<u>\$ 50,367,864</u>	<u>\$ -</u>	<u>\$ 43,216</u>	<u>\$ (6,259,724)</u>

Proceeds from the sale of investment securities available for sale were \$11,991,275 in 2023 and \$5,530,506 in 2022.

**PUBLIC COMPENSATION MUTUAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 5 – INVESTMENTS (continued):

For the adoption of ASC Topic 326, *Financial Instruments – Credit Losses*, the Company made a policy election to exclude accrued interest from the amortized cost basis of available-for-sale debt securities and report accrued interest separately in investment income receivable in the balance sheets. Available-for-sale debt securities are placed on non-accrual status when the Company no longer expects to receive all contractual amounts due, which is generally at 90 days past due. Investment income receivable is reversed against interest income when a security is placed on non-accrual status. Accordingly, the Company does not currently recognize an allowance for credit loss against investment income receivable on available-for-sale debt securities. The table above excludes investment income receivable of \$461,835 and \$399,208 at December 31, 2023 and 2022, respectively, that is recorded in investment income receivable.

During 2023 and 2022, net realized gains (losses) on investments and the change in unrealized gains (losses) on the Company’s investments recorded at fair value are determined on a specific-identification basis and were as follows:

	December 31, 2023					
	Gross Realized Gains	Gross Realized Losses	Net Change in CECL Allowance	Changes in Net Unrealized Gains (Losses)	Change in FV Reflected in Earnings	Change in FV Reflected in AOCI, before tax
Fixed maturity securities	\$ 220	\$ (262,956)	\$ -	\$ 2,048,019	\$ (262,736)	\$ 1,785,283
Equity securities	2,139,554	(198,415)	-	403,264	2,344,403	-
	<u>\$2,139,774</u>	<u>\$ (461,371)</u>	<u>\$ -</u>	<u>\$ 2,451,283</u>	<u>\$ 2,081,667</u>	<u>\$ 1,785,283</u>
	December 31, 2022					
	Gross Realized Gains	Gross Realized Losses	Net Change in CECL Allowance	Changes in Net Unrealized Gains (Losses)	Change in FV Reflected in Earnings	Change in FV Reflected in AOCI, before tax
Fixed maturity securities	\$ 5,173	\$ (12,200)	\$ -	\$ (8,468,614)	\$ (7,027)	\$ (8,475,641)
Equity securities	-	-	-	(4,406,961)	(4,406,961)	-
	<u>\$ 5,173</u>	<u>\$ (12,200)</u>	<u>\$ -</u>	<u>\$(12,875,575)</u>	<u>\$ (4,413,988)</u>	<u>\$ (8,475,641)</u>

Management evaluates fixed maturity securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value. As management has the ability to hold the securities for the foreseeable future, no declines are deemed to be other-than-temporary.

Changes in fair value of equity securities are included in net realized and unrealized gains and losses on investments in the Company’s statement of income and comprehensive income. All investments have been valued based on quoted prices in active markets for identical assets and liabilities.

**PUBLIC COMPENSATION MUTUAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 5 – INVESTMENTS (continued):

Contractual maturities of available-for-sale fixed maturity securities at December 31, 2023 and 2022 are as follows:

	Estimated Fair Values	
	2023	2022
1 year or less	\$ 997,380	\$ 573,332
Due in 1 - 5 years	15,249,207	14,392,713
Due in 5 - 10 years	15,445,823	15,637,034
Due in 10 years or more	22,410,778	19,764,785
 Total investment in fixed maturity securities	\$ 54,103,188	\$ 50,367,864

Actual maturities may differ from contractual maturities because some borrowers have the right to call or prepay obligations with or without call or prepayment penalties.

The following is a summary of available-for-sale investments that have been in a continuous unrealized loss position for less than 12 months and those that have been in a continuous unrealized loss position for 12 months or greater as of December 31, 2023 and 2022.

	December 31, 2023		December 31, 2022	
	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses
<u>Less than 12 months:</u>				
Fixed maturity securities				
U.S. government obligations	\$ 1,752,800	\$ -	\$ 2,986,818	\$ (293,876)
U.S. states and local authorities	1,299,811	-	9,011,818	(1,027,399)
Bonds	4,928,013	-	29,829,408	(2,920,852)
Total fixed maturity securities	7,980,624	-	41,828,044	(4,242,127)
Total less than 12 months	7,980,624	-	41,828,044	(4,242,127)
 <u>12 months or greater:</u>				
Fixed maturity securities				
U.S. government obligations	\$ 3,710,107	\$ (577,903)	\$ 2,596,620	\$ (527,918)
U.S. states and local authorities	8,772,692	(799,530)	545,897	(150,056)
Bonds	33,639,765	(3,238,157)	5,397,303	(1,339,623)
Total fixed maturity securities	46,122,564	(4,615,590)	8,539,820	(2,017,597)
Total 12 months or greater	46,122,564	(4,615,590)	8,539,820	(2,017,597)
Total fixed maturity securities	\$ 54,103,188	\$ (4,615,590)	\$ 50,367,864	\$ (6,259,724)

The Company recorded an allowance for CECL on available-for-sale debt securities of \$0 and \$0 during the years ended December 31, 2023 and 2022, respectively. There were no other-than-temporary impairments recognized on fixed maturity securities during the years ended December 31, 2023 and 2022. The Company determined that the total unrealized losses on fixed maturity securities at December 31, 2023 were primarily the result of changes in prevailing interest rates and not the credit quality of the issuers. Realized gains and losses on investments include the gain or loss on a security at the time of sale compared to its original or adjusted cost (equity securities and other invested assets) or amortized cost (fixed maturity securities). Realized losses on fixed maturity securities are also recognized when securities are written down as a result of an other-than-temporary impairment or for changes in the CECL allowance.

**PUBLIC COMPENSATION MUTUAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 6 – RESERVE FOR LOSS AND LOSS ADJUSTMENT EXPENSES:

The Company provides coverage for members of PACT for worker’s compensation losses under a quota-share reinsurance arrangement as illustrated in the following table:

Fiscal Year	Retention 1		Retention 2		One-time corridor deductible
	Quota share	Insurance layer	Quota share	Insurance layer	
7/1/2007-7/1/2012	25%	\$2,000,000 excess of \$500,000			\$500,000
7/1/2012-7/1/2014		\$250,000 excess of \$500,000	25%	\$2,250,000 excess of \$750,000	\$500,000
7/1/2014-7/1/2017		\$500,000 excess of \$500,000	25%	\$2,000,000 excess of \$1,000,000	-
7/1/2017-7/1/2024		\$700,000 excess of \$300,000	25%	\$2,000,000 excess of \$1,000,000	-

Additionally, effective July 1, 2014, the Company also provides \$1,500,000 aggregate excess (50% quota share of the \$3,000,000 layer) above an attachment point of approximately \$10,000,000.

Loss reserve estimates are inherently uncertain because the ultimate amount the Company will pay for many of the claims it has incurred as of the balance sheet date will not be known for many years. The estimate of loss reserves is intended to equal the difference between the expected ultimate losses of all claims that have occurred as of a balance sheet date and amounts already paid. The Company establishes loss reserves based on its own analysis of emerging claims and review of the results of actuarial projections. The Company's aggregate carried reserve for unpaid losses is the sum of its reserves for each accident year and represents its best estimate of outstanding loss reserves.

The amount by which estimated losses in the aggregate differ from those previously estimated for a specific time period is known as reserve “development.” Reserve development is unfavorable when losses ultimately settle for more than the amount reserved or subsequent estimates indicate a basis for reserve increases on open claims, causing the previously estimated loss reserves to be "deficient." Reserve development is favorable when estimates of ultimate losses indicate a decrease in established reserves, causing the previously estimated loss reserves to be "redundant." Development is reflected in the Company's operating results through an adjustment to incurred losses during the period in which it is recognized.

The three main components of reserves for unpaid losses are case reserves, incurred but not reported (IBNR) loss reserves and reserves for loss adjustment expenses (LAE).

When claims are reported, the Company establishes individual estimates of the ultimate cost of each claim (case reserves). These case reserves are continually monitored and revised in response to new information and for amounts paid. IBNR is an actuarial estimate of future payments on claims that have occurred but have not yet been reported. The Company also estimates and makes a provision for the extent to which the case reserves on known claims may develop. IBNR reserves apply to the entire body of claims arising from a specific time period, rather than a specific claim. Most of the Company's IBNR reserves relate to estimated future claim payments on recorded open claims.

For the year ended December 31, 2023, estimated unpaid losses have been determined to range from a recommended low of \$14,373,000 to a recommended high of \$15,277,000 based on actuarial estimates; further the actuary has projected expected losses at \$13,265,000. Management’s estimate is higher than that of the actuary as projected claims payments used in the actuarial analysis were higher than the amounts actually paid. For the year ended December 31, 2022, estimated unpaid losses have been determined to range from a recommended low of \$12,752,000 to a recommended high of \$13,645,000 based on actuarial estimates; further the actuary has projected expected losses at \$11,652,000.

**PUBLIC COMPENSATION MUTUAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 6 - RESERVE FOR LOSS AND LOSS ADJUSTMENT EXPENSES (continued):

Management has estimated reserves to be \$14,622,246 and \$13,709,855 at December 31, 2023 and 2022, respectively. This estimate is based on funding the Company at the 75% confidence level as recommended by the actuary. Management has elected not to discount the reserves for anticipated investment income.

Activity in the reserve for loss and loss adjustment expenses account is summarized as follows:

	<u>2023</u>	<u>2022</u>
Balance at January 1	\$ 13,709,855	\$ 9,398,850
Incurred related to:		
Current year	1,140,415	1,284,024
Prior years	<u>889,585</u>	<u>3,112,976</u>
Total incurred	<u>2,030,000</u>	<u>4,397,000</u>
Net paid	<u>1,117,609</u>	<u>85,995</u>
Balance at December 31	<u><u>\$ 14,622,246</u></u>	<u><u>\$ 13,709,855</u></u>

As a result of changes in estimates of incurred events in the prior year, the provision for losses changed by \$889,585 and \$3,112,976, at December 31, 2023 and 2022, respectively, due to higher than anticipated losses on the development of claims.

The Company's reserve estimates are based on loss experience and exposure data and have assumed future development of incurred and paid losses can be reasonably predicted on the basis of development of such losses in the recent past.

The Company compiles and aggregates its claims data by grouping the claims according to the year in which the claim occurred ("accident year") when analyzing claim payment and emergence patterns and trends over time. It has been assumed that costs associated with workers compensation claims are increasing 3.0% annually and average claim size are increasing by 4.0% annually. For the purposes of defining claims frequency, the number of reported claims includes any claim that has case reserves and/or loss and LAE payments associated with them. The Company has assumed that the average frequency of claims has an annual trend of 1.0%.

**PUBLIC COMPENSATION MUTUAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 6 - RESERVE FOR LOSS AND LOSS ADJUSTMENT EXPENSES (continued):

The following tables show the Company's historical incurred and cumulative paid losses and LAE development, net of reinsurance as well as IBNR loss reserves and the number of reported claims on an aggregated basis as of December 31, 2023 for each of the previous 10 accident years:

Incurred Losses and LAE, Net of Reinsurance											2023	
Years Ended December 31,												
Accident Year	2014 (1)	2015 (1)	2016 (1)	2017 (1)	2018 (1)	2019 (1)	2020 (1)	2021 (1)	2022 (1)	2023	IBNR	Cumulative number of reported claims
(in thousands, except claims counts)												
2014	\$ 80.7	\$ 493.0	\$ 421.5	\$ 466.4	\$ 319.9	\$ 410.6	\$ 129.8	\$ -	\$ -	\$ -	\$ -	1
2015	-	514.7	694.6	623.7	389.5	274.1	196.5	-	181.6	338.8	44.7	0
2016	-	-	494.0	774.8	636.3	309.1	311.6	1,084.9	982.9	440.7	55.7	3
2017	-	-	-	409.7	741.8	454.1	1,867.5	1,714.3	2,827.8	2,754.3	286.4	2
2018	-	-	-	-	393.1	1,704.1	1,869.2	1,850.4	1,706.6	1,682.8	484.7	4
2019	-	-	-	-	-	788.6	1,463.1	1,234.6	1,475.4	1,843.6	502.1	3
2020	-	-	-	-	-	-	907.8	2,690.8	2,773.4	2,563.5	701.6	5
2021	-	-	-	-	-	-	-	1,009.0	2,594.1	2,540.5	1,088.0	2
2022	-	-	-	-	-	-	-	-	1,284.1	2,115.3	2,087.1	3
2023	-	-	-	-	-	-	-	-	-	1,140.4	1,140.4	1
Total										\$ 15,419.9		

Cumulative Paid Losses and LAE, Net of Reinsurance										
Years Ended December 31,										
Accident Year	2014 (1)	2015 (1)	2016 (1)	2017 (1)	2018 (1)	2019 (1)	2020 (1)	2021 (1)	2022 (1)	2023
(in thousands)										
2014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015		-	-	-	-	-	-	-	-	77.5
2016			-	-	-	-	-	-	-	300.0
2017				-	-	-	-	-	175.9	612.6
2018					-	541.4	756.1	1,628.2	889.1	893.7
2019										264.8
2020								-	649.2	683.2
2021								-	-	-
2022									-	-
2023										-
Total										\$ 2,831.8
All outstanding liabilities for unpaid losses and LAE prior to 2014, net of reinsurance										2,034.1
Total outstanding liabilities for unpaid losses and LAE, net of reinsurance										\$ 14,622.2

(1) Data presented for these calendar years is considered to be supplementary information, which is unaudited.

**PUBLIC COMPENSATION MUTUAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 6 - RESERVE FOR LOSS AND LOSS ADJUSTMENT EXPENSES (continued):

The following table presents the average percentage payout of incurred claims by age, net of reinsurance, as of December 31, 2023 and is presented as required supplementary information, which is unaudited:

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
0.0%	3.6%	8.8%	17.6%	11.2%	11.9%	5.6%	22.7%	11.4%	0.0%

The following table represents a reconciliation of claims development to the aggregate carrying amount of the liability for unpaid losses and LAE:

Liabilities for unpaid losses and LAE, net of reinsurance	\$ 14,622,246
Reinsurance recoverable on unpaid losses	-
Unallocated LAE	-
Total liability for unpaid losses and LAE	<u>\$ 14,622,246</u>

NOTE 7 - SURPLUS CONTRIBUTION:

The following is a summary of the surplus contributed to the Company from PACT pursuant to authorization by the Executive Committee of PACT:

<u>Years</u>	<u>Surplus PACT Contribution</u>
2007	\$ 5,000,000
2008	5,600,000
2009	5,000,000
2010	8,017,375
2011	3,406,464
2012	135,598
2013	-
2014	-
2015	448,242
2016	1,093,260
2017	25,000,000
2018	-
2019	-
2020	-
2021	-
2022	(4,500,000)
2023	-
Total	<u>\$ 49,200,939</u>

NRS 694C.250 requires a pure captive to maintain capital of not less than \$200,000, the Company is in compliance with this requirement as of December 31, 2023 and 2022.

**PUBLIC COMPENSATION MUTUAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 8 - RELATED PARTIES:

All premiums and surplus contributions are made by PACT and all claims activity is attributable to the quota share reinsurance agreement with PACT.

Public Compensation Mutual has entered into a management services agreement with Nevada Risk Pooling, Inc. to provide captive management for the day to day operations of PCM for a five year period from July 1, 2019 to June 30, 2024. The cost of the initial base year is \$225,000 with annual increases of 3% each succeeding year. Effective July 1, 2021, the Board approved a change in the contract to reduce this fee to \$159,135 for period from July 1, 2021 to June 30, 2022, but still keep the annual increase at 3% for each succeeding year until period ended June 30, 2024.

NOTE 9 - SUBSEQUENT EVENTS:

Management has evaluated subsequent events through February 19, 2024, which is the date the financial statements were available to be issued.

Casey Neilson, Inc.
Accountants and Advisors

**REPORT ON INTERNAL CONTROL AND COMPLIANCE OVER FINANCIAL REPORTING BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
NEVADA ADMINISTRATIVE CODE 694C.210**

To the Board of Directors
Public Compensation Mutual

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Public Compensation Mutual, which comprise the balance sheet as of December 31, 2023, and the related statements of income and comprehensive income, changes in surplus, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 19, 2024.

In planning and performing our audit of the GAAP basis financial statements of Public Compensation Mutual as of and for the year ended December 31, 2023, we considered its internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Public Compensation Mutual's internal control. Accordingly, we do not express an opinion on the effectiveness of the Public Compensation Mutual's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

In connection with our audit, nothing came to our attention that caused us to believe that Public Compensation Mutual failed to comply with the terms, covenants, provisions, or conditions of its bylaws, articles of incorporation, or business plan, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding Public Compensation Mutual's noncompliance with the above-referenced terms, insofar as they relate to accounting matters.

This communication is intended solely for the information and use of the Board of Directors, management, others within the organization and state insurance departments to whose jurisdiction Public Compensation Mutual is subject and is not intended to be and should not be used by anyone other than these specified parties.



Carson City, Nevada
February 19, 2024

POOLING RESOURCES, INC. (a non-profit corporation)
FINANCIAL STATEMENTS
June 30, 2023 and 2022

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Dear Board of Directors,

As the General Manager of Pooling Resources, Inc. (PRI), I am pleased to present the Annual Audited Financial Statements for the fiscal year ending June 30, 2023. Since inception in 2006, we have provided the resources and education for members of the Nevada Public Agency Insurance Pool (POOL) and the Public Agency Compensation Trust (PACT) to build strong foundations for effective Human Resources practices by providing relevant, timely, accurate, and consistent guidance, and delivering high-value, high-quality services and trainings tailored to member needs.

The audited financial statements are prepared in accordance with the recommendations of the Financial Accounting Standards Board in its FASB ASC 958-210-45, Financial Statements of Not-For-Profit Organizations. As such, PRI is required to report information regarding its financial position and activities according between net assets with donor restrictions and those without donor restrictions. All of PRI's net assets are without donor restrictions. Please see the audited financial statements for more details.

Through the oversight of the Board of Directors, Audit Committee, and our HR Oversight Committee, POOL/PACT Members can be assured that PRI remains financially responsible in carrying out the strategic plans of the organization and the service plans of the individual members with the grant funding provided.

I am proud of all we accomplished in Fiscal Year 22/23 as we were able to get back to "normal" after the past few years of pandemic-related restrictions. Our team of highly-qualified HR professionals and support staff were able to continue to provide our broad scope of services, including hosting our most well-attended annual HR Leadership Conference ever. We also facilitated more than 120 in-person and virtual instructor-led training courses, including 18 regional classes ranging from half-day training sessions to multi-day certificate programs, most of which were filled up within hours of opening registration. In addition, we hosted a three-part interactive scenario-based Internal Investigations workshop using outside resources. We also successfully held 12 virtual round tables, 12 webinars, issued five "Alerts" and "Notices" informing members of significant changes in HR-related laws or practices; conducted eight HR assessments of members' HR-related practices; and provided 11 scholarships to assist members in attaining nationally recognized HR certifications. We also tracked all HR-related legislation in the 2023 legislative session, produced a summary report, and provided a webinar to review all the tracked bills. Our comprehensive model personnel policies and forms were not only updated with the latest legislation but were also reformatted to a "color-coded" version for easier adoption for members of all sizes. We hope members are pleased with our wide range of services not offered by other agencies.

Thank you for your participation in POOL/PACT and for having confidence in PRI's ongoing ability to meet our mission of partnering with member entities to reduce employment liability by providing the resources and education needed to build strong foundations for effective HR practices.

We welcome your comments and suggestions to further strengthen PRI's operations. I am honored to serve as General Manager. Thank you for your continued active participation as a Member of POOL/PACT.

Sincerely,



Stacy L. Norbeck, General Manager

October 9, 2023

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Pooling Resources, Inc.
Carson City, Nevada

Opinion

We have audited the accompanying financial statements of Pooling Resources, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities and changes in net assets, statement of functional expenses, and statements of cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pooling Resources Inc. as of June 30, 2023 and 2022, its activities and the changes in its net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Pooling Resources Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Pooling Resources, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that,

individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Pooling Resources Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Pooling Resources, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Bertrand & Associates, LLC

Carson City, Nevada
October 23 2023

POOLING RESOURCES, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2023 and 2022

ASSETS	<u>2023</u>	<u>2022</u>
Current assets:		
Cash and cash equivalents	\$ 711,909	\$ 380,027
Investments	1,326,035	1,273,090
Accounts receivable	1,250	-
Grant receivable	-	111,414
Prepaid expenses	<u>7,257</u>	<u>-</u>
Total current assets	2,046,451	1,764,531
Other assets:		
Prepaid expenses	<u>-</u>	<u>14,796</u>
Total other assets	-	14,796
 Total assets	 <u>2,046,451</u>	 <u>1,779,327</u>
 LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	33,291	29,687
Compensated absences	<u>49,538</u>	<u>41,715</u>
Total current liabilities	82,829	71,402
Net assets -without donor restrictions	<u>1,963,622</u>	<u>1,707,925</u>
Total net assets	1,963,622	1,707,925
 Total liabilities & net assets	 <u>\$ 2,046,451</u>	 <u>\$ 1,779,327</u>

See notes to financial statements

POOLING RESOURCES, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the years ended June 30, 2023 and 2022

REVENUES	2023	2022
Grant income	\$ 1,376,963	\$ 1,336,857
Total revenues	<u>1,376,963</u>	<u>1,336,857</u>
EXPENDITURES		
Program activities:		
Salaries and payroll taxes	665,164	592,835
Retirement	119,442	91,841
Health insurance costs	80,015	102,088
Conference expenses	19,277	18,983
Member education services	29,241	38,352
Professional development	7,559	4,868
Travel	25,349	17,851
Total program activities	<u>946,047</u>	<u>866,818</u>
General activities:		
Casualty insurance	8,315	8,396
Dues and subscriptions	6,457	5,260
Legal and professional	9,553	22,358
Management Services	27,318	26,522
Office supplies	7,604	6,407
Rent	81,513	79,920
Technology expenses	66,854	56,603
Other operating expenses	23,613	20,967
Total supporting activities	<u>231,227</u>	<u>226,433</u>
Total expenses	<u>1,177,274</u>	<u>1,093,251</u>
Increase in operating net assets - without donor restrictions	199,689	243,606
Non-operating net investment income (loss)	56,008	(106,891)
Change in net assets - without donor restrictions	<u>255,697</u>	<u>136,715</u>
Net assets at beginning of year	<u>1,707,925</u>	<u>1,571,210</u>
Net assets at end of year - without donor restrictions	<u><u>\$ 1,963,622</u></u>	<u><u>\$ 1,707,925</u></u>

See notes to financial statements

POOLING RESOURCES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the years ended June 30, 2023 and 2022

	2023			2022		
	Program	General	Total	Program	General	Total
Salaries & related taxes	\$ 565,389	\$ 99,775	\$ 665,164	\$ 503,910	\$ 88,925	\$ 592,835
Pension plan contributions	101,526	17,916	119,442	78,065	13,776	91,841
Health insurance	68,013	12,002	80,015	86,775	15,313	102,088
Conference expenses	19,277	-	19,277	18,983	-	18,983
Member education services	29,241	-	29,241	38,352	-	38,352
Professional development	7,559	-	7,559	4,868	-	4,868
Travel	25,349	-	25,349	17,851	-	17,851
Casualty insurance	-	8,315	8,315	-	8,396	8,396
Dues & subscriptions	-	6,457	6,457	-	5,260	5,260
Legal & professional	5,594	3,959	9,553	13,093	9,265	22,358
Management services	-	27,318	27,318	-	26,522	26,522
Office supplies	6,463	1,141	7,604	5,446	961	6,407
Rent	69,286	12,227	81,513	67,932	11,988	79,920
Technology expenses	56,826	10,028	66,854	48,113	8,490	56,603
Other operating expense	-	23,613	23,613	-	20,967	20,967
Total expenses	\$ 954,523	\$ 222,751	\$ 1,177,274	\$ 883,388	\$ 209,863	\$ 1,093,251

See notes to financial statements

POOLING RESOURCES, INC.
STATEMENT OF CASH FLOWS
For the years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 255,697	\$ 136,715
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Decrease (increase) in grants receivable	111,414	(3,254)
(Increase) in accounts receivable	(1,250)	-
Decrease (increase) in prepaid expenses	7,539	(418)
Increase in accounts payable	3,604	2,100
(Decrease) in accrued payroll	-	(8,376)
Increase in compensated absences	7,823	2,568
Net cash flows provided from operating activities	<u>384,827</u>	<u>129,335</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in investments	<u>(52,945)</u>	<u>(248,216)</u>
Net cash used in investing	<u>(52,945)</u>	<u>(248,216)</u>
Increase (decrease) in cash and cash equivalents	331,882	(118,881)
Beginning cash at July 1	380,027	498,908
Cash and cash equivalents at year end, June 30	<u><u>\$ 711,909</u></u>	<u><u>\$ 380,027</u></u>

See notes to financial statements

POOLING RESOURCES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Background

Pooling Resources, Inc. (“PRI”) was formed and began operations July 1, 2006 solely for the purpose of providing human resource consulting services to the members of the Nevada Public Agency Insurance Pool (POOL) and the Public Agency Compensation Trust (PACT). PRI’s funding comes from a grant that commenced on July 1, 2015 and continued through to June 30, 2020 and was renewed July 1, 2020 to continue through to June 30, 2025.

Financial Statement Presentation

The financial statements of the PRI have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. Consequently, revenue is recognized when earned and expense when the obligation is incurred. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification ASC 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants “Audit and Accounting Guide for Not-for Profit Organizations (“the Guide”). ASC 958 became effective January 1, 2018. Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of non-profits and changes therein are to be classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of PRI. PRI’s Board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Donor restrictions that are temporary in nature are those restrictions which will be met by actions of PRI or by the passage of time. Donor restrictions that are perpetual in nature are those whereby the donor has stipulated the funds be maintained in perpetuity. Net assets of PRI are considered unrestricted funds. In the event that the grantors ever cease to fund PRI, any unspent amounts are to be returned to grantors.

Accounting Method

PRI uses the accrual method of accounting. Income is recognized when earned and costs and expenses are recognized when the obligations are incurred. Accordingly, all significant receivables, payables, and other liabilities are reflected.

Measure of Operations

The statements of activities report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to PRI’s ongoing activities. Non-operating activities are limited to resources that generate return from investments.

Cash and Equivalents

For purposes of the cash flow statements, PRI considers securities with original maturities of 90 days or less to be cash equivalents.

Health insurance benefits

Beginning July 1, 2015, PRI extended health insurance benefits to include the dependents of employees.

Income taxes

PRI is exempt from the payment of income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified by the Internal Revenue Service as other than a private foundation within the meaning of Section 509(a)(1) of the Internal Revenue Code.

POOLING RESOURCES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

PRI uses estimates and assumptions in preparing the financial statements in conformity with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

Investments

The Board has adopted an investment policy which outlines key objectives, investment strategies, risks, responsibilities, guidelines and limitations. PRI has adopted and implemented FASB ASC 820-10 Fair Value Measurements which provides a framework for measuring fair value under GAAP. Investment return is presented net of investment fees. FASB ASC 820-10 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs and establishes a fair value hierarchy which prioritizes the valuations into three levels as described below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly through observable market data.

Level 3: Unobservable inputs for the asset or liability, that is, inputs that affect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability (including assumptions about risk) developed based on the best information in the circumstances.

Concentrations

The organization receives its sole funding from a grant jointly funded by Nevada Public Agency Insurance Pool (POOL) and Public Agency Compensation Trust (PACT). Nevada Risk Pooling (NRP) and Public Agency Risk Management Services, Inc. (PARMS) provided management services to PRI, as well as to the Nevada Public Agency Insurance Pool and Public Agency Compensation Trust.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among program activities and management and general expenses. The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries & related costs	Time and Effort
Member services & travel	Time and Effort
Professional development	Time and Effort
Legal & professional	Actual allocation
Rent	Square footage
Office supplies & technology	Time and Effort

POOLING RESOURCES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 2 – CASH

The carrying amounts of deposits at financial institutions at June 30, 2023 and 2022 were \$711,909 and \$380,027 which are reasonable estimates of fair value and represent Level 1 inputs. The difference between the carrying amount and the bank balance results from outstanding checks and deposits not yet reflected in the bank’s records.

The accounts are insured by the Federal Deposit Insurance Corporation and SIPC for amounts up to \$250,000 and \$500,000 respectively. At times, the account balances may exceed the institution’s federally insured limits. The balances of cash and cash equivalents held at financial institutions at June 30, 2023 and 2022 were \$730,508 and \$413,401 respectively.

	June 30, 2023	June 30, 2022
Amounts insured through FDIC	\$ 250,000	\$ 250,000
Cash equivalents insured through SIPC	17	17
Uninsured balances	480,491	163,384
Total deposits at financial institutions	<u>\$ 730,508</u>	<u>\$ 413,401</u>

NOTE 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

PRI’s financial assets available within one year of the balance sheet date for general expenditure are as follows:

Cash and cash equivalents	\$ 711,909
Investments, at fair market value	1,326,035
Receivables	1,250
Total current assets	<u>\$ 2,039,194</u>

All grant revenues are donor-restricted to the grant purpose. As PRI operates for the sole purpose of providing services to the Grantors, all its expenditures meet donor-imposed restrictions, therefore, financial assets are not reduced for donor-imposed restrictions. As part of PRI’s liquidity management, its policy is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. PRI keeps cash in a checking account at a local bank to meet short-term cash requirements. PRI has investments and a money market account held in a Vanguard brokerage. Amounts can be readily drawn on to meet liquidity needs. PRI prepares a budget based on anticipated grant draws which are received in 12 equal installments throughout the year.

NOTE 4 – INVESTMENTS

Fair values are based on quoted market prices or dealer quotes. If a market price is not available, fair value is estimated using quoted market prices of similar securities. This fair value represents level 1 inputs as described in Note 1. Net investment income represents investment income less investment expenses. Investment expenses for June 30, 2023 and June 30, 2022 were \$5,824 and \$5,703.

POOLING RESOURCES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 4 – INVESTMENTS (continued)

The following schedule summarizes investment returns and their classifications in the statement of activities for the years ended June 30,

	June 30, 2023	June 30, 2022
Interest income	\$ 37,638	\$ 24,507
Realized gains (losses)	-	-
Unrealized gains (losses)	24,194	(125,695)
Investment expenses	(5,824)	(5,703)
Total investment return	<u>\$ 56,008</u>	<u>\$ (106,891)</u>

Classification of assets and fair value for years ended are as follows:

	Assets at fair value June 30, 2023			
	Level 1	Level 2	Level 3	Total
Equity Bond mutual funds	\$ 890,864	\$ -	\$ -	\$ 890,864
Large Cap mutual funds	347,121	-	-	347,121
Mid Cap mutual funds	44,324	-	-	44,324
Small Cap mutual funds	43,726	-	-	43,726
Total investments	<u>\$ 1,326,035</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,326,035</u>

	Assets at fair value June 30, 2022			
	Level 1	Level 2	Level 3	Total
Equity Bond mutual funds	\$ 885,667	\$ -	\$ -	\$ 885,667
Large Cap mutual funds	310,384	-	-	310,384
Mid Cap mutual funds	38,979	-	-	38,979
Small Cap mutual funds	38,060	-	-	38,060
Total investments	<u>\$ 1,273,090</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,273,090</u>

NOTE 5 – COMPENSATED ABSENCES

Compensated absences represents unused vacation pay that is payable to the employee upon termination. Employees of PRI are entitled to paid personal time off dependent upon length of service. Vested or accumulated paid time off that is expected to be liquidated is reported as an expenditure and liability. Amounts accrued for employees but not used totaled \$49,538 and \$41,715 for years ended June 30, 2023 and 2022.

NOTE 6 - INCOME TAXES

PRI is exempt from federal income tax under Section 501(c) (3) of the Internal Revenue Service Code. As a result, PRI files federal form 990, *Return of Organization Exempt from Income Tax*, and is not liable for payment of corporate income tax as long as PRI's activities do not involve unrelated business taxable income. Tax returns for the years ending June 30, 2023, 2022, 2021 and 2020 are open to audit by the Internal Revenue Service.

POOLING RESOURCES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 7 – EMPLOYEE RETIREMENT PLAN

All employees who are expected to receive at least a minimum annual compensation of \$5,000 are eligible to participate in the Simplified Employee Plan (SEP) one year after their hire date. PRI made contributions of 20% of the employees' annual compensation in 2023 and 2022. PRI's contribution to the SEP plans totaled \$119,442 and \$91,841 for years ended June 30, 2023 and 2022.

NOTE 8 – RELATED PARTY TRANSACTIONS

Nevada Public Agency Insurance Pool (NPAIP) and Public Agency Compensation Trust (PACT) are co-grantors providing funds for the operations of PRI. The grant term covered the period July 1, 2015 through June 30, 2020. The grant amounts for the years ended 2023 and 2022 were \$1,376,963 and \$1,336,857 respectively. There was no receivable on the contract on June 30, 2023 and a receivable of \$111,414 on June 30, 2022. The grant was extended for a five-year period starting on July 1, 2020 through June 30, 2025 with a 3% annual adjustment for the next four years.

PRI occupies space in a building owned by Nevada Public Agency Insurance Pool. PRI paid rent in the amounts of \$81,513 and \$79,920 in 2023 and 2022 respectively. Rent is paid on a year-to-year basis and determined annually when the budget is prepared.

Effective July 1, 2019, Public Agency Compensation Trust (PACT) jointly with Nevada Public Agency Insurance Pool (NPAIP) provided a five-year grant to Nevada Risk Pooling, Inc. (NRP), a nonprofit organization formed by the executive director of NPAIP, Wayne Carlson, and whose directors are Curtis Calder (Chairman), and Paul Johnson and Geof Stark.

Nevada Risk Pooling, Inc. was paid a management fee for fiscal years ended June 30, 2023 and 2022 in the amount of \$27,318 and \$26,522 to provide management oversight, grant administration and financial services to PRI under a five-year contract ending on July 1, 2024. The contract provides for a 3% adjustment each year.

NOTE 9 – NET ASSETS

In accordance with Section 9 of the Grant, any funds not expended for the purposes set forth in this Grant shall be subject to refund to Grantor, unless otherwise directed by Grantor. The Grantor may allow retention of unexpended funds for the purpose of carryover to future grants, expansion or redirection of services or service delivery methods or for any other purpose deemed appropriate by Grantor.

NOTE 10 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 23, 2023 which is the date the financial statements were available to be issued.

NEVADA RISK POOLING, INC. (a non-profit corporation)
FINANCIAL STATEMENTS
June 30, 2023 and 2022

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EXECUTIVE DIRECTOR'S LETTER

Board of Directors Nevada Risk Pooling, Inc.,

As the Executive Director, I am pleased to present the Nevada Risk Pooling, Inc.(NRP) Audited Financial Statements for the year ending June 30, 2023, the conclusion of our fourth year of operations providing management, risk management and accounting services to these entities: Nevada Public Agency Insurance Pool (POOL), Public Agency Compensation Trust (PACT), Public Risk Mutual, Public Compensation Mutual, Pooling Resources, Inc. and the Nevada Association of Counties. The creation of NRP was the succession planning tool to transition from Public Agency Risk Management Services, Inc. (PARMS) to this non-profit cooperative corporation without stock in accordance with the provisions of NRS 81.410 et seq.

The audited financial statements are prepared in accordance with the recommendations of the Financial Accounting Standards Board in its FASB ASC 958-210-45, *Financial Statements of Not-For-Profit Organizations*. As such, NRP is required to report information regarding its financial position and activities accordingly between net assets with donor restrictions and those without donor restrictions. All of NRP's net assets are without donor restrictions. Please see the audited financial statements for more details.

Through the oversight of the NRP Board of Directors , NRP remains financially responsible in carrying out the administrative and professional services and programs within the grant funding provided. Members should be proud of the success we have achieved together.

During our third year of operations as NRP, we brought brokering and risk management services in-house with the termination of the Willis Pooling contracts. This has proven to be a successful move financially and in service delivery. We continue to provide the high-quality risk management programs and services our members requested and developed over the years. Our pooling programs provide stability by pricing for the long-term to preserve capacity and minimize the volatility otherwise experienced in the traditional insurance marketplace. Our comprehensive risk management programs in human resources, risk management, E-learning, cyber security, health and wellness, law enforcement and school security provide members with programs and services that set us apart. We continue to nurture collaborative strategic partnerships so all involved can grow, learn, and succeed together.

Thank you for your participation in POOL/PACT and for having confidence in our ongoing ability to meet the Mission, Vision, and Strategic Plans set for our member services consortium. We welcome your comments and suggestions to further strengthen the pools and NRP's operations and to provide you with additional information and to enhance Member services. I am honored to serve as your Executive Director. Thank you for your continued active participation as a Member of POOL/PACT.

Sincerely,

Wayne Carlson
NRP Executive Director

BERTRAND & ASSOCIATES, LLC
CERTIFIED PUBLIC ACCOUNTANTS
Members American Institute of Certified Public Accountants

777 E. William St. Suite 206
Carson City, NV 89701
Tel 775.882.8892
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Nevada Risk Pooling, Inc.
Carson City, Nevada

Opinion

We have audited the accompanying financial statements of Nevada Risk Pooling, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities and changes in net assets, statement of functional expenses, and statements of cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nevada Risk Pooling, Inc. as of June 30, 2023 and 2022, its activities and the changes in its net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Nevada Risk Pooling Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Nevada Risk Pooling, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional

omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Nevada Risk Pooling, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Nevada Risk Pooling, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Bertrand & Associates, LLC

Carson City, Nevada
October 23, 2023

NEVADA RISK POOLING, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2023 and 2022

ASSETS	2023	2022
Current assets:		
Cash and cash equivalents	\$ 2,021,920	\$ 803,934
Investments	710,697	682,939
Accounts receivable	28,160	84,793
Grant receivable	-	424,766
Total current assets	<u>2,760,777</u>	<u>1,996,432</u>
Other assets:		
Prepaid expenses	44,176	13,752
Total other assets	<u>44,176</u>	<u>13,752</u>
Total assets	<u>2,804,953</u>	<u>2,010,184</u>
 LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	18,744	37,170
Compensated absences	71,958	58,527
Total current liabilities	<u>90,702</u>	<u>95,697</u>
Net assets without donor restrictions	<u>2,714,251</u>	<u>1,914,487</u>
Total net assets	<u>2,714,251</u>	<u>1,914,487</u>
Total liabilities & net assets	<u>\$ 2,804,953</u>	<u>\$ 2,010,184</u>

See notes to financial statements

NEVADA RISK POOLING, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
REVENUES		
Grant income	\$ 2,271,460	\$ 2,148,053
Management contracts	355,136	344,792
Bookkeeping fees	12,000	21,000
Total revenues	<u>2,638,596</u>	<u>2,513,845</u>
EXPENDITURES		
Salaries and payroll taxes	1,062,741	882,444
Retirement	173,010	108,086
Health insurance costs	126,858	108,061
Management Services	357,818	318,276
Casualty insurance	7,154	6,509
Rent	55,437	53,820
Technology expenses	85,476	48,516
Other operating expenses	14,447	33,835
Total expenses	<u>1,882,941</u>	<u>1,559,547</u>
Increase in operating net assets - without donor restrictions	755,655	954,298
Increase in non-operating net investment income	44,109	(62,345)
Change in net assets - without donor restrictions	<u>799,764</u>	<u>891,953</u>
Net assets at beginning of year	1,914,487	1,022,534
Net assets at end of year - without donor restrictions	<u><u>\$ 2,714,251</u></u>	<u><u>\$ 1,914,487</u></u>

See notes to financial statements

NEVADA RISK POOLING, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the years ended June 30, 2023 and 2022

	2023			2022		
	Program	General	Total	Program	General	Total
Salaries and payroll taxes	797,055	\$ 265,686	\$ 1,062,741	\$ 661,833	\$ 220,611	\$ 882,444
Retirement	129,757	43,253	173,010	81,064	27,022	108,086
Health insurance costs	95,144	31,714	126,858	81,046	27,015	108,061
Management Services	-	357,818	357,818	-	318,276	318,276
Casualty insurance	-	7,154	7,154	-	6,509	6,509
Rent	41,578	13,859	55,437	40,365	13,455	53,820
Technology expenses	64,107	21,369	85,476	36,387	12,129	48,516
Other operating expenses	-	14,447	14,447	-	33,835	33,835
Total expenses	\$ 1,127,641	\$ 755,300	\$ 1,882,941	\$ 900,695	\$ 658,852	\$ 1,559,547

See notes to financial statements

NEVADA RISK POOLING, INC.
STATEMENT OF CASH FLOWS
For the years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 799,764	\$ 891,953
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Decrease (increase) in accounts receivable	56,633	(52,896)
Decrease (increase) in grants receivable	424,766	(321,266)
(Increase) in prepaid expenses	(30,424)	(2,675)
(Decrease) in accounts payable	(18,426)	(10,343)
(Decrease) in accrued payroll	-	(4,587)
(Decrease) increase in accrued payroll tax	-	(1,742)
Increase in compensated absences	13,431	10,367
Net cash flows provided from operating activities	<u>1,245,744</u>	<u>508,811</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) in investments	<u>(27,758)</u>	<u>(343,291)</u>
Net cash used in investing	<u>(27,758)</u>	<u>(343,291)</u>
Increase in cash and cash equivalents	1,217,986	165,520
Beginning cash at July 1	803,934	638,414
Cash and cash equivalents at year end, June 30	<u><u>\$ 2,021,920</u></u>	<u><u>\$ 803,934</u></u>

See notes to financial statements

NEVADA RISK POOLING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Background

Nevada Risk Pooling, Inc. (“NRP”) was formed and began operations July 1, 2019 for the purpose of providing management, risk management, and accounting services to the Nevada Public Agency Insurance Pool (POOL) and Public Agency Compensation Trust (PACT), both public agencies formed pursuant to Nevada Revised Statutes chapter 277, collectively known as POOL/PACT. NRP is a non-profit cooperative corporation without stock in accordance with the provisions of NRS 81.410 et seq. The corporation is organized exclusively for charitable, religious, educational and scientific purpose under Section 501(c)(3) of the Internal Revenue Code or corresponding section of any future federal tax code by advancing education of local government officials, lessening the burdens of government, eliminating prejudice and discrimination and defending civil rights secured by law. NRP’s funding comes from contracts for services and a grant that commenced on July 1, 2019 and continues through to June 30, 2024.

Financial Statement Presentation

The financial statements of the NRP have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. Consequently, revenue is recognized when earned and expense when the obligation is incurred. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification ASC 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants “Audit and Accounting Guide for Not-for-Profit Organizations” (“the Guide”). ASC 958-205 became effective January 1, 2018. Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of non-profits and changes therein are to be classified as follows:

Net assets without donor restrictions: This category of net assets are resources over which the Board of Directors has discretionary control and are available for the various programs and administration of NRP.

Net assets with donor restrictions: Net assets with donor restrictions are resources subject to donor-imposed restrictions which will be satisfied by actions of NRP or the passage of time. Donor-restricted contributions for which restrictions are met in the same reporting period are reported as unrestricted support. Net assets of NRP are considered unrestricted funds. In the event that the grantors ever cease to fund NRP, any unspent amounts are to be returned to the grantors.

Accounting Method

NRP uses the accrual method of accounting. Income is recognized when earned and costs and expenses are recognized when the obligations are incurred. Accordingly, all significant receivables, payables, and other liabilities are reflected.

Measure of Operations

The statements of activities report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to NRP’s ongoing activities. Non-operating activities are limited to resources that generate return from investments.

Cash and Equivalents

For purposes of the cash flow statements, NRP considers securities with original maturities of 90 days or less to be cash equivalents.

NEVADA RISK POOLING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Health insurance benefits

NRP provides extended health insurance benefits to include the dependents of employees.

Income taxes

NRP is exempt from the payment of income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified by the Internal Revenue Service as other than a private foundation within the meaning of Section 509(a)(1) of the Internal Revenue Code.

Use of Estimates

NRP uses estimates and assumptions in preparing the financial statements in conformity with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

Investments

The Board has adopted an investment policy which outlines key objectives, investment strategies, risks, responsibilities, guidelines, and limitations. NRP has adopted and implemented FASB ASC 820-10 Fair Value Measurements which provides a framework for measuring fair value under GAAP. FASB ASC 820-10 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs and establishes a fair value hierarchy which prioritizes the valuations into three levels as described below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly through observable market data.

Level 3: Unobservable inputs for the asset or liability, that is, inputs that affect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability (including assumptions about risk) developed based on the best information in the circumstances.

Investment return is presented net of investment fees.

Concentrations

The Organization receives funding from a grant jointly funded by Nevada Public Agency Insurance Pool (POOL) and Public Agency Compensation Trust (PACT). NRP has contracted with Pooling Resource Inc (PRI), Public Compensation Mutual (PCM), and Public Risk Mutual (PRM) to provide management services and contracts with other entities to provide accounting services. POOL, PACT, PRI, PCM and PRM are all related parties. See related note for more details.

Functional Expenses

The costs of providing programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among program activities and management and general expenses.

NEVADA RISK POOLING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Expenses

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries & related costs	Time and Effort
Management services	Full Time Equivalent
Legal & professional	Actual allocation
Rent	Square footage
Technology expenses	Time and Effort
Other	Time and Effort

NOTE 2 – CASH

The carrying amounts of deposits at financial institutions at June 30, 2023 and 2022 were \$2,021,920 and \$803,934 respectively, which are reasonable estimates of fair value and represent Level 1 inputs. The difference between the carrying amount and the bank balance results from outstanding checks and deposits not yet reflected in the bank's records.

The accounts are insured by the Federal Deposit Insurance Corporation and SIPC for amounts up to \$250,000. At times, the account balances may exceed the institution's federally insured limits. The balance of cash and cash equivalents held at financial institutions at June 30, 2023 and 2022 was \$2,057,681 and \$830,874.

	<u>2023</u>	<u>2022</u>
Amounts insured through FDIC	\$ 250,000	\$ 250,000
Cash equivalents insured through SIPC	822,767	670
Uninsured balances	984,914	580,204
Total deposits at financial institutions	<u>\$ 2,057,681</u>	<u>\$ 830,874</u>

NOTE 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

NRP's financial assets available within one year of the balance sheet date for general expenditure are as follows:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 2,021,920	\$ 803,934
Investments, at fair market value	710,697	682,939
Accrued income receivable	28,160	84,793
Grant receivable	-	424,766
Total current assets	<u>\$ 2,760,777</u>	<u>\$ 1,996,432</u>

NEVADA RISK POOLING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (continued)

All grant revenues are donor restricted to the grant purpose. As NRP operates for the sole purpose of providing services to the grantors, all its expenses meet donor-imposed restrictions, therefore financial assets are not reduced for donor-imposed restrictions. As part of NRP’s liquidity management, its policy is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. NRP keeps cash in a checking account at a local bank to meet short term cash requirements. NRP’s investments are held in a Vanguard brokerage account at year-end. NRP prepares a budget based on anticipated grant draws which are received in 12 equal installments throughout the year.

NOTE 4 – INVESTMENTS

Fair values are based on quoted market prices or dealer quotes. If a market price is not available, fair value is estimated using quoted market prices of similar securities. This fair value represents level 1 inputs as described in Note 1. Net investment income represents investment income less investment expenses. Net investment expenses for years ended June 30, 2023 and 2022 were \$5,747 and \$5,642.

The following schedule summarizes investment returns and their classifications in the statement of activities for the year ended June 30:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Investment income	\$ 37,495	\$ 12,435
Realized gains (losses)	-	-
Unrealized gains (losses)	12,361	(69,138)
Investment expenses	(5,747)	(5,642)
Total investment return	<u>\$ 44,109</u>	<u>\$ (62,345)</u>

Classification of assets and fair value classifications for year ended June 30, are as follows:

	Assets at fair value June 30, 2023			Total
	Level 1	Level 2	Level 3	
Equity Bond mutual funds	\$ 482,692	\$ -	\$ -	\$ 482,692
Large Cap mutual funds	180,797	-	-	180,797
Mid Cap mutual funds	23,759	-	-	23,759
Small Cap mutual funds	23,449	-	-	23,449
Total investments	<u>\$ 710,697</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 710,697</u>

NEVADA RISK POOLING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 4 – INVESTMENTS (continued)

	Assets at fair value June 30, 2022			
	Level 1	Level 2	Level 3	Total
Equity Bond mutual funds	\$ 479,896	\$ -	\$ -	\$ 479,896
Large Cap mutual funds	161,747	-	-	161,747
Mid Cap mutual funds	20,895	-	-	20,895
Small Cap mutual funds	20,401	-	-	20,401
Total investments	\$ 682,939	\$ -	\$ -	\$ 682,939

NOTE 5 – COMPENSATED ABSENCES

Compensated absences represents unused vacation pay that is payable to the employee upon termination. Employees of NRP are entitled to be paid personal time off dependent upon length of service. Vested or accumulated paid time off that is expected to be liquidated is reported as an expenditure and liability. Compensated absences accrued on June 30, 2023 and 2022 totaled \$71,958 and \$58,527 respectively.

NOTE 6 - INCOME TAXES

NRP is exempt from federal income tax under Section 501(c) (3) of the Internal Revenue Service Code. As a result, NRP files federal form 990, *Return of Organization Exempt from Income Tax*, and is not liable for payment of corporate income tax as long as NRP's activities do not involve unrelated business taxable income. The tax returns for the years ending June 30, 2023, 2022, 2021 and 2020 are open for review.

NOTE 7 – EMPLOYEE RETIREMENT PLAN

All employees who are expected to receive at least a minimum annual compensation of \$5,000 are eligible to participate in the Simplified Employee Plan (SEP) one year after their hire date. For employees formerly employed by PARMS, the hire date was the date they began employment with PARMS. NRP made contributions of 20% of the employees' annual compensation in 2023 and 2022. NRP's contribution to the SEP plans in 2023 and 2022 totaled \$173,010 and \$108,086 respectively.

NEVADA RISK POOLING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 8 – RELATED PARTY TRANSACTIONS

Effective July 1, 2019, Public Agency Compensation Trust (PACT) jointly with Nevada Public Agency Insurance Pool (POOL) provided a five year grant to Nevada Risk Pooling, Inc. (NRP), a nonprofit organization formed by the executive director of POOL, Wayne Carlson, and whose current officers and directors are Josh Foli, Alicia Heiser, Gina Rackley, Paul Johnson and Geof Stark. NRP received management fees for fiscal years ended June 30, 2023 and 2022 in the amount of \$2,271,460 and \$2,148,053 to provide management oversight, grant administration and financial services to Nevada Public Agency Insurance Pool and Public Agency Compensation Trust under a five-year contract ending on July 1, 2024. There was no receivable on the contract on June 30, 2023 and a receivable of \$424,766 on June 30, 2022.

Public Risk Mutual (PRM) and Public Compensation Mutual (PCM) have a five-year captive management agreement with NRP effective July 1, 2019 to July 1, 2024. For the years ending June 30, 2023 and 2022 NRP received from PRM \$163,909 and \$159,135 respectively and from PCM \$163,909 and 159,135. Effective July 1, 2022, the amounts increase 3% each year. NRP provides management oversight, administration and fiscal services to PRM and PCM as noted in the agreements.

Nevada Public Agency Insurance Pool is the owner of the building in which NRP occupies a portion and to whom it paid rent for years ended June 30, 2023 and 2022 in the amount of \$55,437 and \$53,820. Per the five-year lease agreement starting on July 1, 2019, the amount increases 2% annually after the first year. Minimum future lease payments for the years ended June 30, 2024 is \$55,996.

Effective July 1, 2019, Pooling Resources, Inc. (PRI) entered into a management services agreement with NRP to provide management oversight, grant administration and financial services to PRI for a five-year period ending July 1, 2024. NRP received a management fee for fiscal years ended June 30, 2023 and 2022 of \$27,318 and \$26,522. The contract provides for a 3% annual increase beginning July 1, 2021.

NRP entered into an agreement with Public Agency Risk Management Services, Inc. (PARMS) to obtain professional services from PARMS to act as the NRP Executive Director effective July 1, 2019 to July 1, 2022 and a provision was exercised to renew for two additional years to June 30, 2024. PARMS is a service corporation wholly owned by Mr. Wayne Carlson. Contract fees for years ended June 30, 2023 and 2022 were \$357,818 and \$318,276. Effective July 1, 2022 and annually thereafter, the base fee is increased by three percent (3%) annually.

NOTE 9 – NET ASSETS

In accordance with Section 9 of the Grant, any funds not expended for the purposes set forth in this Grant shall be subject to refund to Grantor, unless otherwise directed by Grantor. The Grantor may allow retention of unexpended funds for the purpose of carryover to future grants, expansion or redirection of services or service delivery methods or for any other purpose deemed appropriate by Grantor.

NEVADA RISK POOLING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 10 – SUBSEQUENT EVENTS

Management has evaluated the activities and transactions subsequent to June 30, 2023 to determine the need for any adjustments to or disclosure through October 23, 2023, the date the financial statements were available to be issued.



POOL/PACT Human Resources FY 23/24 ACCOMPLISHMENTS TO DATE

TRAINING DEVELOPMENT:

- 4 new courses:
 - 3 new online management modules as part of the new Supervising, Managing, and Leading in the Public-Sector eLearning Series:
 - Module 7: Corrective Action
 - Module 8: Legal Issues
 - Module 9: Summary
 - 1 new facilitator-led course:
 - Difficult Conversations
- 10 courses revised:
 - Addressing Inappropriate Conduct in a School Environment
 - Advanced Essential Management Skills Session 1
 - Advanced Essential Management Skills Session 2
 - Dear HR: Toughest Supervisor Challenges
 - Document, Discipline, Due Process
 - Essential Management Skills: Session 1 - The Foundation of Effective Management
 - Ethics in the Workplace
 - Influential Leadership
 - Taking Control of Conflict
 - You Can't Do THAT at Work! Anti-Harassment Training
- 1 new HR Briefing Video developed:
 - Reporting Requirements (Addressing Inappropriate Conduct in a School Environment)
- 23 existing HR Briefings reviewed/revise; 15 more to be reviewed/revise

TRAINING DELIVERY:

- 79 instructor-led training sessions with 1,529 participants to date
- 4.7 overall course evaluation average out of 5.0
- 4.9 instructor evaluation average out of 5.0
- 14 Regional Trainings – 10 complete; 1 in process; 3 scheduled
 - 5 Essential Management Skills (EMS) Certificate Program (4 full-day sessions): all complete
 - 1 Advanced EMS Certificate Program (2 full-day sessions): scheduled
 - 1 HR Representative (HRR) Certificate Program (5 full-day sessions): complete
 - 1 Advanced HRR Certificate Program (2 full-day sessions): complete



POOL/PACT Human Resources FY 23/24 ACCOMPLISHMENTS TO DATE

- 1 Dealing with the Difficult Employee: scheduled
- 1 Document, Discipline, and Due Process: complete
- 1 Influential Leadership (1 full-day session): scheduled
- 1 Performance Management Process: scheduled
- 1 So, You Want to Be a Supervisor? (1 full-day session): scheduled
- 1 Taking Control of Conflict: complete
- *Full-day sessions are conducted in two half-days when presented virtually.*
- 1 Regional Trainings Using Outside Resources conducted: Negotiations Training
- 5 Webinars – 3 conducted; 2 scheduled:
 - HR-Approved Legislation Summary Webinar: complete
 - Battling Burnout (EAP): complete
 - Work Smarter, Not Harder 2/15 (EAP): complete
 - Healthy Boundaries and Work-Life Balance (EAP): complete
 - Effective Stress Management (EAP): scheduled
- 13 Virtual Round Tables by Entity Type: 9 sessions conducted; 4 scheduled
- 4 HR Briefings with 35 participants conducted to date

ANNUAL HR CONFERENCE:

- 1 Preconference session – Risk Management Round Up (55 participants)
- 10 full-conference sessions (70 to 93 in-person participants over two days)
 - Purpose Driven Leadership (Diaz Dixon, Performance Driven Consulting)
 - FLSA Wage and Hour Issues (Brett Sutton, Sutton Hague Law Corporation)
 - Effective Labor Management Relations (Renee Mayne, independent, neutral labor and employment arbitrator and mediator)
 - PERS Updates and Key Issues (Walter Zeron, Director of Communications for NVPERS)
 - Round Tables by Entity Type (POOL/PACT HR Staff)
 - Empowering Your Voice (Karen Jensen, HR Connection)
 - The Empathy Deficit (Monique Akanbi, a Field Services Director, SHRM)
 - Mediation Skills for the Workplace (Renee Mayne, independent, neutral labor and employment arbitrator and mediator)
 - Stump the Attorney (Rebecca Bruch, Esq.; Ann Alexander, Esq.; Scott Husband, Esq.; Charity Felts, Esq.)
 - 2023 Legislative Updates
- Overall conference rating: 4.8 out of 5.0



POOL/PACT Human Resources FY 23/24 ACCOMPLISHMENTS TO DATE

ALERTS/NOTICES:

- 3 Alerts issued to date:
 - Revised Form I-9, Employment Eligibility Verification (8/1/23)
 - Proposed Exempt Salary Rule (9/15/23)
 - IRS Updated Standard Mileage Rate Effective (1/1/24)

SALARY SCHEDULE DATABASE:

- 12 Cities and Towns
- 10 Counties
- 2 Hospital
- 13 School Districts
- 10 Special Districts

POLICY DEVELOPMENT AND REVIEW

- Annual updates in review
- Sample Color-coded, School, and CDL policies will be revised and released by June 30, 2024

HR COMPLIANCE ASSESSMENTS:

- 18 PHASE I's – 14 in process; 4 complete this FY:
 - Lincoln County
 - Pershing County
 - Douglas County School District
 - City of Wells
- 1 PHASE II – 1 conducted and complete this FY:
 - East Fork Swimming Pool District

HR SCHOLARSHIPS: 2 new scholarships awarded this FY:

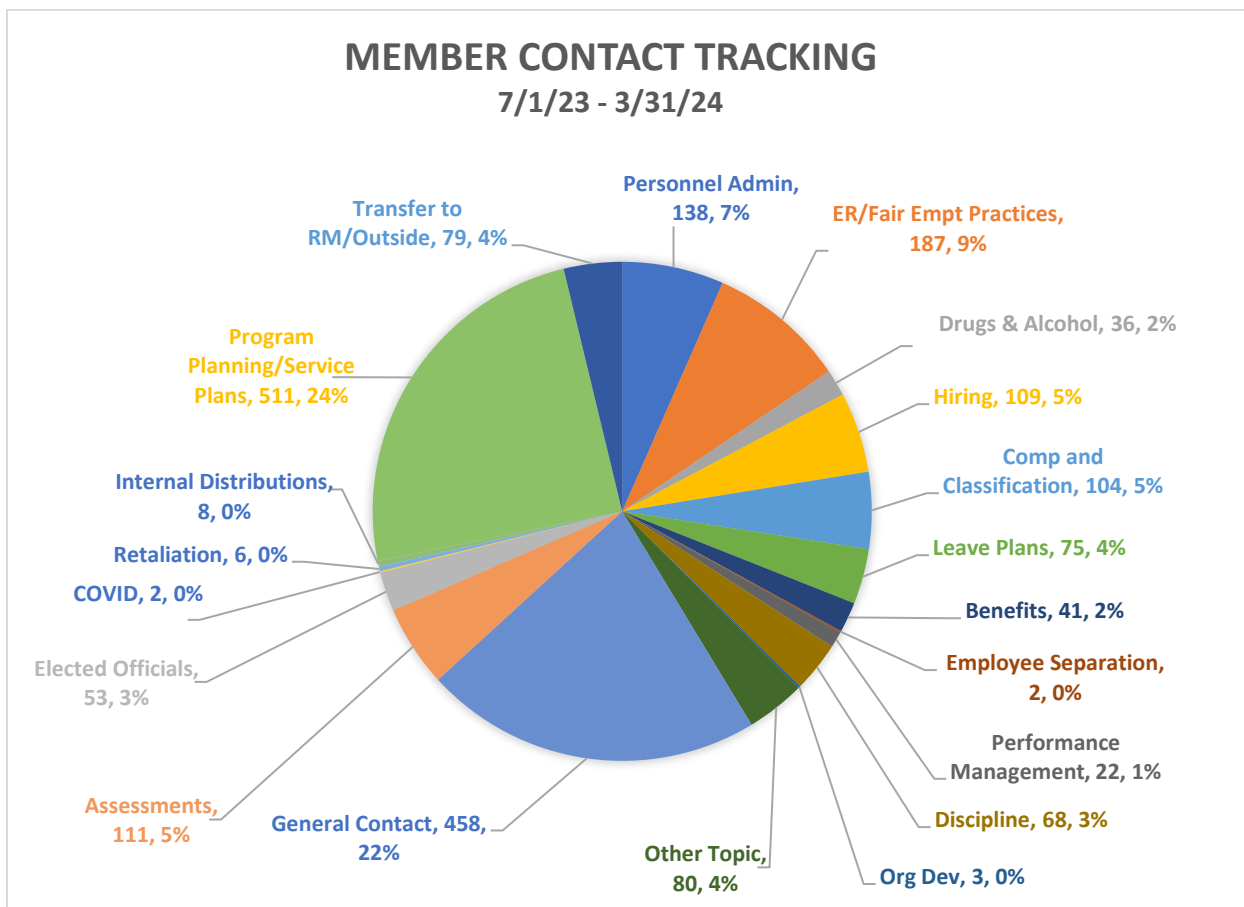
- 1 SHRM-CP
- 1 CLRP



POOL/PACT Human Resources FY 23/24 ACCOMPLISHMENTS TO DATE

The Power of the POOL

POOL/PACT HR Business Partners recorded 2,014 contacts with members between July 1, 2023, and March 31, 2024, as shown below. The top topics (excluding Program Planning/Service Plans and General Contact) were Employee Relations (ER)/Fair Employment Practices, Personnel Administration, Hiring, and Compensation and Classification.



MEMBER CONTACT CODES

(created 11/19/19)

revised 2/27/24

Personnel Administration	
A1	Human Resources Policies/Procedures
A2	Job Descriptions/Class Specifications
A3	Personal Records/Recordkeeping
A4	Collective Bargaining Agreements

Employee Relations/Fair Employment Practices	
B1	Harassment/Discrimination
B2	Employee Bullying
B3	School Bullying
B4	Investigations/Internal Inquiries
B5	Employee dating
B6	ADA
B7	Pregnancy
B8	Domestic Violence
B9	Workplace Violence
B10	Nepotism
B11	Ethical Standards
B12	Political Activity
B13	Solicitation
B14	Social Networking
B15	Outside Employment
B16	Children/Animals in the Workplace
B17	Whistleblower
B18	Remote Work
B19	Workplace Safety
B20	Grievance/Conflict Resolution
B21	Employee Assistance Program
B22	Title IX
B23	ADA Accommodation
B24	Religious Accommodation

Drugs and Alcohol	
C1	General
C2	Pre-employment Testing
C3	Reasonable Suspicion Testing
C4	Random Testing
C5	CDL Testing
C6	Post-accident Testing

Hiring	
D1	Recruitment
D2	Interviewing
D3	Background/Reference Checks
D4	Hiring (includes offer letters)
D5	NEO/Onboarding
D6	Volunteer Programs

Compensation and Classification	
E1	Classification/Reclassification
E2	Employment Status (temp/contract/at-will/volunteer)
E3	Exemption Status
E4	Wage and Hour Practices/FLSA

Leave Plans	
F1	Holidays
F2	Annual
F3	Sick
F4	FMLA
F5	LWOP
F6	Court Leave
F7	Bereavement Leave
F8	Catastrophic Leave
F9	Military Leave
F10	Bermuda Triangle
F11	Other Leave

Benefits	
G1	Retirement/PERS
G2	Workers' Compensation
G3	Other Benefits
G4	Health Insurance
G5	Unemployment Claims

Employee Separation	
H1	Resignation
H2	Job Abandonment
H3	Reduction in Force/Layoffs

Performance Management	
I1	Coaching/Counseling (pre-discipline)
I2	Performance Evaluations
I3	Performance Improvement/PIPs

Discipline	
J1	Discipline Procedures/Due Process
J2	Termination/Discharge
J3	Last Chance Agreement

Organization Development	
K1	Organization Planning and Design
K2	Succession Planning
K3	Values/Mission/Goals

Other topic	
L1	Other topic not listed (list on back of tracking sheet)
L2	Federal/State Legislation

Other Contact/Services	
M1	Program Planning (includes confirmation of trainings)
M2	Service Plans
M3	HR Scholarships
M4	Checking In/Follow Up/Inquires
M5	Training/Briefing/Round Table
M6	Transfer to Risk Management
M7	Transfer to Outside Entity
M8	eLearning
M9	Oversight Committee
M10	HR Recognition Program
M11	Enterprise Risk Management Excellence Program (ERMEP)

Assessments	
N1	Phase I
N2	Phase II
N3	Assessment General

Elected Officials	
O1	Concerns/issues
O2	Open Meeting Law

COVID	
P1	COVID General
P2	COVID Leave
P3	COVID Policy
P4	OSHA ETS
P5	COVID ADA Accommodation
P6	COVID Religious Accommodation

Retaliation	
Q1	Harassment/Discrimination Retaliation
Q2	Employee Bullying Retaliation
Q3	School Bullying Retaliation
Q4	ADA Retaliation
Q5	Parental School Leave Retaliation
Q6	Pregnancy/Nursing Retaliation
Q7	Ethical Standards Retaliation
Q8	Political Activity Retaliation
Q9	Social Networking Retaliation
Q10	Whistleblower Retaliation
Q11	Workplace Safety Retaliation
Q12	Grievance/Conflict Resolution Retaliation
Q13	Title IX Retaliation
Q14	Drug/Alcohol Testing Retaliation
Q15	Wage & Hour Retaliation
Q16	FMLA Retaliation
Q17	Military Leave Retaliation
Q18	Workers' Compensation Retaliation
Q19	Performance Evaluations Retaliation
Q20	Discipline Procedures/Due Process Retaliation
Q21	COVID Retaliation
Q22	Other Retaliation

Internal Distribution	
R1	Briefings Sent
R2	Forms/Policies Sent



POOL/PACT Annual Board Meeting 2024 Risk Management Report April 3, 2024

The following list represents the enterprise risk management projects, programs, and activities since the 2023 Annual Board Meeting, as well as upcoming activities. It is organized according to major service area.

Marshall Smith, Risk Manager, marshallsmith@poolpact.com
Jarrod Hickman, Risk Management Specialist, jarrodhickman@poolpact.com

1. Webinars, Trainings, and Other Presentations

- a. Digital Threat Assessment Training (04/29/2023)
- b. Nuts and Bolts of Written Workplace Safety (05/16/2023)
- c. Written Workplace Safety Plan Development (05/18/2023)
- d. Q4 22/23 Cybersecurity Webinar (06/13/2023)
- e. Aquatic Risk Management Seminar 2023 (06/28/2023)
- f. Q1 23/24 Cybersecurity Webinar (08/23/2023)
- g. 2023 HR Pre-Conference (10/18/2023)
- h. OSHA's Here, Now What? (10/30/2023)
- i. Q2 23/24 Cybersecurity Webinar (11/21/2023)
- j. Nuts and Bolts of Written Workplace Safety (12/05/2023)
- k. Nuts and Bolts of Written Workplace Safety (12/13/2023)
- l. Q3 23/24 Cybersecurity Webinar (3/5/2024)

2. Aquatic Facility Assessments

- a. Pioche Swimming Pool (5/16/23)
- b. Caliente, City of (5/23/23)
- c. West Wendover Swimming Pool (06/26/2023)
- d. Wells Swimming Pool (06/26/2023)
- e. Jackpot Recreation Swimming Pool (06/26/2023)
- f. Elko Swimming Pool (06/27/2023)
- g. Elko Municipal Swimming Pool (06/27/2023)
- h. Bode Howard Memorial Swimming Pool (06/27/2023)
- i. *Aquatic Risk Management Seminar* (6/28/23)
- j. Churchill Swimming Pool (06/29/2023)

3. Detention Facility Assessments

- a. Esmeralda County Follow-Up (07/11/2023)
- b. Lyon County Follow-Up (07/12/2023)
- c. Pershing County Follow-Up (07/13/2023)

4. Passive Network Assessments (PNA)

- a. Lincoln County School District (05/08/2023)
- b. Boulder City (05/10/2023)
- c. Churchill County (06/20/2023)
- d. City of Fernley (06/22/2023)
- e. Town of Tonopah (07/19/2023)
- f. Lander County (08/07/2023)
- g. Pershing County (08/09/2023)
- h. Mineral County (08/29/2023)
- i. Lander County Hospital District (09/25/2023)
- j. Lyon County (10/02/2023)
- k. City of Yerington (10/04/2023)
- l. Eureka County School District (01/22/2024)
- m. Eureka County (01/24/2024)
- n. Lander County School District (02/12/2024)
- o. Lander County Sheriff's Office (02/14/2024)

5. School Safety Trainings

- a. White Pine County School District School Safety Pyramid Training (08/08/2023)
- b. Storey County School District School Safety Pyramid Training & SB294 (09/29/2023)
- c. Elko County School District School Safety Pyramid Training & SB294 (11/15/2023)
- d. Lincoln County School District School Safety Pyramid Training & SB294 (01/09/2024)
- e. Douglas County School District School Safety Pyramid Training & SB294 (02/07/2024)
- f. Mineral County School District School Safety Pyramid Training & SB294 (03/14/2024)

6. Portable Fire Extinguisher (PFE) Training

- a. City of Carlin (04/25/2023)
- b. City of Elko (04/26/2023)
- c. City of Wells (04/27/2023)
- d. Tahoe Transportation District (08/17-18/2023)
- e. Incline Village GID (12/13/2023)
- f. Boulder City (3/9/24)

- g. Nevada Volunteers (03/14/2024)
- h. Mineral County School District (03/15/2024)

7. Written Workplace Safety Program (WWSP) Review/Development

- a. Boulder City WWSP Review (06/05/2023)
- b. Pershing County WWSP Review (08/04/2023)
 - i. Adopted by County Commission
- c. Mineral County WWSP Review (08/07/2023)
 - i. Adopted by School Board
- d. Eureka County School District WWSP Revision (08/29/2023)
- e. City of Lovelock WWSP Revision (09/15/2023)
- f. Esmeralda County WWSP Revision (10/16/2023)
- g. Town of Tonopah WWSP Review (10/17/2023)
- h. Humboldt County School District WWSP Revision (10/27/2023)
- i. Esmeralda County School District Revision (11/01/2023)
 - i. Adopted by School Board
- j. IVGID WWSP Review (11/01/2023)
- k. Pershing County School District WWSP Revision (11/22/2023)
- l. Carson City Sheriff's Office WWSP Review – HazCom (12/18/2023)
- m. Elko County School District WWSP Review (01/10/2024)
- n. City of Elko WWSP Review (01/11/2024)
- o. Douglas County Lake Tahoe Sewer Authority BBP Exposure Control (2/5/2024)
- p. Humboldt County WWSP Review (3/4/2024)

8. Roll Call Webinars

- a. Mental & Physical Concerns for both Road and Jail Ops (5/17/2023)
- b. Jail Discipline & Uniforms and Equipment (6/14/2023)
- c. Harassment & PREA (07/26/2023)
- d. Supervisor Liability (08/29/2023)
- e. Consent Encounters & WRAP Policy (09/27/2023)
- f. Use of Force (12/05/2023)
- g. Vehicle Pursuit & Intervention Tactics (02/13/2024)

9. Nevada Detention Administrators Working Group (NDAWG)

- a. 7/19/23 (Quarterly Meeting - Winnemucca)
- b. 1/9/24 (Quarterly Meeting - Elko)
- c. 5/7/24 (*upcoming* Quarterly Meeting – Battle Mountain)

10. Enterprise Risk Management Excellence Program (ERMEP)

- a. Completed
 - i. Carson City School District
 - ii. Incline Village General Improvement District
 - iii. East Fork Swimming Pool District

- iv. Nevada Risk Pooling
- v. Pooling Resources, Inc.

b. Award Track – Pending Applications

- i. Mt. Grant Hospital
- ii. Pershing County
- iii. Pershing County School District
- iv. Eureka County
- v. City of Caliente
- vi. Pahranaagat Valley Fire District
- vii. Churchill County
- viii. Lincoln County School District
- ix. City of Lovelock
- x. City of Winnemucca
- xi. White Pine County School District
- xii. Mineral County School District
- xiii. Round Mountain
- xiv. City of Yerington
- xv. Carson City School District
- xvi. White Pine County
- xvii. Lincoln County

c. Grant or Assessment Track

- i. Community Chest (RM Grant)
- ii. Elko Central Dispatch (ED RM Grant)
- iii. Elko, City of (Aquatic Assessment)
- iv. Elko, City of (RM Grant)
- v. Elko County School District (EOP Assessment)
- vi. Elko County (Aquatic Assessment)
- vii. Esmeralda County School District (ED RM Grant)
- viii. Eureka County (ED RM Grant)
- ix. Fernley, City of (PNA)
- x. Humboldt County School District (RM Grant)
- xi. Lander County (PNA)
- xii. Lincoln County School District
 - 1. EOP Assessment
 - 2. RM Grant
 - 3. PNA
- xiii. Lovelock, City of (Aquatic Assessment)
- xiv. Lyon County (PNA)
- xv. Mineral County
 - 1. ED RM Grant (x3)
 - 2. RM Grant

- xvi. Mt. Grant General Hospital (ED RM Grant)
- xvii. Nevada Rural Housing (RM Grant)
- xviii. Nye County School District
 - 1. PNA
 - 2. RM Grant
- xix. Palamino GID (RM Grant)
- xx. Pershing County (RM Grant)
- xxi. Pershing General Hospital (ED RM Grant)
- xxii. Pahrangat Valley Fire Dept. (RM Grant)
- xxiii. Storey County School District (EOP Assessment)
- xxiv. Town of Tonopah (PNA)
- xxv. Walker Basin Conservancy (ED RM Grant)
- xxvi. West Wendover, City of (Aquatics Assessment)
- xxvii. White Pine County School District (ED RM Grant)
- xxviii. Winnemucca, City of (ED RM Grant)

11. Pending Projects

- a. [*POOL/PACT Enterprise Risk Management Conference*](#) (Elko, 9/2-5/2024)
- b. Nevada Rural ERM Association
- c. Nevada Aquatics Operators Association
- d. Nevada Rural School Resource Officers Association

Filter statement

Filters **Days in Date Added** 4/1/23 to 4/1/24

Total Enrollments

Total Course Enrollment Count

66,046

LAST YEAR WAS 61,433

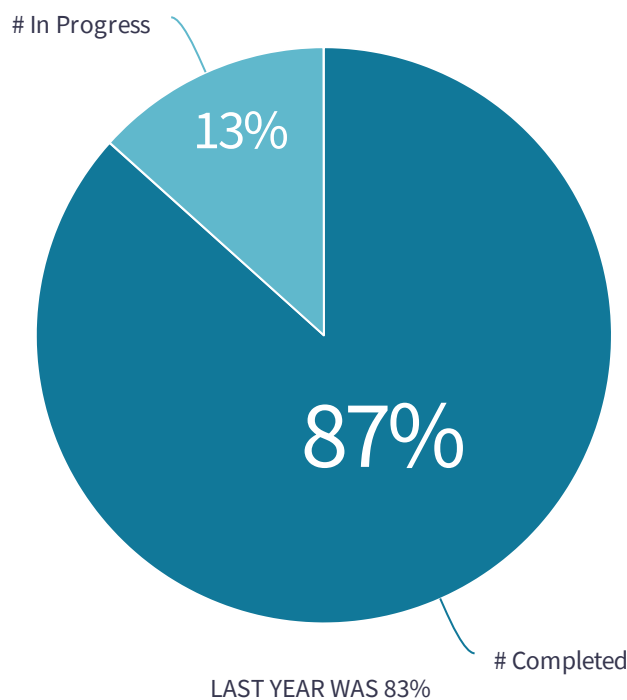
Enrollment Completion Numbers

Completed
57,202

In Progress 8,810

LAST YEAR WAS 51,282

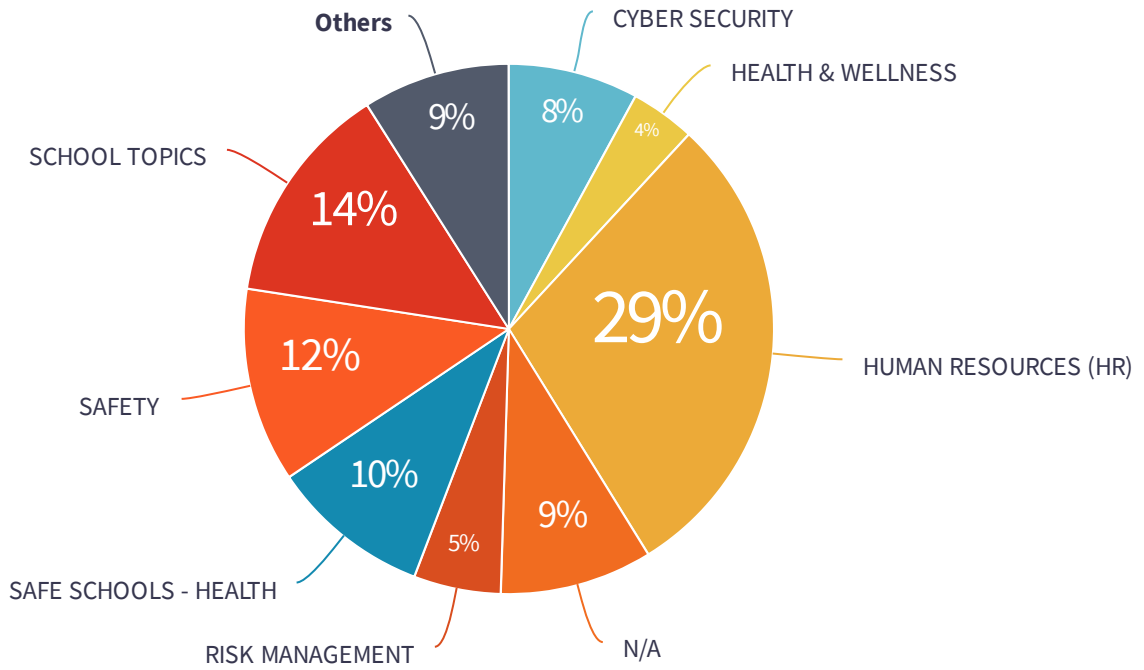
Completion Percentage



Filter statement

Filters **Days in Date Added** 4/1/23 to 4/1/24

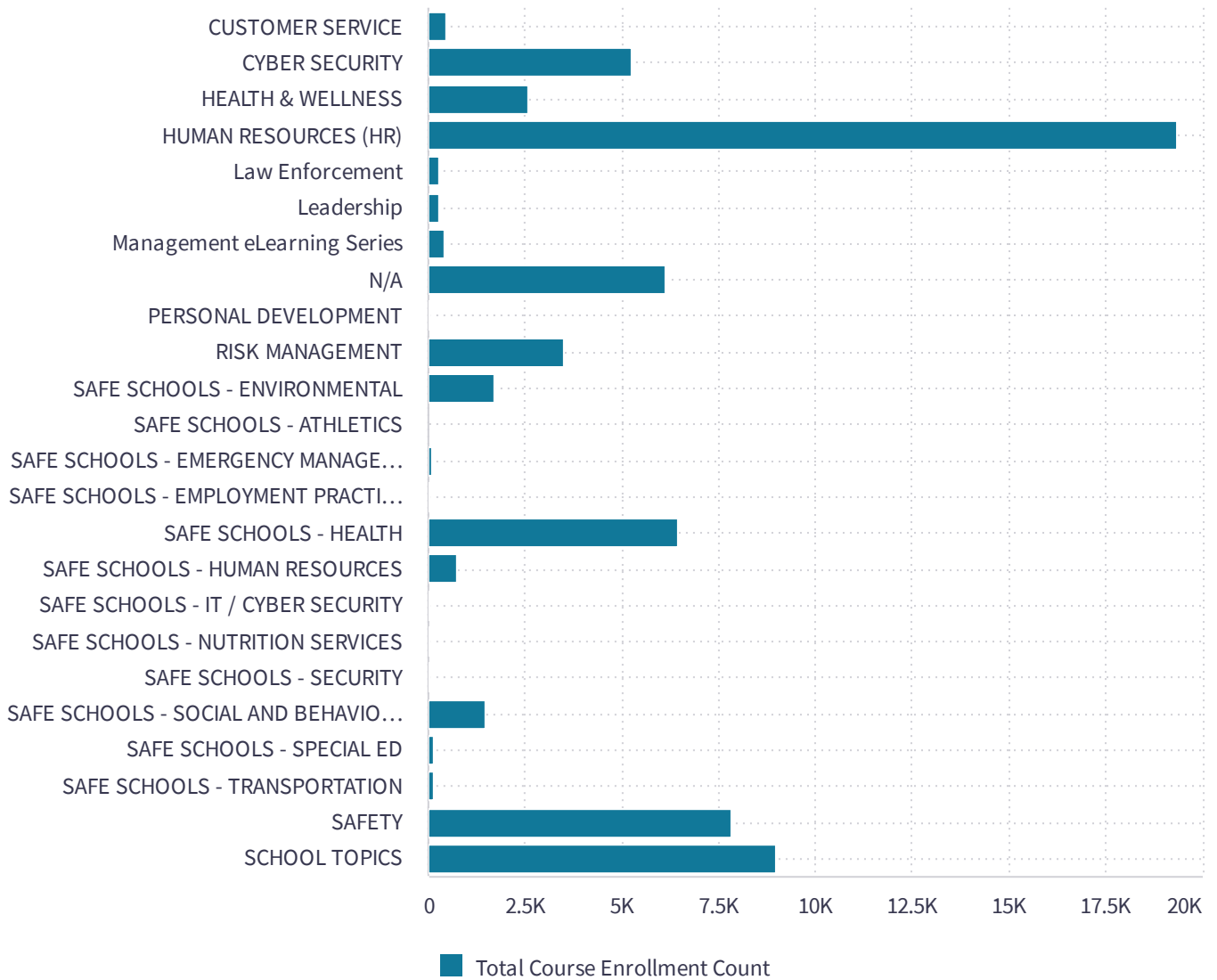
Category Breakdown



Filter statement

Filters **Days in Date Added** 4/1/23 to 4/1/24

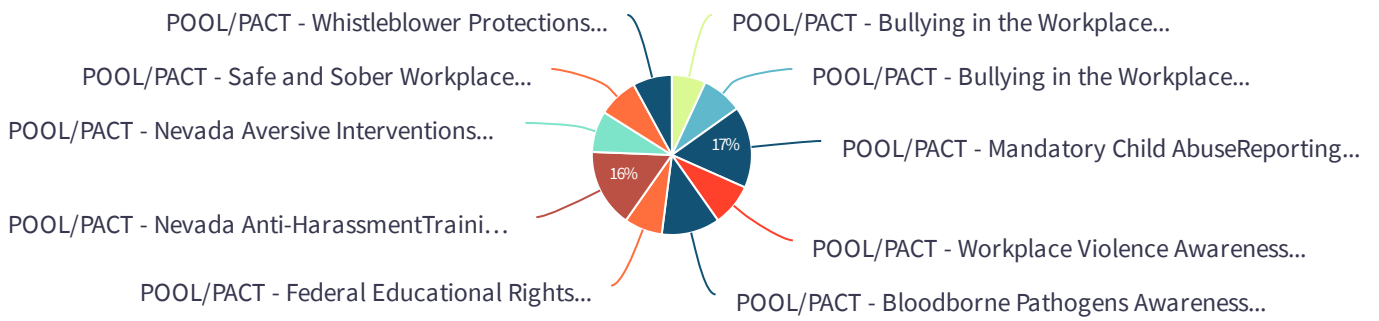
All categories - Course Enrollment Breakdown



Filter statement

Filters **Days in Date Added** 4/1/23 to 4/1/24

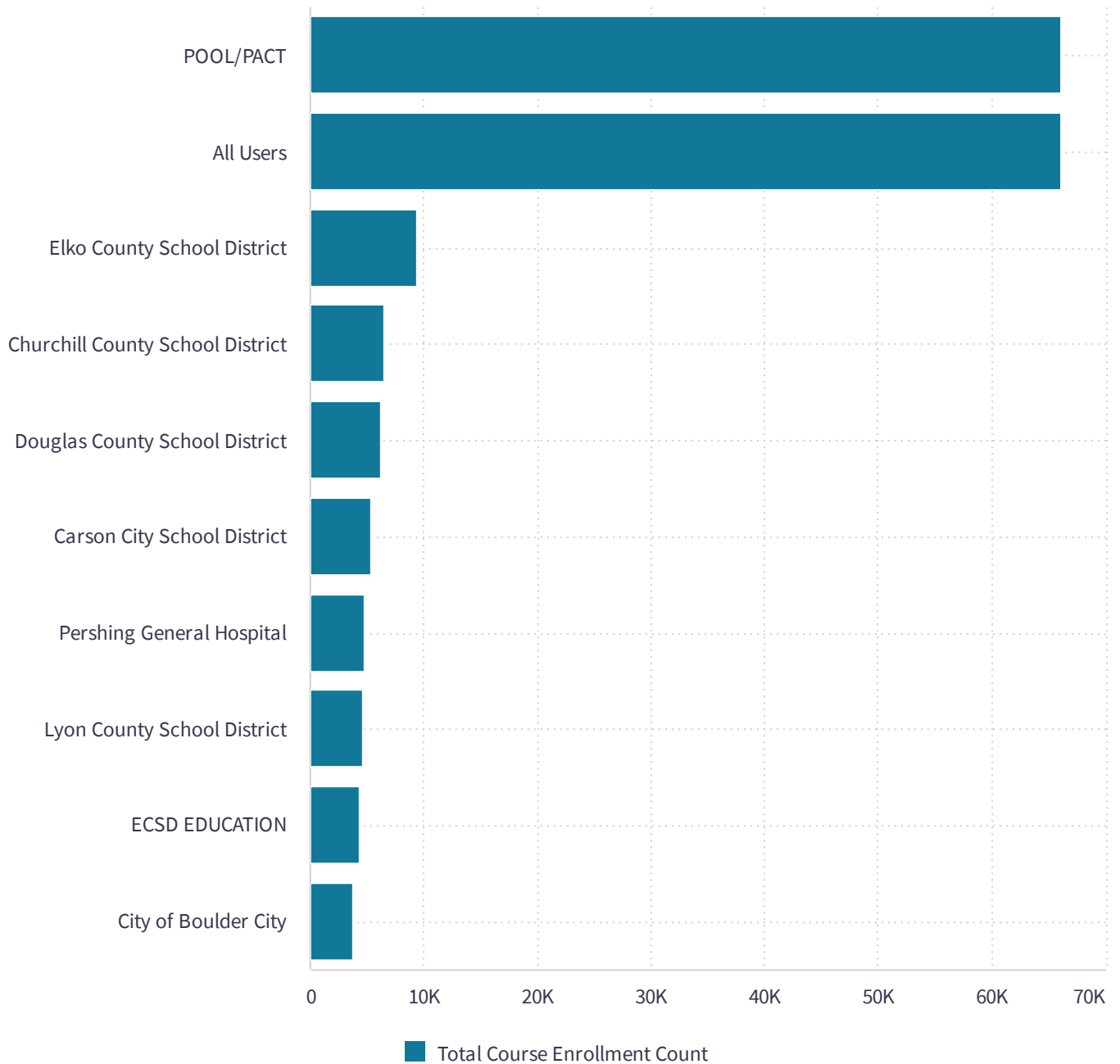
Top Ten Courses



Filter statement

Filters **Days in Date Added** 4/1/23 to 4/1/24

Top Departments



Filter statement

Filters **User Status** Active

Users & Logins

Login Activity

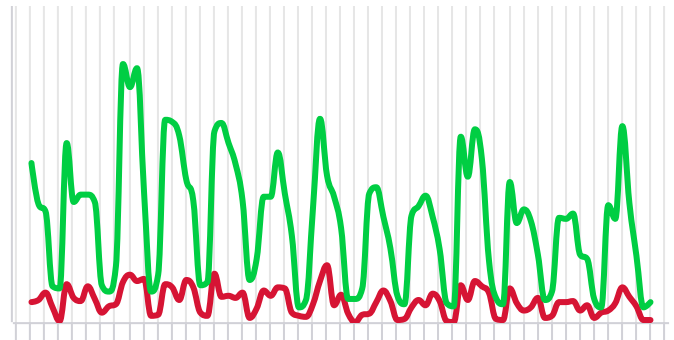
Total Logins Past Year

48,089

Last 90 Days **10,337**

LAST YEAR - 43,284

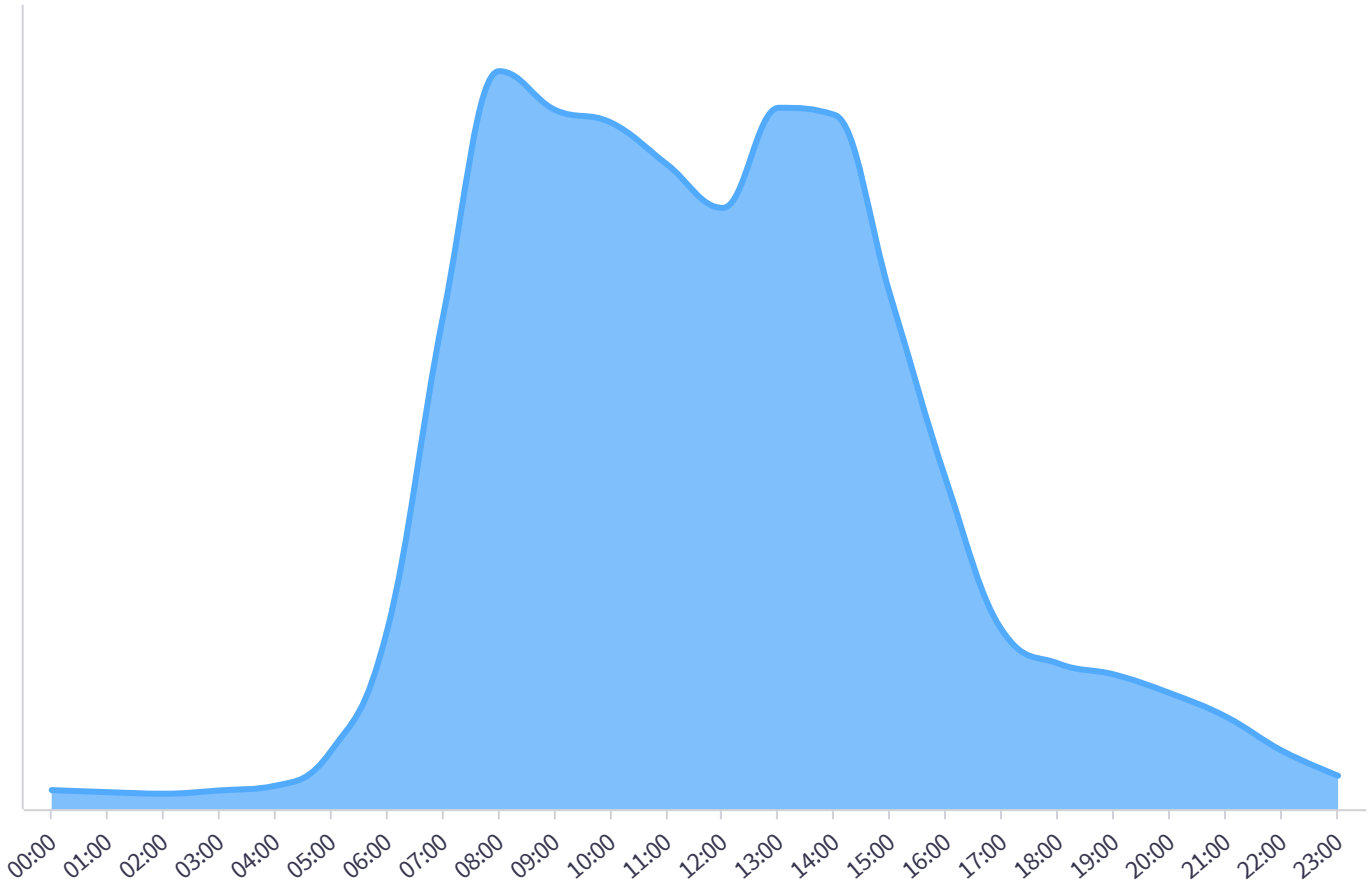
Login by Status Last 90 Days



Filter statement

Filters **User Status** Active

Daily Login Traffic



User Details

New Users Last 30 Days

228

Inactive Users 0

New Users Last 90 Days

1,346

Inactive Users 12

New Users Last 360 Days

6,076

Inactive Users 124

Courses and curriculums created by or reviewed by our administrator this year:

NAME	CATEGORY	CREATED BY
WPCSD - Slips Trips and Falls 2024 - Maint		Michael Van Houten
WPCSD - Slips Trips and Falls Refresher 2024 - General		Michael Van Houten
Boulder City - Introduction to Records Management - 2024		Michael Van Houten
Carson School District - Standard Response Protocol	SCHOOL TOPICS	Michael Van Houten
POOL/PACT - Cybersecurity - 2024 - AI, Phishing, and Cybersafety	CYBER SECURITY	Michael Van Houten
POOL/PACT - Working Across Cultures	HUMAN RESOURCES (HR)	Michael Van Houten
POOL/PACT - How to Be an Ally for Diversity and Inclusion	HUMAN RESOURCES (HR)	Michael Van Houten
POOL/PACT - Cultivating Diversity, Inclusion, and Belonging at Work	HUMAN RESOURCES (HR)	Michael Van Houten
POOL/PACT - Pool Chemical Safety 2024	SAFETY	Michael Van Houten
POOL/PACT - Cybersecurity - 2024 - OWASP Top 10 Cybersecurity Risks for React Developer	CYBER SECURITY	Michael Van Houten
POOL/PACT - Cybersecurity - 2024 - OWASP Top 10 Cybersecurity Risks for C# Developers	CYBER SECURITY	Michael Van Houten
POOL/PACT - Cybersecurity - 2024 - OWASP Top 10 Cybersecurity Risks for AWS Developers	CYBER SECURITY	Michael Van Houten
POOL/PACT - Cybersecurity - 2024 - Security Culture: Compliance	CYBER SECURITY	Michael Van Houten
POOL/PACT - Cybersecurity - 2024 - Security and Disaster Preparedness	CYBER SECURITY	Michael Van Houten
NRHA New Hire Trainings 2024		Shani Dues
POOL/PACT - Cybersecurity - 2024 - QR Codes: Safe Scanning	CYBER SECURITY	Michael Van Houten
POOL/PACT - Cybersecurity - 2024 - Navigating the Shadows 4 - Monitoring Shadow IT for IT	CYBER SECURITY	Michael Van Houten
POOL/PACT - Cybersecurity - 2024 - Navigating the Shadows 2 - Risks and Threats	CYBER SECURITY	Michael Van Houten
POOL/PACT - Cybersecurity - 2024 - Navigating the Shadows 1 - Introduction to Shadow IT	CYBER SECURITY	Michael Van Houten
POOL/PACT - Cybersecurity - 2024 - Navigating the Shadows 3 - Data Privacy for Leaders	CYBER SECURITY	Michael Van Houten
POOL/PACT - Cybersecurity - 2024 - Game - Hack Attack: Social Engineering Game	CYBER SECURITY	Michael Van Houten
POOL/PACT - Cybersecurity - 2024 - Generative AI: Intelligent and Dangerous?	CYBER SECURITY	Michael Van Houten
POOL/PACT - Cybersecurity - 2024 - Game - Double Trouble Trivia: Phishing Awareness Gam	CYBER SECURITY	Michael Van Houten
POOL/PACT - Cybersecurity - 2024 - CJIS Security 3: Privileged User Training	CYBER SECURITY	Michael Van Houten
POOL/PACT - Cybersecurity - 2024 - CJIS Security 1: Unescorted Access Training	CYBER SECURITY	Michael Van Houten
POOL/PACT - Cybersecurity - 2024 - CJIS Security 2: General User Training	CYBER SECURITY	Michael Van Houten
POOL/PACT - Cybersecurity - 2024 - Confessions of a Password Protector	CYBER SECURITY	Michael Van Houten
POOL/PACT - Cybersecurity - 2024 - Confessions of a ChatGPT Novice	CYBER SECURITY	Michael Van Houten
POOL/PACT - Cybersecurity - 2024 - Confessions from LinkedIn	CYBER SECURITY	Michael Van Houten
POOL/PACT - Cybersecurity - 2024 - Callback Phishing: Email and Phone-Based Cyberattacl	CYBER SECURITY	Michael Van Houten
POOL/PACT - Cybersecurity - 2024 - An Overview of BEC and CEO Fraud	CYBER SECURITY	Michael Van Houten
POOL/PACT - Cybersecurity - 2024 - AI At Work: Use It Wisely	CYBER SECURITY	Michael Van Houten
POOL/PACT - Cybersecurity - 2024 - Social Engineering Red Flags	CYBER SECURITY	Michael Van Houten
POOL/PACT - Cybersecurity - 2024 - KnowBe4 Security Awareness Training	CYBER SECURITY	Michael Van Houten
POOL/PACT - Cybersecurity - 2024 - Kevin Mitnick Security Awareness Training	CYBER SECURITY	Michael Van Houten
POOL/PACT - Cybersecurity - 2024 - Phishing - Kevin Mitnick Enabled Content Demonstratio	CYBER SECURITY	Michael Van Houten
POOL/PACT - Cybersecurity - 2024 - Reality Bytes 7 -Social Media	CYBER SECURITY	Michael Van Houten
POOL/PACT - Cybersecurity - 2024 - Game - Danger Zone	CYBER SECURITY	Michael Van Houten
POOL/PACT - Cybersecurity - 2024 - Reality Bytes 6 - Business Email Compromise	CYBER SECURITY	Michael Van Houten
POOL/PACT - Cybersecurity - 2024 - Reality Bytes 5 - Vishing	CYBER SECURITY	Michael Van Houten
POOL/PACT - Cybersecurity - 2024 - Reality Bytes 4 - SIM Swap	CYBER SECURITY	Michael Van Houten
POOL/PACT - Cybersecurity - 2024 - Reality Bytes 3 - Human Error	CYBER SECURITY	Michael Van Houten
POOL/PACT - Cybersecurity - 2024 - Reality Bytes 2 - Clickjacking	CYBER SECURITY	Michael Van Houten
POOL/PACT - Cybersecurity - 2024 - Reality Bytes 1 - Ransomware Gangs	CYBER SECURITY	Michael Van Houten
POOL/PACT - Cybersecurity - 2024 - Security Culture: Behavior for Leaders	CYBER SECURITY	Michael Van Houten
POOL/PACT - Cybersecurity - 2024 - Security Culture: Behavior	CYBER SECURITY	Michael Van Houten
MCSD - Work-based Learning Training Program WBL		Michael Van Houten
LCSD Core Training Part 2		Kristi Cowley
POOL/PACT - Mandatory Child Abuse Reporting Laws - 2024 - test	SCHOOL TOPICS	Michael Van Houten
ECSD - Work-based Learning Training Program		Michael Van Houten
POOL/PACT - You Can Protect our Children 2024	SCHOOL TOPICS	Michael Van Houten
Lyon County - 2024 - Supervisor Learning Track		Michael Van Houten
Lyon County - 2024 - WNRYS Learning Track		Michael Van Houten
Lyon County - 2024 - POOL STAFF learning track		Michael Van Houten

Lyon County - 2024 - All Employees Annual e-learning		Michael Van Houten
POOL/PACT - Nevada Anti-harassment Training for Supervisors - 2024	HUMAN RESOURCES (HR)	Michael Van Houten
POOL/PACT - Safe and Sober Workplace - Supervisor Supplement - 2024	HUMAN RESOURCES (HR)	Michael Van Houten
POOL/PACT - OSHA Rights and Responsibilities - 2024	SAFETY	Michael Van Houten
POOL/PACT - Bloodborne Pathogens Awareness 2024	SAFETY	Michael Van Houten
POOL/PACT - GHS - Hazard Communication - 2024	SAFETY	Michael Van Houten
POOL/PACT - Mandatory Child Abuse Reporting Laws - 2024	SCHOOL TOPICS	Michael Van Houten
POOL/PACT - Inclusive Work Environment - 2024	HUMAN RESOURCES (HR)	Michael Van Houten
POOL/PACT - Employee Assistance Program - Acentra formerly KEPRO - 2024	HUMAN RESOURCES (HR)	Michael Van Houten
POOL/PACT - Whistleblower Protections - What, When and How - 2024	HUMAN RESOURCES (HR)	Michael Van Houten
POOL/PACT - Workplace Violence Awareness - 2024	HUMAN RESOURCES (HR)	Michael Van Houten
POOL/PACT - Safe and Sober Workplace for Employees - 2024	HUMAN RESOURCES (HR)	Michael Van Houten
POOL/PACT - Nevada Anti-Harassment Training for Employees 2024	HUMAN RESOURCES (HR)	Michael Van Houten
POOL/PACT - Bullying in the Workplace - 2024	HUMAN RESOURCES (HR)	Michael Van Houten
POOL/PACT - Safety Management: Incident Investigation (Full Course)	RISK MANAGEMENT	Michael Van Houten
POOL/PACT - Safety Management: Safety Inspections and Observations (Full Course)	RISK MANAGEMENT	Michael Van Houten
POOL/PACT - Lockout Tagout for Affected Employees	SAFETY	Michael Van Houten
POOL/PACT - Dangers of Distracted Driving (Full Course)	SAFETY	Michael Van Houten
POOL/PACT - Ethics in Nevada Government - 2024	RISK MANAGEMENT	Michael Van Houten
POOL/PACT - Personal Development - Wendy Wood on good habits bad habits	PERSONAL DEVELOPMENT	Michael Van Houten
POOL/PACT - Personal Development - Setting Goals That Actually Work	PERSONAL DEVELOPMENT	Michael Van Houten
POOL/PACT - Personal Development - Dr Ethan Kross on harnessing the chatter in our mind:	PERSONAL DEVELOPMENT	Michael Van Houten
POOL/PACT - Personal Development - Ayelet Fishbach on getting it done	PERSONAL DEVELOPMENT	Michael Van Houten
POOL/PACT - Personal Development - Assessing Your Strengths and Value	PERSONAL DEVELOPMENT	Michael Van Houten
POOL/PACT - Personal Development - Scheduling 101 - How to prioritize tasks and avoid pro	PERSONAL DEVELOPMENT	Michael Van Houten
POOL/PACT - Personal Development - Time Management Essentials	PERSONAL DEVELOPMENT	Michael Van Houten
Evaluation of eLearning Series	Management eLearning Series	Jeff Coulam
Supervising, Managing, and Leading in the Public-Sector eLearning Series	Leadership	Jeff Coulam
Supervising, Managing, and Leading in the Public-Sector eLearning Series	Management eLearning Series	Jeff Coulam
POOL/PACT - Wellness Series - Insulin Resistance for First Responders	HEALTH & WELLNESS	Michael Van Houten
POOL/PACT - Wellness Series - Insulin Resistance	HEALTH & WELLNESS	Michael Van Houten
POOL/PACT - Wellness Series - 9 Simple Stress Busters You Can Do Today	HEALTH & WELLNESS	Michael Van Houten
POOL/PACT - Wellness Series - Dealing with Stress, Pressure and Burnout	HEALTH & WELLNESS	Michael Van Houten
POOL/PACT - Written Workplace Safety Plan	RISK MANAGEMENT	Michael Van Houten
POOL/PACT - Leadership Series - Complete Guide for New Professionals	Leadership	Michael Van Houten
POOL/PACT - Leadership Series - A Guide to Workplace Professionalism	Leadership	Michael Van Houten
City of Sparks - Kevin Mitnick Cybersecurity Training - 2023		Michael Van Houten
Stagecoach GID - September2023 HR Training		Michael Van Houten
Community Chest 2023 Curriculum		Michael Van Houten
CCSD - Work-based Learning Training Program		Ann Cyr
POOL/PACT - Bullying in the Workplace - 2023	HUMAN RESOURCES (HR)	Michael Van Houten
Desert Pine County - Game Test		Michael Van Houten
POOL/PACT - Wellness Series - Explanation of the Big 5	HEALTH & WELLNESS	Michael Van Houten
POOL/PACT - Tiffany Garcia Onboard		Michael Van Houten
POOL/PACT - Leadership Series - Daniel Coyle on the secrets of highly successful groups	Leadership	Michael Van Houten
POOL/PACT - Leadership Series - Create an Envable Team Culture	Leadership	Michael Van Houten
POOL/PACT - Leadership Series - A Guide to Effective Meetings	Leadership	Michael Van Houten
POOL/PACT - Leadership Series - A Blueprint for Effective Leadership	Leadership	Michael Van Houten
POOL/PACT - Leadership Series - 5 Leadership Styles to Influence a Team	Leadership	Michael Van Houten
POOL/PACT - Cyber Security - How to Set up a VPN	CYBER SECURITY	Michael Van Houten
POOL/PACT - Cyber Security - How to VPN at Work	CYBER SECURITY	Michael Van Houten
POOL/PACT - Cyber Security - Protecting Your Devices	CYBER SECURITY	Michael Van Houten
POOL/PACT - Is Your Building Ready for Winter?	RISK MANAGEMENT	Michael Van Houten

Member Relation Manager Report – April 19, 2024

The 2023 – 2024 renewal for the POOL members was the hardest market renewal they have seen. The POOL staff meet with 43 member boards, during the June renewal meetings, to discuss the current market conditions and how it drove pricing in this renewal, along with talking about POOL/PACT and the services provided to the membership. All markets were notified of the final membership of POOL and PACT with the gain of Sparks and TMWRF for property only, increasing our Total Insured Value to over \$7B. POOL staff had an internal renewal debriefing on what went well and what can be improved upon. Internally, staff concluded that the renewal message to the members went well, even with the hard messages that needed to be given. Individual insurance agencies debriefings were also completed and the feedback from these meetings included timeliness of applications, proposals and access to the POOLPACT.com site. It was discussed at these meetings that POOL/PACT continues to work with Dynamics 365, our CRM System, to provide all the applications processing through a portal with a goal of having the system up and running for the 2025 renewal process. We have had some setbacks with this application and will continue to push toward completion.

The member renewal applications were sent to all member's agents on November 27, keeping with the same timing as the prior renewal.

The application process was slow this year and many members did not return their applications until after the due date of January 12th. Due to this delay, in keeping with our timeline, additional hours were needed to review and compile the information for placement into our market submission documents. Submissions were released to the markets the second week in February with quotes due by March 22nd, keeping the same timing as in the prior year.

Future projects include the roll out of the on-line/portal renewal applications process. This will include training of the insurance agencies on how to use the portal and how to keep the schedules up to date within the system.

Renewal Marketing Report

Marketing Meetings/Indications/State of the Market

Attendance to AGRiP in both Salt Lake City and Nashville:

Salt Lake City (October 2023): Meetings were scheduled with 8 markets and vendors for the two-day attendance. These meetings were scheduled to discuss the market conditions and to provide insight into the upcoming renewal process. Also, information meetings with additional markets were held.

Attendees to AGRiP Salt Lake City: Jarrod Hickman, Stacy Norbeck and Stephen Romero

Nashville (March 2024): Meetings were scheduled with 13 markets and vendors over the two-day conference. The meetings were to firm up the pricing with our current markets and additional meetings were with markets outside the current placements to possibly fill any gaps that we may find in our coverage or additional placements. Attendees to AGRiP Orlando: Alan Kalt and Stephen Romero

Property – In February, Alan Kalt, Jarrod Hickman and Stephen Romero attended 14 meetings in three days while locally in London with our London Broker, Steve Firman, WTW, and Underwriters. The meetings provided insight into the markets of our program and how we have been a great partner for them going into our 20th year renewal. We discussed all the ongoing Risk Management Programs

(ERMEP and Loss Control Grants) and E-Learning, which are offered through POOL and how additionally, our Member Mitigation Measures being performed by your communities and fire districts, continues to be on the leading edge of mitigation measures for flood and wildfire. The property market continues to experience losses due to what they are considering claimant change and secondary losses, but they are not having the issues with capacity as they had in the prior year. We discussed that your members are feeling the premium fatigue and that pricing needed to reflect our great loss ratio over the 19 years we have been in London. The markets agreed that with POOLS ongoing risk management, mitigation projects and appraisal programs, favorable pricing over other purchasers would be achievable.

Liability – We had marketing meetings with Old Republic, GEM and CRL. Tokio Marine was contacted to assist in our cyber liability program.

Our Old Republic meeting was to discuss their renewal quoting of the School Liability piece. Last year, we pushed back for a close to flat rate. We again did the same this year and Old Republic has provided their renewal at a 1% rate increase over expiring. Old Republic's participation is \$2.5M X \$500K for Schools Only.

The GEM meeting was to catch up on their membership as they continue to grow by adding an additional member bringing their membership to 21, over 16 states. GEM will continue to review prospective new members but is focused only on exceptional pools. GEM's participation is \$7M X \$3M for all members at 100%.

Our CRL meeting was to meet the new Executive Director, Micheon Hollier, and to discuss our CRL liability placement. CRL has included an all pools liability base rate increase of 8.2% due to the law enforcement losses and mega verdicts that have impacted their program. Due to POOL's adverse developments in losses, the increase is higher than the base increase (CRL rating is loss driven and POOL had a clean year drop off and a bad year come on along with claim development in prior years). The renewal will be discussed during the POOL renewal presentation. In the CRL liability program, they include the POOL's Cyber Liability, which continues to be a hard placement market. The POOL's limit will remain at \$1M for all members within this program and, with the use of PRM, will have a Pool Aggregate limit of \$15M.

Workers Compensation - CRL and Safety National have both provided their renewals and again due to adverse development in losses, has received a higher than average renewal rate. This will be discussed during the PACT reinsurance renewal presentation.

Equipment Breakdown – Boiler Re – The underwriter provided a flat rate for the renewal terms, and this will be shown during the renewal presentation.

All other lines of coverage for POOL will be reviewed during the renewal presentation.

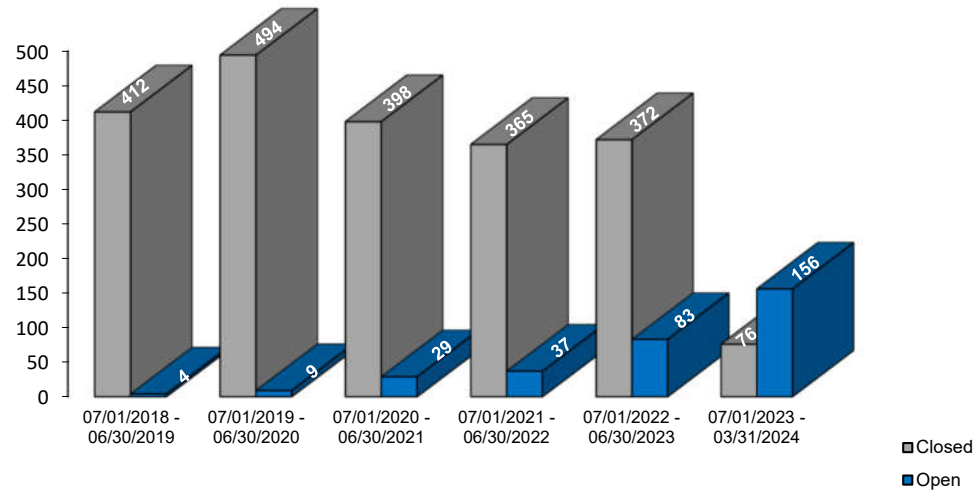


Liability Report



Total Claims by Policy Year excluding Incidents 07/01/2018 - 03/31/2024

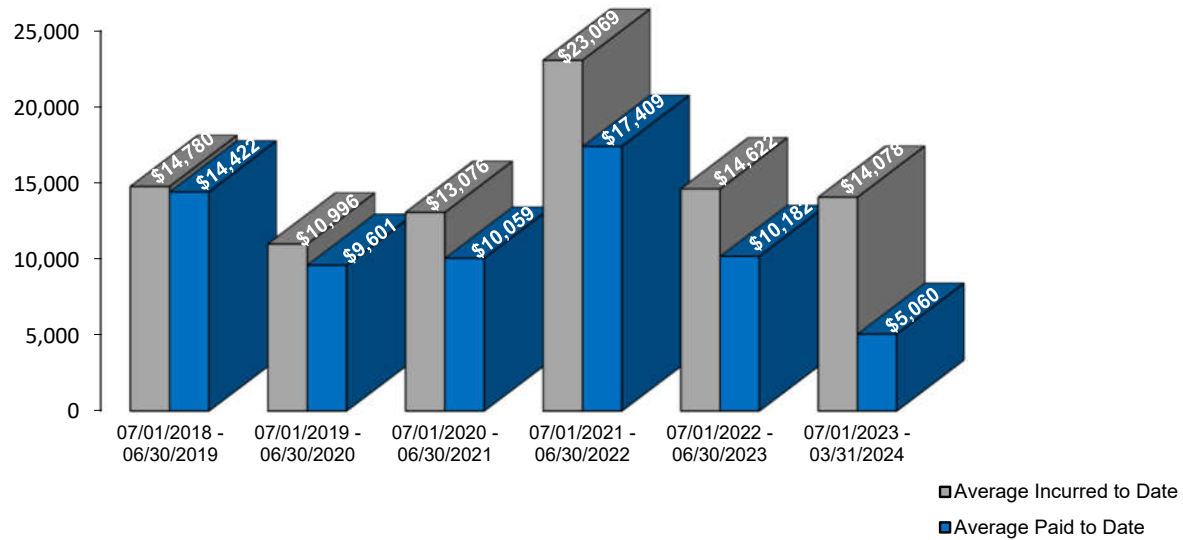
Policy Year	Total Claims	
	Closed	Open
07/01/2018 - 06/30/2019	412	4
07/01/2019 - 06/30/2020	494	9
07/01/2020 - 06/30/2021	398	29
07/01/2021 - 06/30/2022	365	37
07/01/2022 - 06/30/2023	372	83
07/01/2023 - 03/31/2024	76	156





Average Incurred & Paid by Policy Year 07/01/2018 - 03/31/2024

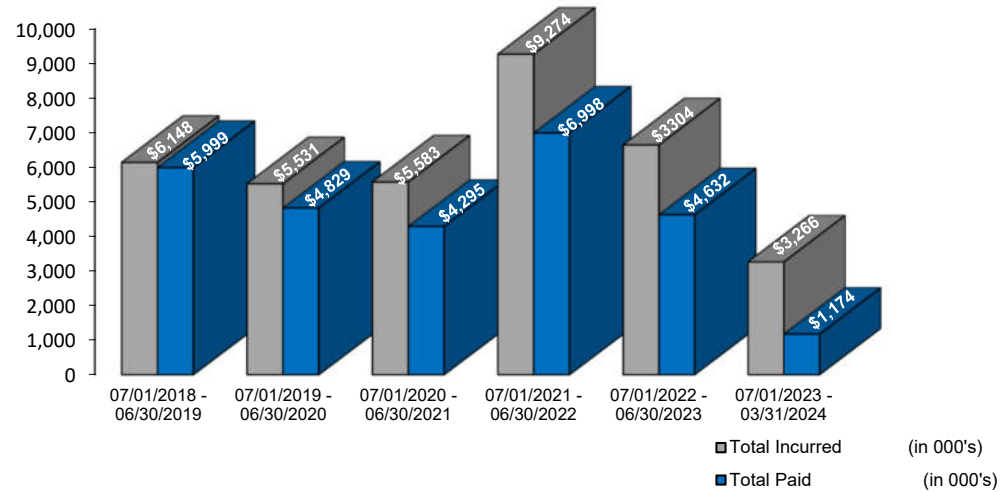
Policy Year	Average Incurred to Date	Average Paid to Date
07/01/2018 - 06/30/2019	\$14,780	\$14,422
07/01/2019 - 06/30/2020	\$10,996	\$9,601
07/01/2020 - 06/30/2021	\$13,076	\$10,059
07/01/2021 - 06/30/2022	\$23,069	\$17,409
07/01/2022 - 06/30/2023	\$14,622	\$10,182
07/01/2023 - 03/31/2024	\$14,078	\$5,060





Incurred vs Paid by Policy Year 07/01/2018 - 03/31/2024

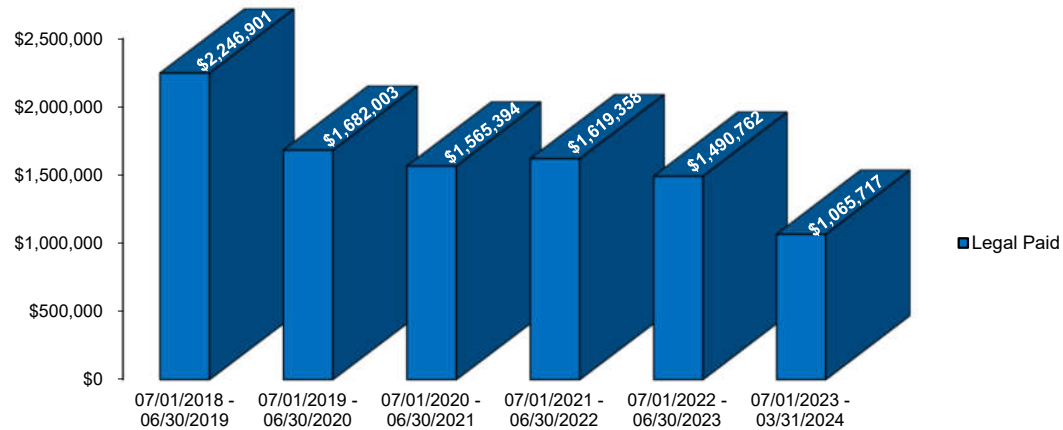
Policy Year	All Claims	
	Total Incurred (in 000's)	Total Paid (in 000's)
07/01/2018 - 06/30/2019	\$6,148	\$5,999
07/01/2019 - 06/30/2020	\$5,531	\$4,829
07/01/2020 - 06/30/2021	\$5,583	\$4,295
07/01/2021 - 06/30/2022	\$9,274	\$6,998
07/01/2022 - 06/30/2023	\$6,653	\$4,632
07/01/2023 - 03/31/2024	\$3,266	\$1,174





Legal Expenses Paid to Date by Policy Year for All Claims 07/01/2018 - 03/31/2024

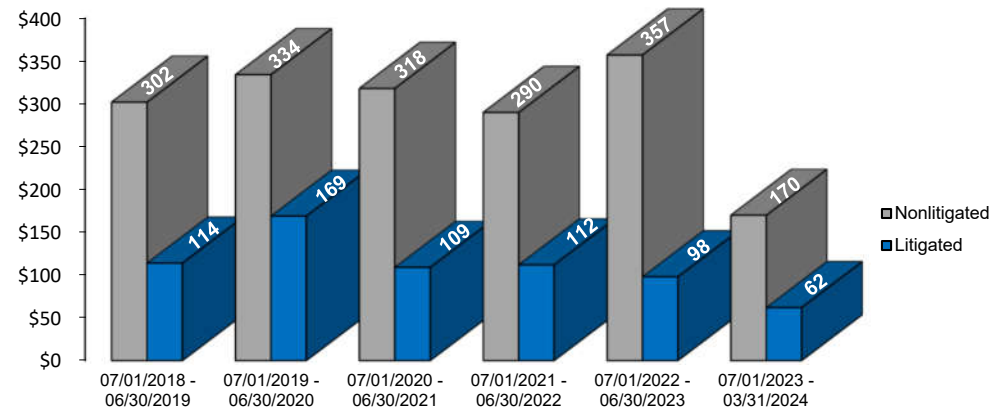
Policy Year	Legal Expenses Paid to Date
07/01/2018 - 06/30/2019	\$2,246,901
07/01/2019 - 06/30/2020	\$1,682,003
07/01/2020 - 06/30/2021	\$1,565,394
07/01/2021 - 06/30/2022	\$1,619,358
07/01/2022 - 06/30/2023	\$1,490,762
07/01/2023 - 03/31/2024	\$1,065,717
Grand Total	\$9,670,134





Litigated Claims by Policy Year for claims reported 07/01/2018 - 03/31/2024

Policy Year	Litigated Claims	
	Nonlitigated	Litigated
07/01/2018 - 06/30/2019	302	114
07/01/2019 - 06/30/2020	334	169
07/01/2020 - 06/30/2021	318	109
07/01/2021 - 06/30/2022	290	112
07/01/2022 - 06/30/2023	357	98
07/01/2023 - 03/31/2024	170	62





Lag Time Average - by Location

07/01/2018 - 03/31/2024

Location	Avg. Days
Elko Co. Agricultural Assoc., DbA Elko Co. Fair Board	347
Lovelock (City Of)	163
Nevada Association Of Counties	148
White Pine Television District #1	116
Western Nevada Regional Youth Center	107
Ely (City Of)	95
Boulder City (City Of)	87
North Lake Tahoe Fpd	86
Rtc Washoe County	82
Smokey Valley Library District	75
Palomino Valley General Improvement Dist	74
Nye County	61
Elko County	60
West Wendover Recreation District	60
Nye County School District	59
Pahrnagat Valley Fire District	58
Genoa (Town Of)	55
West Wendover (City Of)	54
Churchill County School District	53
Eureka County	51
Douglas County Mosquito Abatement District	51
White Pine County School District	49
Pershing County	47
Mineral Co Housing Authority	45
Elko (City Of)	43
Lyon County	42
Nevada Volunteers	42
Elko Central Dispatch	40



Lag Time Average - by Location

07/01/2018 - 03/31/2024

Location	Avg. Days
Winnemucca (City Of)	39
Douglas County	38
Douglas County School District	38
Churchill County	37
Pahrump (Town Of)	35
White Pine County	35
Mineral County	33
Humboldt County School District	32
Topaz Ranch General Improvement District	32
Carson City	31
East Fork Swimming Pool District	31
Elko County School District	31
Fernley (City Of)	31
Stagecoach Gid	30
Lander County	30
Sun Valley Gid	29
Esmeralda County	29
Yerington (City Of)	29
Storey County	28
Elko Tv District	28
Beatty Water & Sanitation District	28
North Lyon Fire Protection District	27
Round Mountain (Town Of)	26
Southern Nevada Health District	25
Nevada Rural Housing Authority	24
Zephyr Heights Gid	24
Carson City School District	23
Lincoln County	23



Lag Time Average - by Location 07/01/2018 - 03/31/2024

Location	Avg. Days
Nevada Public Agency Insurance Pool	23
Walker Basin Conservancy	22
Walker River Irrigation District	21
Tonopah (Town Of)	20
Minden Gardnerville Sanitation District	19
Tahoe-Douglas Fpd	19
Douglas County Sewer Improvement District #1	19
Lander County School District	18
White Pine County Fire Protection	18
Central Nevada Health District	17
Humboldt County	16
Gardnerville Ranchos Gid	16
Churchill County Mosquito & Weed Abateme	16
Lincoln County School District	15
Nevada League Of Cities	15
Mineral County School District	15
Northern Nye County Hospital Districtq	14
Elko Convention & Visitors Authority	14
Esmeralda County School District	13
Storey County School District	11
Caliente (City Of)	11
Humboldt General Hospital	11
Lyon County School District	10
Incline Village Gid	10
Tahoe Reno Industrial Gid	9
Pershing Water Conservation District	9
Wells (City Of)	7
Nevada-Tahoe Conservation District	6



Lag Time Average - by Location

07/01/2018 - 03/31/2024

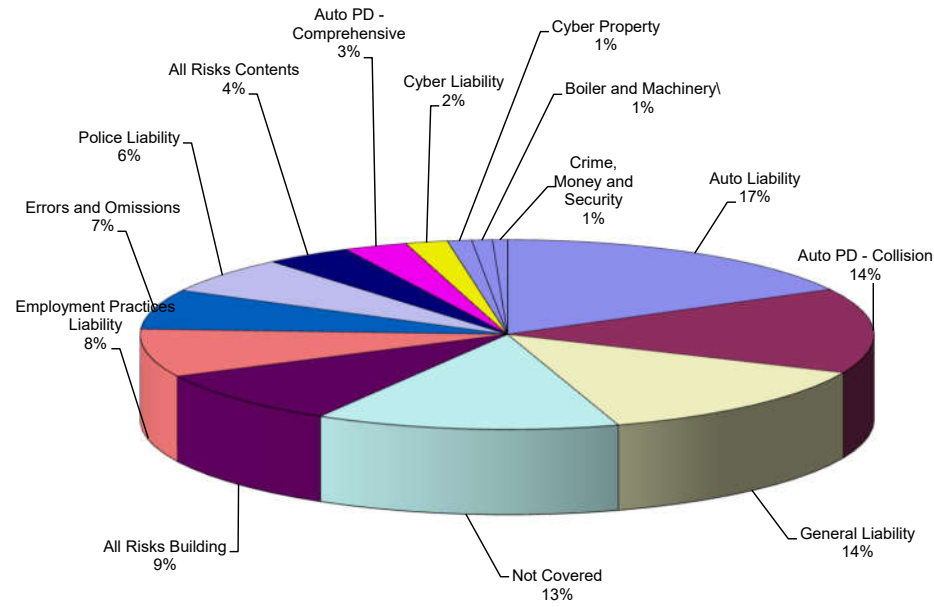
Location	Avg. Days
Nv Association Of Conservation Districts	6
Virginia City Convention & Tourism Autho	6
Moapa Valley Fire Protection District	6
Carlin (City Of)	6
Mt Charleston Fire Protection District	6
Moapa Valley Water District	6
Pershing County School District	5
Indian Hills Gid	5
Kingsbury Gid	4
Gardnerville (Town Of)	4
Minden (Town Of)	4
Nevada Commission For The Reconstruct	4
Eureka County School District	3
Lakeridge Gid	3
Sparks, City Of	2
Tahoe Douglas District	2
Pahrump Library District	2
Canyon Gid	1
Fernley Swimming Pool District	1



Frequency of Claims by Coverage

07/01/2018 - 03/31/2024

Coverage	# of Claims
Auto Liability	417
Auto PD - Collision	353
General Liability	329
Not Covered	325
All Risks Building	225
Employment Practices Liability	199
Errors and Omissions	165
Police Liability	152
All Risks Contents	93
Auto PD - Comprehensive	68
Cyber Liability	45
Cyber Property	26
Boiler and Machinery\	22
Crime, Money and Security	16

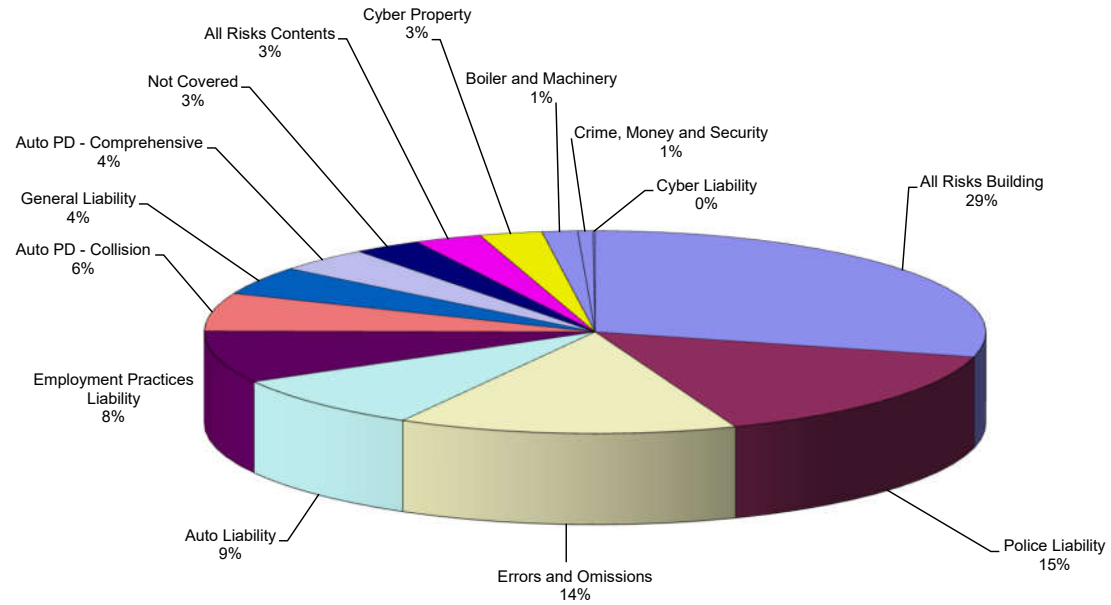




Severity of Claims by Coverage

07/01/2018 - 03/31/2024

Coverage	Total Incurred
All Risks Building	\$ 10,561,015
Police Liability	\$ 5,542,022
Errors and Omissions	\$ 5,101,725
Auto Liability	\$ 3,159,762
Employment Practices Liability	\$ 3,027,736
Auto PD - Collision	\$ 2,208,333
General Liability	\$ 1,655,442
Auto PD - Comprehensive	\$ 1,422,673
Not Covered	\$ 1,022,365
All Risks Contents	\$ 1,012,881
Cyber Property	\$ 945,489
Boiler and Machinery	\$ 534,957
Crime, Money and Security	\$ 229,014
Cyber Liability	\$ 32,791

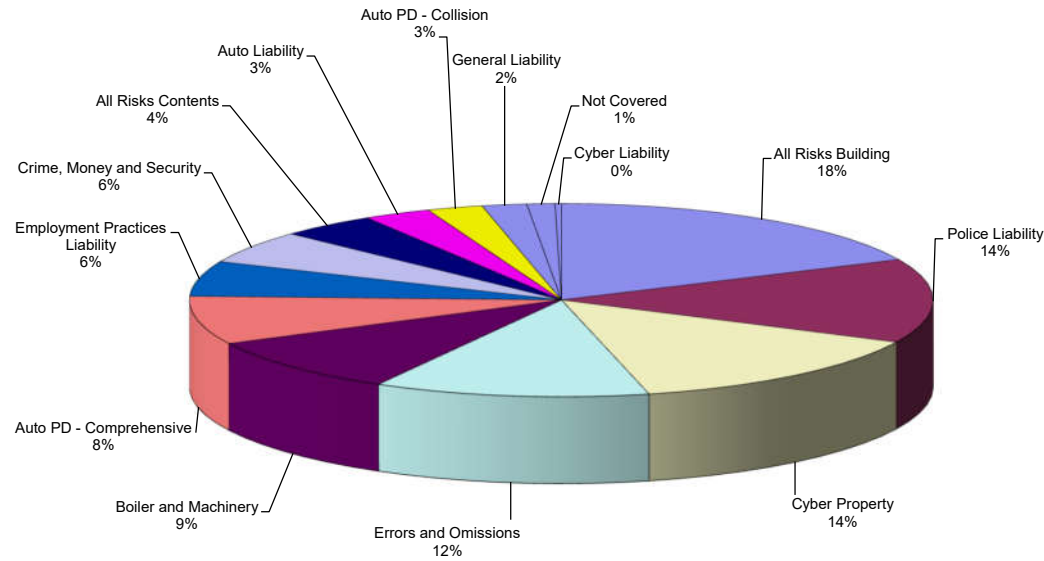




Average Incurred by Coverage

07/01/2018 - 03/31/2024

Coverage	Average Incurred
All Risks Building	\$ 46,938
Police Liability	\$ 36,461
Cyber Property	\$ 36,365
Errors and Omissions	\$ 30,920
Boiler and Machinery	\$ 24,316
Auto PD - Comprehensive	\$ 20,922
Employment Practices Liability	\$ 15,215
Crime, Money and Security	\$ 14,313
All Risks Contents	\$ 10,891
Auto Liability	\$ 7,577
Auto PD - Collision	\$ 6,256
General Liability	\$ 5,032
Not Covered	\$ 3,146
Cyber Liability	\$ 729





Historical Data Excluding Incidents 07/01/2018 - 03/31/2024

	07/01/18 - 06/30/19	07/01/19 - 06/30/20	07/01/20 - 06/30/21	07/01/21 - 06/30/22	07/01/22 - 06/30/23	07/01/23 - 03/31/24
Nbr of Claims						
Open	4	9	29	37	83	156
Closed	412	494	398	365	372	76
Total	416	503	427	402	455	232

	07/01/18 - 06/30/19	07/01/19 - 06/30/20	07/01/20 - 06/30/21	07/01/21 - 06/30/22	07/01/22 - 06/30/23	07/01/23 - 03/31/24
Total Incurred						
Open	\$767,400	\$1,023,766	\$2,054,060	\$4,553,754	\$3,797,787	\$2,847,355
Closed	\$5,380,977	\$4,507,462	\$3,529,375	\$4,720,098	\$2,855,401	\$418,770
Total	\$6,148,377	\$5,531,228	\$5,583,435	\$9,273,852	\$6,653,188	\$3,266,125

	07/01/18 - 06/30/19	07/01/19 - 06/30/20	07/01/20 - 06/30/21	07/01/21 - 06/30/22	07/01/22 - 06/30/23	07/01/23 - 03/31/24
Total Paid						
Open	\$618,534	\$321,761	\$765,857	\$2,278,496	\$1,777,571	\$755,188
Closed	\$5,380,977	\$4,507,462	\$3,529,375	\$4,720,098	\$2,855,401	\$418,770
Total	\$5,999,511	\$4,829,223	\$4,295,232	\$6,998,594	\$4,632,972	\$1,173,958

	07/01/18 - 06/30/19	07/01/19 - 06/30/20	07/01/20 - 06/30/21	07/01/21 - 06/30/22	07/01/22 - 06/30/23	07/01/23 - 03/31/24
Average Incurred						
Open	\$191,850	\$113,752	\$70,830	\$123,074	\$45,756	\$18,252
Closed	\$13,061	\$9,124	\$8,868	\$12,932	\$7,676	\$5,510
Average Incurred	\$14,780	\$10,996	\$13,076	\$23,069	\$14,622	\$14,078

	07/01/18 - 06/30/19	07/01/19 - 06/30/20	07/01/20 - 06/30/21	07/01/21 - 06/30/22	07/01/22 - 06/30/23	07/01/23 - 03/31/24
Open Claims						
Claims	4	9	29	37	83	156
Total	4	9	29	37	83	156



Summary by Location

07/01/2018 - 03/31/2024

Location	# of Claims	# Open Claims	Total Incurred
Beatty Water & Sanitation District	4	0	\$17,510
Boulder City (City Of)	111	12	\$1,103,245
Caliente (City Of)	10	2	\$487,510
Canyon Gid	1	0	\$41,933
Carlin (City Of)	13	0	\$51,095
Carson City	52	19	\$850,457
Carson City School District	38	3	\$766,804
Central Nevada Health District	1	1	\$1,500
Churchill County	32	7	\$690,910
Churchill County Mosquito & Weed Abateme	2	0	\$4,430
Churchill County School District	12	3	\$110,709
Douglas County	114	2	\$393,601
Douglas County Mosquito Abatement District	1	0	\$2,767
Douglas County School District	92	10	\$1,548,329
Douglas County Sewer Improvement District #1	7	0	\$13,669
East Fork Swimming Pool District	5	0	\$250
Elko (City Of)	136	22	\$1,041,032
Elko Central Dispatch	1	0	\$0
Elko Co. Agricultural Assoc., Dba Elko Co. Fair Board	1	0	\$1,140
Elko Convention & Visitors Authority	10	1	\$13,042
Elko County	117	15	\$2,135,938
Elko County School District	68	9	\$3,276,380
Elko Tv District	1	0	\$8,059
Ely (City Of)	47	7	\$580,979
Esmeralda County	26	3	\$187,757
Esmeralda County School District	11	0	\$146,626
Eureka County	36	2	\$446,078
Eureka County School District	14	4	\$677,980
Fernley (City Of)	41	3	\$323,003
Fernley Swimming Pool District	1	1	\$25,000



Summary by Location

07/01/2018 - 03/31/2024

Location	# of Claims	# Open Claims	Total Incurred
Gardnerville (Town Of)	17	0	\$116,755
Gardnerville Ranchos Gid	11	0	\$30,019
Genoa (Town Of)	5	0	\$16,880
Humboldt County	59	6	\$572,907
Humboldt County School District	23	3	\$476,788
Humboldt General Hospital	2	0	\$256,772
Incline Village Gid	76	11	\$795,176
Indian Hills Gid	7	0	\$36,788
Kingsbury Gid	7	3	\$118,095
Lakeridge Gid	2	0	\$7,356
Lander County	30	8	\$1,075,609
Lander County School District	8	2	\$57,725
Lincoln County	38	6	\$563,581
Lincoln County School District	15	2	\$317,942
Lovelock (City Of)	5	1	\$45,327
Lyon County	73	17	\$1,506,021
Lyon County School District	64	14	\$806,300
Minden (Town Of)	3	0	\$46,246
Minden Gardnerville Sanitation District	3	1	\$306,190
Mineral Co Housing Authority	1	0	\$0
Mineral County	47	7	\$301,182
Mineral County School District	30	3	\$606,271
Moapa Valley Fire Protection District	2	0	\$4,179
Moapa Valley Water District	7	1	\$40,793
Mt Charleston Fire Protection District	9	3	\$438,401
Nevada Association Of Counties	1	0	\$1,147
Nevada Commission For The Reconstruction	2	1	\$11,146
Nevada League Of Cities	1	0	\$1,340
Nevada Public Agency Insurance Pool	3	0	\$38,437
Nevada Rural Housing Authority	10	1	\$30,716



Summary by Location

07/01/2018 - 03/31/2024

Location	# of Claims	# Open Claims	Total Incurred
Nevada Volunteers	2	1	\$15,622
Nevada-Tahoe Conservation District	2	0	\$7,949
North Lake Tahoe Fpd	1	1	\$5,000
North Lyon Fire Protection District	20	3	\$101,792
Northern Nye County Hospital Districtq	2	0	\$306
Nv Association Of Conservation Districts	4	1	\$24,819
Nye County	256	26	\$4,738,298
Nye County School District	72	9	\$2,327,957
Pahrnagat Valley Fire District	1	0	\$14,843
Pahrump (Town Of)	18	3	\$855,235
Pahrump Library District	2	1	\$23,140
Palomino Valley General Improvement Dist	4	0	\$8,282
Pershing County	37	3	\$714,641
Pershing County School District	7	1	\$17,870
Pershing Water Conservation District	2	0	\$9,550
Round Mountain (Town Of)	10	1	\$64,403
Rtc Washoe County	14	2	\$70,600
Silver Springs Stagecoach Hospital District	1	0	\$22,155
Smokey Valley Library District	1	0	\$4,827
Southern Nevada Health District	41	5	\$375,603
Sparks, City Of	1	1	\$100,000
Stagecoach Gid	9	0	\$87,932
Storey County	70	14	\$736,794
Storey County School District	21	4	\$91,231
Sun Valley Gid	12	1	\$82,208
Tahoe Douglas District	2	0	\$13,982
Tahoe Reno Industrial Gid	7	1	\$399,868
Tahoe-Douglas Fpd	19	0	\$237,200
Tonopah (Town Of)	12	0	\$146,897
Tonopah Library District	1	0	\$3,161



Summary by Location

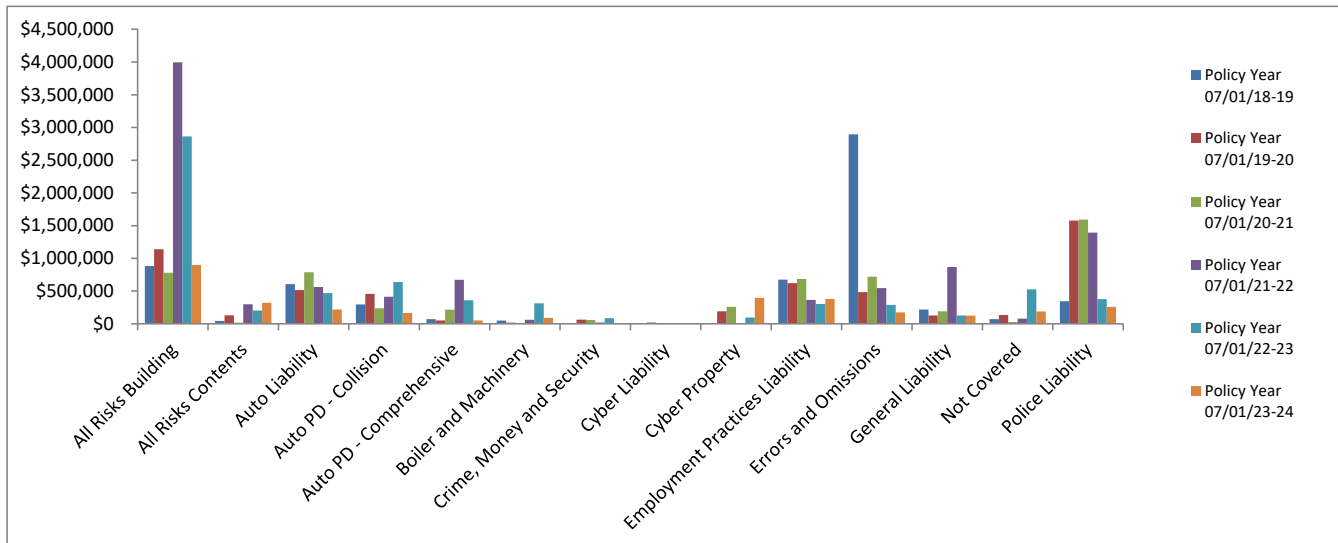
07/01/2018 - 03/31/2024

Location	# of Claims	# Open Claims	Total Incurred
Topaz Ranch General Improvement District	3	1	\$37,119
Virginia City Convention & Tourism Autho	1	0	\$50,621
Walker Basin Conservancy	18	1	\$140,008
Walker River Irrigation District	2	0	\$644
Wells (City Of)	5	2	\$471,708
West Wendover (City Of)	33	4	\$192,239
West Wendover Recreation District	6	1	\$82,111
Western Nevada Regional Youth Center	3	1	\$88,968
White Pine County	46	2	\$134,476
White Pine County Fire Protection	2	0	\$0
White Pine County School District	21	0	\$87,062
White Pine Television District #1	1	1	\$8,000
Winnemucca (City Of)	47	8	\$156,876
Yerington (City Of)	20	1	\$104,097
Zephyr Heights Gid	10	2	\$26,287
TOTAL	2435	318	\$36,456,206



Total Incurred by Coverage by Policy Year

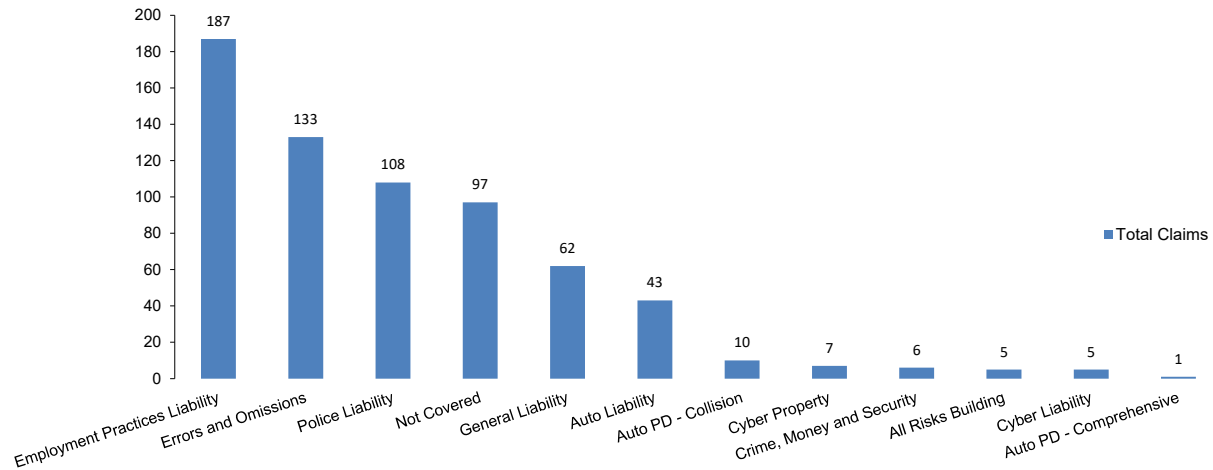
Coverage	Policy Year 07/01/18-19	Policy Year 07/01/19-20	Policy Year 07/01/20-21	Policy Year 07/01/21-22	Policy Year 07/01/22-23	Policy Year 07/01/23-24
All Risks Building	\$882,452	\$1,140,561	\$779,633	\$3,995,541	\$2,864,286	\$898,541
All Risks Contents	\$43,855	\$128,988	\$17,217	\$297,700	\$204,073	\$321,048
Auto Liability	\$606,368	\$516,448	\$787,014	\$562,003	\$469,758	\$218,170
Auto PD - Collision	\$295,771	\$458,037	\$236,949	\$412,359	\$638,631	\$166,587
Auto PD - Comprehensive	\$70,204	\$51,343	\$215,851	\$673,009	\$360,059	\$52,207
Boiler and Machinery	\$48,828	\$17,856	\$3,770	\$60,159	\$313,211	\$91,134
Crime, Money and Security	\$290	\$62,799	\$59,483	\$19,670	\$86,773	\$0
Cyber Liability	\$0	\$19,975	\$12,491	\$0	\$0	\$325
Cyber Property	\$0	\$191,483	\$258,057	\$4,943	\$96,006	\$395,000
Employment Practices Liability	\$674,316	\$621,108	\$685,313	\$363,932	\$303,667	\$379,400
Errors and Omissions	\$2,895,337	\$483,847	\$718,278	\$544,331	\$287,294	\$172,640
General Liability	\$216,597	\$127,522	\$191,248	\$868,900	\$127,560	\$123,616
Not Covered	\$70,117	\$135,287	\$26,521	\$77,678	\$524,454	\$188,308
Police Liability	\$344,243	\$1,575,973	\$1,591,611	\$1,393,629	\$377,416	\$259,150





Litigated Claims by Coverage for Policy Years 07/01/2018 - 03/31/2024

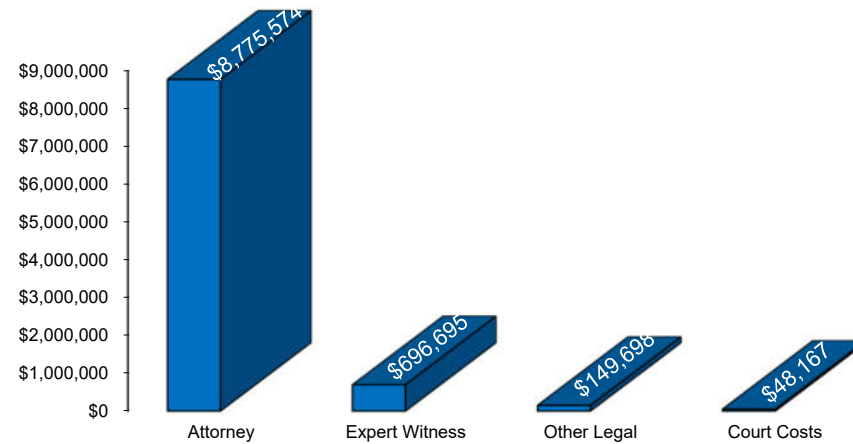
Litigated Claims by Coverage	
Coverage	Total Claims
Employment Practices Liability	187
Errors and Omissions	133
Police Liability	108
Not Covered	97
General Liability	62
Auto Liability	43
Auto PD - Collision	10
Cyber Property	7
Crime, Money and Security	6
All Risks Building	5
Cyber Liability	5
Auto PD - Comprehensive	1





Legal Expenses Paid by Type for 07/01/2018 - 03/31/2024

Legal Expenses paid by Type	
Legal Expense Type	Amount
Attorney	\$ 8,775,574
Expert Witness	\$ 696,695
Other Legal	\$ 149,698
Court Costs	\$ 48,167
Grand Total	\$ 9,670,134



■ Amount

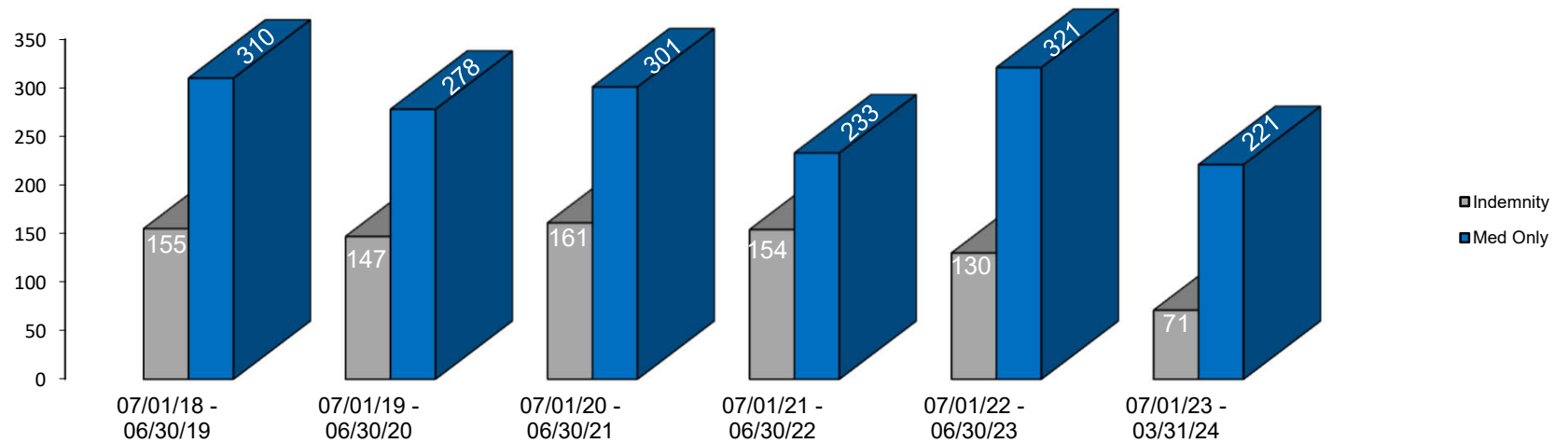


Worker's Compensation Report



Claim Frequency excluding Incidents 07/01/2018 - 03/31/2024

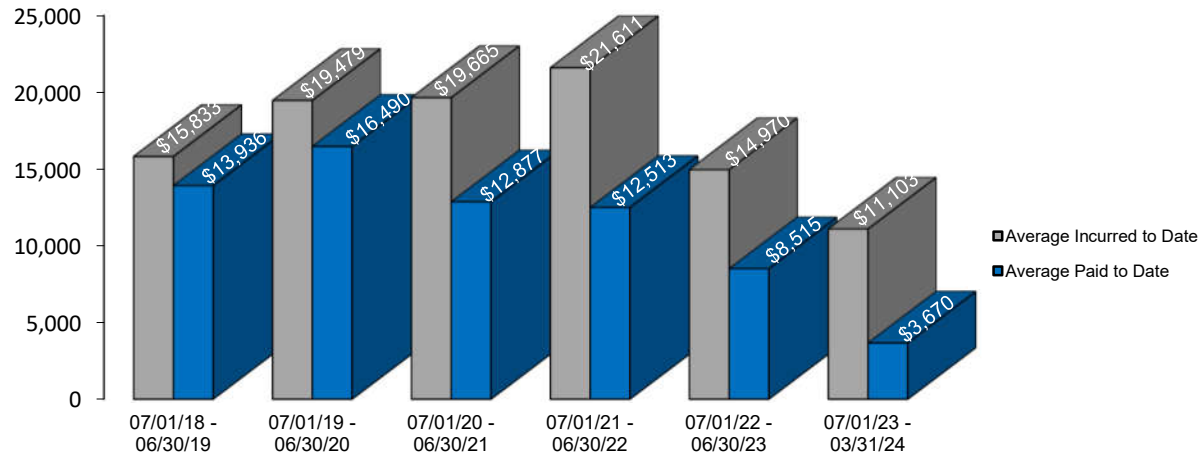
Policy Year	Indemnity		Medical Only		Total Claims
	Open	Closed	Open	Closed	
07/01/18 - 06/30/19	8	147	1	309	465
07/01/19 - 06/30/20	10	137	1	277	425
07/01/20 - 06/30/21	16	145	6	295	462
07/01/21 - 06/30/22	14	140	2	231	387
07/01/22 - 06/30/23	44	86	26	295	451
07/01/23 - 03/31/24	50	21	126	95	292
					2,482





Average Incurred & Paid by Policy Year 07/01/2018 - 03/31/2024

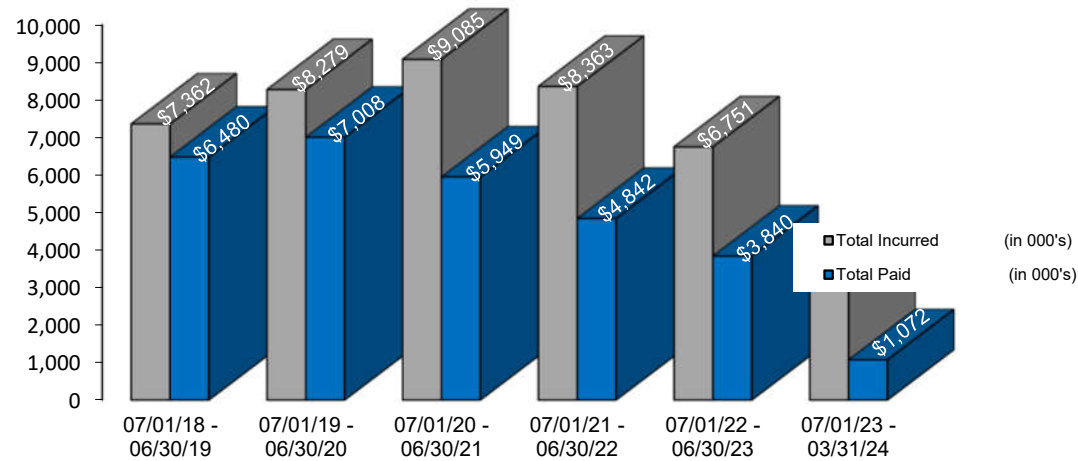
Policy Year	Average Incurred to Date	Average Paid to Date
07/01/18 - 06/30/19	\$15,833	\$13,936
07/01/19 - 06/30/20	\$19,479	\$16,490
07/01/20 - 06/30/21	\$19,665	\$12,877
07/01/21 - 06/30/22	\$21,611	\$12,513
07/01/22 - 06/30/23	\$14,970	\$8,515
07/01/23 - 03/31/24	\$11,103	\$3,670





Incurred vs Paid by Policy Year 07/01/2018 - 03/31/2024

Policy Year	All Claims	
	Total Incurred (in 000's)	Total Paid (in 000's)
07/01/18 - 06/30/19	\$7,362	\$6,480
07/01/19 - 06/30/20	\$8,279	\$7,008
07/01/20 - 06/30/21	\$9,085	\$5,949
07/01/21 - 06/30/22	\$8,363	\$4,842
07/01/22 - 06/30/23	\$6,751	\$3,840
07/01/23 - 03/31/24	\$3,242	\$1,072





Lag Time Average by Location 07/01/2018 - 03/31/2024

Location	Avg. Days
Winnemucca (City Of)	54
Wells (City Of)	51
Round Mountain (Town Of)	51
Ely (City Of)	39
Churchill County Communications	36
Esmeralda County	36
Battle Mountain General Hospital	33
Caliente (City Of)	32
Beatty Water & Sanitation District	29
Tahoe-Douglas Fpd	24
Tonopah (Town Of)	24
West Wendover (City Of)	22
East Fork Fire & Paramedic District	21
Rtc Washoe County	21
Eureka County	19
White Pine County	19
Pershing General Hospital	19
Tahoe Reno Industrial Gid	18
Tahoe Transportation	18
Storey County	18
Elko (City Of)	17
Lincoln County School District	17
Nye County	16
Pershing County School District	16
Lincoln County	16
Mt Charleston Fire Protection District	15
Pershing County Water Conservation Distr	14
Humboldt General Hospital	14
Humboldt County	14



Lag Time Average by Location 07/01/2018 - 03/31/2024

Location	Avg. Days
Lander County	13
Elko County	13
Lander County School District	13
Mcgill Ruth Sewer & Water Gid	13
Incline Village General Improvement Dist	13
Douglas County Mosquito Abatement Distri	13
Lyon County	12
North Lake Tahoe Fpd	12
Pahrump (Town Of)	12
White Pine Historical Railroad Foundatio	12
Eureka County School District	11
Mount Grant General Hospital	11
Central Lyon County Fpd	11
Mineral County School District	11
Elko Convention & Vistors Authority	11
Lovelock (City Of)	11
Pershing County	11
Boulder City (City Of)	10
Carlin (City Of)	10
Mineral County	9
Grover C. Diils Medical Center	9
White Pine County School District	9
Yerington (City Of)	9
Esmeralda County School District	9
Mason Valley Swimming Pool District	8
Smith Valley Fpd	8
North Lyon County Fire Protection District	8
East Fork Swimming Pool District	8
White Pine County Fp District	7



Lag Time Average by Location 07/01/2018 - 03/31/2024

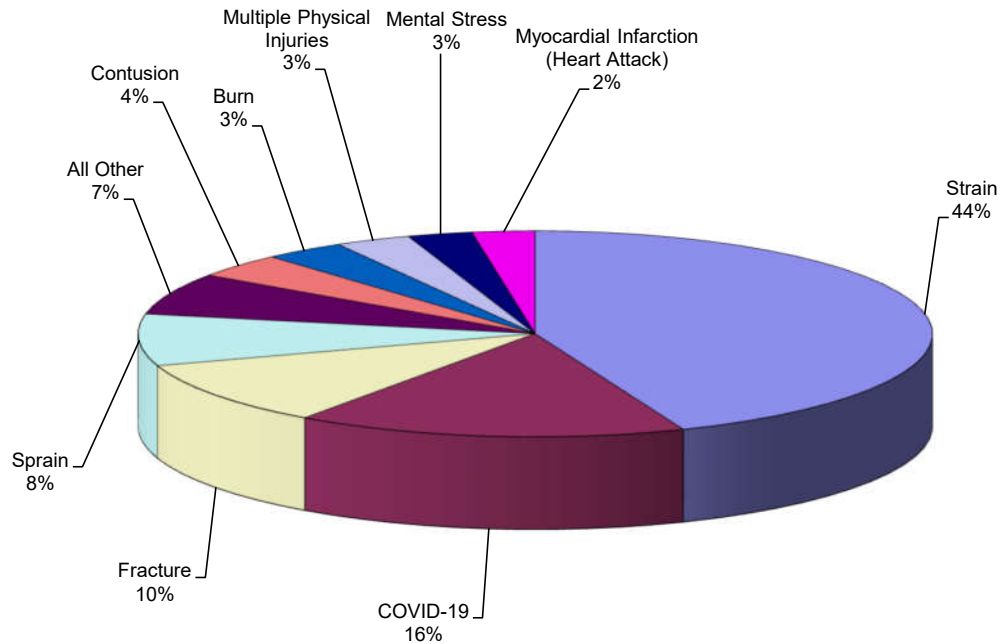
Location	Avg. Days
Churchill County	7
Nevada Northern Railway Foundation	7
Pahrump Library District	6
Indian Hills Gid	6
Fernley (City Of)	5
Pahranagat Valley Fd	5
Douglas Co Sewer Improvement District #1	5
Palomino Valley Gid	5
Nevada Rural Housing Authority	4
Southern Nevada Health District	4
Mason Valley Fpd	4
Walker River Irrigation	3
Moapa Valley Fire Protections District	3
Washoe Co Fire Suppression Dist	3
Churchill County Mosquito & Weed Abatement Distric	2
Nv Association Of Conservation Districts	2
Minden Garnerville Sanitation District	2
Topaz Ranch General Improvement District	1



Top Ten Nature of Injury

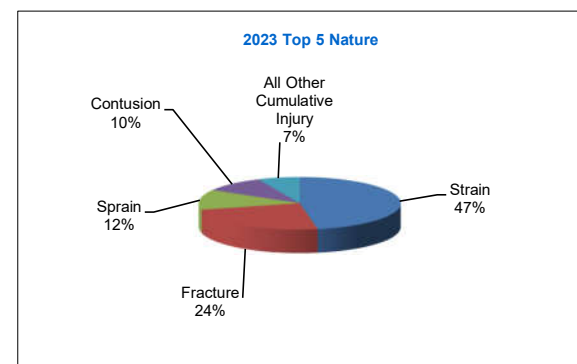
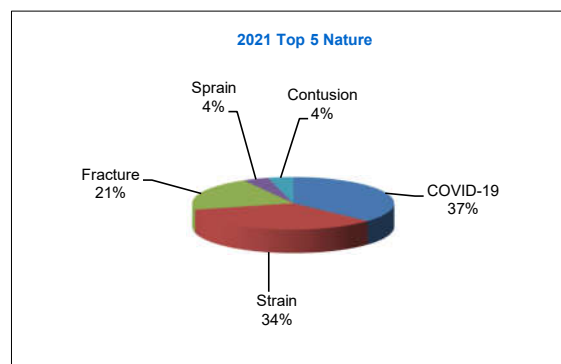
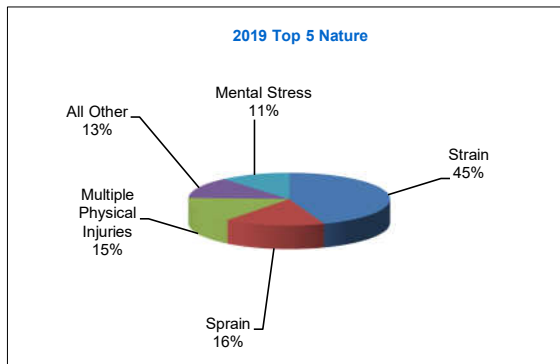
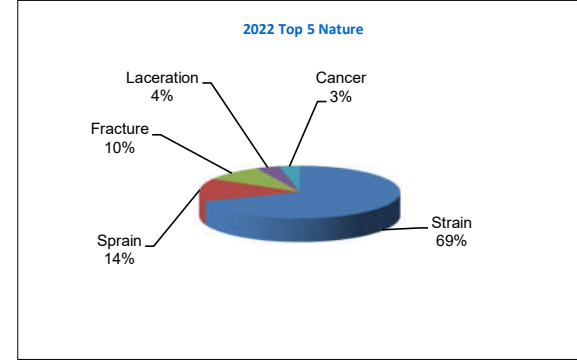
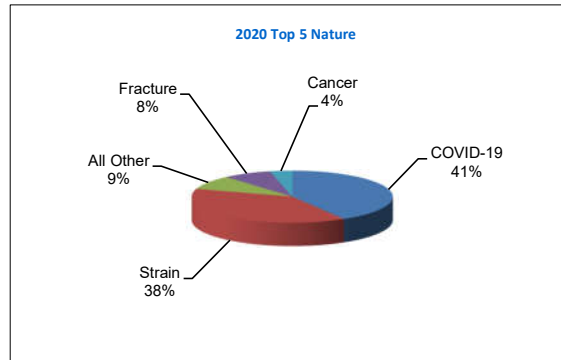
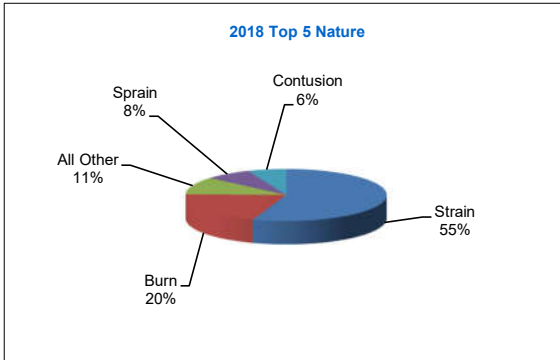
07/01/2018 - 03/31/2024

Nature of Injury	# of Claims	Total Incurred
Strain	822	\$ 16,487,424
COVID-19	90	\$ 5,967,272
Fracture	104	\$ 3,802,718
Sprain	193	\$ 3,044,719
All Other	144	\$ 2,462,874
Contusion	261	\$ 1,428,353
Burn	29	\$ 1,240,483
Multiple Physical Injuries	31	\$ 1,159,165
Mental Stress	27	\$ 987,147
Myocardial Infarction (Heart Attack)	9	\$ 958,372





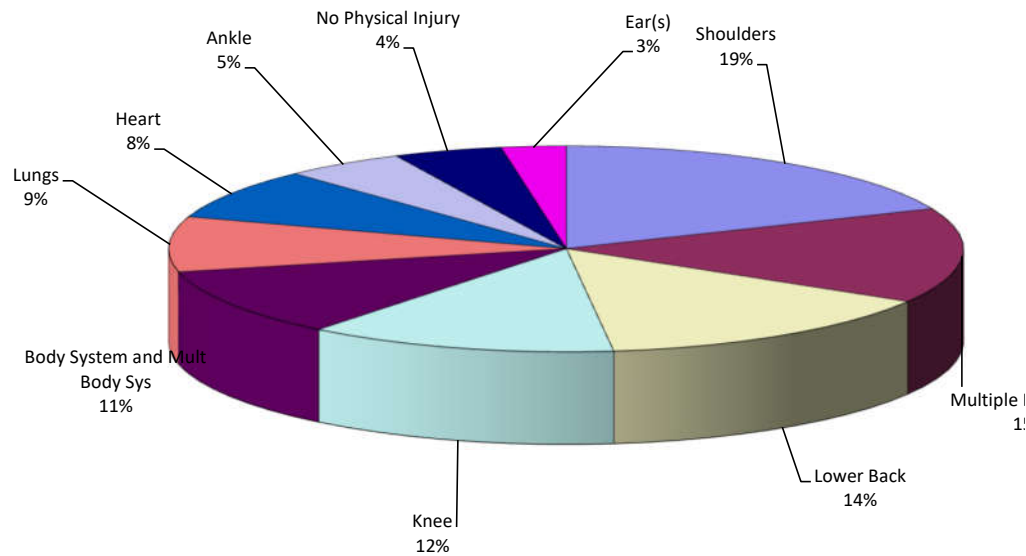
Nature of Injury Trends for 07/01/2018 - 03/31/2024





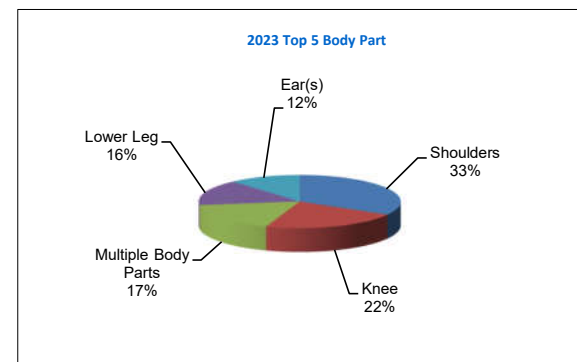
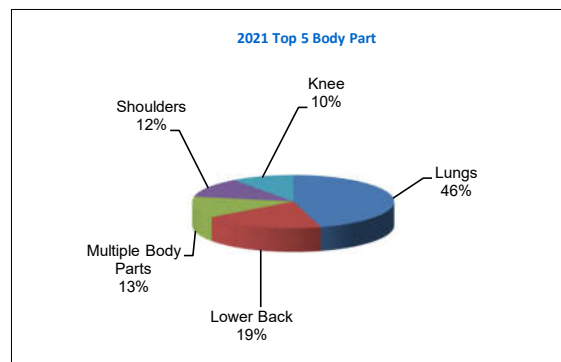
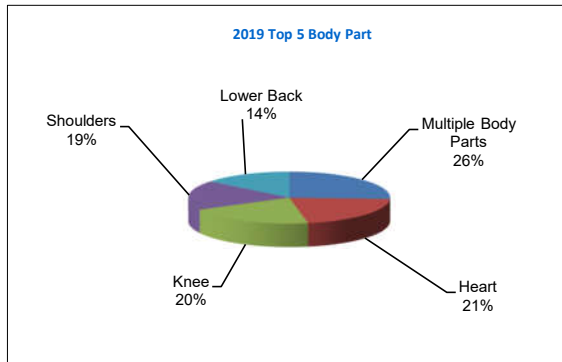
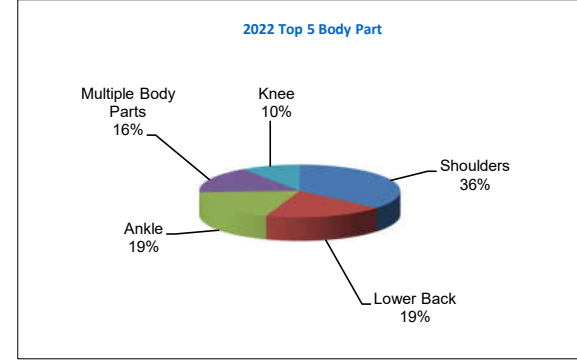
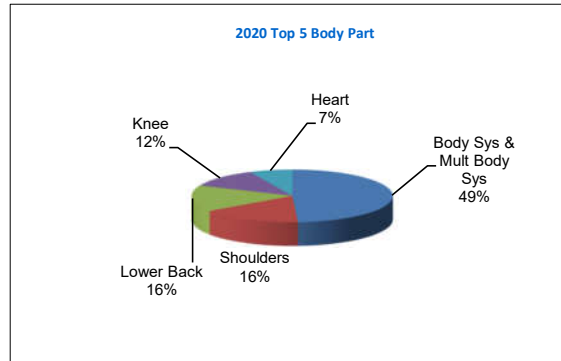
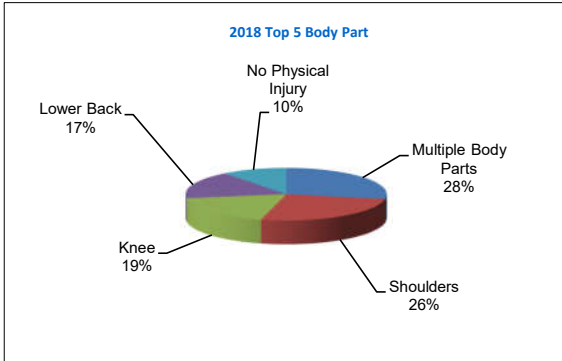
Top Ten Part of Body 07/01/2018 - 03/31/2024

Part of Body	# of Claims	Total Incurred
Shoulders	177	\$ 6,313,238
Multiple Body Parts	204	\$ 5,055,645
Lower Back	202	\$ 4,918,320
Knee	240	\$ 4,255,866
Body System and Mult Body Sys	130	\$ 3,623,376
Lungs	104	\$ 2,928,881
Heart	47	\$ 2,705,892
Ankle	89	\$ 1,669,521
No Physical Injury	51	\$ 1,495,583
Ear(s)	29	\$ 893,884





Body Part Trends for 07/01/2018 - 03/31/2024

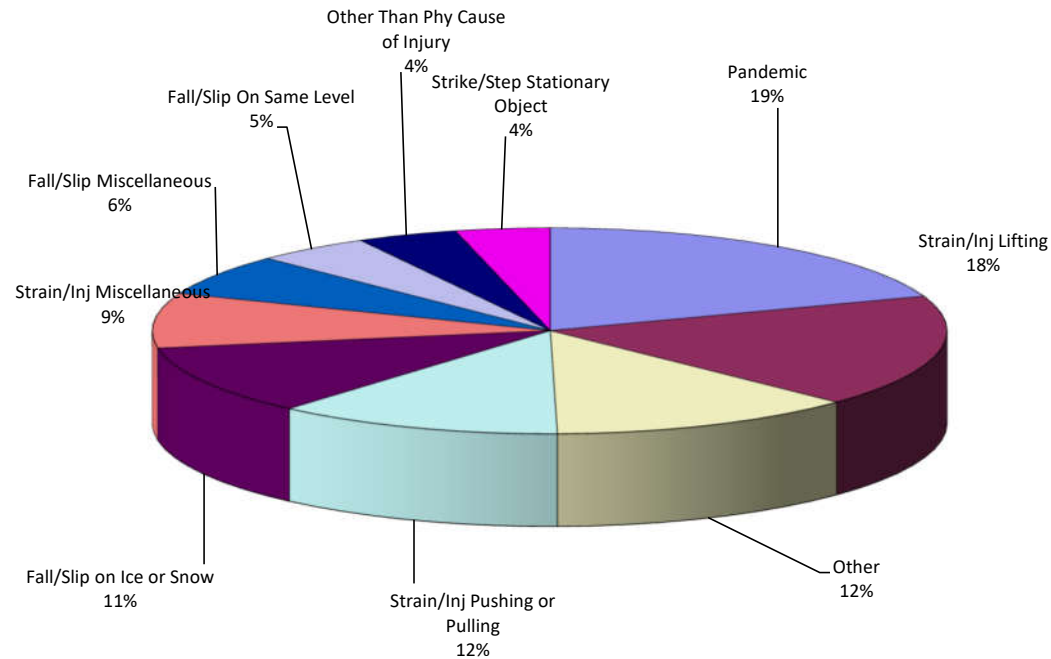




Top Ten Cause of Injury

07/01/2018 - 03/31/2024

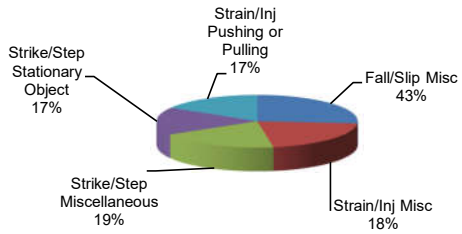
Cause of Injury	# of Claims	Total Incurred
Pandemic	95	\$ 5,970,812
Strain/Inj Lifting	199	\$ 5,387,367
Other	156	\$ 3,815,726
Strain/Inj Pushing or Pulling	162	\$ 3,551,393
Fall/Slip on Ice or Snow	128	\$ 3,335,936
Strain/Inj Miscellaneous	188	\$ 2,628,399
Fall/Slip Miscellaneous	93	\$ 1,985,129
Fall/Slip On Same Level	105	\$ 1,427,819
Other Than Phy Cause of Injury	57	\$ 1,246,596
Strike/Step Stationary Object	62	\$ 1,172,086



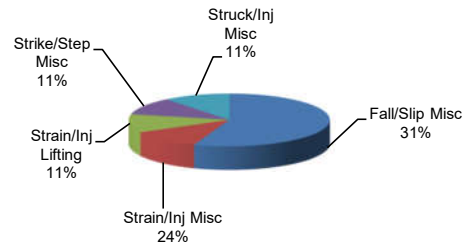


Cause of Injury Trends for 07/01/2018 - 03/31/2024

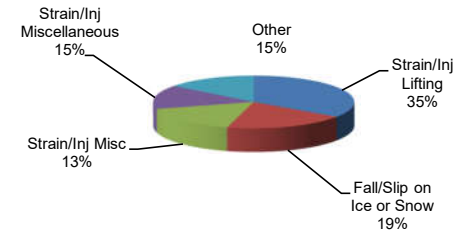
2018 Top 5 Cause of Injury



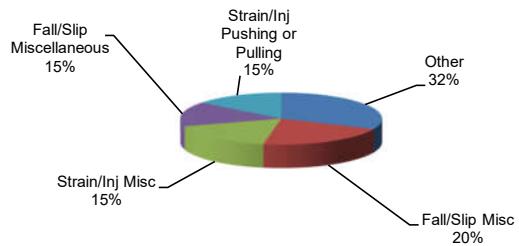
2020 Top 5 Cause of Injury



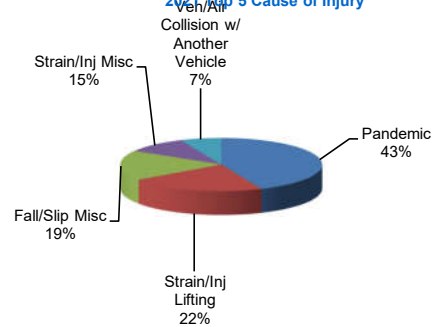
2022 Top 5 Cause of Injury



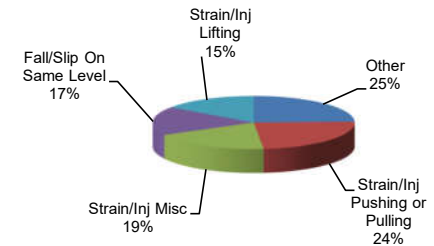
2019 Top 5 Cause of Injury



2021 Top 5 Cause of Injury



2023 Top 5 Cause of Injury





Historical Data Excluding Incidents 07/01/2018 - 03/31/2024

Nbr of Claims

	07/01/18 - 06/30/19	07/01/19 - 06/30/20	07/01/20 - 06/30/21	07/01/21 - 06/30/22	07/01/22 - 06/30/23	07/01/23 - 03/31/24
Indemnity	155	147	161	154	130	71
Med Only	310	278	301	233	321	221
Total	465	425	462	387	451	292

Total Incurred

	07/01/18 - 06/30/19	07/01/19 - 06/30/20	07/01/20 - 06/30/21	07/01/21 - 06/30/22	07/01/22 - 06/30/23	07/01/23 - 03/31/24
Indemnity	\$6,929,440	\$7,871,829	\$8,336,596	\$7,878,385	\$5,793,213	\$2,470,023
Med Only	\$432,845	\$406,762	\$748,858	\$484,998	\$958,132	\$772,069
Total	\$7,362,285	\$8,278,591	\$9,085,454	\$8,363,383	\$6,751,345	\$3,242,092

Total Paid

	07/01/18 - 06/30/19	07/01/19 - 06/30/20	07/01/20 - 06/30/21	07/01/21 - 06/30/22	07/01/22 - 06/30/23	07/01/23 - 03/31/24
Indemnity	\$6,051,553	\$6,611,416	\$5,331,806	\$4,513,672	\$3,173,603	\$729,946
Med Only	\$428,734	\$396,879	\$617,196	\$328,673	\$666,824	\$341,723
Total	\$6,480,287	\$7,008,295	\$5,949,002	\$4,842,345	\$3,840,427	\$1,071,669

Average Incurred

	07/01/18 - 06/30/19	07/01/19 - 06/30/20	07/01/20 - 06/30/21	07/01/21 - 06/30/22	07/01/22 - 06/30/23	07/01/23 - 03/31/24
Indemnity	\$44,706	\$53,550	\$51,780	\$51,158	\$44,563	\$34,789
Med Only	\$1,396	\$1,463	\$2,488	\$2,082	\$2,985	\$3,494
Average Incurred	\$15,833	\$19,479	\$19,665	\$21,611	\$14,970	\$11,103

Open Claims

	07/01/18 - 06/30/19	07/01/19 - 06/30/20	07/01/20 - 06/30/21	07/01/21 - 06/30/22	07/01/22 - 06/30/23	07/01/23 - 03/31/24
Indemnity	8	10	16	14	44	50
Med Only	1	1	6	2	26	126
Total	9	11	22	16	70	176



Summary by Location

07/01/2018 - 03/31/2024

Location	# of Claims	# Open Claims	Total Incurred
Nye County	229	17	\$7,589,378
Lander County	52	8	\$4,370,203
Lyon County	156	21	\$3,028,446
Tahoe-Douglas Fpd	95	14	\$2,782,901
East Fork Fire & Paramedic District	99	10	\$2,688,836
Boulder City (City Of)	117	15	\$2,537,758
Elko County	142	22	\$2,176,894
North Lake Tahoe Fpd	134	16	\$2,108,385
Incline Village General Improvement Dist	128	19	\$2,054,035
Elko (City Of)	118	19	\$1,558,235
Ely (City Of)	30	3	\$1,069,142
Storey County	43	12	\$1,022,399
Humboldt County	49	12	\$862,044
Humboldt General Hospital	85	10	\$780,841
Central Lyon County Fpd	49	7	\$694,335
Pershing County	35	3	\$616,377
Pahrump (Town Of)	35	2	\$607,572
Winnemucca (City Of)	28	7	\$492,934
Churchill County	74	7	\$449,792
Mineral County	43	5	\$424,325
White Pine County	45	7	\$344,279
Pershing County School District	20	1	\$337,250
Mount Grant General Hospital	85	5	\$334,049
Eureka County	28	5	\$325,876
Esmeralda County School District	13	1	\$303,504
Carlin (City Of)	16	1	\$296,760
Tahoe Transportation	2	0	\$203,439
Mineral County School District	15	2	\$188,464
Caliente (City Of)	7	0	\$182,122
Palomino Valley Gid	2	1	\$156,608
Tonopah (Town Of)	7	0	\$152,220



Summary by Location

07/01/2018 - 03/31/2024

Location	# of Claims	# Open Claims	Total Incurred
Lovelock (City Of)	15	1	\$150,110
Lander County School District	29	4	\$148,601
Southern Nevada Health District	70	5	\$142,213
Battle Mountain General Hospital	16	3	\$138,122
Mt Charleston Fire Protection District	6	2	\$138,107
West Wendover (City Of)	23	2	\$130,502
Churchill County Communications	8	2	\$119,905
Grover C. Dils Medical Center	33	2	\$111,034
Pershing General Hospital	20	2	\$110,946
Tahoe Reno Industrial Gid	4	0	\$98,198
Round Mountain (Town Of)	8	1	\$96,381
North Lyon County Fire Protection District	30	1	\$93,797
White Pine County School District	52	7	\$91,897
Beatty Water & Sanitation District	2	1	\$90,587
Lincoln County	17	2	\$74,600
Lincoln County School District	15	1	\$58,752
Eureka County School District	5	1	\$58,355
Esmeralda County	12	2	\$56,787
Yerington (City Of)	17	2	\$56,045
Nevada Northern Railway Foundation	10	4	\$48,709
White Pine Historical Railroad Foundatio	23	0	\$42,745
Wells (City Of)	8	1	\$42,735
Pershing County Water Conservation Distr	7	0	\$39,158
Nevada Rural Housing Authority	9	1	\$35,194
Elko Convention & Vistors Authority	1	1	\$32,934
Indian Hills Gid	2	0	\$31,190
Rtc Washoe County	4	0	\$23,601
Mason Valley Fpd	6	1	\$15,869
Fernley (City Of)	13	1	\$14,239
East Fork Swimming Pool District	12	1	\$13,054
White Pine County Fp District	3	0	\$8,969



Summary by Location

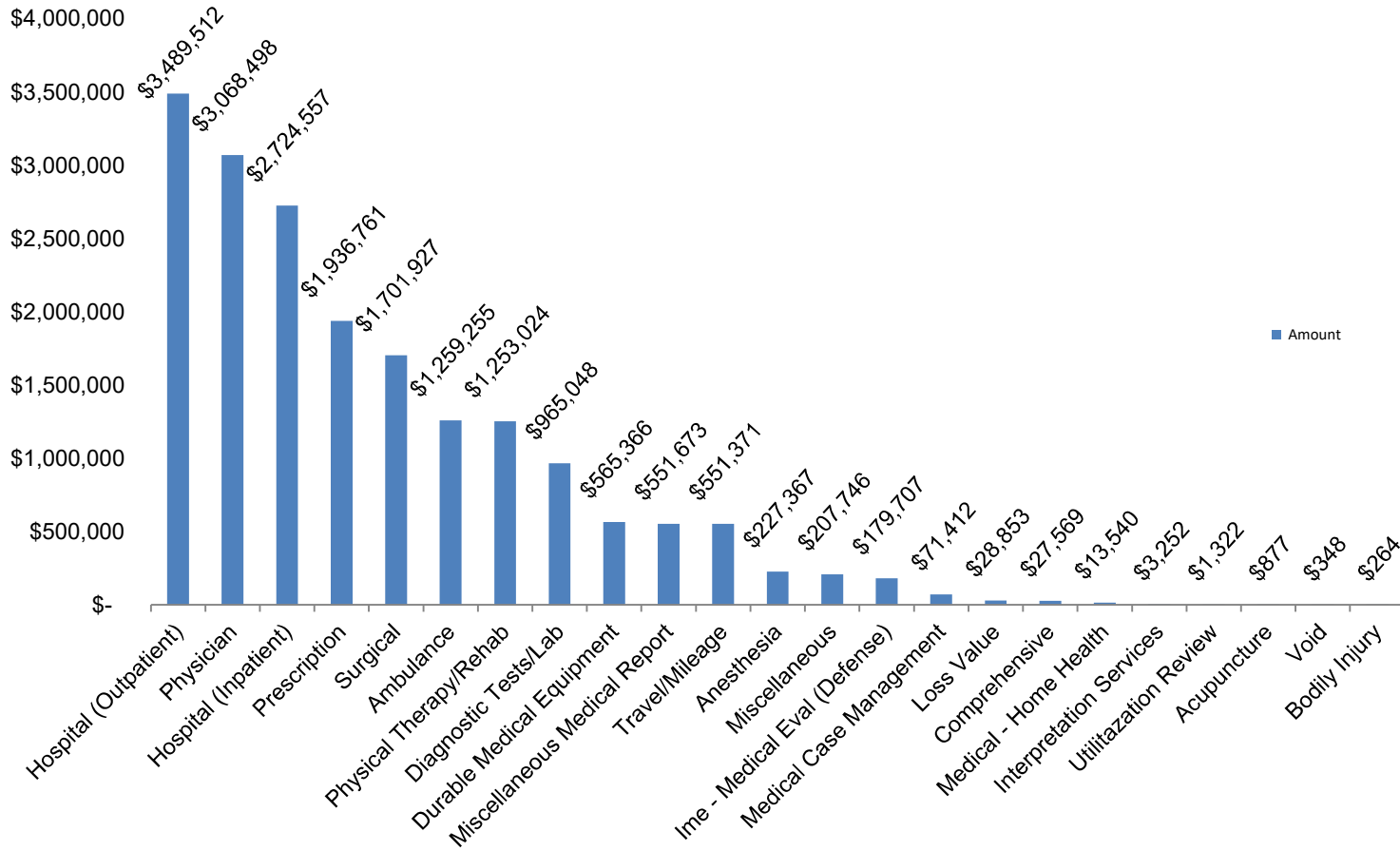
07/01/2018 - 03/31/2024

Location	# of Claims	# Open Claims	Total Incurred
Minden Garnerville Sanitation District	2	0	\$7,175
Topaz Ranch General Improvement District	3	1	\$3,425
Washoe Co Fire Suppression Dist	1	0	\$3,245
Douglas Co Sewer Improvement District #1	2	0	\$2,742
Churchill County Mosquito & Weed Abatement Distric	3	0	\$2,474
Walker River Irrigation	1	0	\$2,453
Nv Association Of Conservation Districts	1	0	\$2,381
Smith Valley Fpd	1	0	\$1,875
Douglas County Mosquito Abatement Distri	2	0	\$1,740
Mcgill Ruth Sewer & Water Gid	1	0	\$1,342
Pahrump Library District	1	0	\$875
Pahranagat Valley Fd	1	0	\$485
Moapa Valley Fire Protections District	1	0	\$198
Mason Valley Swimming Pool District	1	0	\$0
Grand Total	2482	304	\$43,083,147



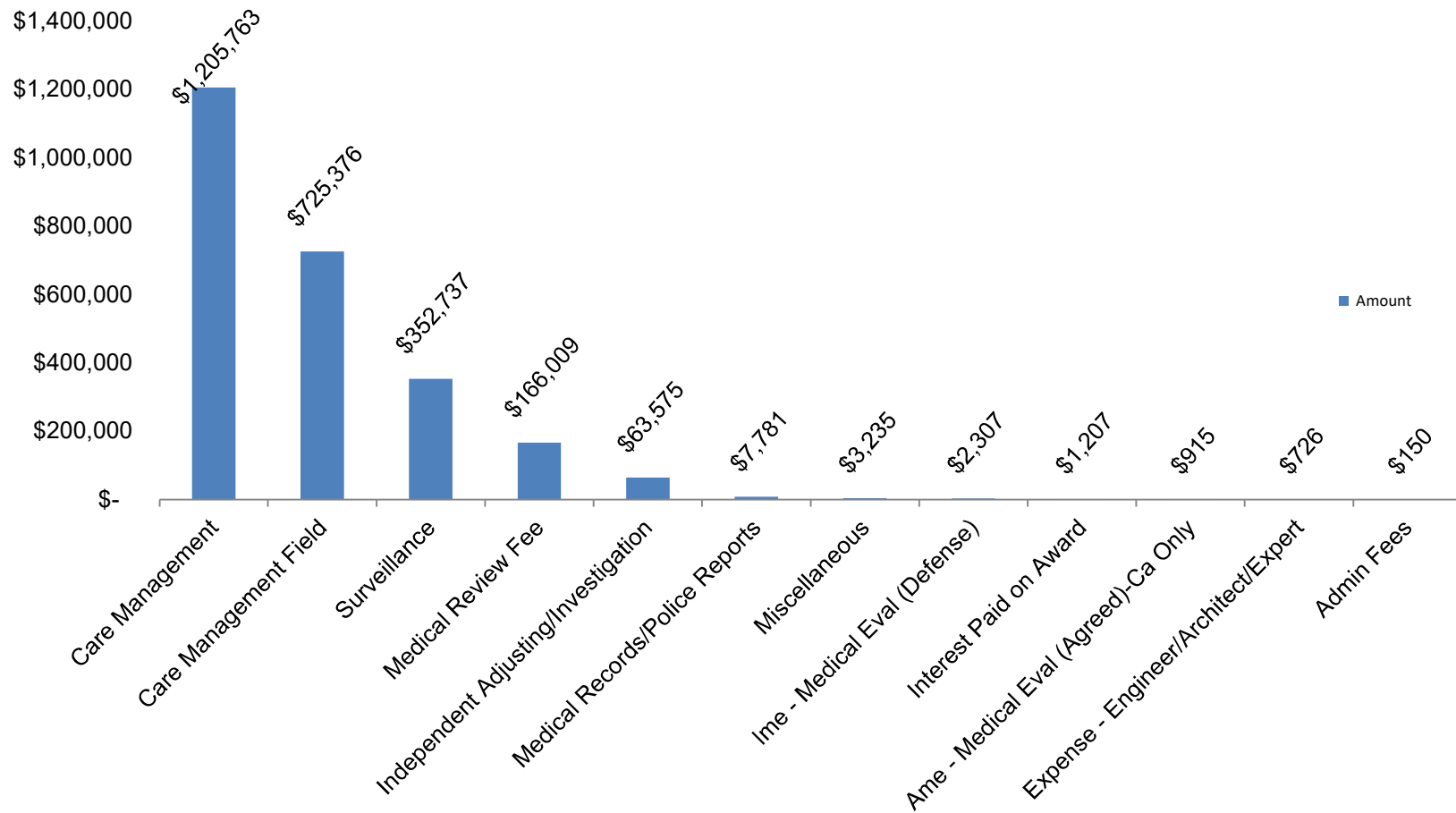
Medical Payments by Type

07/1/2018 - 03/31/2024





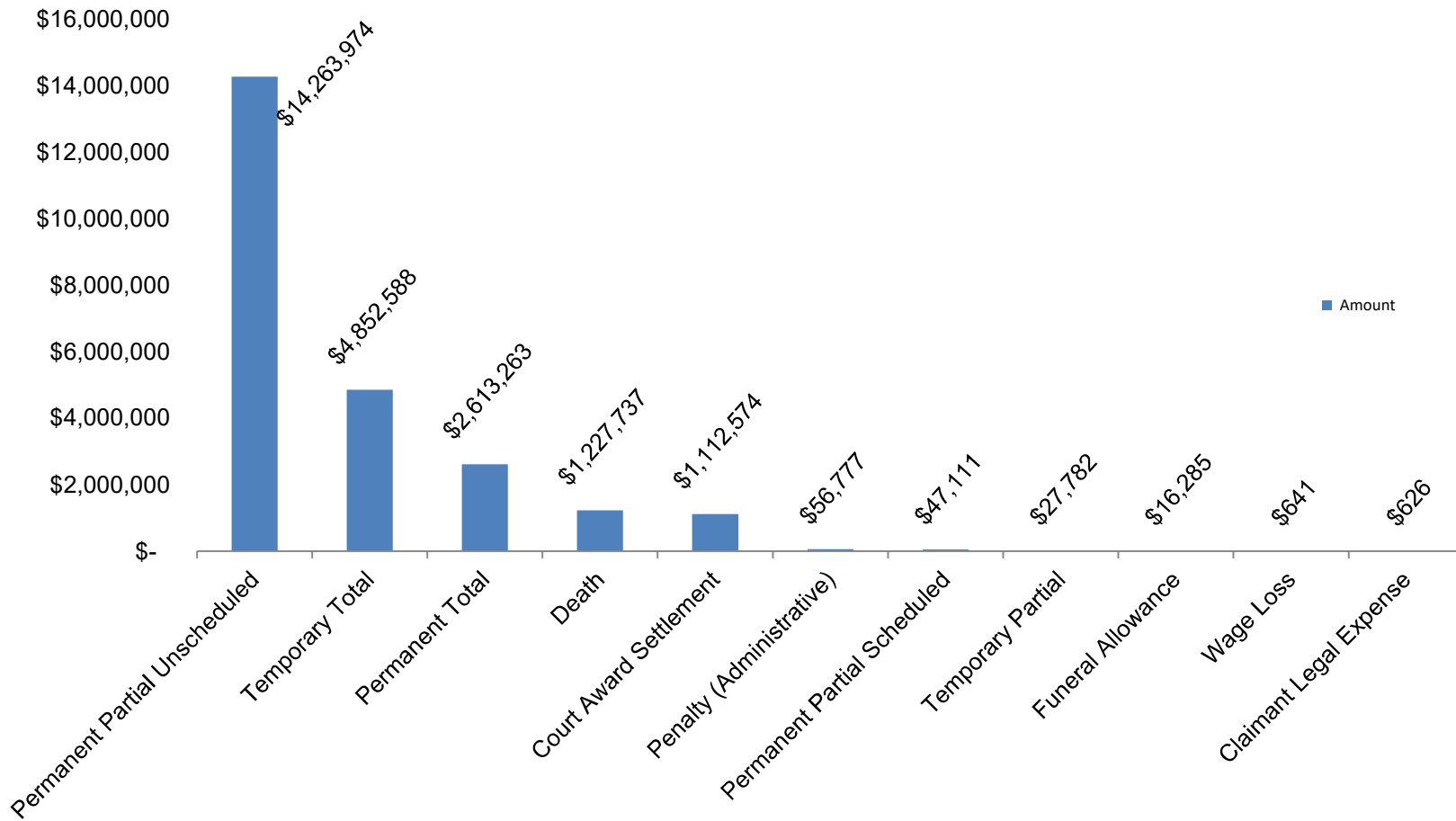
Expense Payments by Type 07/01/2018 - 03/31/2024





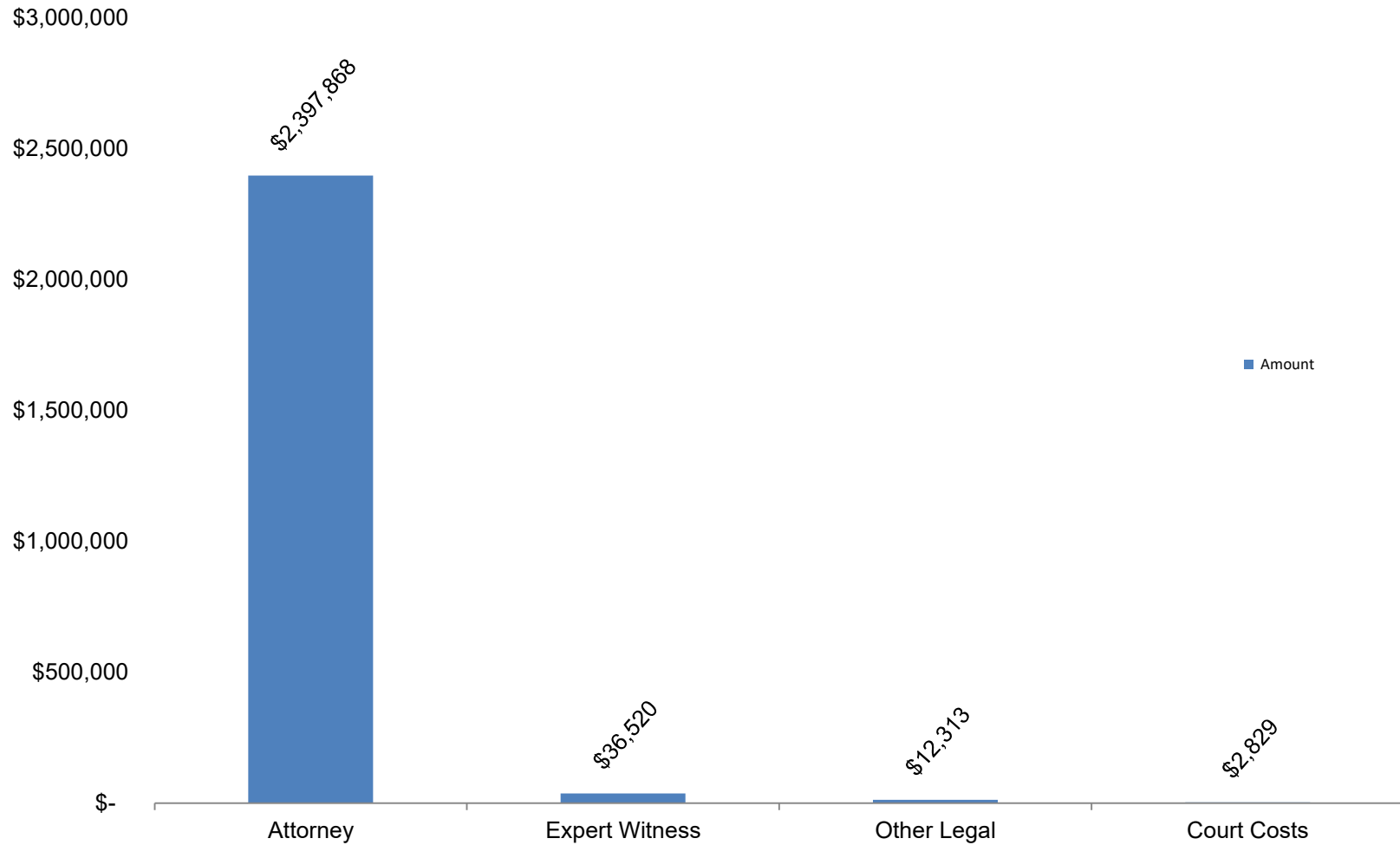
Indemnity Payments by Type

07/01/2018 - 03/31/2024



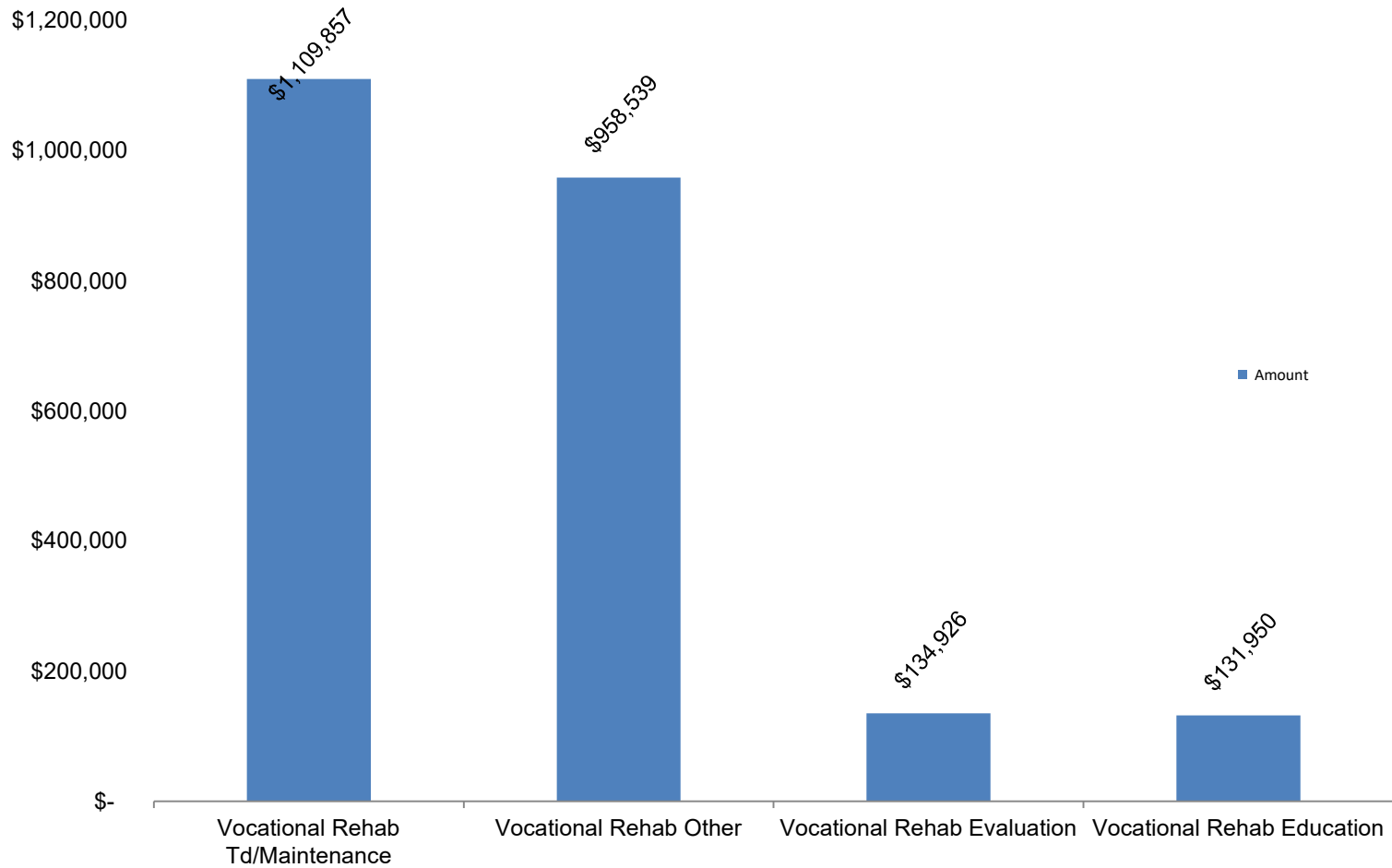


Legal Payments by Type 07/01/2018 - 03/31/2024





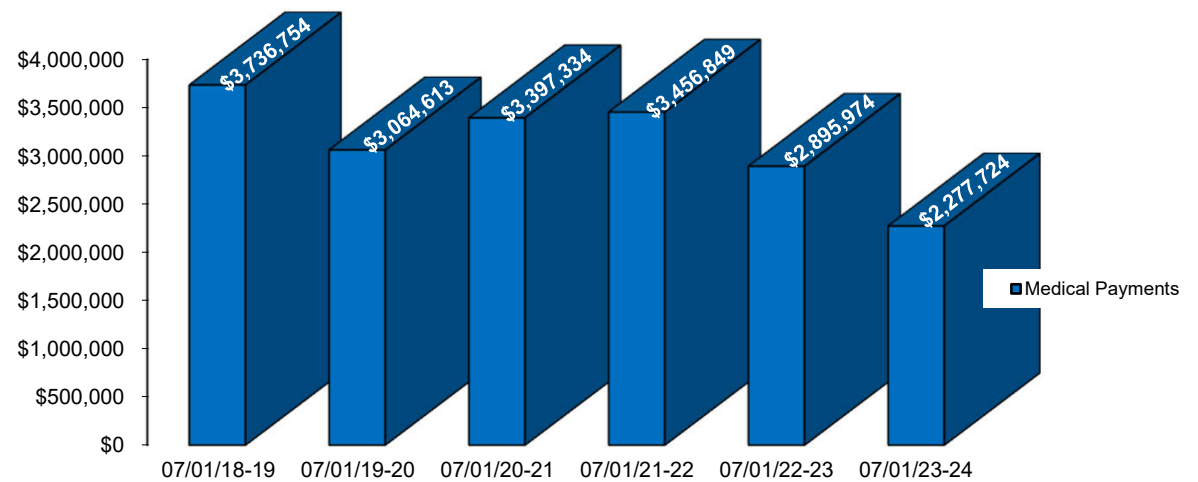
Voc Rehab Payments by Type 07/01/2018 - 03/31/2024





Medical Payment Trends 07/01/2018 - 03/31/2024

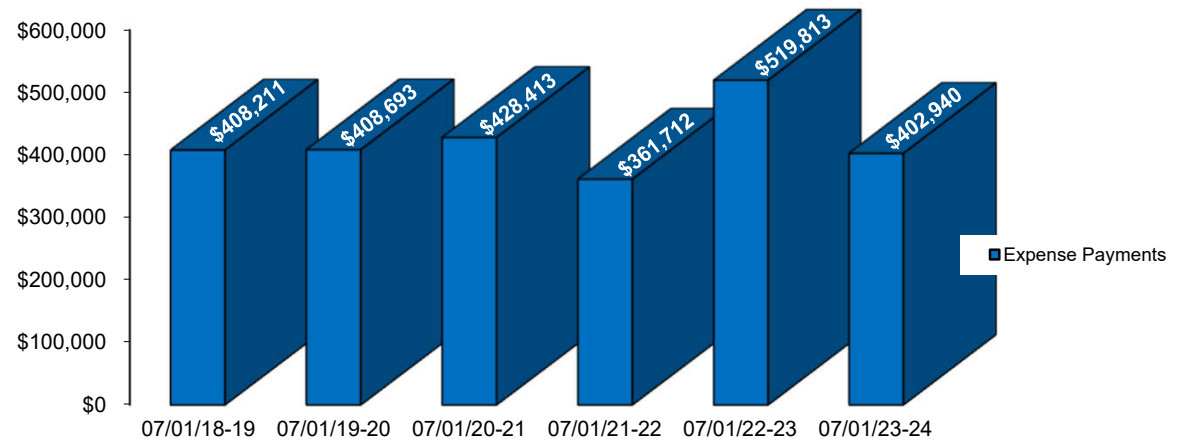
Policy Year	Medical Payments
07/01/18-19	\$3,736,754
07/01/19-20	\$3,064,613
07/01/20-21	\$3,397,334
07/01/21-22	\$3,456,849
07/01/22-23	\$2,895,974
07/01/23-24	\$2,277,724
Total	\$18,829,247





Expense Payment Trends 07/01/2018 - 03/31/2024

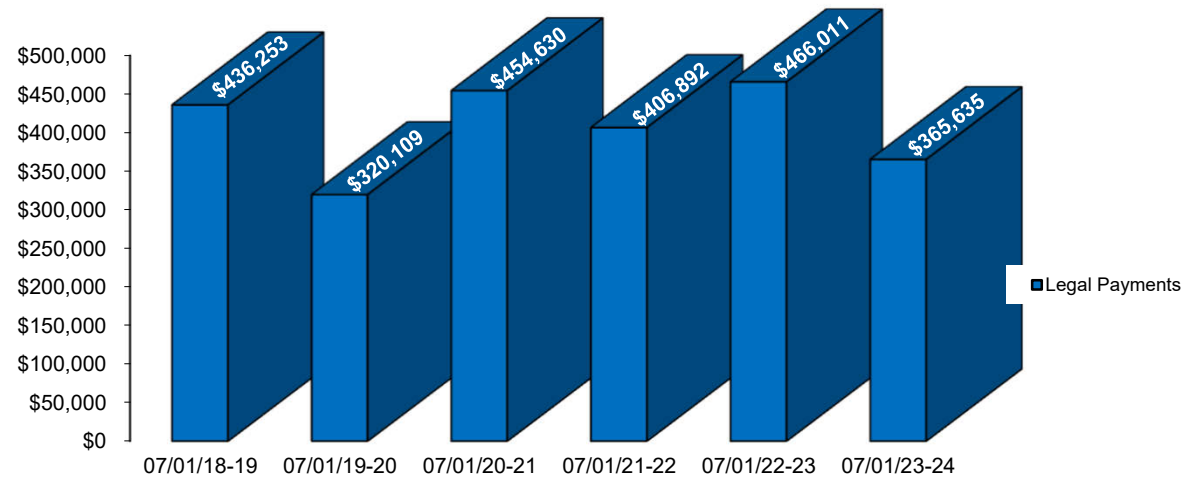
Policy Year	Expense Payments
07/01/18-19	\$408,211
07/01/19-20	\$408,693
07/01/20-21	\$428,413
07/01/21-22	\$361,712
07/01/22-23	\$519,813
07/01/23-24	\$402,940
Total	\$2,529,782





Legal Payment Trends 07/01/2018 - 03/31/2024

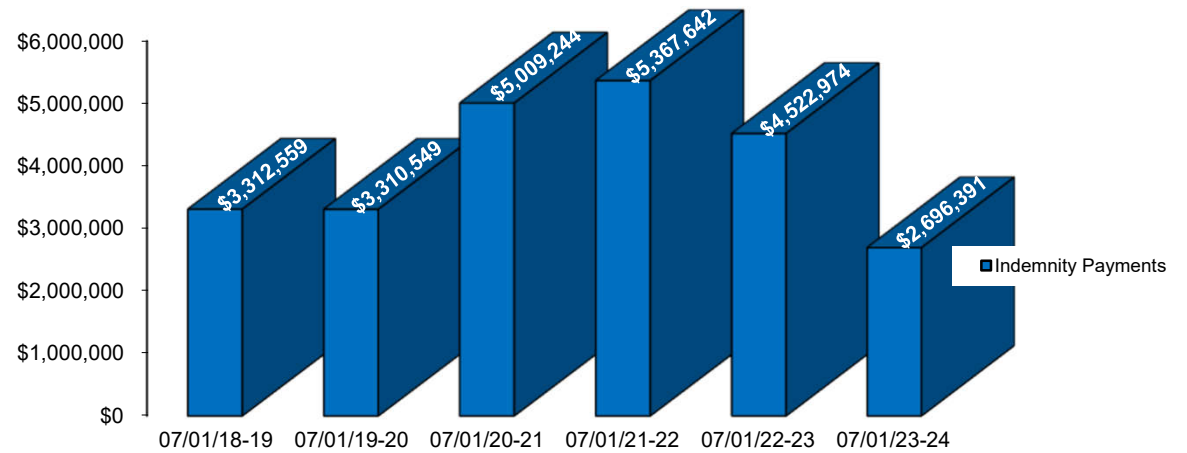
Policy Year	Legal Payments
07/01/18-19	\$436,253
07/01/19-20	\$320,109
07/01/20-21	\$454,630
07/01/21-22	\$406,892
07/01/22-23	\$466,011
07/01/23-24	\$365,635
Total	\$2,449,529





Indemnity Payment Trends 07/01/2018 - 03/31/2024

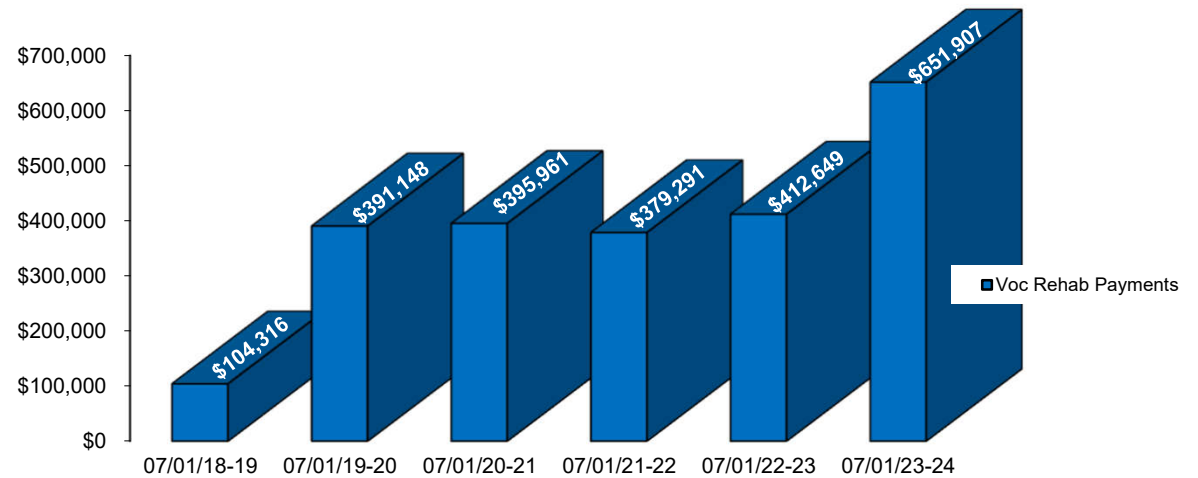
Policy Year	Indemnity Payments
07/01/18-19	\$3,312,559
07/01/19-20	\$3,310,549
07/01/20-21	\$5,009,244
07/01/21-22	\$5,367,642
07/01/22-23	\$4,522,974
07/01/23-24	\$2,696,391
Total	\$24,219,359





Voc Rehab Payment Trends 07/01/2018 - 03/31/2024

Policy Year	Voc Rehab Payments
07/01/18-19	\$104,316
07/01/19-20	\$391,148
07/01/20-21	\$395,961
07/01/21-22	\$379,291
07/01/22-23	\$412,649
07/01/23-24	\$651,907
Total	\$2,335,272



**POOL/PACT Grant Provisions, Terms and Conditions for
Nevada Risk Pooling, Inc. Administration Services**

Grant No.: P/P 2024 Administration Services

Effective Date: July 1, 2024

Grantor: Nevada Public Agency Insurance Pool and
Public Agency Compensation Trust
201 S. Roop St., Suite 102
Carson City, NV 89701

Grantee: Nevada Risk Pooling, Inc.
201 S. Roop St., Suite 102
Carson City, NV 89701

Total Grant Amount:

GRANT SCHEDULE

1. **Purpose:** The purpose of this Grant is to provide administrating and professional services to manage the day-to-day operations and to carry out those duties required to manage the Nevada Public Agency Insurance Pool (NPAIP) and Public Agency Compensation Trust (PACT) collectively referred to as POOL/PACT, consistent with any Bylaws, and amendments thereto. The Nevada Public Agency Insurance Pool (NPAIP) hereinafter will be referred to as POOL. This effort shall be carried out generally as set forth in the Grantee's proposed services stated in Exhibit A "Services to be Provided" attached to this document.
2. **Requirements:** This Grant is subject to the laws and regulations of the State of Nevada. If any statute expressly prescribes policies or specific requirements that differ from the requirements, standards, provisions, or terms and conditions of this Grant, the provisions of the statute shall govern.
3. **Order of Precedence.** Any inconsistency or conflict in the terms and conditions specified in this Grant shall be resolved according to the following order of precedence:
 - The Grant Schedule
 - These Terms and Conditions
4. **Term:** The term of this Grant commences on July 1, 2024 and continues through Sixty (60) months (June 30, 2029) thereafter unless extended by mutual agreement or terminated as provided in Section 30.
5. **Terms and Conditions:** This Grant is subject to the terms and conditions set forth in this document and any terms stated in Exhibit "A" and any special terms and conditions in this Grant Schedule.
6. The Granting authority will be the Nevada Public Agency Insurance Pool (aka POOL) and the Public Agency Compensation Trust (PACT)

7. **Grants Officer's Representative:** The Grants Officer's Representatives (GOR) representing POOL/PACT under this Grant are the respective Chairs of POOL and PACT.
8. **Administrative Grants Office (AGO):** The Administrative Grants Office for this Grant is the NRP administrative office, 201 S. Roop St., Suite 102, Carson City, NV 89701-4790, Phone: (775) 885-7475.
9. **Grantor Responsibility:** The Grantor has responsibility to cooperate with NRP in the establishment and funding of POOL/PACT. Grantor has the responsibility to:
 - a. To consult with and provide direction to NRP administrative staff, to establish funds for payment of claims and other obligations of POOL/PACT and to authorize NRP to be manager of the funds and to expend those funds for legal and financial obligations of POOL/PACT.
 - b. To establish Bylaws, policies and procedures to govern the operation of POOL/PACT.
 - c. To appoint legal counsel to advise POOL/PACT and its Executive Director with respect to matters affecting the operation of the POOL/PACT.
 - d. To establish POOL/PACT office location from which NRP will conduct POOL/PACT operations and to fund the expenses thereof.
 - e. To indemnify, defend and hold harmless NRP with respect to any claims asserted as a result of any errors, omissions, torts, intentional torts or other negligence on the part of POOL/PACT and/or its employees unless the complained of actions of POOL/PACT were taken at the specific direction of NRP.
10. **Grantee Responsibility:** The Grantee has full responsibility for the services and activity supported by this Grant, in accordance with the Grantee's proposal (Exhibit A), and the terms and conditions specified in this Grant. Grantees are encouraged to suggest or propose to discontinue or modify unpromising services or to explore alternatives which may appear during the grant. However, they must consult the Grants Officer's Representative (GOR) through the Administrative Grants Office (AGO) before significantly deviating from the objectives or overall program originally proposed. The Grantee shall immediately notify the Grants Officer of developments that have a significant impact on the award-supported activities. Also, notification shall be given in the case of problems, delays, or adverse conditions which materially impair the ability to meet the objectives of the award. This notification shall include a statement of the action taken or contemplated, and any assistance needed to resolve the situation.
11. **Amendment of Grant:** The only method by which this Grant can be amended is by a formal, written amendment signed by either the Grants Officer or the AGO. No other communications, whether oral or in writing, are valid.
12. **Grant Funding:** This Grant is funded equal monthly installments payable at the end of each month following completion of services. Grantor's obligation to make payments to the Grantee is limited to only those funds obligated by this Grant or by modification to this Grant. Subject to availability of funds and continued satisfactory progress on the Grant as determined by Grantor. Grantor agrees to provide funding according to the following

estimated schedule:

FY 2014-2025: \$2,155,681
FY 2025-2026: \$2,231,130
FY 2026-2027: \$2,309,042
FY 2027-2028: \$2,390,042
FY 2028-2029: \$2,473,693

The Grantee shall notify the GOR in writing promptly whenever the total Grant amount is expected to exceed the needs of the Grantee for the project period by more than \$100,000 or 5%, whichever is greater.

13. Standards for Financial Management Systems: The Grantee's financial management system shall comply with Generally Accepted Accounting Principles for non-profit organizations.

14. Administration and Cost Principles: Applicable to this Grant are the following requirements:

Prior Approvals:

All prior approvals are waived hereby except for the following:

- a. Extension of the expiration period of this Grant.
- b. The need for additional funding.

Pre-award Costs:

- a. Grantees may incur pre-award costs of up to thirty (30) days prior to the effective date of the Grant award.
- b. Pre-award costs as incurred by the Grantee must be necessary for the effective and economical conduct of the project and the costs must be otherwise allowable in accordance with the appropriate cost principles.
- c. Any pre-award costs are made at the Grantee's risk. The incurring of pre-award costs by the Grantee does not impose any obligation on the Grantor, in the absence of appropriations, if an award is not subsequently made or if an award is made for a lesser amount than the Grantee expected.

Audit and Access to Records: The Grantee and its sub recipients shall be subject to audit requirements for nonprofit organizations per Generally Accepted Accounting Principles. The GOR shall have direct access to records and information of the Grantee to ensure full accountability for grant funds.

15. Grant Oversight: The POOL/PACT Executive Committees will oversee compliance with the terms of the grant and will monitor services delivery, scope and quality and recommend any changes to POOL/PACT.

16. Audit Requirements: As a condition of this grant, all funds shall be audited annually by a qualified independent certified public accountant who shall report financial results and management recommendations to Grantor.

17. Unexpended Grant Funds: Any funds not expended for the purposes set forth in this Grant shall be

subject to refund to Grantor, unless otherwise directed by Grantor. Grantor may allow retention of unexpended funds for carryover to future grants, expansion or redirection of services or service delivery methods or for any other purpose deemed appropriate by Grantor.

18. Relationship of Grantor and Grantee: Nothing in this grant shall be construed to create an employee-employer relationship between Grantor and Grantee. Grantee shall always be considered an independent contractor. Grantee agrees to keep Grantor informed about the services it provides on a regular basis in the form of reports to Grantor. Considering Grantee's status as an independent contractor, Grantee acknowledges and agrees that Grantor is not responsible for obtaining and maintaining workers compensation insurance. In accordance with the provisions of Chapter 616A through 616D and 617 of the Nevada Revised Statutes and Chapters 616 and 617 of the Nevada Administrative Code, Grantee agrees to provide Grantor a proper certificate certifying that it has obtained workers compensation insurance covering Grantee during the term of this grant. Grantee agrees to pay all premiums necessary to keep said workers' compensation insurance effective through the term of this grant.

Grantor shall not be responsible for any of Grantee's payroll, employee benefits, taxes, licenses, attorney's fees or expense for Grantee's activities not related to the services performed pursuant to this grant.

19. Insurance Requirements: Grantee has the option to acquire workers compensation, property and casualty insurance from the POOL/PACT or maintain general liability, auto liability and errors or omissions insurance in an amount of at least \$1,000,000 each claim or occurrence and workers compensation insurance as required by law from a different provider. Certificates evidencing such coverage shall be provided to the GOR for each grant year.

20. Mutual Indemnification and Hold Harmless: Grantee agrees to indemnify, defend and hold harmless Grantor with respect to any claims asserted because of any errors, omissions, torts, intentional torts or other negligence unless the complained of actions were taken at the specific direction of Grantor. Grantor agrees to indemnify, defend and hold harmless Grantee with respect to any claims asserted because of any errors, omissions, torts, intentional torts or other negligence unless the complained of actions were taken at the specific direction of Grantee.

21. Cooperation with Legal Counsel: Grantee agrees to cooperate with Grantor's legal counsel for Grantor's members in matters affecting such members.

22. Cooperation with Grantor's Executive Committees: Grantee agrees to cooperate with the Grantor's Executive Committees regarding provision of the services required in the grant or any modifications made to the grant regarding such services. Grantor's Executive Committees agree to cooperate with Grantee.

23. Records: Grantee agrees that all records resulting from services under this grant and held by Grantee on behalf of Grantor shall be maintained and preserved in accordance with the provisions of NRS 239.005 et seq. and shall always remain the property of Grantor and will be surrendered to Grantor upon termination or expiration of this grant. Grantee shall be permitted to copy, at its own expense, such portions of the records as may be necessary.

24. Conflicts of Interest: Grantee shall conform to Nevada laws regarding ethics and conflicts of interest and shall disclose any conflicts of interest.

25. Restrictions on Grantee: Without prior concurrence by Grantor's Executive Committees and its Grants Officers, Grantee may not perform services to individual members of Grantor on a fee for service or grant basis.

26. Reports and Reports Distribution: Reports shall be furnished as specified below:

(1) Quarterly Status Report - This report, due 30 days after the reporting period, shall keep the Grantor informed of Grantee activity and progress toward accomplishment of Grant objectives.

(2) Quarterly Financial Report – This report, due 30 days after the reporting period, shall include exhibits showing the financial standing of the Grantee, budget to actual income statements and other income and expense reports as necessary.

(3) Annual Audit – this report due 150 days after completion of each fiscal year of the Grant, shall be submitted by the independent auditor who shall be a certified public accountant.

27. Custody and Disbursements. NRP shall oversee the custody of and disbursement of all assigned funds but may delegate that disbursing authority as may be authorized by the Board, subject to the requirements of below.

- 27.1. Maintenance and Safekeeping. NRP shall assure the following activities are carried out appropriately:
- 27.1.1. Receive and acknowledge receipt for all funds of POOL/PACT and deposit them in the proper treasury;
 - 27.1.2. Be responsible for the safekeeping and disbursement of all POOL/PACT funds;
 - 27.1.3. Pay any sums due from POOL/PACT as approved by the Board or by anybody or person to whom the Board has delegated approval authority;
 - 27.1.4. Verify and report in writing to the Executive Committee or the Board of POOL/PACT, as of the first day of each quarter of the Fiscal Year, the amount of money held for POOL/PACT, the amount of receipts since the last such report, and the amount paid out since that report;
 - 27.1.5. Invest monies in accordance with applicable laws and regulations governing non-profit investments.

28. Property. All personal property, which includes all technology related items, will remain the property of the Nevada Public Agency Insurance Pool.

29. Risk Management Services. NRP will provide risk management and insurance consulting services to members. These services will include but not be limited to loss prevention, review of loss data, promotion and evaluation of loss prevention programs, and reports to members. The details of these services, such as assistance to members in the development and implementation of risk management policies, identification and evaluation of risk and Loss potentials, recommendations as to affirmative steps in order to avoid or reduce risks and losses, development of a system of claims reporting and on the scene investigation by member's personnel; and development and production of risk prevention educational programs for member's personnel will be reviewed and approved by all POOL/PACT Boards of Directors annually.

30. Termination and Enforcement:

a. Termination. This Grant may be terminated, in whole or in part, by the Grantor upon 90-day notice if the Grantee materially fails to comply with these terms and conditions or with the consent of the Grantee. The Grantee may terminate the Grant upon sending 180 days written notification to the Grants Officer.

b. Enforcement. If the Grantee fails to materially comply with these terms and conditions, the Grants Officer may impose special or take the appropriate action to initiate termination proceedings by Grantor.

31. Disputes, Claims, and Appeals:

a. Disputes and Claims. The Grantee may submit a claim arising out of or relating to the Grant by submitting the claim in writing to the Grants Officer for decision. The written submission must specify the nature and basis for the relief requested and include all data that supports the claim. Within 60 calendar days, the Grants Officer shall either prepare a written decision or notify the Grantee of a specific date when a decision will be rendered. The decision of the Grants Officer shall be final unless the Grantee decides to appeal.

b. Appeals. The Grantee may appeal the Grants Officer decision by filing a written notice of appeal to the Grantor and the Grants Officer within 30 days of receiving the decision. The Grantor shall decide the appeal based solely on the written record unless the Grantor decides to conduct a fact-finding procedure or an oral hearing on the appeal.

32. Acknowledgment of Sponsorship: The Grantee agrees that in the release of information relating to this Grant, such release shall include a statement to the effect that the project or effort depicted was or is sponsored by the Grantor. For the purpose of this article, information includes news releases, articles, manuscripts, brochures, advertisements, still and motion pictures, symposia, etc.

Grantor Acceptance of Grant

Grantee Acceptance of Grant

Josh Foli
Chair
Nevada Public Agency Insurance Pool

Wayne Carlson
Executive Director
Nevada Risk Pooling, Inc.

Paul Johnson
Chair
Public Agency Compensation Trust

**NPAIP and PACT Grant Provisions, Terms and Conditions for
Nevada Risk Pooling, Inc. Administration Services**

Exhibit A Scope of Services

NEVADA RISK POOLING, INC., a Nevada nonprofit corporation, hereinafter called "NRP," will manage all administrative, in-house broker services, captive management and risk management duties for Nevada Public Agency Insurance Pool (NPAIP aka POOL), Public Agency Compensation Trust (PACT), and any other agreements and obligations for the respective organizations, collectively known as POOL/PACT:

1. Execute all administrative, in-house broker services, captive management and risk management functions of POOL, PACT, et al in accordance with the terms of the Interlocal Cooperative Agreement that created the POOL/PACT.
2. Manage the day-to-day operations of POOL/PACT as required to affect the purposes of POOL/PACT and as directed by POOL/PACT's Board of Directors.
3. Conduct its functions for POOL/PACT from the POOL's building located on 201 S. Roop St., Carson City, NV 89701 and to report to and maintain the files and records of POOL/PACT during the term of this Agreement.
5. Consult with and advise the Board of Directors on matters affecting POOL/PACT operations.
6. Coordinate dealings with POOL/PACT operations service providers, including its service company and in-house broker, its claims management firm, its attorneys, each member's local insurance agent, and POOL, PACT, et al operations insurers and reinsurers.
7. Secure the statutory bond required by law to cover its functions as association administrator for PACT.

8. Assist POOL/PACT with compliance with applicable State of Nevada laws and regulations pertaining to POOL/PACT operations in the capacity as association administrator.
9. At no time during the term of this Agreement or for a period of one year immediately following the termination of this Agreement will NRP engage in the provision of any of the services set forth in this Agreement in a manner which competes with POOL/PACT and the services provided to POOL/PACT by its current service providers. NRP further agrees it will not directly or indirectly, solicit or attempt to solicit business or patronage of any public entity in Nevada that is a member of POOL/PACT for the purpose of selling pooling, association risk sharing of similar insurance products or providing similar services.
10. NRP agrees all records resulting from services under this Grant and held by NRP on behalf of POOL/PACT shall be maintained and preserved in accordance with the provision of NRS 239.005 et seq. and shall remain the property of POOL/PACT at all times and will be surrendered to POOL/PACT upon termination or expiration of this Grant. NRP shall be permitted to copy, at its own expense, such portions of the files as may be necessary.
11. Conflicts of Interest. NRP shall conform to Nevada laws regarding ethics and conflicts of interest and shall disclose any conflicts of interest.
12. NRP will indemnify, defend and hold harmless POOL/PACT with respect to any claims asserted as a result of any errors, omissions, torts, intentional torts or other negligence on the part of NRP and/or its employees unless the complained of actions of NRP were taken at the specific direction of POOL/PACT.



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
Telephone (775) 885-7475
Facsimile (775) 883-7398

**Notice of Meetings and Agendas for the Meeting of
the Board of Trustees and Executive Committee of
Public Agency Compensation Trust**

Date: April 19, 2024

**Location: Grand Sierra Resort, Grand Sierra Resort
500 E 2nd St,
Reno, NV 89595**

Time: upon adjournment of Joint Boards and Executive Committees Meeting which starts at 8:00am

AGENDA

Notices:

- 1. Items on the agenda may be taken out of order;**
- 2. Two or more items on the agenda may be combined for consideration**
- 3. Any item on the agenda may be removed or discussion may be delayed at any time**
- 4. The general Public Comment periods are limited to those items not listed on the agenda. Public Comment periods are devoted to comments by the general public, if any, and may include discussion of those comments; however, no action may be taken upon a matter raised under Public Comments until the matter itself has been included specifically on an agenda as an item upon which action may be taken.**
- 5. At the discretion of the Chair of the meeting, public comments on specific agenda items may be allowed, but must be limited to the specific agenda item.**

- 1. Introductions and Roll**
- 2. Public Comment**
- 3. For Possible Action: Consent Agenda: Approve as a Whole Unless Moved From Consent Agenda**
 - a. Approval of Minutes of Board Meeting of April 21, 2023**
 - b. Approval of Minutes of PACT Executive Committee Meeting of December 19, 2023**
 - c. Acceptance of Interim Financial Statements**
- 4. For Possible Action: Acceptance of Audit for June 30, 2023**
- 5. For Possible Action: Review of Changes Regarding Effective Dates of Rate and Experience Modification Factor Changes and Payroll Methodology**
- 6. For Possible Action: Approval of PACT Retention and Renewal Reinsurance Proposals**
- 7. For Possible Action: Approval of Special Health Wellness Agreement Effective 7-1-2024**
- 8. For Possible Action: Approval of Budget for 2024-2025 including Actuarial Overview**

9. **For Possible Action:** Action regarding these topics as required by Nevada Administrative Code:
- a. Review of financial condition of each member and prompt notification to the Members of any Member determined to be operating in a hazardous financial condition
 - b. Review of the loss experience of each Member of the association - Claims Experience Report Summary
 - c. Review for removal of Members with excessive loss experience or Members determined by the Board to be operating in a hazardous condition

10. **For Possible Action:** Election of Executive Committee for Two Year Terms 2024-2026
- a. One Representative from School Districts
 - b. One Representative from Counties and/or Cities with less than 35,000 Population
 - c. One Representative of Hospitals

11. **For Possible Action:** Election of Chair and Vice Chair

12. Public Comment

13. **For Possible Action:** Adjournment

This Agenda was posted at the following locations and on the State Website notice.nv.gov:

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 Administration
155 North Taylor Street
Fallon, NV 89406

NOTICE TO PERSONS WITH DISABILITIES

Members of the public who are disabled and require special accommodations or assistance at the meeting are requested to notify the Nevada Public Agency Insurance Pool or Public Agency Compensation Trust in writing at 201 S. Roop Street, Suite 102, Carson City, NV 89701, or by calling (775) 885-7475 at least three working days prior to the meeting.



**Nevada Public Agency Insurance Pool
Public Agency Compensation Trust**
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Toll Free Phone (877) 883-7665
Telephone (775) 885-7475
Facsimile (775) 883-7398

**Minutes of Meetings of
the Board of Directors and of the Executive Committee of
Public Agency Compensation Trust**

Date: April 21, 2023

**Location: Grand Sierra Resort, Grand Sierra Resort
500 E 2nd St,
Reno, NV 89595**

Time: upon adjournment of Joint Board and Executive Committee Meeting which starts at 8:00am

Minutes

1. Introductions and Roll

Chairman Paul Johnson called the meeting to order at 10:15 am. Roll was taken by sign-in sheet and a quorum of the Executive Committee was present, but not a quorum of the full board. Thus, the meeting was conducted by the Executive Committee.

2. Public Comment

Chief Financial Officer Alan Kalt requested permission to hold the final drawing for the PACT Payroll Audit incentive program from all those who completed the payroll audit by April 14th, 2023. Sherry Wideman from Churchill County drew the winner which was Marla Bay GID. They will receive a \$250 Amazon Gift Card. Kalt thanked all members for their diligence in getting the payroll audits completed.

3. For Possible Action: Consent Agenda: Approve as a Whole Unless Moved From Consent Agenda

- a. Approval of Minutes of Board Meetings of April 21, 2022
- b. Acceptance of Interim Financial Statements
- c. Acknowledge PCM Articles of Incorporation and Bylaws Changes

Josh Foli made a motion to approve the consent agenda. Mike Giles second the motion which carried.

4. For Possible Action: Acceptance of Audit for June 30, 2022

Alan Kalt reviewed and presented the PACT Audit PowerPoint presentation for the fiscal year ending June 30, 2022. He reviewed the Statement of Net Position noting that cash has increased to ensure liquidity to pay claims so that no investments needed to be sold to prevent any realized gains /losses on the sale of securities. Investments were reduced due to the Mark to Market reflecting the unrealized losses on the portfolio due to increases in the interest rates due to action by the Federal Reserve Board. He noted the transfer of \$2,500,000 from PCM to PACT as approved by the Board. Ending Net Position at yearend was \$5,941,966. The Statement of Revenues, Expenses, and Change in Net Position was reviewed. There was a decrease in assessments of 10.6% and claims down 25.2% due to changes in membership during the year. Administrative expenses increased primarily due to the fees by the Division of Insurance increasing by \$439,510 to \$908,881 during the year. There was a decrease in operating net position and a non-operating net investment loss due to the unrealized losses on the fixed income price of securities down 8.3% while the income return was 1.95%. Josh Foli made a motion which was seconded by Mike Giles to accept the Audit report for fiscal year ending June 30, 2022. He thanked staff for their work and financial diligence.

5. For Possible Action: Approval Regarding Effective Dates of Rate and Experience Modification Factor Changes and Payroll Methodology

Alan Kalt reviewed the PACT Payroll Methodology as recommended by the PACT Executive Committee from the work of the Task Force including Josh Foli, Paul Johnson, Gina Rackley and Wayne Carlson. The recommended action would modify the PACT payroll assessments in the following manner: 1. Use the actuarially determined fiscal year rates and experience modifications effective July 1, 2023. 2. Continue to use calendar year payroll. 3. Continue the quarterly ACH payments on the same basis as currently applied. 4. Make an additional rate and experience modification adjustments effective January 1, 2024. 5. Make future rate and experience modifications changes effective January 1 for each subsequent year. Kalt walked through the detailed information in the packet. Noting that there will be a rate change in July 2023 and another one in January 2024. It is anticipated that January's rate would be approved by the Executive Committee with updated data from the Actuary. Josh Foli addressed the need for the changes and noted that in effect we have been approving rates in April effective January. After a brief discussion, Mike Giles made a motion to approve the effective dates of Rate and Experience medication factor changes effective July 1, 2023, retroactive to January 1, 2023, with a new set of rates/x-modifications effective January 1, 2024, upon approval of the Executive Committee. Gina Rackley second the motion which carried.

6. For Possible Action: Approval of PACT Retention and Renewal Reinsurance Proposals

Stephen Romero started his presentation by giving the training session presentation on understanding claim allocation and who pays claims. He reminded the board that they own the Pools, govern the Pools and the Pools pay claims based upon approved structure graphs. The structure graph for PACT has the PACT maintaining a \$300,000 self-insurance retention (SIR) which pays the first \$300,000 of every claim paid by PACT. The captive company, Public Compensation Mutual (PCM) owned by PACT pays the next \$700,000 of the claim's costs. After the loss exceeds \$1M, PCM pays 25% of the loss and County Reinsurance Limited (CRL), in which PACT has an equity interest, pays 75% up the next \$2M in losses. Stephen reviewed some loss scenarios and the members solved the "Who Pays What?" question. The presentation showed that large losses have happened within PACT and PCM layers over the past ten years. He showed the increase in covered payroll over the past ten years and the 2023-24 PACT reinsurance renewal quotes. It was noted that PCM rate increased 4.94% or \$137,096 and CRL rates increased \$284,964 or 77.6% due to significant adverse development in their layer. It was noted that there are 4 of the 10 years of loss data that had No Losses that are likely to be replaced with years with losses. CRL rates the account based on ten years of historical loss data by the members. Safety Nations rates had a 5.6% or \$9,026 reduction as there has not been claims in their excess layer. After discussion, Mike Giles made a motion to accept the PACT Retention and Renewal Reinsurance proposals as presented. Gina Rackley seconded the motion which carried.

7. For Possible Action: Approval of Budget for 2023-2024 including Actuarial Overview

Alan Kalt reviewed the PowerPoint presentation in the Board Packet. He noted that PACT has a statutory legal liability to provide coverage to injured workers. He noted that we collect the assessments in the policy year however claims could take 50 years to pay, thus a long-tail claim period compared to property or liability claims payment. He noted that there has not been a special assessment since the inception of PACT. Noting that the Board has developed and approved risk management services that are designed to bend the claims curve, protect the workers, and support the employees of the member organizations. These programs are funded as a service dividend to the membership to supplement the efforts of their organization. The budget recommended a 6% adjustment to the governmental classifications and a 12% increase in the Police/Fire classifications. Kalt noted that the current year 8% rate adjustment was compared to the Actuary recommended rate of 15% for Police/Fire rates. Thus, the need for increased rates for the Police/Fire classifications in the upcoming year. It was noted that the Los Fund and Insurance Expense comprised of

\$12.6M or 64.97% of the total budget with Program Expenses at 16.24%, Administration Expenses which include the Division of Insurance Assessment of \$850,633 at 12.98% and a contingency of 5.81% for a total budget of \$19.3M. The Loss Fund and Insurance expense was calculated at the 75% confidence level as determined by the independent actuary. PACT's loss fund contribution is \$8,864,000, CRL and Safety National at \$804,814 and PCM assessments at \$2,912,546. The claims and insurance cost has not reached 65% of the total budget benchmark during the past 6 years. The best year was in FY 2017 where it was 68.2%, the worst was in 2019 at 96.7% The six-year average is 86.9%. One way to improve those rates and lower the average would be to increase the Confidence Level above 75%. It was noted that one method may be to gradually increase it one percent per year to get to the 80% confidence level. He reminded the members that their assessments are based on their covered payroll multiplied by the classification rates and their entity's mod-rates. The new mod-rate calculations by the actuary indicated 74 members had mod-rates less than the PACT average of 1.0 and 76 entities will experience mod-rate reductions effective July 1st. It was noted based on the previous board action, the classification rates and mod-rates will be adjusted effective January 1, 2024, upon the approval of the Executive Committee based on the recommendations from the actuary who will update the calculations based on the loss data through June 30, 2023. The PACT payroll audits will remain on a calendar year basis and be performed in the February to March timeframe. After a discussion, a motion was made by Mike Giles and second by Josh Foli to approve the budget which includes a 6% increase in the general government classifications rate and a 12% increase in the police and fire classifications rate effective July 1 to covered payroll beginning on January 1, 2023. Motion carried.

- 8. For Possible Action: Action regarding these topics as required by Nevada Administrative Code:**
- a. Review of financial condition of each member and prompt notification to the Members of any Member determined to be operating in a hazardous financial condition**
 - b. Review of the loss experience of each Member of the association - Claims Experience Report Summary**
 - c. Review for removal of Members with excessive loss experience or Members determined by the Board to be operating in a hazardous condition**

Wayne Carlson walked through the claims data included in the packet for each member group. The data shows claim frequency and claims cost for a five-year period. The data was grouped by Counties, Cities, School Districts, Hospitals, and Special District and towns. He also noted that Alan Kalt monitors the activities of the Committee on Local Government Finance which reviews entities that are under watch by the Department of Taxation for financial stress. It was noted that Esmeralda County, White Pine County TV District and Topaz Lake GID were recently on the agenda for late audits and findings. It was noted that these entities are NOT operating in a hazardous financial condition. Gina Rackley, who serves on the Committee on Local Government Finance, made a motion to accept the reports and information as required by the Nevada Administrative Code. Motion seconded by Mike Giles and approved.

- 9. For Possible Action: Election of Executive Committee for Two Year Terms 2023-2025**
- a. Two Representatives from Counties and/or Cities with 35,000 Population or more**
 - b. One Representative from Counties and/or Cities with less than 35,000 Population**
 - c. One Representative of Special Districts/Towns**

Wayne Carlson reviewed the election information included in the packet noting that Mike Giles, Josh Foli, Amanda Osborne, and Joe Westerlund seats were up for re-election. All the candidates expressed a willingness to continue to serve on the Executive Committee. Chairman Paul Johnson asked if there were any other nominations from the members. There were none. Gina Rackley made a motion to approve Josh Foli and Amanda Osborne as the two representatives for entities with 35,000 population or greater: Mike Giles as a representative from Counties and/or Cities with less than 35,000 population and Joe Westerlund as a representative of a Special District/Town. Second was Mike Giles. Motion carried.

- 10. For Possible Action: Election of Chair and Vice Chair**

Wayne Carlson noted that Chair Paul Johnson and Vice Chair Mike Giles were willing to continue to serve in these roles. They affirmed they were willing but if someone wanted to serve they would be willing to allow them the opportunity. Josh Foli made a motion to appoint Paul Johnson as Chair and Mike Giles as Vice Chair. Joe Westerlund second the motion which carried. Paul thanked the Executive Committee for their dedication and support to PACT. He noted the collective leadership and governance of this group is what makes POOL/PACT such a strong organization.

11. Public Comment

Chair Paul Johnson asked for any Public Comments. There were none.

12. For Possible Action: Adjournment

The meeting adjourned at 11:44 am.



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**Minutes of Meeting of
Executive Committee of
Public Agency Compensation Trust
Date: December 19, 2023
9:00 AM
ZOOM Meeting**

<https://us02web.zoom.us/j/83059181246?pwd=TVhaSmdCbFAyT05FZkRBaUVFVm9jZz09>

Meeting ID: 830 5918 1246

Passcode: 514748

1. Roll

PACT Chair Paul Johnson called the meeting to order at 9:01 am when a quorum of members was present.

PACT Members present Paul Johnson, Mike Giles, Josh Foli, Joe Westerlund, Amanda Osborne, and Robyn Dunckhorst.

PACT Members absent: Craig Roissum

Staff members present: Wayne Carlson, Alan Kalt, Stephen Romero, Debbie Connally, Melissa Mack, Marshall Smith, and Jarrod Hickman.

2. Public Comment:

There was no public comment.

3. For Possible Action: Approval of Consent Agenda

- a. **Approval of September 11, 2023 Executive Committee Minutes**
- b. **Approval of interim financial reports for PACT**
- c. **Approval of NEAM Investment Report**
- d. **Approval of Washoe County Water Conservation District as New PACT Member**

After a brief discussion Mike Giles made a motion to approve the consent agenda items a.-d. Josh Foli second the motion, which carried.

4. For Possible Action: Approval of PACT Classification Rates and Experience Modification Factors Effective January 1, 2024

- a. **Review of PACT Loss Fund Contribution Rate Indications by Actuary**
- b. **PACT Rate Change Indications**
- c. **PACT Experience Modifications Plan Renewal**

Alan Kalt reviewed the PowerPoint presentation included in the meeting packet. The following items were highlighted during the presentation: Rate Process, Structure Graphs, Renewal Layers, Classification Rates and Actuary Proposed X-mods and PACT Budget Overview.

Kalt reminded the Executive Committee that at the Annual Meeting held in April 2023, the Board approved the new rate setting timeline that would require a December meeting to set the new rates that would become effective on January 1st for the upcoming calendar year payroll cycle. This would allow the Members to update their payroll systems to include the new rates and x-mods for each entity effective January 1st. The assessment cycle using calendar year payroll and three quarterly assessments with a fourth quarter true-up assessment in the

second calendar quarter after the independent PACT payroll audit by SPR would not change.

Kalt reviewed the current year, FY 23/24, Structure Graph noting that there would not be any recommended changes to the various layers in FY 2024/25. Alan reviewed slides created by Stephen Romero which indicate who pays what in a large loss (\$1.5M) scenario. It was explained that our captive Public Compensation Mutual (PCM) pays the next \$700,000 above PACT's \$300,000 SIR as well as 25% of the loss amounts between \$1M and \$3M loss. CRL is liable for the remaining 75% of that \$2M excess layer per large loss claim. It was noted that it is important to understand how large claims affect the other layers of coverage as it has an impact on the renewal rate calculations.

The PACT Assessment factors used by the actuary: payroll assessments are capped at \$36,000 of covered payroll, individual losses are limited to \$100,000 per occurrence, payroll amounts are weighted based on pre-determined class code relativities, experience period over the past four years and the maximum change to a member's experience modification factor (x-mod) from the previous year is limited to +15% to -10%. The Committee reviewed the historical classification rates over the past three years, noting the level of increases in each of the years.

A discussion ensued on the cost of the reinsurance layers which include PCM, CRL and Safety National. Alan Kalt reviewed the CRL Premium analysis for the current year (FY 23-24) which had an increase of 62.4%. CRL uses a 10-year look back on large losses. In the current year, we experienced a \$0 Loss Year being replaced by a \$2,000,000 loss year (2020). Our oldest six years of losses (2010-2015) had 5 years with no losses and our most recent 5 years have significant losses in the CRL Layer in each other those years. As such, premium increases are likely to be significant until old large losses roll off the calculation. Chair Johnson asked if it is likely to see any zero loss years in the near future. Kalt replied by reviewing the PACT large loss report as of December 8, 2023, which was included in the packet. Currently there are two large losses in FY 22 with a total incurred amount over \$3.5M and two large losses in FY 23 with a total incurred over \$3.1M. As these claims develop, they will be replacing \$0 Zero Claim years in FY 2011 and FY 2012. It was noted that many of the large losses were from former large members who are no longer in the PACT program. Kalt was optimistic about future claims development on new claims. As he noted in the past, hopefully we get addition by subtraction wherein these adverse members are no longer in the program and their future claims will be on them and not the responsibility of PACT. It was noted that we are responsible for the claim runoff of their old, covered claims. It was noted that worker compensation claims can have an exceedingly long payout period.

Chair Johnson asked about steps that take place to evaluate the large losses and losses to determine what could be done to address or prevent these claims from occurring. Alan Kalt gave an overview of the Fit for Retirement program managed by Specialty Health. He noted that there is an oversight committee of Sheriff and Chiefs from law enforcement and fire departments that oversee the program, operations, and participation. This program's primary focus is on cardiac wellness for police and firefighters. Marshall Smith is the Chair of that Committee. Marshall spoke to the Fit for Retirement program as well as the efforts of the Enterprise Risk Management Excellence Program (ERMEP). It was noted that several members are in the ERMEP program and making strides to improve their entity's operations.

Kalt reviewed the slides related to the Actuarial reports prepared by Derek Burkhalter from Bickmore Actuarial. The slides show the multi-year trends for Loss Rates, Claim Severity and Claim Frequency. Derek points out that a reasonable goal might be to maintain a fund at the 85% confidence level. This could provide stability in the required level of contributions from year to year. Noting that if you fund at a low confidence level, the chances are much greater that future events will prove that additional contributions should have been made for current claims. Additional contributions for years by that time long past may be required while costs are increasing dramatically on then-current claims. The additional burden of funding increases on past years as well as current years may well be prohibitive. It was noted that you only get one opportunity to fund the injured workers' claims as PACT has never had to have a special assessment and does not plan on any in the future. There was a discussion on the use of Net Position and investment earnings to smooth out the rate of increase if the rate increases become significant. Kalt reminded the Committee that PCM had to transfer capital back to

PACT in FY 22 in the amount of \$2.5M and \$2.0M in FY 23 to maintain capital adequacy in PACT.

A review of the PACT expense budget classifications of Loss Fund & Insurance, Program Expenses and Administrative Expenses noted cost containment and stability have been incorporated into the FY 24-25 budget. Kalt reviewed distinct items within the proposed budget and the impact on the Classification Rate assessment. The Committee reviewed PACT's Historical Paid Loss Ratio as noted below:



PACT's Historical Paid Loss Ratio

PACT
Summary of Claims, Claims Adjustment & Loss Fund to Assessment

Description	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024Est	FY 2025B
Assessments	10,083,799	11,792,275	12,675,642	14,834,560	15,055,750	18,562,181	17,663,878	19,882,632
Heart Lung Assessments	1,104,106	1,109,118	1,490,539	2,013,904				
Total Assessments	11,187,905	12,901,393	14,166,181	16,848,464	15,055,750	18,562,181	17,663,878	19,882,632
Loss Fund and Claims Expense								
Claims and adjustment Expenses	6,431,493	8,822,730	9,103,742	10,922,746	8,485,681	8,572,744	8,864,000	9,460,000
Heart Lung loss expenses	1,450,372	1,506,637	1,601,459	2,113,304				
Excess insurance premiums	526,516	537,133	432,826	467,538	474,027	495,712	804,814	1,006,018
Re-insurance premiums (PCM)	1,931,416	1,607,000	2,237,700	2,522,875	2,583,635	2,601,409	2,912,546	3,640,683
Total Loss/Claims Expenses	10,339,797	12,473,500	13,375,727	16,026,463	11,543,343	11,669,865	12,581,360	14,106,700
Paid Loss Ratio (Total Claims/Total Assessments)	92.4%	96.7%	94.4%	95.1%	76.7%	62.9%	71.2%	70.9%
Reduction in Net Position During Fiscal Year	\$ (2,941,036)	\$ (1,597,504)	\$ (28,702)	\$ (3,237,099)	(4,013,117)	\$ 3,304,866	\$ 1,125,000	1,987,064
5 Yr Net Position Accumulated Loss	\$ (11,817,458)							

A discussion on the four years where the Paid Loss Ratio was over 90% was held. It was noted that large losses from members who have left the program have impacted the ratio significantly. Chair Johnson commented that a Watch List should be developed to evaluate Members with excessive losses. POOL/PACT staff could collaborate with those members to address risk management efforts to improve operations and employee safety. Wayne Carlson indicated that Debbie Connally prepares a five-year Loss Report that is included in the Annual Meeting with the member data. He explained that management has been evaluating this more closely over the past several years. The change in the x-mods as calculated by the Actuary impacts the members, however it is capped as noted earlier.

The proposed Tentative Budget and Classification Rate assessment for Fiscal Year 2024-2025 was discussed at length. It was recommended to consider separate rate increases for the group of classifications based on rate relativity of classifications historical loss experience based on size of class (in terms of payroll) as recommended by the actuary. As such, the budget was developed using a 1% classification increase for School and Hospital Classifications, 3% for General Government Classifications and 5% for Police/Fire Classifications. This should generate adequate assessments to reach the 80% confidence interval funding in the actuarial report. Alan Kalt noted that we will receive the renewal pricing from CRL and PCM on the reinsurance layers in March. The budget estimated a 25% increase due to the historical losses in those layers. He indicated that if the increases were above the projected amounts, the investment earnings could absorb those increases, if not, there would be a reduction in Net Position.

After the presentation and the question-and-answer period, Josh Foli made a motion to approve the PACT Classification Rates as presented noting a 1% increase in the School and Hospital Classifications, 3% for the General Government Classifications and 5% in the Police/Fire Classifications. Furthermore, accepting the Actuary's X-Mod rates that are calculated in the Actuary's X-Modification Study. Mike Giles seconded the motion, which was carried unanimously.

5. Report on Status of PACT Renewal Processing and Changes in Membership

Stephen Romero let members know that the PACT Renewal Applications were provided to the agents on November 28th. He has already received several completed applications. The due date for completed applications is January 12, 2024. If members have any questions or need assistance with the applications, he is willing to help them. It was noted that SPR will be doing the PACT Payroll Audits again this year. The audits will start in February and need to be completed by March 31st. There will be three separate gift card drawings from the entities that have completed their audits by the drawing deadlines. Wayne Carlson noted that the Division of Insurance is conducting a 5 Year Compliance Examination. Historically it has been a 3-year review period but with COVID it was extended to five years. We are compiling the information and expect to have it completed before they start their exam in January.

6. Public Comment

Chair Johnson asked for Public Comments. Members expressed Happy Holidays and Merry Christmas to each other and look forward to a successful New Year.

7. For Possible Action: Adjournment

The meeting adjourned at 10:02 am.

PUBLIC AGENCY COMPENSATION TRUST
Statement of Assets, Liabilities and Equity
February 29, 2024

	Operating Fund (Unrestricted)	Trust Fund (Restricted)	TOTAL FUNDS
ASSETS			
Cash and Equivalents	5,343,873.81	10,002,202.42	15,346,076.23
Pledged Account Cash Equivalents	-	87,770.46	87,770.46
Investments	11,724,758.08	34,805,130.00	46,529,888.08
Investments - State of Nevada	-	6,242,464.51	6,242,464.51
Investments Interest Receivable	45,431.44	196,592.27	242,023.71
Receivable Investment Brokers	-	-	-
Member Assessments Receivable	1,207,265.86	-	1,207,265.86
Agent Compensation Receivable	-	-	-
Other A/R	-	-	-
Interfund Account	18,245.63	(18,245.63)	-
Suspense	-	-	-
Specific Recoverable	-	1,212,171.87	1,212,171.87
Prepaid Expenses	13,319.00	1,318,876.10	1,332,195.10
	18,352,893.82	53,846,962.00	72,199,855.82
TOTAL ASSETS	18,352,893.82	53,846,962.00	72,199,855.82
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	-	-	-
Payable To Investment Brokers	152,457.00	152,457.00	304,914.00
Payable For Risk Management Grants	42,420.70	-	42,420.70
Agent Compensation Payable	-	-	-
Specific Recoverable	-	1,212,171.87	1,212,171.87
Loss Reserves	-	192,387,582.12	192,387,582.12
Claims Payments	-	(135,261,669.57)	(135,261,669.57)
Voucher Payments	-	2,423,865.50	2,423,865.50
Fund Balances:			
Fund Balance	18,158,016.12	(7,067,444.92)	11,090,571.20
	18,352,893.82	53,846,962.00	72,199,855.82
TOTAL LIABILITIES AND FUND BALANCES	18,352,893.82	53,846,962.00	72,199,855.82

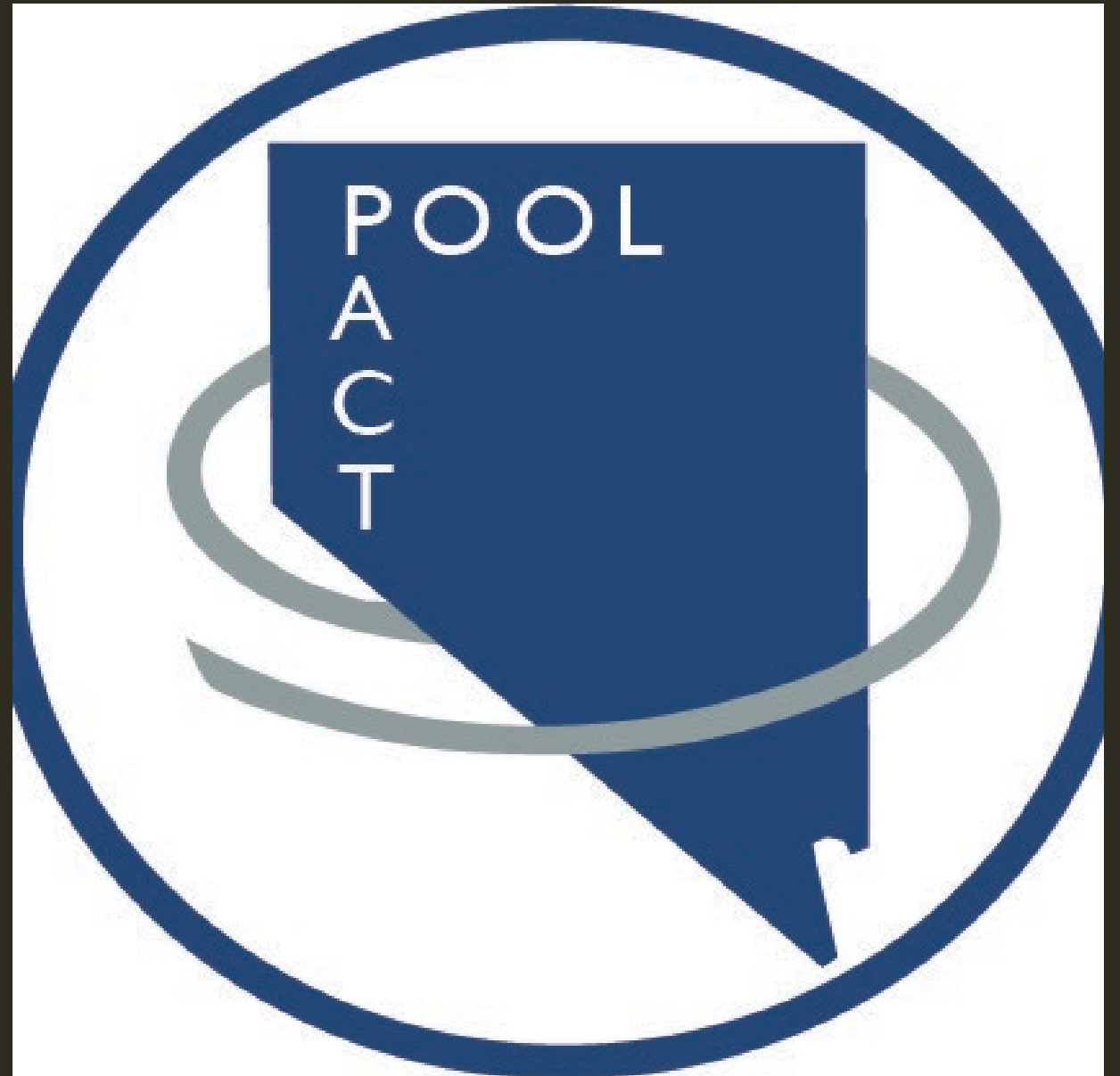
Unaudited Report for Management and Insurance Division Use Only

PUBLIC AGENCY COMPENSATION TRUST
Income Statement
For The Eight Months Ending February 29, 2024

	Operating Fund (Unrestricted)	Trust Fund (Restricted)	TOTAL FUNDS
REVENUES			
Assessments	2,341,564.37	7,024,693.13	9,366,257.50
Agent Compensation	122,044.00	-	122,044.00
PCM Risk Mitigation Services	575,000.00	-	575,000.00
Investment Interest Income	280,721.12	939,434.56	1,220,155.68
Bank Interest Income	75,074.34	116,424.95	191,499.29
Investment Realized Gains/(Losses)	(28,369.82)	(260,779.98)	(289,149.80)
Investment Unrealized Gains/(Losses)	91,090.02	413,590.11	504,680.13
Premium/Discount Investments	546.25	14,559.90	15,106.15
	<u>3,457,670.28</u>	<u>8,247,922.67</u>	<u>11,705,592.95</u>
Total Revenues			
LOSS RESERVES & INSURANCE EXPENSES			
Claims and Adjustment Expenses	-	5,944,067.96	5,944,067.96
Excess Insurance Premiums	-	509,536.00	509,536.00
Reinsurance Premium (PCM)	-	1,941,696.00	1,941,696.00
Willis Surplus Lines Taxes	1,558.09	-	1,558.09
	<u>1,558.09</u>	<u>8,395,299.96</u>	<u>8,396,858.05</u>
Total Loss Reserves & Insurance Expenses			
PROGRAM EXPENSES			
Member Education and Services	167,676.58	-	167,676.58
PRI Grant	289,563.75	-	289,563.75
Spec. Health-Cardiac Wellness	382,796.10	-	382,796.10
Loss Control Expense	236,831.00	-	236,831.00
Risk Management Grants	38,355.35	-	38,355.35
Claims TPA Fees (Davies)	-	667,026.66	667,026.66
In-House Broker/Underwriting	-	17,500.00	17,500.00
Specialty Health MCO Contract	-	47,752.11	47,752.11
	<u>1,115,222.78</u>	<u>732,278.77</u>	<u>1,847,501.55</u>
Total Loss Fund and Program Costs			
ADMINISTRATION EXPENSES			
Sponsorship Fees	2,731.25	-	2,731.25
Travel	23,320.11	-	23,320.11
Casualty Insurance	26,632.00	-	26,632.00
Dues & Seminar Fees	11,065.57	-	11,065.57
Audit Expense	19,092.00	-	19,092.00
Printing & Copying Expense	3,855.32	-	3,855.32
Postage	471.47	-	471.47
Office Supplies	1,105.42	-	1,105.42
Telephone Expense	207.25	-	207.25
Legal Expense	162.00	-	162.00
Board & Committee Meetings	6,694.51	-	6,694.51
Actuary Expense	28,490.00	-	28,490.00
Bank Service Charges	(35.00)	-	(35.00)
Agent Compensation	122,727.00	-	122,727.00
Licenses	-	-	-
SMEP Awards	-	-	-
NRP Grant	401,632.00	-	401,632.00
Insurance Division Fees	803,868.57	82,983.43	886,852.00
Nevada Insolvency Fund	-	28,630.00	28,630.00
Investment Expense	49,451.22	4,410.68	53,861.90
	<u>1,501,470.69</u>	<u>116,024.11</u>	<u>1,617,494.80</u>
Total Administrative Expenses			
REVENUES OVER EXPENSES	<u>839,418.72</u>	<u>(995,680.17)</u>	<u>(156,261.45)</u>

PACT AUDIT OVERVIEW

**Fiscal Year Ending
June 30, 2023**



KEY PLAYERS

Wayne Carlson,
Executive Director
POOL/PACT

Alan Kalt, CFO

Deb Connally,
Controller

Melissa Mack,
Accounting
Technician

Josh Foli, Chair
NPAIP, Chair PRM

Paul Johnson,
Chair PACT, Chair
PCM

Josh Foli, Audit
Committee
Member

Gina Rackley,
Audit Committee
Member

Michael Bertrand:
Bertrand &
Associates: Audit
Firm

Kathy Parks,
Bob Balkenbush,
General Counsel

Donna Squires,
Davies, Claims
Management

Derek Burkhalter,
Actuary



KEY SECTIONS OF THE AUDIT REPORT



Executive Director's Letter

Management Discussion and Analysis

Independent Auditors Report

Financial Statements:

Statement of Net Position

Statements of Revenues, Expenses and Changes

in Net Position

Statements of Cash Flows

Supplemental Schedule on Unpaid Loss Liabilities

Comparative Schedule of Claim Development

PUBLIC AGENCY COMPENSATION TRUST



PUBLIC AGENCY COMPENSATION TRUST STATEMENTS OF NET POSITION June 30, 2023 and 2022

ASSETS	2023	2022
Current assets:		
Cash and cash equivalents	\$ 14,759,925	\$ 12,513,078
Investments	42,884,469	41,064,299
Investment income receivable	196,124	127,640
Member assessments receivable	5,654,347	4,260,433
Specific recoverable	1,648,254	1,520,070
Commissions receivable	64,137	60,225
Receivable from State of Nevada	348,451	46,423
Prepaid expenses	247,353	245,277
Total current assets	65,803,060	59,837,445
Noncurrent assets:		
Pledged investments	6,166,373	5,670,340
Total noncurrent assets	6,166,373	5,670,340
TOTAL ASSETS	71,969,433	65,507,785
LIABILITIES		
Current liabilities:		
Accounts payable	99,858	152,943
Commissions payable	59,580	60,790
Specific recoverable	1,648,254	956,838
Risk Management Grants payable	43,909	28,248
Current portion of reserve for claims losses	7,241,880	7,019,710
Total current liabilities	9,093,481	8,218,529
Noncurrent liabilities:		
Reserve for claims losses	51,629,120	51,347,290
Total non-current liabilities	51,629,120	51,347,290
TOTAL LIABILITIES	60,722,601	59,565,819
NET POSITION		
Net position -unrestricted	5,080,459	271,626
Net position -restricted for pledged securities	6,166,373	5,670,340
TOTAL NET POSITION	\$ 11,246,832	\$ 5,941,966

STATEMENT OF NET POSITION NOTES

Cash increased from \$2,246,847 to \$14,759,925 ... to be invested in FY 24

Investments increased from \$41,064,299 to \$42,884,469... Mark to Market

Total Assets increased from \$65,507,785 to \$71,969,433 \$6,461,648
+9.9%

Claims Reserves ST \$7,241,880 LT \$51,629,120 Total \$58,871,000 **75% CL**
Total Claim Reserves increased \$504,000 **+0.9%**

Capital Contribution from PCM **\$2,000,000**

Net Position \$11,246,832 increase of \$5,304,866

PUBLIC AGENCY COMPENSATION TRUST



PUBLIC AGENCY COMPENSATION TRUST STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION Years ended June 30, 2023 and 2022

	2023	2022
REVENUES		
Assessments for workers compensation	\$ 18,563,181	\$ 15,055,750
PCM risk management services	575,000	575,000
Total Revenues	19,138,181	15,630,750
LOSS FUND AND PROGRAM EXPENSES		
Claims and adjustment expenses	8,572,744	8,485,681
Excess insurance premium	495,712	474,027
Re-insurance premium	2,601,409	2,583,635
Member education and services	712,355	706,676
Risk management grants	75,895	19,217
Loss control expense	436,000	436,000
Underwriting and claims processing	983,850	905,653
Total loss fund and program expenses	13,877,965	13,610,889
ADMINISTRATION EXPENSES		
Management fees	665,230	642,735
Professional services	102,600	95,690
Administrative and overhead	727,947	691,080
Insurance Division fees	507,791	908,881
Nevada insolvency fund and related expenses	26,235	24,330
Total administration expenses	2,029,803	2,362,716
Increase (decrease) in operating net position	3,230,413	(342,855)
Non-operating net investment income (loss)	74,453	(3,670,262)
Increase (decrease) in net position	3,304,866	(4,013,117)
Beginning net position	5,941,966	7,455,083
Capital contribution from Public Compensation Mutual	2,000,000	2,500,000
Net position, end of year	\$ 11,246,832	\$ 5,941,966

STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION **NOTES**

Assessments increased from \$15,055,750 to \$18,563,181 \$3,507,431 **23.3%**
Class Rate increase represents +8% Payroll Assessment Increase 15.3%

Loss Fund & Program Expenses increased from \$13,610,889 to \$13,877,965
Increase of **\$267,076 or 2.0%**

Claims and adjustment expenses **FY 21 \$13.036M FY 22 \$8.486M FY 23 \$8.573M**
Member education and services increased from \$706,676 to \$712,355

Administrative Expenses = **12.8%** of Total Expenses \$2,029,803 **-\$332,913**
Division of Insurance Fees decreased from \$908,881 to \$507,791 **-\$401,090**

Increase (Decrease) in Operating Net Position
2023 **\$3,230,413** 2022 **(\$342,855)** 2021 **(\$2,939,099)**

Non-operating net investment loss
2023 **\$74,453** 2022 **(\$3,670,262)** 2021 **(\$297,309)**

Increase (Decrease) in Net Position 2023 **\$3,304,866** 2022 **(\$4,013,117)** 2021 **(\$3,237,099)**
Capital contribution from PCM \$2,000,000 FY 23 and \$2,500,000 FY 22

PUBLIC AGENCY COMPENSATION TRUST



PUBLIC AGENCY COMPENSATION TRUST STATEMENTS OF CASH FLOWS For Years Ended June 30, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Assessments and risk management services	\$ 17,740,355	\$ 15,929,635
Payment for claims	(8,068,744)	(8,418,681)
Payment to vendors	(7,114,530)	(8,078,113)
Net cash provided (used) from operating activities	<u>2,557,081</u>	<u>(567,159)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and net realized investment income	1,212,632	835,067
Sale of investments	11,869,738	14,828,963
Purchases of investments	(15,392,604)	(9,763,679)
Net cash (used) provided from investing activities	<u>(2,310,234)</u>	<u>5,900,351</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
PCM contribution of capital	2,000,000	2,500,000
Net cash provided from financing activities	<u>2,000,000</u>	<u>2,500,000</u>
Increase in cash and cash equivalents	<u>2,246,847</u>	<u>7,833,192</u>
Cash and cash equivalents, beginning of fiscal year	12,513,078	4,679,886
Cash and cash equivalents, year ended June 30	<u><u>14,759,925</u></u>	<u><u>12,513,078</u></u>
RECONCILIATION FOR OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating net income (loss)	3,230,413	(342,855)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
(Increase) decrease in member assessments receivable	(1,393,914)	296,732
(Increase) decrease Receivable from State of Nevada	(302,028)	260,504
(Increase) in specific recoverable	(128,184)	(893,969)
(Increase) in prepaid expenses	(2,076)	(245,277)
(Increase) decrease in agent compensation receivable	(3,912)	2,153
(Decrease) increase in accounts payable	(53,085)	13,091
(Decrease) increase in agent compensation payable	(1,210)	340
Increase in specific recoverable	691,416	330,736
Increase (decrease) in Risk Management Grants payable	15,661	(55,614)
Increase in loss reserves	504,000	67,000
Net cash provided (used) by operating activities	<u>\$ 2,557,081</u>	<u>\$ (567,159)</u>

Total Capital Contributions to PCM	\$49,200,939
PCM Total Surplus 12-31-2022 Audit	\$71,446,256
Investment Balance at 6-30-2023	\$42,884,469
Total Assets at 6-30-2023	\$71,969,433
Reserves for claim losses WC	\$58,871,000
Net Investment Income for 2023	\$ 74,453
Net Position June 30, 2023	\$11,246,832
Total Assessment Revenues FY 2023	\$18,563,181
Member education and services	\$ 712,355
Total Loss Fund and Program Expenses	\$13,877,965
72.5% of Total Revenues	
Total Administration Expenses	\$ 2,029,803
10.5% of Total Revenues	
Increase in Net Position (includes Invest income)	\$3,304,866
17.0% of Total Revenues	

See detailed financial statements and notes for more details.

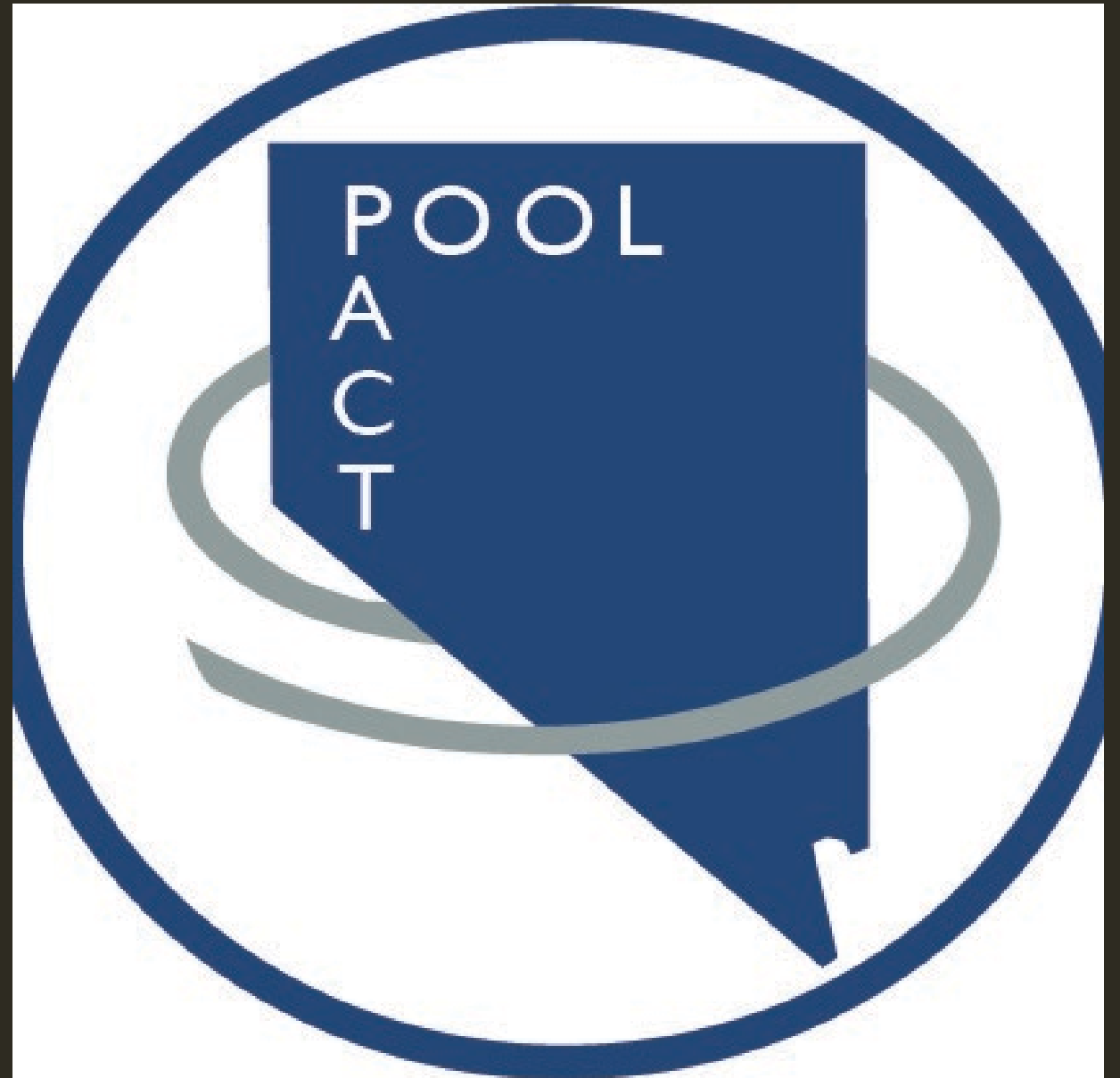
PUBLIC AGENCY COMPENSATION TRUST

KEY FINANCIAL FIGURES



PACT AUDIT
EXTRA CREDIT
ACTUARY INFO

Fiscal Year Ending
June 30, 2023



BICKMORE ACTUARIAL STUDY

Derek Burkhalter, ACAS, MAAA Senior Manager, Bickmore Actuarial

Outstanding Liabilities as of June 30, 2023

Data used to calculate the reserves for PACT Audited Financial Statements

Report Format

Conclusions & Recommendations

Liability for Outstanding Claims as of 6-30-2023

Program Funding: Goals & Objectives

Historical Trends

Comparison with Previous Results

Data Provided for the Analysis

Report complies with GASB #10 and #30

CONCLUSIONS & RECOMMENDATIONS

Best Estimate of PACT's Outstanding Claims Liabilities for **Workers' Compensation** as of June 30, 2023

Confidence

Levels	70%	75%	80%	90%
Undiscounted	\$57.798M	\$58.871M	\$60.155M	\$63.821M
	-\$1.073M		+\$1.284M	+\$4.950M

Expected at 50% CL \$55.310M

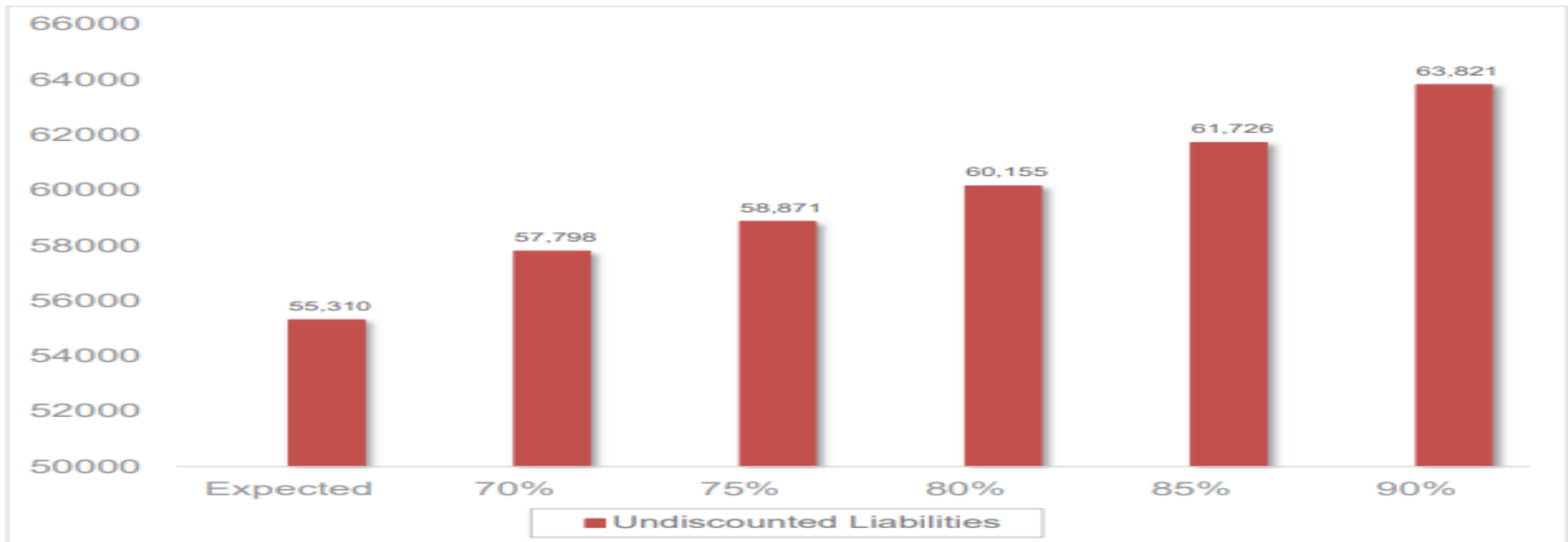
PACT Uses 75% Confidence Level

PACT NO Discount Factor

OUTSTANDING LIABILITY @ VARIOUS CONFIDENCE LEVELS

The following graph displays the comparison of the program's net claim liabilities as of June 30, 2023 as shown on the prior page.

Loss & LAE Claim Liabilities
As of June 30, 2023, Net of Reinsurance
(\$000s)



PROGRAM FUNDING



A liability for unpaid claim cost, included all loss adjustment expenses, should be accrued at the time the self-insured events occur. IBNR included.



GASB #10 and #30 do not address funding requirements, rather, a range of funded amounts to be recognized as a funding margin for unexpectedly adverse loss experience. May use discounting for investment income.



The uncertainty in any estimate of outstanding liability should take into account funding policy to have adequate reserves for unexpected adverse loss experience.



Key Factor in Funding Policy: Degree of Stability in level of Contributions
Higher the Confidence Level less likely to need additional contributions should adverse claim development occur in past years as well as current yr.

FUNDING GOALS & OBJECTIVES

Bickmore recommends program funding at the 80% CL after recognition of investment income, with a recommended range of the 75% to 80% CL

They recommend this as the resulting funding will be sufficient to meet claim liabilities, yet not too large to have the entity experience undue \$ hardship.

Need to fund each year's claims cost in that year.

When surpluses or deficiencies have developed and funding adjustments are necessary, these should be clearly identified.

Recommend that you reduce surplus funding more slowly than you would accumulate funding to make up a deficiency.

HISTORICAL TRENDS

Dollars of Loss Per \$100 of Payroll 10 Year Trend

Dollars of Loss per Claim 10 Year Trend

Loss Rate Trend

We have evaluated the trend in PACT's projected ultimate loss & ALAE rate. This rate equals projected ultimate loss and ALAE (limited to either \$100,000 per occurrence or the SIR) divided by payroll in \$100s, as displayed in the following graph.

Loss & ALAE Rate Trend¹
Ultimate Loss & ALAE / Payroll (\$100s)



¹ Losses are at expected (no risk margin) and are not discounted to reflect net present value.

Average Claim Size Trend¹
Ultimate Loss & ALAE / Ultimate Reported Claims

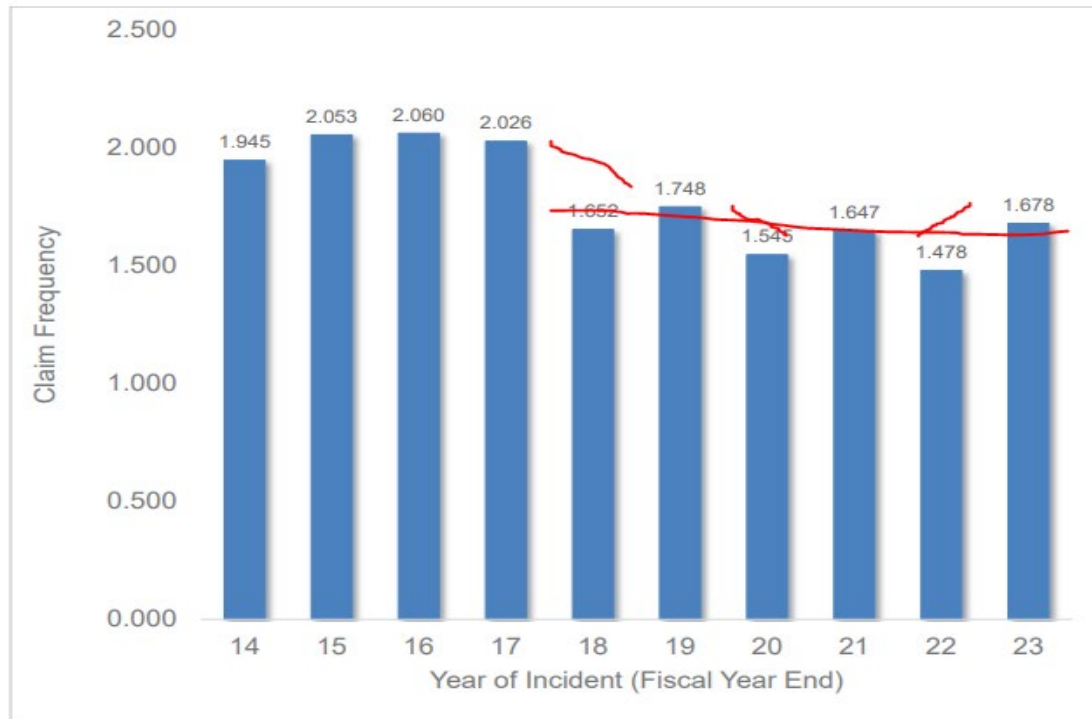


¹ Losses are at expected (no risk margin) and are not discounted to reflect net present value.

HISTORICAL TRENDS

Number of Claims per
\$1 Million of Payroll

Claim Frequency Trend
Ultimate Reported Claims / Payroll (\$ Millions)



Summary of Key Trends

Dollar of Loss per \$100 of Payroll is
INCREASING 😞

Dollars of Loss per Claim is INCREASING
😞

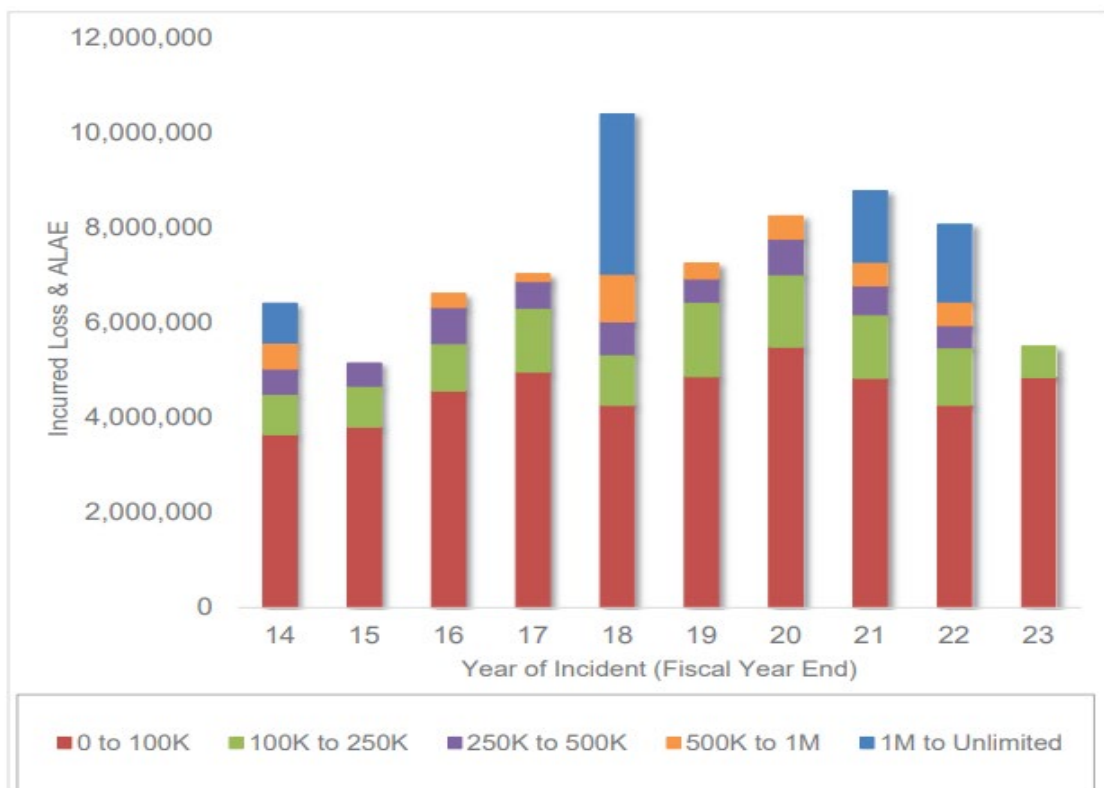
Number of Claims per \$1M Payroll is
STABLE 😊

LOSS COST BY LAYERS

Losses by Layer

The following graph shows the incurred losses by layer as of the valuation date of June 30, 2023.

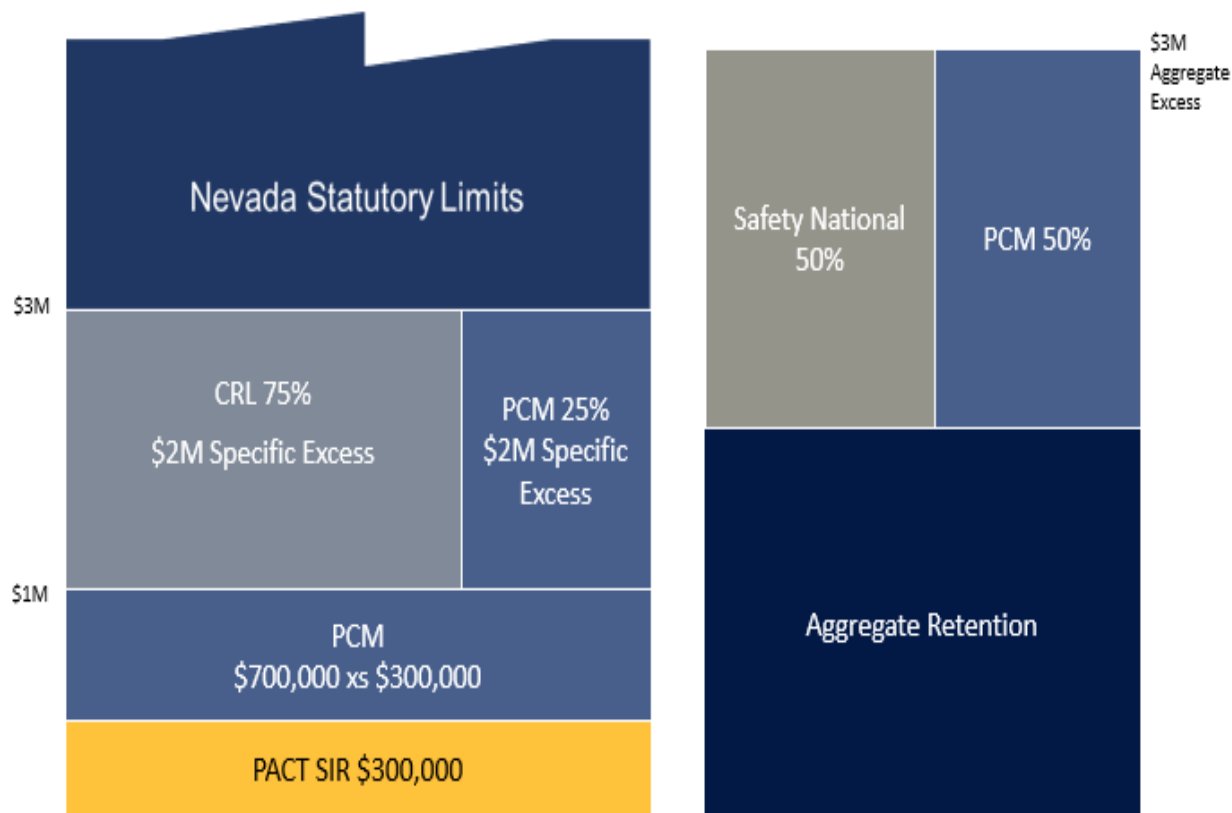
Incurred Loss & ALAE by Layer
As of June 30, 2023



Structure Graph FY 22-23

Public Agency Compensation Trust 2022-2023

Workers Compensation Structure



COMPARISON WITH PREVIOUS RESULTS

ACTUAL VS. EXPECTED INCURRED LOSS AND ALAE DEVELOPMENT

Change in Projected Ultimate Loss & ALAE¹
Including Corridor Deductibles
Prior vs. Current Reports
(\$000s)

Fiscal Year	Prior Ultimate	Current Ultimate	Change in Ultimate
1995-03	\$20,799	\$20,821	\$22
2003-04	6,027	6,043	16
2004-05	4,487	4,554	67
2005-06	3,964	3,954	(10)
2006-07	6,948	7,051	103
2007-08	6,549	6,592	43
2008-09	6,353	6,423	70
2009-10	6,413	6,424	11
2010-11	7,787	7,691	(96)
2011-12	6,927	6,875	(52)
2012-13	5,427	6,105	678
2013-14	5,645	5,660	15
2014-15	5,077	5,284	207
2015-16	6,456	6,570	114
2016-17	7,312	7,253	(59)
2017-18	6,334	6,164	(170)
2018-19	6,993	7,189	196
2019-20	7,765	7,804	39
2020-21	7,821	7,958	137
2021-22	8,000	7,251	(749)
2022-23	7,432	8,076	644
Total	\$150,517	\$151,742	\$1,226

¹ Projected ultimate loss & ALAE are limited to PACT's self-insured retention, at expected (no risk margin), and not discounted to reflect net present value.

COMPARATIVE SCHEDULE OF CLAIMS DEVELOPMENT

PUBLIC AGENCY COMPENSATION TRUST COMPARATIVE SCHEDULE OF CLAIM DEVELOPMENT FOR WORKERS COMPENSATION – (UNAUDITED) EARNED ASSESSMENTS AND ALLOCATED EXPENSES FOR TEN-YEAR PERIOD - YEAR ENDED JUNE 30,

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Required Contributions & Investment Income:										
Earned	\$16,420,666	\$17,557,830	\$18,508,907	\$14,573,896	\$11,270,837	\$15,890,773	\$14,712,479	\$17,126,155	\$11,960,488	\$19,212,634
Ceded	1,178,052	1,626,286	1,621,360	1,770,677	2,457,932	2,144,133	2,670,526	2,990,413	3,057,662	3,097,121
Net earned	15,242,614	15,931,544	16,887,547	12,803,219	8,812,905	13,746,640	12,041,953	14,135,742	8,902,826	16,115,513
Unallocated Expenses	6,167,162	6,114,625	6,130,390	7,370,873	8,345,504	9,336,538	4,781,074	4,336,791	4,430,263	4,237,903
Estimated Incurred Claims & Expense End of Policy Year:										
Incurred	8,561,944	8,324,685	8,809,127	8,905,595	8,020,826	8,054,118	10,592,201	10,164,050	8,426,681	7,990,744
Ceded	-	-	-	-	-	-	-	-	-	-
Net Incurred	8,561,944	8,324,685	8,809,127	8,905,595	8,020,826	8,054,118	10,592,201	10,164,050	8,426,681	7,990,744
Net Paid (cumulative) as of:										
End of policy year	1,564,723	1,512,648	1,581,898	1,788,670	1,734,359	2,245,351	2,453,286	2,271,045	1,632,000	1,633,000
One Year Later	2,848,563	2,901,684	3,378,486	4,153,214	3,738,335	4,193,000	5,213,000	4,583,000	4,056,000	-
Two Years Later	3,434,826	3,545,887	4,117,819	5,062,121	4,341,000	5,674,000	6,252,000	5,537,000	-	-
Three Years Later	3,859,081	3,855,565	4,541,756	5,478,000	4,840,000	5,915,000	6,793,000	-	-	-
Four Years Later	3,989,877	3,929,559	4,769,000	5,950,000	5,061,000	6,220,000	-	-	-	-
Five Years Later	4,064,157	3,985,000	5,127,000	6,266,000	5,348,000	-	-	-	-	-
Six Years Later	4,151,000	4,092,000	5,649,000	6,443,000	-	-	-	-	-	-
Seven Years Later	4,293,000	4,539,000	6,066,000	-	-	-	-	-	-	-
Eight Years Later	4,618,000	4,595,000	-	-	-	-	-	-	-	-
Nine Years Later	4,700,000	-	-	-	-	-	-	-	-	-
Re-estimated ceded claims & Expenses	-	-	51,003	40,721	330,985	12,299	335,932	33,947	-	-
Re-estimated Claims & Expense										
End of policy year	8,561,944	8,324,685	8,809,127	8,905,595	8,020,826	8,054,118	10,592,201	10,164,050	8,426,681	7,990,744
One Year Later	8,461,944	8,035,685	8,841,127	9,105,595	7,561,826	8,059,118	9,665,459	9,934,305	7,251,000	-
Two Years Later	8,171,944	7,921,685	8,772,127	9,116,595	9,460,826	8,553,118	9,366,459	10,071,305	-	-
Three Years Later	7,991,944	7,702,685	8,638,127	9,173,595	7,509,826	8,103,118	9,405,459	-	-	-
Four Years Later	7,754,944	7,570,685	8,499,127	9,467,595	7,704,826	8,299,118	-	-	-	-
Five Years Later	7,637,944	7,411,685	9,092,127	9,425,595	7,534,826	-	-	-	-	-
Six Years Later	7,562,944	7,419,685	9,159,127	9,366,595	-	-	-	-	-	-
Seven Years Later	7,782,944	7,440,685	9,273,127	-	-	-	-	-	-	-
Eight Years Later	7,775,944	7,647,685	-	-	-	-	-	-	-	-
Nine Years Later	7,730,944	-	-	-	-	-	-	-	-	-
Increase (decrease) in estimated incurred claims & expenses from end of policy year	(831,000)	(677,000)	464,000	461,000	(486,000)	245,000	(1,186,742)	(92,745)	(1,175,681)	-

ASSUMPTIONS & LIMITATIONS

Based on loss experience, exposure data and info provided by PACT

Relied on statistics and historical loss development patterns of PACT

Assumed PACT's historical development patterns form a reasonable basis to predict PACT's Future Loss Development

Cannot predict impact of future law changes and court rulings on WC Claim Costs... reasonable now but perhaps not in the future

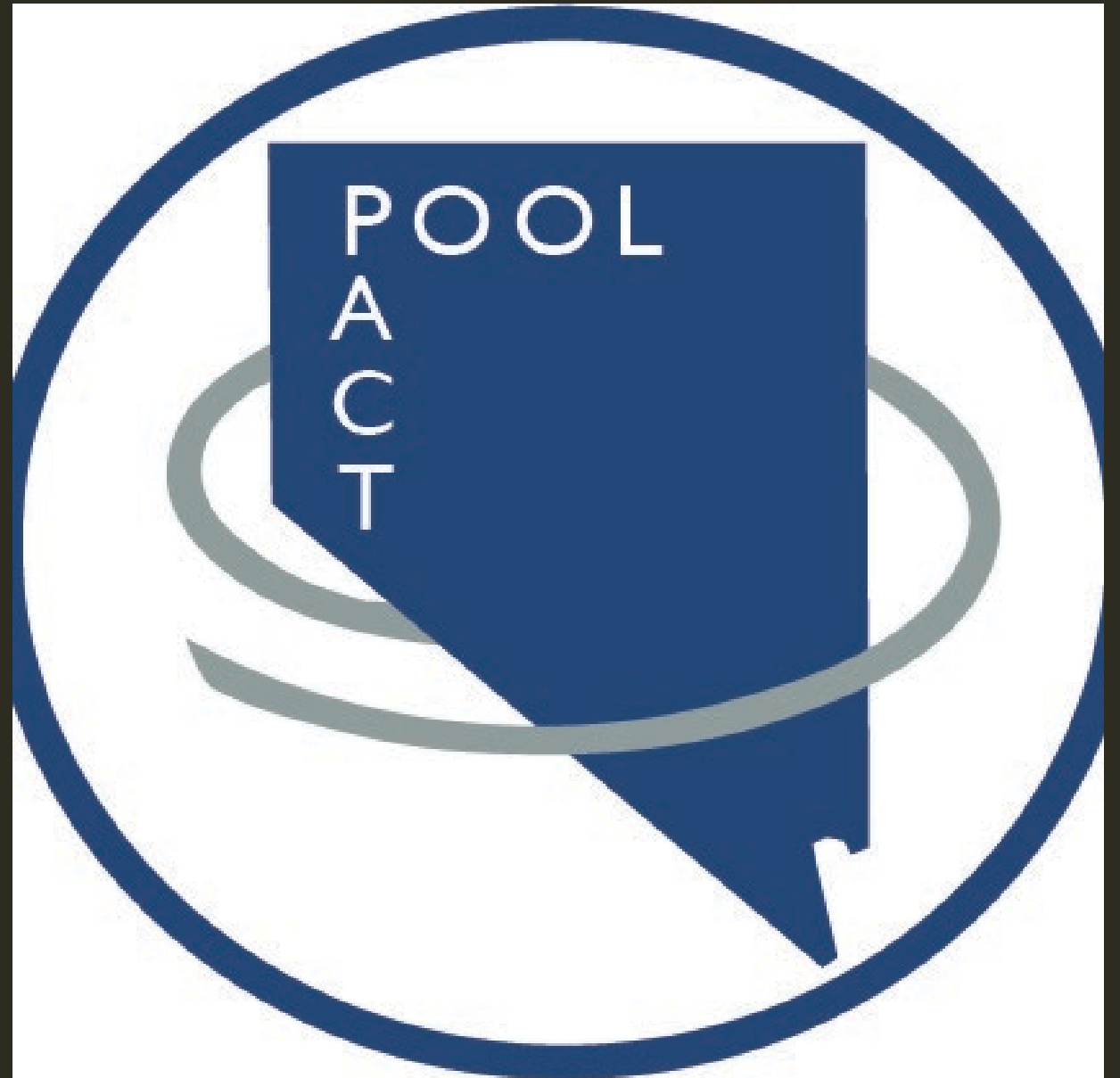
Assumed loss rate trend with claim cost increases at 2.5% per year. Claim severity increases at 3.5% per year and claim frequency decreases 1.0% per year. Based in part on PACT data and recent study by the National Council on Compensation Insurance (NCCI)

Does NOT include provisions for catastrophic events: earthquakes, flooding, mass civil disorder or mass occupational disease.

Assumes all excess insurance is valid and collectible.

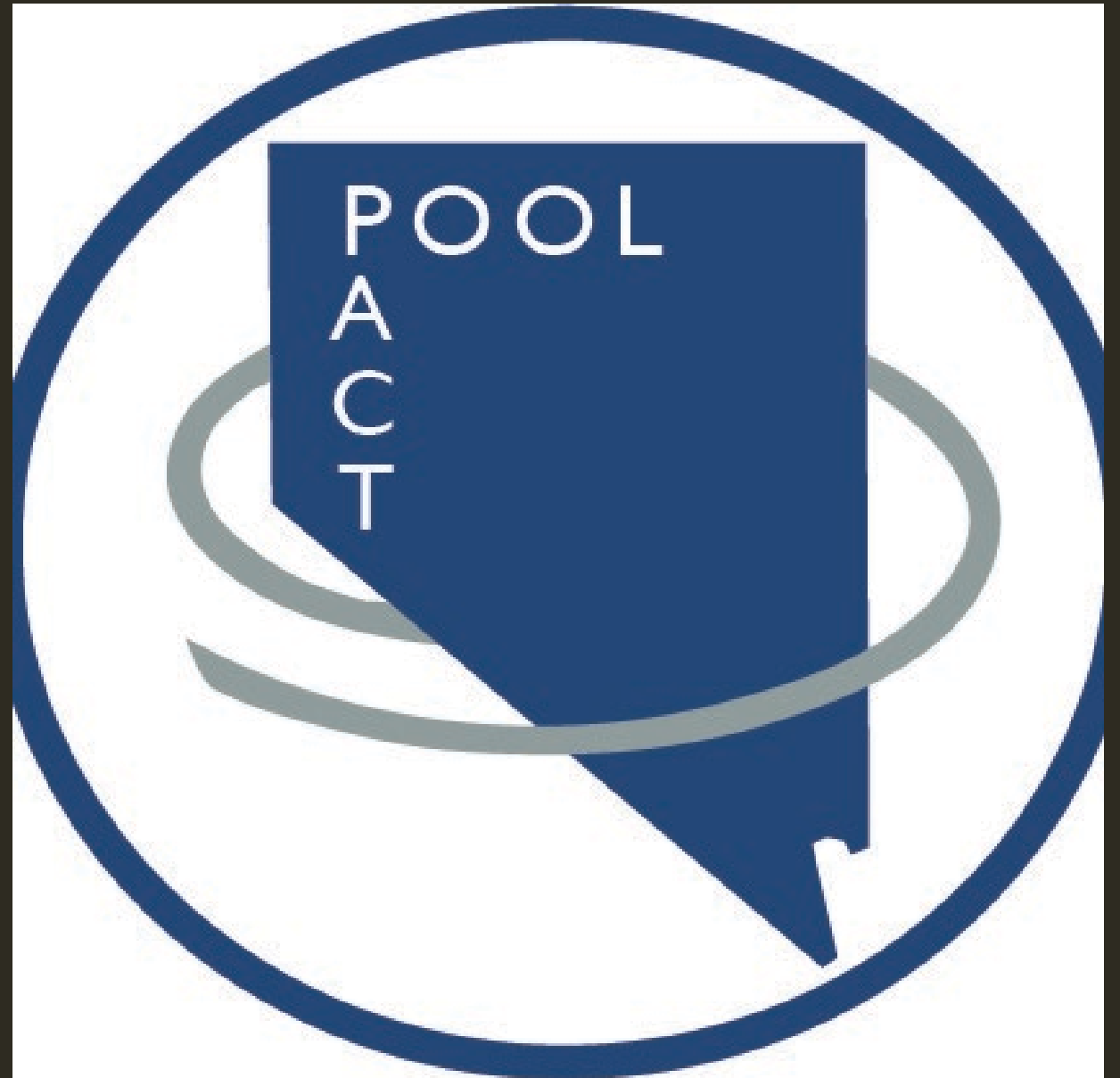
PACT AUDIT
QUESTIONS &
ANSWERS

Fiscal Year Ending
June 30, 2023



THANK YOU FOR
YOUR FINANCIAL
LEADERSHIP

*Working Together
We Achieve Superior Results*



PUBLIC AGENCY COMPENSATION TRUST
FINANCIAL STATEMENTS
June 30, 2023 and 2022

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EXECUTIVE DIRECTOR'S LETTER

Members of Public Agency Compensation Trust:

As the Executive Director, I am pleased to present the PACT Annual Audited Financial Statements for the year ended June 30, 2023, the conclusion of our 26th full year of operations. As noted in part of PACT's Mission Statement, we excel in financial strength, security, durability, and cost-effective risk sharing and financing. This financial report will demonstrate our commitment to our Mission Statement.

In addition to the preparation of the audited financial statements in accordance with GASB pronouncements and other financial standards, this report includes a required Management Discussion and Analysis of the financial results over the years.

Over the years, the Board adopted fiscally responsible policies to retain net position to achieve long-term, stable financial results for members. In 2021, the Board updated the Net Position policy to target at least ten times the highest self-insured retention with a goal of twenty times the highest self-insured retention (refer to notes in the financial statement for current retention amounts). In 2020, they approved a change in the accounting policy related to the transfer of capital to PCM to expense 100% in the year of transfer effective retroactively to July 1, 2018, noting that the unamortized balances will be a reduction in PACT's Net Position as Contributed Surplus to PCM would be eliminated in the restatement of the 2019 financial statement.

Since Fiscal Year 2007, PACT has contributed \$53,700,939 to the PCM captive to serve as one of the workers compensation reinsurers for PACT. This investment into the PCM captive has resulted in growing PCM's total surplus to \$71,446,256 as of December 31, 2022. The benefits of the captive include reduced administrative costs, reinsurance opportunities and a broader investment portfolio including risk assets. During the PACT Annual Board Meeting held on April 21, 2022, the PACT Board approved a transfer of \$2,500,000 from PCM to PACT by June 30, 2022, and an additional transfer of \$2,000,000 by December 31, 2022, to strengthen the net position of PACT.

Net position increased during the year because of an operating income of \$3,230,413 and non-operating net investment income of \$74,453 due primarily increases in book yield offset by unrealized loss on securities as interest rate increases resulted in our book yield being lower than the market yield.

Through the oversight of the Audit Committee, Executive Committee, and the Board of Trustees, coupled with the Nevada Division of Insurance regulatory review, PACT Members can be assured that PACT will remain financially sound. Members should be proud of the success we have achieved together.

PACT has been serving its membership for over 25 years. We are government risk experts with a passion for risk management services. As the risk management arm for our members, PACT manages claims and provides a broad array of in-depth loss control services, training, risk consultation, and programs and resources to guide our members' efforts toward reducing the probability of losses and the effect of losses that do occur. With services such as POOL/PACT Human Resources, our extensive support system for human resources issues, members receive support services no one else offers.

Other factors that set PACT apart include the following:

- 1) Davies Claims Solutions (DCS - PACT's claims administrator) experienced adjusters manage claims efficiently and effectively and maintain quality as evidenced by multiple internal and external claims audits.
- 2) SpecialtyHealth, the managed care organization, and MCMC, the bill reviewer, for PACT helped the adjusters manage claims and costs effectively.
- 3) Loss control efforts of the staff risk management team have proven effective and further initiatives are being implemented under the oversight of the Members' Loss Control Committee, and
- 4) The continuing Fit For Retirement Program helps reduce potential heart claims.

Workers' compensation self-funded programs experience significant volatility particularly when the retention levels per loss are high. PACT management, consistent with board policy, selected a 75% actuarial confidence level as a prudent level to keep PACT Board's goals of creating and sustaining a durable financial position. PACT maintains an interest in PCM as its sole policyholder and is entitled to a return of those capital contributions before any other distributions can be made by PCM. The captive continues to enjoy financial success as a reinsurance option for PACT.

The table below shows some key financial ratios tracked by management and the board to benchmark PACT's financial condition and risk retention strategies:

Financial Ratios	2017/2018	2018/2019	2019/2020	2020-2021	2021-2022	2022-2023
		As restated				
Total Revenue	\$ 11,187,905	\$ 12,901,393	\$ 14,741,181	\$ 17,423,464	\$ 15,630,750	\$ 19,138,181
Revenue over (under) Expenses	\$ (7,414,464)	\$ (4,586,884)	\$ (3,415,620)	\$ (2,939,790)	\$ (342,855)	\$ 3,230,413
Operating Net Position	\$ (7,497,396)	\$ (4,586,884)	\$ (3,415,620)	\$ (2,939,790)	\$ (342,855)	\$ 3,230,413
Non-operating Net Investment Income	\$ 82,932	\$ 2,989,380	\$ 3,386,918	\$ (297,309)	\$ (3,670,262)	\$ 74,453
Total Assets	\$ 87,551,333	\$ 62,770,202	\$ 66,154,708	\$ 66,665,348	\$ 65,507,785	\$ 71,969,433
Total Liabilities	\$ 48,177,213	\$ 52,049,318	\$ 55,462,526	\$ 59,210,265	\$ 59,565,819	\$ 60,722,601
Net Position	\$ 39,374,120	\$ 10,720,884	\$ 10,692,182	\$ 7,455,083	\$ 5,941,966	\$ 11,246,832
Net Position to SIR (Board Target 20:1); Benchmark >5:1	78.75	21.44	21.38	24.85	19.81	37.49
SIR to Net Position (Benchmark: captives <.10; group captives <.25)	0.01	0.05	0.05	0.04	0.05	0.03
% Assets attributable to Net Position	45.0%	17.1%	16.2%	11.2%	9.1%	15.6%
Total assets/total liabilities	1.82	1.21	1.19	1.13	1.10	1.19
Revenues to Net Assets (Benchmark: <2.5:1 and >0	0.28	1.20	1.38	2.34	2.63	1.70
Loss Reserves to Net Position (discounted): Benchmark <3:1 and >0	0.55	4.17	4.50	7.82	2.05	5.23
Total liabilities to liquid assets: Benchmark <100%	86%	90%	91%	97%	98%	99%
Change in members' Net Position: >- 10%	-15.8%	-72.8%	-0.3%	-30.3%	-20.3%	89.3%
Return on Net Position: Net Operating Income/Net Position	-19.0%	-42.8%	-31.9%	-39.4%	-5.8%	28.7%
Return on Net Position: Total Income/Net Position	-18.8%	-42.8%	-31.9%	-39.4%	-5.8%	28.7%

We continue to provide stability in the mist of uncertainty in a risky workers compensation world, allowing members to focus on serving their communities.

Economic Factors:

For the fiscal year ending June 30, 2023, economic conditions showed signs of limited growth continuing for the nation and Nevada. There has been an increase in the interest rates and the inflation rates having an impact on the national economy. Medical inflation still exceeds the general inflation rate, and this affects the underlying costs of claims payable by PACT. While Nevada retains a fee schedule to limit cost increases, recent reviews of the fee schedule components resulted in increases in the last few years. Wage inflation is accelerating and affects the cost of the indemnity component of claims. Changes in NRS and NAC added a COLA to death claims, increased the PPD actuarial tables rating criteria and increased the lump sum payouts from 25% to 30%, thus affecting the cash flow and long-term liability.

A legislative change in 2003 resulted in adoption of the 5th Edition of the AMA guide to rating impairments, which increased costs overall. The 2009 Legislature fixed the 5th Edition into statute rather than having the most current edition be implemented by regulation.

The Nevada Supreme Court reached a decision in 1998 interpreting the special provisions for heart and lung coverage for qualifying police officers and firefighters that concluded that once these persons meet the five years of continuous service eligibility for benefits, those benefits are available for life regardless of any connection to actual work at the time the claims are made. PACT undertook an actuarial study to estimate the lifetime cost of risk associated with this decision. That study indicated that the present value of the future benefits for former employees was estimated to range from \$5,668,000 to \$22,258,000, depending upon the interpretation as to which legal theory may be applicable. A subsequent actuarial study confirmed a change in the range of values to between twenty and eighty million, again depending upon the assumptions made about claims manifestation.

A legislative change in the 2017 session increased disability claims costs for heart and lung claims because a bill eliminated the disablement time frame for public safety for such claims. Another element may impact the employer's

process for reviewing physical examinations potentially impeding the Fit For Retirement program efforts. Another 2017 change in legislation called for regulatory adoption of updated actuarial disability rating schedules. While the regulation change was not adopted until after the close of fiscal year end June 30, 2018, it will have a future effect on disability claims valuations for all types of claims beginning in fiscal year ending June 30, 2019.

In the 2019 Legislative session, several bills impacted PACT's future financial picture. For firefighters, a bill expanding the list of cancers that are associated with employment also added language to include substances anticipated to be a human carcinogen. Further it extended coverage for up to lifetime similar to the heart-lung provisions. Another bill expanded vocational rehabilitation programs which will increase costs. Post-traumatic stress disability claims coverage was expanded to include all first responders including dispatchers related to mass casualty events directly witnessed or heard. Two bills added an inflationary increase in the PTD benefits for open claims and for new claims after July 1, 2019. PACT reviewed the actuarial rate implications of these bills for funding beginning July 1, 2020, and increased the heart lung rate by \$1.00. In addition, PACT reduced the rate discount by half in anticipation of earlier impact of these legislative changes. Additional changes limited post-employment cancer claims to medical only, if retired on or after July 1, 2019.

The 2021 Legislative Session added a requirement for telehealth as an option for medical care which will increase employee access to care and reduce travel costs in a claim. Further, it authorized the use of a physician assistant or advanced practice registered nurse to file claims (C-4). One significant change allows public safety employees to elect PTD benefits and still earn income.

Even though PACT faces rate increases due to heart lung claims for law enforcement and firefighters, PACT supports the brave efforts of these professionals serving our communities. It is the mission of PACT to minimize heart lung claims through strong risk management practice, so our professionals stay healthy during and after their service.

Preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff. Staff includes Wayne Carlson, Executive Director, Alan Kalt, Chief Financial Officer, Debbie Connally, Controller, Melissa Mack, Accounting Technician, Jennifer Turner, Administrative Data Analyst, Stephen Romero, Member Services Manager, Marshall Smith, Risk Manager, Jarrod Hickman, Risk Management Specialist and Mike Van Houten, e-learning Manager and Webmaster. Thanks also to the dedicated professional staff from Bertrand & Associates, LLC, our independent auditors, for their contribution and support throughout the audit process. Special thanks to the Executive Committee, Audit Committee and Board of Directors for their keen interest and support in the planning and conducting of the financial operations of PACT in a responsible and progressive manner.

Thank you for your participation in PACT and for having confidence in our ongoing ability to meet the Mission, Vision, and Motto you set for our member services consortium. We welcome your comments and suggestions to further strengthen PACT's financial position, to provide you with additional information and to enhance Member services. Thank you for your continued active participation as a Member of PACT.

Sincerely,

Wayne Carlson
PACT Executive Director

BERTRAND & ASSOCIATES, LLC
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INDEPENDENT AUDITOR'S REPORT

To the Executive Director and the Board of Directors
Nevada Public Agency Insurance Pool
Carson City, Nevada

Opinion

We have audited the accompanying statements of net position of the Public Agency Compensation Trust as of June 30, 2023 and 2022 and the related statements of revenues, expenses and changes in net position, and statements of cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Public Agency Compensation Trust as of June 30, 2023 and 2022 and the respective revenues and expenses and changes in financial position, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Public Agency Compensation Trust and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Public Agency Compensation Trust's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Public Agency Compensation Trust's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Public Agency Compensation Trust's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis beginning on page 8 and the 10-year claims development schedule on page 25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Bertrand & Associates, LLC

Carson City, Nevada
September 21, 2023

PUBLIC AGENCY COMPENSATION TRUST
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022

Public Agency Compensation Trust's (PACT) discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the entity's financial activities, (c) identify changes in PACT's financial position (its ability to address subsequent years challenges) and (d) identify any material deviations from the financial plan.

We encourage readers to read this information in conjunction with the Executive Director's transmittal letter, financial statements and notes to gain a more complete understanding of the information presented.

Organization Overview

Public Agency Compensation Trust was formed by local governments for the purpose of organizing an association of self-insured public agencies providing workers' compensation coverage. Approved by the Division of Insurance on March 20, 1996, the Trust began operations on April 1, 1996. The Trust's objective is to provide member services that will reduce the cost of claims.

PACT provides workers compensation coverage to member governmental entities and hospitals pursuant to state statutes. The program is fully funded by member entities and is governed by a Board of Trustees composed of representatives of each member. Any member may withdraw from the program by giving 120 days' notice in advance of the next renewal date. PACT's independent actuary is an approved Rate Service Organization and develops PACT loss rates to be assessed and collected.

Background:

PACT is subject to Governmental Accounting Standards Board (GASB) requirements set forth in GASB Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Government*. PACT's financial information must be accompanied by enhanced analysis, both short and long term, and explanations of significant financial statement elements. Since PACT operates as an enterprise fund created pursuant to NRS 277, the Interlocal Cooperation Act, its financial statements will be presented in a manner that reflects its operations much like a private company. PACT also is regulated by the Nevada Division of Insurance as an association of self-insured public agencies and must file certain financial schedules in addition to the GASB required information.

Using this Annual Report:

Since the financial statements report information about PACT using accounting methods similar to those used by private sector organizations, these statements offer short- and long-term financial information about PACT's activity. The financial statements show a comparison of two audited years ending June 30, 2023 and June 30, 2022 to facilitate understanding of changes in the financial position over time.

The Statement of Net Position includes all of PACT's assets and liabilities and information about the nature and amounts of investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing rate of return, evaluation of the capital structure and for assessing the solvency, liquidity, and financial flexibility of PACT.

Current year revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of PACT's operations for the fiscal year compared to the previous fiscal year and can be used as a measure of PACT's credit worthiness and whether PACT successfully recovers its costs through its sources of revenue.

The Statement of Cash Flows serves to provide information about PACT's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments and net changes in cash resulting from operations, capital and related financing activities and investing activities. It also discloses from where cash comes, for what it was used and the change in cash balance during the reporting period.

Since PACT incurs financial obligations to pay claims that occurred in the past from current year resources and at the same time receives revenue that it must retain for payment of future claims from future resources, cash flow may vary significantly from year to year.

Financial Highlights

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America, including the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

The auditor's report offers an unmodified opinion on the financial statements, the best opinion that can be attained.

Critical Accounting Estimates

Preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of income and expenses during the accounting period. Actual results could differ from these estimates.

PACT has identified the estimates inherent in the valuation of investments and loss reserves (including reserves for incurred but not reported claims (IBNR) as critical in that they involve a higher degree of judgment and are subject to a significant degree of variability. In developing these estimates, management makes subjective and complex judgements that are inherently uncertain and subject to material change as facts and circumstances develop. Although variability is inherent in these estimates, management believes the amounts provided are appropriate and conservative based upon the facts available as of the date of the financial statements. PACT uses the assistance of an independent actuarial firm to determine IBNR and overall loss reserve adequacy.

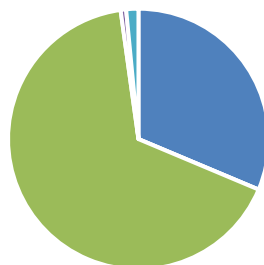
Investments

One significant estimate inherent in the valuation of investments is the evaluation of fair value. Investments consist predominantly of government and government backed securities and are reported at their fair value in the statement of position. Fair value is determined utilizing the market value of the investments as reflected on the applicable brokerage statements. Net increases and decreases in the fair value are included in the statement of activities and changes in net position. Nevada Revised Statutes and the Board approved Investment Policy outline the restrictions on the types of allowed investments. PACT is authorized to make investments in bonds and debentures of the United States, bills and notes of the U.S. Treasury, and in high-grade corporate backed securities. PACT is authorized to purchase negotiable certificates of deposits issued by commercial banks or insured savings and loan associations.

Cash and investments of \$57,644,394 are available to meet current liabilities, including reserves for loss and loss adjustment expenses of \$9,093,481. Total current liabilities include accounts payable, risk management grants payable, specific recoverable and current portion of reserves for workers compensation claims. This is a conservative measure of cash and investments available to pay current obligations. PACT's cash ratio is 6.3, meaning that it has 6.3 times the unrestricted cash and investments on hand to meet its obligations. Last year's cash ratio was 6.5. The decrease in the cash ratio is due primarily to the increase in the current portion of liabilities due to the timing of receipts and related payments.

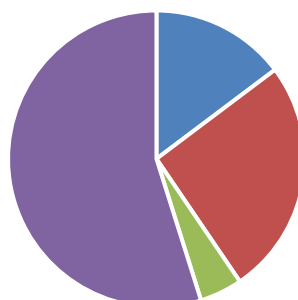
Investment balances as of June 30, 2023 were \$42,884,469 compared to the prior year amount of \$41,064,299. This represents an increase of \$1,820,170 or 4.4%. The increase is due an increase in the amount of investments due to positive operating results during the year. The cash balance was \$14,759,925 compared to \$12,513,078 or a \$2,246,847 increase in fiscal year 2023. This is primarily due to the \$2,000,000 capital contribution from Public Compensation Mutual during the fiscal year. As stated in Note 3, the following is a summary of the fair value investments as of June 30, 2023:

Investment Allocations



Investment Descriptions	Fair Value 6-30-2023	Fair Value 6-30-2022
U.S. Treasuries	\$ 13,966,961	\$12,842,123
U.S. Mortgage-backed securities	26,658,341	27,242,712
U.S. Government backed securities	210,156	280,239
Corporate backed securities	7,402,344	6,198,118
Less pledged investments	<u>(5,353,333)</u>	<u>(5,498,893)</u>
Total investments	<u>\$42,884,469</u>	<u>\$41,064,299</u>

2023 Maturities



Investment Income Receivable

Investment income receivable on June 30, 2023 is \$196,124 compared to \$127,640 in 2022. This is a change of \$68,484 or 53.7%. This is due primarily to the increase in investment balances at year end and higher investment yields as well as the timing of the payment of accrued interest on the investments.

Pledged Investments

Pledged investments on June 30, 2023 are \$6,166,373 compared to \$5,670,340 in 2022. Restricted investments are those investments pledged to the Nevada Division of Insurance as solvency assurance for future claims as required by statutes. Pledged investments include cash equivalents, investments and investment income receivable for the specific restricted securities. The amount pledged exceeds the statutory requirement. See Note 8-Pledged Investments for more details.

Contributed Surplus Public Compensation Mutual

In May of 2007, PACT's board of directors authorized the startup of a member-owned nonprofit captive mutual insurance company and contributed surplus to the company. The company, named Public Compensation Mutual,

(“PCM”) is domiciled in Nevada. PCM subsequently converted from an association captive to a pure captive form owned by PACT. PCM is one of the workers compensation reinsurers for PACT. The benefits of the captive are reduced administrative costs, reinsurance opportunities and a broader investment portfolio which can include risk assets. Management considers the contribution to PCM a development cost that can provide lower operating costs in the future and estimates that the savings in reinsurance cost to PACT will recoup the contributed capital. At the annual board meeting held on April 17, 2020, the Board approved a change in the accounting policy related to the transfer of capital to PCM to expense 100% in the year of transfer effective retroactively to July 1, 2018 noting that the unamortized balances will reduce PACT’s Net Position and Contributed Surplus to PCM would be eliminated in the restatement of the 2019 financial statement. As of July 1, 2018, Contributed Surplus from PACT was \$53,700,939. As of June 30, 2018, the accumulated amortization was \$26,645,207 resulting in Contributed Surplus, net of accumulated amortization of \$27,055,732 and the same reduction in PACT’s Net Position as of July 1, 2018. This accounting change will impact PACT’s financial benchmarks and make PACT more comparable with our peers in years without the transfers. During the Annual Board Meeting held on April 21, 2022, a transfer of surplus contribution of \$2,500,000 from PCM to PACT was approved to be completed by June 30, 2022, and an additional transfer of \$2,000,000 by December 31, 2022, to improve the net position of PACT. The following chart indicates PACT’s contributions to PCM since inception:

Fiscal Year	Contributions	Total Contributions
2007	\$ 5,000,000	\$ 5,000,000
2008	\$ 4,000,000	\$ 9,000,000
2009	\$ 4,600,000	\$13,600,000
2010	\$ 4,500,000	\$18,100,000
2011	\$ 7,517,375	\$25,617,375
2012	\$ 1,542,062	\$27,159,437
2013	-	\$27,159,437
2014	-	\$27,159,437
2015	\$ 448,242	\$27,607,679
2016	\$ 1,093,260	\$28,700,939
2017	\$15,100,000	\$43,800,939
2018	\$ 9,900,000	\$53,700,939
2019	-	\$53,700,939
2020	-	\$53,700,939
2021	-	\$53,700,939
2022	(\$2,500,000)	\$51,200,939
2023	(\$2,000,000)	\$49,200,939

As noted above, PACT has contributed a net amount of \$49,200,939 to PCM in accordance with PACT’s Capitalization Strategy Policy which allows PACT’s Executive Committee to distribute a portion of the Net Assets to provide additional capitalization to PCM to reduce reliance on other excess or reinsurance providers. PCM increased its reinsurance capacity and thereby reduced PACT’s retention as a result of the additional contributions to surplus.

Reserves for Claim Losses

Loss reserves are estimates of losses and loss development and as such will differ from the ultimate results. Therefore, one of the critical accounting estimates is the proper amount of reserves to be set aside to meet future liabilities of the current in-force business. Changes in or deviations from the assumptions used to develop the loss reserves significantly affect PACT’s reserve levels and related future operations. Assumptions include PACT’s methodology for underwriting and claims handling and current estimates of the legal, inflation rate, and social environments. Annually, PACT retains an independent actuary to provide a loss reserve opinion including a confidence level range for PACT’s loss reserves. PACT’s policy is to book reserves at the 75% confidence level as recommended by the actuary. The actuarial analysis for the current fiscal year revealed an overall increase in case reserves and IBNR reserves over prior years estimated incurred losses for Workers Compensation and Heart Lung. See Note 11 Unpaid Loss Liabilities and the Supplemental Schedule on Unpaid Loss Liabilities for Workers Compensation and Heart Lung in the financial statements for more details.

Reserves for current portion of claims increased from \$7,019,710 to \$7,241,880 in fiscal year ending June 30, 2023. The noncurrent reserve for workers compensation claims increased from \$51,347,290 to \$51,629,120 in 2023, an increase of

\$281,830 or 0.5%. The development schedule included in the financial statement provides the history of the claims reserve changes each year over 10 years included in the financial statements for more details.

Change in Net Position

PACT's Total Net Position increased from \$5,941,966 to \$11,246,932 during the fiscal year ending June 30, 2023, an increase of \$5,304,866 or 89.3%. This increase primarily is due to the net operating income of \$3,230,413, non-operating net investment income of \$74,453 and Capital Contribution from Public Compensation Mutual of \$2,000,000.

The following is the comparative Statements of Net Position for PACT as of June 30, 2023 and 2022.

CONDENSED STATEMENTS OF NET POSITION

	<u>2023</u>	<u>2022</u>
Cash and investments	\$ 57,644,394	\$ 53,577,377
Receivables	7,911,313	6,014,791
Other assets	247,353	245,277
Total current assets	<u>65,803,060</u>	<u>59,837,445</u>
Pledged investments	<u>6,166,373</u>	<u>5,670,340</u>
Total noncurrent assets	<u>6,166,373</u>	<u>5,670,340</u>
Total assets	<u>71,969,433</u>	<u>65,507,785</u>
Payables	1,851,601	1,198,819
Current portion of reserve for losses	<u>7,241,880</u>	<u>7,019,710</u>
Total current liabilities	9,093,481	8,218,529
Reserve for claim losses	<u>51,629,120</u>	<u>51,347,290</u>
Total noncurrent liabilities	<u>51,629,120</u>	<u>51,347,290</u>
Total liabilities	<u>60,722,601</u>	<u>59,565,819</u>
Net position -unrestricted	5,080,459	271,626
Net position -restricted for pledged securities	<u>6,166,373</u>	<u>5,670,340</u>
Total net position	<u>\$ 11,246,832</u>	<u>\$ 5,941,966</u>

Total Assessment Revenues

PACT's primary revenue source comes from Member assessments for workers compensation. The assessments for workers compensation increased from \$15,055,750 to \$18,563,181 during fiscal year ending June 30, 2023. This is an increase of \$3,507,431 or 23.3% due primarily to a class rate increase of 8% and an increase in members' payroll during the year resulting in additional assessments.

During fiscal year 2022 and 2023, PCM provided \$575,000 to PACT to support risk management services to the membership.

Loss Fund and Program Expenses

Overall Loss and Program expenses increased from \$13,610,889 to \$13,877,965 in FY 2023, an increase of \$267,076 or 2.0%. This increase primarily resulted from an increase in the claims and adjustment expense of \$87,063 or 1.0% from \$8,485,681 to \$8,572,744 due to claim development during the year. Reinsurance premiums increased \$17,774 from \$2,583,635 to \$2,601,409 because of increased pricing in the reinsurance layers of coverage due to increased claims activity. PACT continues to invest in Member education and services as \$706,676 was expensed in Fiscal Year 2022 compared to \$712,355 in Fiscal Year 2023. Underwriting and claims processing increased \$78,197 during the year from \$905,653 to \$983,850 due to inflation and claims volume. Loss control expenses remained within a relevant range during the two fiscal years.

Administration Expenses

Total administrative expenses were \$2,029,803 in Fiscal Year ending June 30, 2023 compared to \$2,362,716 in FY 2022, a decrease of \$332,913 or 14.1%. There was a decrease in the Insurance Division fees of \$401,090 (a decrease of 44.1%) due to decreased claims over the past several years because a large member with a high mod rate left in 2021. This was offset by slight increases in management fees, professional services and administrative and overhead costs.

Non-operating Net Investment Income

Investments are marked to market value at the time of the financial statements, which may result in a negative or positive overall result. Restrictions imposed by law on the types of investments PACT may utilize are similar to local governments. The investment portfolio consists of governmental type investments which, if held to maturity, will yield the respective coupon rates although interim performance may lag. Most of PACT's investments are anticipated to be held to maturity. Non-operating net investment income was \$74,453 for Fiscal Year end June 30, 2023 compared to (\$3,670,262) in 2022. The investment income was impacted by the mark to market value adjustment because of rising interest rates in fiscal year 2023. See Note 3 Investment Securities for more details.

Revenues, Expenses and Changes in Net Position:

CONDENSED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION		
	<u>2023</u>	<u>2022</u>
Assessments and other revenues	\$ 19,138,181	\$ 15,630,750
Loss fund provision and program expenses	13,877,965	13,610,889
Administration expenses	2,029,803	2,362,716
Total expenses	15,907,768	15,973,605
Increase (decrease) operating net position	3,230,413	(342,855)
Non-operating net investment income	74,453	(3,670,262)
Increase (decrease) in net position	3,304,866	(4,013,117)
Net position - beginning balance	5,941,966	7,455,083
PCM contribution of capital	2,000,000	2,500,000
Net position, end of year	\$ 11,246,832	\$ 5,941,966

Capital Assets and Debt Administration:

PACT has no physical assets and no borrowed funds. It has pledged certain investments to satisfy a regulatory solvency security requirement and thus, cannot access those funds without approval from the Nevada Division of Insurance.

Subsequent Events:

There were no subsequent events that would affect the financial statements for the current fiscal year.

Requests for Information:

While the purpose of this discussion and financial report is to provide a general overview of PACT's financial position, requests for additional financial information should be addressed to Wayne Carlson, Executive Director, 201 S. Roop St., Suite 102, Carson City, NV 89701-4790.

PUBLIC AGENCY COMPENSATION TRUST
STATEMENTS OF NET POSITION
June 30, 2023 and 2022

ASSETS	<u>2023</u>	<u>2022</u>
Current assets:		
Cash and cash equivalents	\$ 14,759,925	\$ 12,513,078
Investments	42,884,469	41,064,299
Investment income receivable	196,124	127,640
Member assessments receivable	5,654,347	4,260,433
Specific recoverable	1,648,254	1,520,070
Commissions receivable	64,137	60,225
Receivable from State of Nevada	348,451	46,423
Prepaid expenses	<u>247,353</u>	<u>245,277</u>
Total current assets	65,803,060	59,837,445
Noncurrent assets:		
Pledged investments	<u>6,166,373</u>	<u>5,670,340</u>
Total noncurrent assets	<u>6,166,373</u>	<u>5,670,340</u>
TOTAL ASSETS	<u>71,969,433</u>	<u>65,507,785</u>
 LIABILITIES		
Current liabilities:		
Accounts payable	99,858	152,943
Commissions payable	59,580	60,790
Specific recoverable	1,648,254	956,838
Risk Management Grants payable	43,909	28,248
Current portion of reserve for claims losses	<u>7,241,880</u>	<u>7,019,710</u>
Total current liabilities	9,093,481	8,218,529
Noncurrent liabilities:		
Reserve for claims losses	<u>51,629,120</u>	<u>51,347,290</u>
Total non-current liabilities	<u>51,629,120</u>	<u>51,347,290</u>
TOTAL LIABILITIES	<u>60,722,601</u>	<u>59,565,819</u>
 NET POSITION		
Net position -unrestricted	5,080,459	271,626
Net position -restricted for pledged securities	<u>6,166,373</u>	<u>5,670,340</u>
TOTAL NET POSITION	<u>\$ 11,246,832</u>	<u>\$ 5,941,966</u>

See accompanying notes

PUBLIC AGENCY COMPENSATION TRUST
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years ended June 30, 2023 and 2022

REVENUES	<u>2023</u>	<u>2022</u>
Assessments for workers compensation	\$ 18,563,181	\$ 15,055,750
PCM risk management services	<u>575,000</u>	<u>575,000</u>
Total Revenues	<u>19,138,181</u>	<u>15,630,750</u>
LOSS FUND AND PROGRAM EXPENSES		
Claims and adjustment expenses	8,572,744	8,485,681
Excess insurance premium	495,712	474,027
Re-insurance premium	2,601,409	2,583,635
Member education and services	712,355	706,676
Risk management grants	75,895	19,217
Loss control expense	436,000	436,000
Underwriting and claims processing	<u>983,850</u>	<u>905,653</u>
Total loss fund and program expenses	<u>13,877,965</u>	<u>13,610,889</u>
ADMINISTRATION EXPENSES		
Management fees	665,230	642,735
Professional services	102,600	95,690
Administrative and overhead	727,947	691,080
Insurance Division fees	507,791	908,881
Nevada insolvency fund and related expenses	<u>26,235</u>	<u>24,330</u>
Total administration expenses	<u>2,029,803</u>	<u>2,362,716</u>
Increase (decrease) in operating net position	<u>3,230,413</u>	<u>(342,855)</u>
Non-operating net investment income (loss)	<u>74,453</u>	<u>(3,670,262)</u>
Increase (decrease) in net position	<u>3,304,866</u>	<u>(4,013,117)</u>
Beginning net position	5,941,966	7,455,083
Capital contribution from Public Compensation Mutual	<u>2,000,000</u>	<u>2,500,000</u>
Net position, end of year	<u>\$ 11,246,832</u>	<u>\$ 5,941,966</u>

See accompanying notes

PUBLIC AGENCY COMPENSATION TRUST
STATEMENTS OF CASH FLOWS
For Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Assessments and risk management services	\$ 17,740,355	\$ 15,929,635
Payment for claims	(8,068,744)	(8,418,681)
Payment to vendors	(7,114,530)	(8,078,113)
Net cash provided (used) from operating activities	<u>2,557,081</u>	<u>(567,159)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and net realized investment income	1,212,632	835,067
Sale of investments	11,869,738	14,828,963
Purchases of investments	(15,392,604)	(9,763,679)
Net cash (used) provided from investing activities	<u>(2,310,234)</u>	<u>5,900,351</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
PCM contribution of capital	<u>2,000,000</u>	<u>2,500,000</u>
Net cash provided from financing activities	2,000,000	2,500,000
Increase in cash and cash equivalents	2,246,847	7,833,192
Cash and cash equivalents, beginning of fiscal year	<u>12,513,078</u>	<u>4,679,886</u>
Cash and cash equivalents, year ended June 30	<u>14,759,925</u>	<u>12,513,078</u>
RECONCILIATION FOR OPERATING LOSS		
TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating net income (loss)	3,230,413	(342,855)
Adjustments to reconcile operating loss		
to net cash provided (used) by operating activities:		
(Increase) decrease in member assessments receivable	(1,393,914)	296,732
(Increase) decrease Receivable from State of Nevada	(302,028)	260,504
(Increase) in specific recoverable	(128,184)	(893,969)
(Increase) in prepaid expenses	(2,076)	(245,277)
(Increase) decrease in agent compensation receivable	(3,912)	2,153
(Decrease) increase in accounts payable	(53,085)	13,091
(Decrease) increase in agent compensation payable	(1,210)	340
Increase in specific recoverable	691,416	330,736
Increase (decrease) in Risk Management Grants payable	15,661	(55,614)
Increase in loss reserves	504,000	67,000
Net cash provided (used) by operating activities	<u>\$ 2,557,081</u>	<u>\$ (567,159)</u>

See accompanying notes

PUBLIC AGENCY COMPENSATION TRUST
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of program

Public Agency Compensation Trust (PACT) was formed by local governments for the purpose of organizing a self-insured workers' compensation group. The Trust began operations April 1, 1996. The Trust's objective is to provide members with a lower cost alternative achieved through enhanced claims management, program administration, and member services that will reduce the cost of claims. PACT provides workers' compensation coverage to member governmental entities and hospitals pursuant to state statutes. The program is fully funded by member entities and is governed by a Board of Trustees comprised of representatives of each member. Any member may withdraw from the program by giving 120 days' notice. PACT's independent actuary, who is an approved Rate Service Organization, develops PACT rates.

Principles of presentation

PACT has prepared its financial statements in accordance with accounting principles generally accepted in the United States of America. PACT prepares its financial statements on the accrual method of accounting recognizing income when earned and expenses when incurred. PACT has implemented Governmental Accounting Standards Board (GASB) Statements No. 34 and No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments and GASB Statement 38, Certain Financial Statement Note Disclosures*.

The financial statements have been prepared on the basis of accounting principles generally accepted in the United States of America for governmental entities and insurance enterprises, where applicable, which may differ from the basis of accounting followed in statutory reporting. Accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Measurement focus and basis of accounting

The financial statements are reported using the economic resources management focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Expenditures are recorded when the related fund liability is incurred.

Cash and cash equivalents

The Operating Fund has a checking account, money market investment account, and an investment account for long-term investments. For the purposes of the Statement of Cash Flows, the PACT considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents. The Claims Fund has two checking accounts, one for payment of claims and the other for claims-related expenses as required by Nevada Revised Statute 616B.368.

Investments and investment income

Investments consist of government and government-backed securities and are reported at their fair value in the statement of position. Fair value is determined utilizing the market value of the investments as reflected on the applicable brokerage statements. Net increases and decreases in the fair value are included in the statement of activities and changes in net position. PACT is authorized to make investments in bonds and debentures of the United States, bills and notes of the U.S. Treasury, and in high-grade corporate-backed securities. PACT also is authorized to purchase negotiable certificates of deposit issued by commercial banks or insured savings and loan associations. PACT's investments have been restricted by policy of the Board to those allowable for local governments.

Income Taxes

In accordance with Internal Revenue Service Code Section 115, organizations formed, operated, and funded by political subdivisions may exclude income from those activities that qualify for exclusion. Accordingly, no provision for income taxes has been provided in the accompanying financial statements.

PUBLIC AGENCY COMPENSATION TRUST
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budget

Budgetary to actual results is not presented as there are no legal budgetary requirements.

Credit Risk

Credit risk is the risk that the issuer of a security will default on the principal and interest of the security. PACT's policy is to invest in corporate debt issues with a minimum of an "AA" rating from Moody's or Standard and Poor's rating services or U.S. Government and government-backed securities. In addition, PACT's policy is to diversify the investment portfolio so that the impact of potential losses from any one type of security or from any one issuer will be minimized.

Concentration of Credit Risk

PACT limits investments in fixed-income securities to 10% of the total fixed-income portfolio to any one issuer. No more than 20% of the total investment pool will be invested in any one class of security, industry or company. PACT will not directly invest in securities maturing more than ten (10) years from the date of purchase, except as permitted by law. The policy does not place a limit on the purchase of U.S. Government and government-backed securities.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. PACT will, to the extent possible, minimize this risk by matching investment maturities to liability due dates. This allows PACT to hold investments to maturity thus mitigating losses from the sale of investments prior to their maturity date. Additionally, exposure to fair value losses arising from increasing interest rates is minimized by investing in investments with short to mid-term durations.

Member Assessments

Member assessments and reports are due 20 days after the end of the quarter. Assessment rates are based on independent actuarial estimates that are reviewed and approved by the membership and Insurance Commissioner.

Losses and loss adjustment expense

Reserves for losses and allocated loss adjustment expenses are provided based on case-based estimates for losses reported and PACT's historical loss experience for claims incurred but not reported (IBNR). The liability for unpaid losses and loss adjustment expenses includes the estimated cost of investigating and settling all claims incurred as of the balance sheet date. Such amounts are determined based on an evaluation prepared by management and an independent consulting actuary using a 75% confidence level. Although such estimates are best estimates of the expected values, the actual results may vary from these values.

The liability represents the estimated ultimate cost of settling claims, including the effects of inflation and other societal and economic factors. The liability also includes unallocated costs which are estimated by management. Any adjustments resulting from the settlement of losses will be reflected in earnings at the time the adjustments are determined. The loss reserve estimates were not discounted. On November 4, 2019 the Board adopted the policy to no longer discount the reserves beginning in the year ended June 30, 2020 and going forward, as the investment earnings will be used to offset administrative costs of the program rather than being held for future claim payments.

Insurance Division Annual Fees

The Insurance Division annually assesses fees to the Trust based on the prior year's claims expenditures. It is the policy of management to record the invoice or credit received each year as the expense or credit to the expense for that year as these invoices cannot be estimated and therefore accrued.

Supplementary development schedule - Unaudited

The statements and development schedule reports claims paid on a reported year basis. The development schedule reflects undiscounted loss reserves for the 10 years reported.

PUBLIC AGENCY COMPENSATION TRUST
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Changes in calculation of workers compensation rate

For the fiscal year ending June 30, 2022, the Board approved the blending of the heart and lung rates with the police and fire rates based on the independent actuary's recommendations in the rate relativity study. This change in policy did not affect the current or prior year reserves or the loss provisions taken. This change is described in greater detail in Note 11.

NOTE 2 – CASH & EQUIVALENTS

The carrying amount of PACT's deposits with financial institutions on June 30, 2023 and 2022 are \$14,759,925 and \$12,513,078 respectively. The financial institution balances were \$15,278,420 and \$13,015,382 respectively. The difference between the carrying amounts and financial institution balances results from outstanding checks and deposits not yet reflected in the bank's records.

	June 30, 2023	June 30, 2022
Amounts insured by FDIC	\$ 250,000	\$ 250,000
Amounts collateralized	10,993,005	6,467,358
Cash equivalents at brokerage firm	4,035,415	6,298,024
Total deposits at financial institutions	<u>\$ 15,278,420</u>	<u>\$ 13,015,382</u>

PACT maintains its cash, cash equivalents, and investments in a commercial bank and a brokerage institution. All amounts in the commercial bank are insured by the FDIC or collateralized. Amounts at the brokerage firm up to the SPIC insurance limit are insured through SPIC and additional amounts are insured by the broker through an insurance policy.

NOTE 3 – INVESTMENT SECURITIES

Actual maturities may differ from contractual maturities as some borrowers have the right to call or prepay with or without call or prepayment penalties. Restricted investments are those investments pledged to the Insurance Commission. Corporate securities have bond ratings from A- to AAA.

A summary of investments as of June 30, 2023 is as follows:

	Fair Value	Investment Maturities in Years			
		1 year or less	1-5	5-10	Over 10
U.S. Treasuries & agencies	\$ 13,966,961	\$ 5,485,406	\$ 6,686,539	\$ 1,795,016	\$ -
U.S. Mortgage-backed securities	26,658,341	-	46,113	16,205	26,596,023
U.S. Government backed securities	210,156	-	28,512	181,644	-
Corporate backed securities	7,402,344	2,350,328	5,052,016	-	-
Less pledged investments	<u>(5,353,333)</u>	<u>(1,515,289)</u>	<u>(767,391)</u>	<u>-</u>	<u>(3,070,653)</u>
Total investments	<u>\$ 42,884,469</u>	<u>\$ 6,320,445</u>	<u>\$ 11,045,789</u>	<u>\$ 1,992,865</u>	<u>\$ 23,525,370</u>

PUBLIC AGENCY COMPENSATION TRUST
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 3 – INVESTMENT SECURITIES (continued)

A summary of investments as of June 30, 2022 is as follows:

	Fair Value	Investment Maturities in Years			
		1 year or less	1-5	5-10	Over 10
U.S. Treasuries & agencies	\$ 12,842,123	\$ 6,162,427	\$ 4,798,930	\$ 1,880,766	\$ -
U.S. Mortgage-backed securities	27,242,712	5,343	766,009	18,469	26,452,891
U.S. Government backed securities	280,239	-	50,594	229,645	-
Corporate backed securities	6,198,118	748,843	5,449,275	-	-
Less pledged investments	(5,498,893)	(487,500)	(2,024,867)	-	(2,986,526)
Total investments	<u>\$ 41,064,299</u>	<u>\$ 6,429,113</u>	<u>\$ 9,039,941</u>	<u>\$ 2,128,880</u>	<u>\$ 23,466,365</u>

Investment income receivable was \$196,124 on June 30, 2023 and \$ 127,640 on June 30, 2022.

PACT categorizes fair value measurement within the fair value hierarchy established by accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The following table presents the fair value hierarchy for financial instruments measured at fair value on a recurring basis as of June 30, 2023 and 2022:

	June 30, 2023 Fair Value	Quoted price in	Significant	Significant
		active markets for identical assets (Level 1)	other observable inputs (Level 2)	unobservable inputs (Level 3)
U.S. Treasuries & agencies	\$ 10,695,883	\$ 9,707,484	\$ 988,399	\$ -
U.S. Mortgage-backed securities	24,576,087	-	24,576,087	-
U.S. Government backed securities	210,156	-	210,156	-
Corporate backed securities	7,402,343	-	7,402,343	-
Total cash and investments	<u>\$ 42,884,469</u>	<u>\$ 9,707,484</u>	<u>\$ 33,176,985</u>	<u>\$ -</u>

	June 30, 2022 Fair Value	Quoted price in	Significant	Significant
		active markets for identical assets (Level 1)	other observable inputs (Level 2)	unobservable inputs (Level 3)
U.S. Treasuries & agencies	\$ 10,329,755	\$ 10,329,755	\$ -	\$ -
U.S. Mortgage-backed securities	24,256,187	-	24,256,187	-
U.S. Government backed securities	280,239	-	280,239	-
Corporate backed securities	6,198,118	-	6,198,118	-
Total cash and investments	<u>\$ 41,064,299</u>	<u>\$ 10,329,755</u>	<u>\$ 30,734,544</u>	<u>\$ -</u>

PUBLIC AGENCY COMPENSATION TRUST
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 4 – MEMBER ASSESSMENTS RECEIVABLE

Member assessments receivable were \$5,654,347 and \$4,260,433 for the years ended June 30, 2023 and 2022. Amounts receivable at both years' end are primarily assessments for the last quarter of the fiscal year determined based on the annual payroll audits. For the year ended June 30, 2022 the amount includes a \$18,520 receivable from a re-insurer.

NOTE 5 – LIABILITY OF MEMBERSHIP

Members of PACT are jointly and severally liable to pay benefits to injured workers as required by law. Workers compensation pools can be subject to assessments by the Insurance Commissioner should other self-insured workers compensation pools encounter financial difficulties.

NOTE 6 – REINSURANCE & EXCESS INSURANCE

Public Agency Compensation Trust retains a portion of claims prior to the application of coverage provided by its reinsurance and excess insurance contracts. The retention amounts per event are as follows:

Workers Compensation	2022-2023	2021-2022
PACT Retention	\$300,000	\$300,000

PACT Coverage Limits and Reinsurance

Public Agency Compensation Trust offers limits as shown in the policy form. Highlights of some of the limits and sub-limits are shown in the table below. However, PACT obtains various reinsurance and excess insurance policies from several reinsurance companies to bear a portion of the risks not retained by PACT under its retention. The limits shown below include the PACT retention.

COVERAGE LIMITS:

Workers Compensation	2022-2023	2021-2022
Workers Compensation Coverage Limit	Statutory	Statutory
Employers Liability Limit	\$2,000,000	\$2,000,000

REINSURANCE:

	2022-2023	2021-2022
Public Compensation Mutual Worker Compensation and Employers Liability	\$700,000 excess of Retention plus 25% of \$2,000,000 excess of \$1,000,000	\$700,000 excess of Retention plus 25% of \$2,000,000 excess of \$1,000,000
County Reinsurance Ltd.	75% of \$2,000,000 excess of \$1,000,000 workers compensation plus 75% of \$1,000,000 excess of \$1,000,000 employers' liability	75% of \$2,000,000 excess of \$1,000,000 workers compensation plus 75% of \$1,000,000 excess of \$1,000,000 employers' liability
Safety National Casualty Company	Statutory plus 50% of \$3,000,000 Quota Share excess of Loss Fund* subject to a minimum of \$10,133,198 aggregate retention	Statutory plus 50% of \$3,000,000 Quota Share excess of Loss Fund* subject to a minimum of \$9,573,446 aggregate retention
*Note	Loss Fund: \$3.98 per \$100 Payroll	Loss Fund: \$3.68 per \$100 Payroll

Both Public Compensation Mutual and County Reinsurance, Ltd. are nonprofit captive insurance companies in which PACT has a financial interest.

**PUBLIC AGENCY COMPENSATION TRUST
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022**

NOTE 7 - RELATED PARTY TRANSACTIONS

PARMS Contract

Public Agency Risk Management Services, Inc. (PARMS) began to contract with the Nevada Risk Pooling (NRP) to provide management services from July 1, 2020 through June 30, 2022. The Board approved a two-year extension to July 1, 2024 at their April 21, 2022 meeting. PARMS serves as the Executive Director/Administrator.

Nevada Risk Pooling Grant

Effective July 1, 2020, Nevada Public Agency Insurance Pool (NPAIP) jointly with Public Agency Compensation Trust (PACT) provided a five-year grant to Nevada Risk Pooling, Inc. (NRP), a nonprofit organization formed by the executive director of PACT, Wayne Carlson, and whose directors are Josh Foli, Paul Johnson, Geof Stark, Alicia Heiser and Gina Rackley. The cost of this grant is \$1,200,000 for the first year, \$1,242,000 in Fiscal Year 2020-2021, \$1,285,470 in Fiscal Year 2021-2022, \$1,330,461 for Fiscal Year 2022-2023, and \$1,377,028 in Fiscal Year 2023-2024. NRP manages all administrative and risk management duties for NPAIP and PACT. For both years ended June 30, the contract cost was paid 50% by NPAIP and 50% by PACT.

Effective August 1, 2021, Nevada Risk Pooling assumed the brokering and loss control duties previously provided by Willis Pooling. The Board approved bringing these services in-house at their August 24, 2021 meeting. The contract amounts for Fiscal Years Ending June 30, 2023 and 2022 from PACT were \$436,000 and \$436,000.

Grant costs to PACT for the years ending June 30, 2023 and 2022 were \$1,101,231 and \$1,042,401 respectively. PACT's minimum future payments of the contract are as follows:

2024	1,124,514
Total minimum future payments	<u>\$ 1,124,514</u>

Pooling Resources, Inc. Grant

Effective July 1, 2015, Nevada Public Agency Insurance Pool (NPAIP) jointly with Public Agency Compensation Trust (PACT) provided a grant to Pooling Resources, Inc. (PRI), a nonprofit organization formed by the executive director of NPAIP, Wayne Carlson, and whose directors are Josh Foli, Paul Johnson and Geof Stark. PRI provides human resources management services to NPAIP members. PRI pays NRP a management fee to provide operational and financial oversight of PRI. In 2022-2023, PRI's grant cost allocation for POOL was to pay 65% and PACT 35%. Grant costs to PACT for the years ended June 30, 2023 and 2022 were \$481,937 and \$467,900. Effective July 1, 2020, the grant provided to PRI was renewed for a period of five years. Minimum future payments of the contract are as follows:

2024	496,395
2025	511,287
Total minimum future payments	<u>\$ 1,007,682</u>

Public Compensation Mutual

PACT is the sole owner and policyholder of Public Compensation Mutual which was formed by PACT as a non-profit pure captive mutual insurance company. PCM provided \$575,000 for the years ending June 30, 2023 and 2022 to PACT to provide risk management services to the membership. Since 2007, PACT has contributed \$53,700,939 to PCM. No contributions were made in fiscal year 2023 or 2022 to PCM. The Board approved the transfer of \$2,500,000 from PCM to PACT in Fiscal Year End June 30, 2022 and an additional transfer of \$2,000,000 to PACT by December 31, 2022 at the annual meeting.

Office accommodations

Nevada Public Agency Insurance Pool (NPAIP) owns the building occupied in part by PACT at no cost or obligation because PACT is comprised of common membership with NPAIP members.

PUBLIC AGENCY COMPENSATION TRUST
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 8 – PLEDGED INVESTMENTS

According to NRS 616B.353.1(d) and (e) and related regulations, an association of self-insured employers must deposit with the Commissioner a bond or other authorized security, payable to secure payment of the workers compensation benefits to employees. The amounts pledged for years ended June 30, 2023 and 2022 were \$6,166,373 and \$5,670,340. In the event that PACT becomes delinquent in its payment of workers’ compensation benefits, the proceeds will be used to satisfy losses, costs or expenses incurred by the Insurance Division.

The minimum required deposits were \$5,247,000 and \$5,247,000 for the years ended June 30, 2023 and 2022. Management does not intend to withdraw available funds; however, a withdrawal of funds in excess of the minimum required deposit is available upon giving notice to and receiving approval from the Nevada Division of Insurance.

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Cash equivalents	\$ 795,841	\$ 155,082
Investments	5,353,332	5,498,893
Investment income receivable	17,200	16,365
Total	<u>\$ 6,166,373</u>	<u>\$ 5,670,340</u>

NOTE 9 – ALLOCATION AND RETURN OF ASSESSMENTS REVENUES

The Nevada Revised Statute 616B.368 requires that 75% of assessment revenues collected be placed in a separate account and that disbursements from this account be limited to paying claims, claims related expenses, excess insurance costs, assessments, payments, and penalties related to the subsequent injury fund and the uninsured employer's claim fund. Initially, all funds collected for member assessments and prepayments of assessments and deposits are deposited into the operating account. Periodically, 75% of the assessments are transferred to a separate bank or investment account to comply with this statute.

NOTE 10 – UNPAID LOSS LIABILITIES

The current portion of the long-term loss reserve for 2023 and 2022 is \$7,241,880 and \$7,019,710 with the long-term portion for 2023 and 2022 being \$51,629,120 and \$51,347,290 respectively.

Incurred losses and loss adjustment expenses are comprised of two significant factors. Provisions for events of the current year decreased from \$8,426,681 for 2022 to \$7,990,744 for 2023. The increase in the provision for insured events of prior fiscal years of \$59,000 and \$582,000 for years 2022 and 2023 reflects changes in case reserves and actuarial reserve calculations for all prior years cumulatively. Individual case reserves may increase or decrease as the case develops over time for various reasons.

PUBLIC AGENCY COMPENSATION TRUST
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 10 – UNPAID LOSS LIABILITIES (continued)

The following represents changes in those aggregate liabilities:

	<u>2023</u>	<u>2022</u>
Unpaid losses and loss adjustment expenses at beginning of year or period	<u>\$ 58,367,000</u>	<u>\$ 58,300,000</u>
Incurring losses and loss adjustment expenses:		
Provision for insured events of current year	7,990,744	8,426,681
Increase in provision for insured events of prior fiscal years	<u>582,000</u>	<u>59,000</u>
Total incurred losses and loss adjustment	<u>8,572,744</u>	<u>8,485,681</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year/period	(1,633,000)	(1,632,000)
Claims and claims adjustment expenses attributable to insured events of prior years	<u>(6,435,744)</u>	<u>(6,786,681)</u>
Total Payments	<u>(8,068,744)</u>	<u>(8,418,681)</u>
Unpaid claims and claims adjustment expenses at end of fiscal year	<u><u>\$ 58,871,000</u></u>	<u><u>\$ 58,367,000</u></u>

NOTE 11– BLENDING OF HEART AND LUNG RATES

At the annual meeting held on April 22, 2021, the Board approved the actuary’s rate relativity study which blended the heart lung rate with the class code rates for police officers and firefighters and blended the reserves for claim losses effective July 1, 2021.

Historically, the heart and lung loss rate reflected reserves set aside for the purpose of covering post-employment heart or lung disease claims that may be the responsibility of PACT members pursuant to the Last Injurious Exposure Rule interpretation of the law and court case that determined that coverage for such claims applies to former employees who meet the statutory eligibility requirements for the heart and lung disease benefit. Previously, post-employment claims were not reflected in the rate classification for the appropriate police officer and firefighter classification. A separate heart lung rate was assessed on these classifications to reserve for these claims reserves.

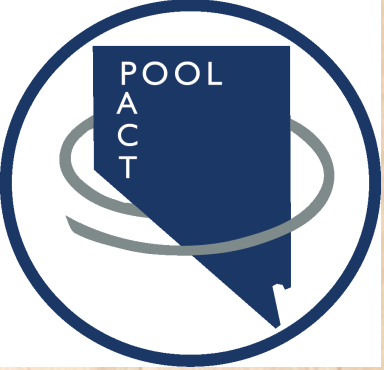
NOTE 12 –SUBSEQUENT EVENTS

Management has evaluated the activities and transactions subsequent to June 30, 2023 to determine the need for any adjustments to and disclosure within the financial statements for the year ended June 30, 2023. Management has evaluated subsequent events through September 21, 2023 which is the date the financial statements were available for issue.

PUBLIC AGENCY COMPENSATION TRUST
COMPARATIVE SCHEDULE OF CLAIM DEVELOPMENT FOR WORKERS COMPENSATION – (UNAUDITED)
EARNED ASSESSMENTS AND ALLOCATED EXPENSES FOR TEN-YEAR PERIOD - YEAR ENDED JUNE 30,

Required Contributions & Investment Income:	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Earned	\$16,420,666	\$17,557,830	\$18,508,907	\$14,573,896	\$11,270,837	\$15,890,773	\$14,712,479	\$17,126,155	\$11,960,488	\$19,212,634
Ceded	1,178,052	1,626,286	1,621,360	1,770,677	2,457,932	2,144,133	2,670,526	2,990,413	3,057,662	3,097,121
Net earned	15,242,614	15,931,544	16,887,547	12,803,219	8,812,905	13,746,640	12,041,953	14,135,742	8,902,826	16,115,513
Unallocated Expenses	6,167,162	6,114,625	6,130,390	7,370,873	8,345,504	9,336,538	4,781,074	4,336,791	4,430,263	4,237,903
Estimated Incurred Claims & Expense End of Policy Year:										
Incurred	8,561,944	8,324,685	8,809,127	8,905,595	8,020,826	8,054,118	10,592,201	10,164,050	8,426,681	7,990,744
Ceded	-	-	-	-	-	-	-	-	-	-
Net Incurred	8,561,944	8,324,685	8,809,127	8,905,595	8,020,826	8,054,118	10,592,201	10,164,050	8,426,681	7,990,744
Net Paid (cumulative) as of:										
End of policy year	1,564,723	1,512,648	1,581,898	1,788,670	1,734,359	2,245,351	2,453,286	2,271,045	1,632,000	1,633,000
One Year Later	2,848,563	2,901,684	3,378,486	4,153,214	3,738,335	4,193,000	5,213,000	4,583,000	4,056,000	
Two Years Later	3,434,826	3,545,887	4,117,819	5,062,121	4,341,000	5,674,000	6,252,000	5,537,000		
Three Years Later	3,859,081	3,855,565	4,541,756	5,478,000	4,840,000	5,915,000	6,793,000			
Four Years Later	3,989,877	3,929,559	4,769,000	5,950,000	5,061,000	6,220,000				
Five Years Later	4,064,157	3,985,000	5,127,000	6,266,000	5,348,000					
Six Years Later	4,151,000	4,092,000	5,649,000	6,443,000						
Seven Years Later	4,293,000	4,539,000	6,066,000							
Eight Years Later	4,618,000	4,595,000								
Nine Years Later	4,700,000									
Re-estimated ceded claims & Expenses		-	51,003	40,721	330,985	12,299	335,932	33,947	-	-
Re-estimated Claims & Expense										
End of policy year	8,561,944	8,324,685	8,809,127	8,905,595	8,020,826	8,054,118	10,592,201	10,164,050	8,426,681	7,990,744
One Year Later	8,461,944	8,035,685	8,841,127	9,105,595	7,561,826	8,059,118	9,665,459	9,934,305	7,251,000	
Two Years Later	8,171,944	7,921,685	8,772,127	9,116,595	9,460,826	8,553,118	9,366,459	10,071,305		
Three Years Later	7,991,944	7,702,685	8,638,127	9,173,595	7,509,826	8,103,118	9,405,459			
Four Years Later	7,754,944	7,570,685	8,499,127	9,467,595	7,704,826	8,299,118				
Five Years Later	7,637,944	7,411,685	9,092,127	9,425,595	7,534,826					
Six Years Later	7,562,944	7,419,685	9,159,127	9,366,595						
Seven Years Later	7,782,944	7,440,685	9,273,127							
Eight Years Later	7,775,944	7,647,685								
Nine Years Later	7,730,944									
Increase (decrease) in estimated incurred claims & expenses from end of policy year	(831,000)	(677,000)	464,000	461,000	(486,000)	245,000	(1,186,742)	(92,745)	(1,175,681)	-

This information is required by the Governmental Accounting Standards Board



PACT Budget / Rate Setting

Alan Kalt
December 19, 2023 PACT Executive Committee Meeting





Agenda

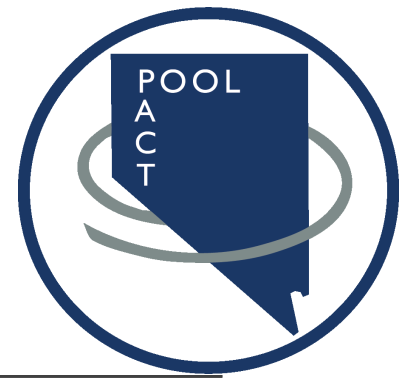
Rate Process

Structure Graph

Renewal Items

Classification Rate: X-Mods

Budget Review

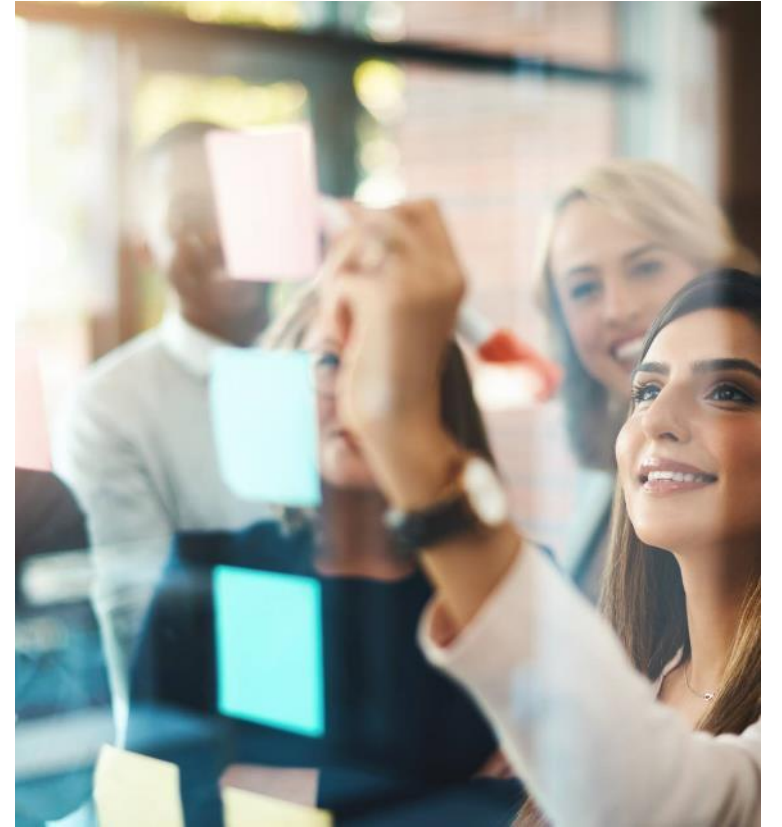


New Rate Setting Timeline

PACT ASSESSMENTS POLICY

<i>PACT Assessment Option</i>		<i>Entities must Budget for this Period in FY 2023-24 Budget</i>		<i>Entities must Budget for this Period in FY 2024-25 Budget</i>	
Description	January 1 - June 30. 2023	July 1- December 31. 2023	January 1 - June 30. 2024	July 1-December 31. 2024	January 1 - June 30. 2025
New PACT Rates and X-Mods effective 7-1-23 applied to payroll effective January	4th Quarter True-Up Based on 2022 Payroll and rates approved for July 1 2022. True is paid on July 20th ACH eliminating your PACT liability.	New PACT rates and x-Mods approved at Annual Meeting to be applied against 2023 payroll subject to the \$36,000 payroll cap. 4 Quarterly Payments same as past.	4th Quarter True-Up Based on 2023 Payroll and rates approved at April 2023 Board Meeting. True is paid on July 20th ACH eliminating your PACT liability.		
		January 1. 2024 New Rates and X-Mods effective 1-1-24 for entire calendar year 2024. Enter these rates into your payroll system		December 2024 Executive Committee approve change in rates for calendar year 2025.	4th Quarter True-Up Based on 2025 Payroll and rates approved for January 2025. True is paid on July 20th ACH eliminating your PACT liability.
				New Approved Rates and X-Mods effective January 1. 2025 to December 31.2025. Enter these rates into payroll system in Jan 25	
		<i>Entities must Budget for this Period in FY 2023-24 Budget</i>		<i>Entities must Budget for this Period in FY 2024-25 Budget</i>	

Notes:



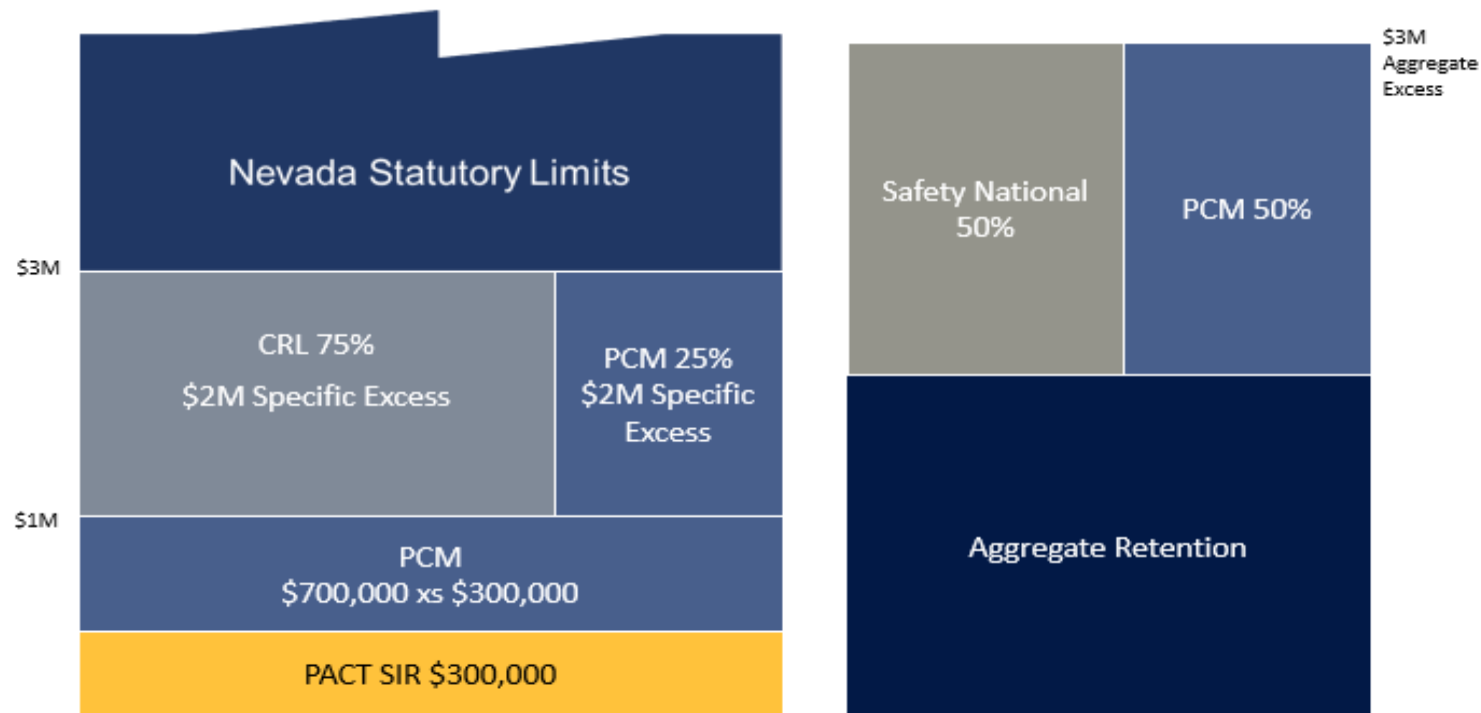
Understanding the Rates & Layers

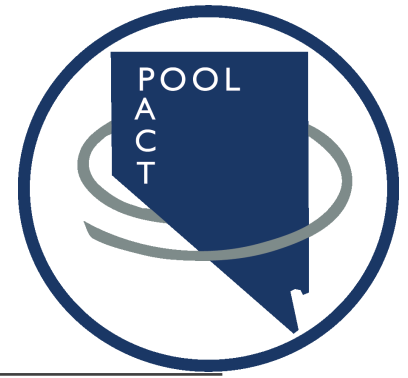


FY 23-24 Structure Graph

Public Agency Compensation Trust 2023-2024

Workers Compensation Structure





Understanding Who Pays What

PACT 2022-2023 Workers Compensation Structure

Loss Scenario – Who Pays What

- ▶ A member's Police Officer that has a heart attack. Total Incurred Loss is valued at \$1.5M (Total Incurred = Amount Paid plus Open Reserves).
Who Pays What?

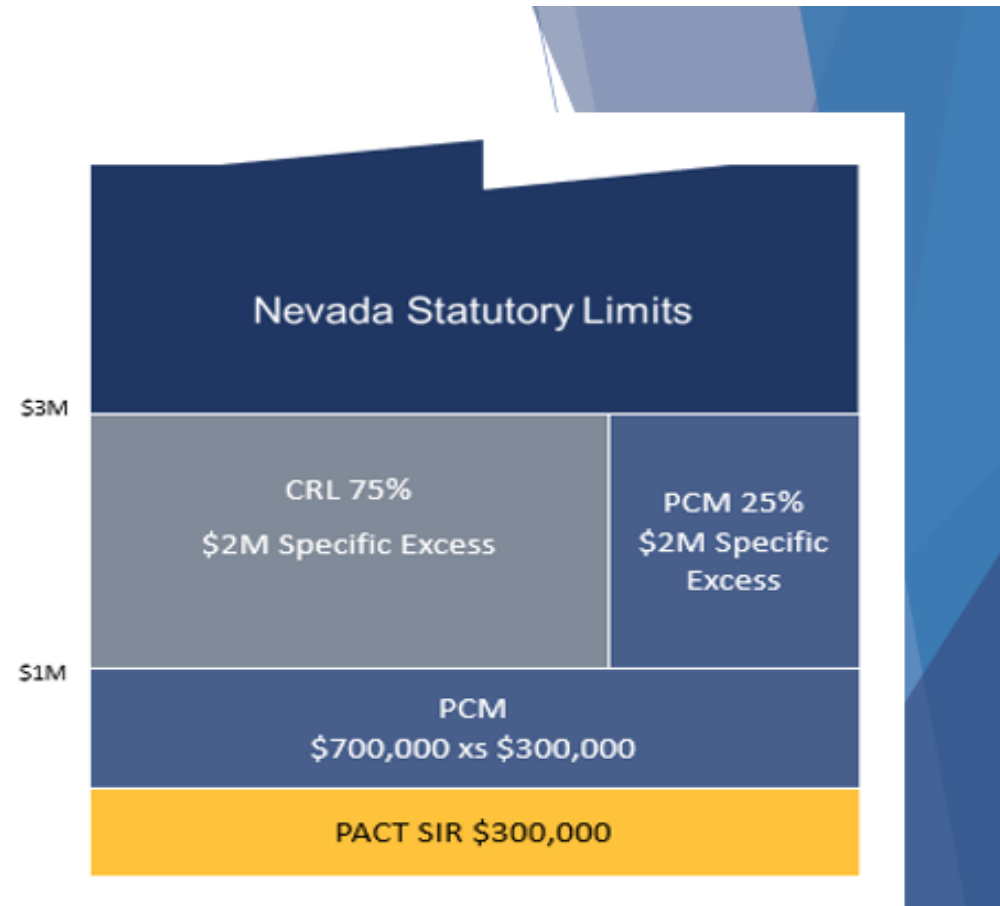


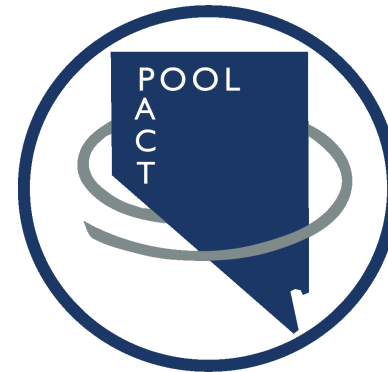
Who Pays What?!?!?



• **As the loss develops it will be paid out as follows:**

- **PACT** will pay the first \$300,000
- **PCM** will pay the next \$700,000
- **Markets** will pay the remaining \$500,000 (CRL paying \$375,000 and PCM paying \$125,000)





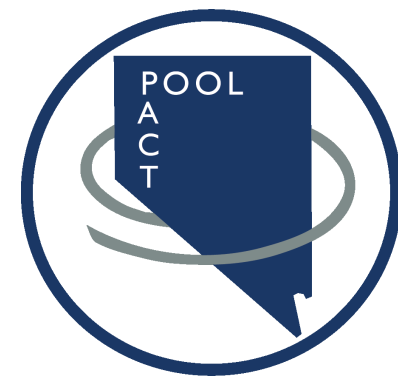
Assessment Factors



PACT Assessments Factors

- PACT ASSESSMENT FACTORS QUICK FACTS
- COVERED PAYROLL CAPPED AT \$36,000
- CLASSIFICATION RATES DETERMINED BY INDEPENDENT ACTUARY
- MODIFICATION RATES DETERMINED BY INDEPENDENT ACTUARY
- **CALCULATED EACH YEAR 1.0 PACT AVERAGE**

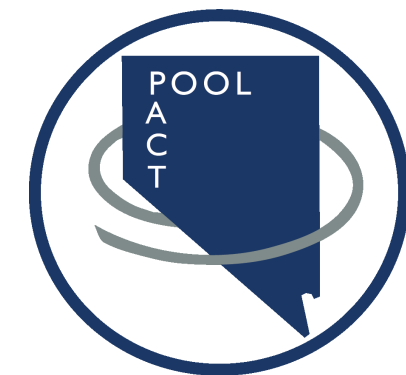




Mod-Rates

Mod-Rates

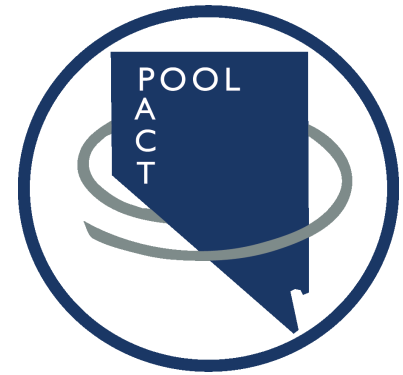
- ▶ **Methodology Used: Actuarial Determination**
- ▶ Individual losses limited to **\$100,000** per occurrence
- ▶ Payroll amounts weighted based on pre-determined class code relativities
- ▶ Experience period includes the latest four years
- ▶ Maximum change to a Member's experience modification factor from the previous year is limited to **+15% -10%**
- ▶ **PACT Average Mod-Rate is 1.0**



Historical Classification Rates

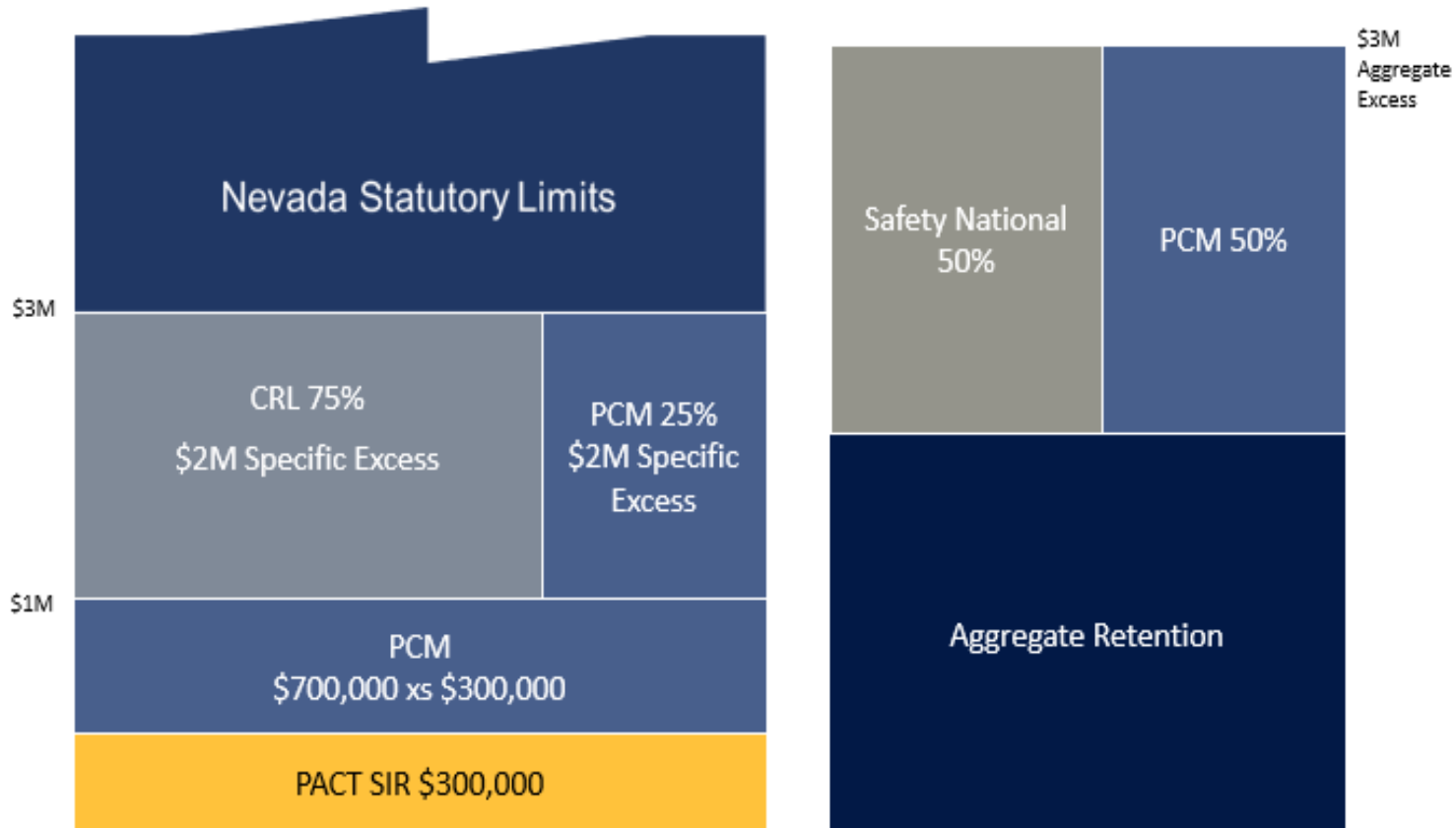
Class Code	DEPARTMENT	2021-22	2021-22	2022-23	2022-23	2023-24	2023-24	2023-24
		CLASS	LOSS	CLASS	LOSS	CLASS	LOSS	%
		RATE	RATE	RATE	RATE	RATE	RATE	Change
6301S	SCHOOL DISTRICTS, COUNTY & CITY	2.74	1.81	2.96	1.96	3.14	2.07	6%
6301SB	SCHOOL TRUSTEES - Deemed Wage \$250/Month	2.74	1.81	2.96	1.96	3.14	2.07	6%
6301SV	SCHOOL VOLUNTEERS - Deemed Wage \$100/Month	2.74	1.81	2.96	1.96	3.14	2.07	6%
7704	FIREMEN, AMBULANCE (Part of Fire Dept.)	23.87	15.99	25.78	17.27	28.87	19.35	12%
7710V	VOLUNTEERS AMBULANCE (Not Part of Fire Dept.) - Deemed Wage \$2,000/Month	1.52	1.02	1.64	1.10	1.84	1.23	12%
7720	LAW ENFORCEMENT	20.52	13.75	22.16	14.85	24.82	16.63	12%
7726V	VOLUNTEERS POLICE - Deemed Wage \$900/Month	1.09	0.73	1.18	0.79	1.32	0.88	12%
8810	CLERICAL EMPLOYEES NOT OTHERWISE CLASSIFIED	0.75	0.50	0.81	0.54	0.86	0.58	6%
8833H	HOSPITALS	3.06	2.05	3.30	2.21	3.50	2.35	6%
9410	GOVERNMENT EMPLOYEES, Not Otherwise Classified	4.84	3.24	5.23	3.50	5.54	3.71	6%
9410A	COURT ASSIGNED PERSONS - Deemed Wage \$50/Month	4.56	3.06	4.92	3.30	5.22	3.50	6%
9410B	GOVERNMENT BOARDS - Deemed Wage \$250/Month	4.51	3.02	4.87	3.26	5.16	3.46	6%
9410V	GOVERNMENT VOLUNTEERS - Deemed Wage \$100/Month	4.43	2.97	4.78	3.21	5.07	3.40	6%
9908	PRISONERS INCLUDING JUVENILE DETAINEES - \$1/Day for each day worked	175.4	117.52	189.43	126.92	212.16	142.15	12%
2021-22 using Board approved Rate Relativity Study as determined by independent actuary. 75% CL								
2022-23 using Board approved 8% Flat Rate increase on FY 2021-22 rates. 75% CL								
2023-24 using Board approved 6% Flat Rate Govt and 12% Police/Fire increase on FY 2021-22 rates. 75% CL								

FY 23-24 Structure Graph



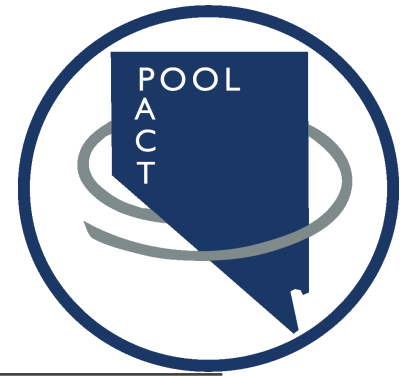
Public Agency Compensation Trust 2023-2024

Workers Compensation Structure



Costing of the Layers:

- PACT's SIR
- PCM Layers
- CRL Layer
- Safety National



Historical Classification Rates

Premium Analysis

$$\text{Rate } 52.2\% \times \text{Exposure } 6.7\% = \text{Premium } 62.4\%$$

Rates: 52.2%

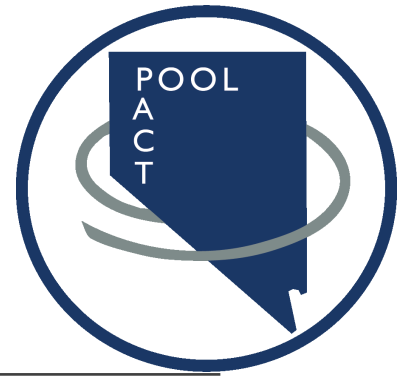
	Last Year's Losses	Renewal Losses	\$ Change	% Change
7/1/2010	\$0		\$0	N/A
7/1/2011	\$0	\$0	\$0	0.0%
7/1/2012	\$0	\$0	\$0	0.0%
7/1/2013	\$1,443,801	\$1,389,822	(\$73,879)	-5.1%
7/1/2014	\$0	\$0	\$0	0.0%
7/1/2015	\$0	\$0	\$0	0.0%
7/1/2016	\$885,610	\$517,063	(\$188,546)	-24.8%
7/1/2017	\$2,000,000	\$4,000,000	\$2,000,000	100.0%
7/1/2018	\$1,554,291	\$1,531,854	(\$22,437)	-1.4%
7/1/2019	\$0	\$529,868	\$529,868	1000.0%
7/1/2020		\$2,000,000	\$2,000,000	N/A
Total:	\$5,683,701	\$9,948,707	\$4,265,006	75.0%

Exposures: 6.7%

*Composite change, based on overall changes in payroll.

Premium: 62.4%

Last Year	Renewal	\$ Change	% Change
\$495,712	\$804,814	\$309,102	62.4%



CRL / Safety National Rates: FY 23-24

ASC

PACT DOL 07/01/11-12/08/23

Valued as of 12/8/2023

OCCURRENCES 400K AND ABOVE

Claim Number	Claimant Name	Date Of Loss	Cov	MED/BI Incurred	IND/PD Incurred	Legal Incurred	EXP Incurred	Voc Rehab Incurred	Recovery	Incurred Total
State	Location	Insured Driver Name	ST MI LIT SUB	MED/BI Paid	IND/PD Paid	Legal Paid	EXP Paid	Voc Rehab Paid		Paid Total
Accident Description				MED/BI O/S Res	IND/PD O/S Res	Legal O/S Res	EXP O/S Res	Voc Rehab O/S Res		O/S Total
C143-19-12344 - 01	XXXXXXXXXX	9/26/2019	WC	350,650.90	74,325.99	0.00	4,457.00	0.00	0.00	429,433.89
NV	1800		O I N	187,014.22	74,325.99	0.00	1,619.63	0.00		262,959.84
AFTER RESPONDING TO A MEDICAL EMERGENCY WITH THE FIRE D										
				163,636.68	0.00	0.00	2,837.37	0.00		166,474.05
C143-20-12695 - 01	XXXXXXXXXX	3/9/2020	WC	441,500.00	155,000.00	0.00	9,300.00	145,500.00	0.00	751,300.00
NV	7935		O I N N	98,236.11	58,081.20	0.00	1,509.63	62,813.26		220,640.20
EE HAD AN ABNORMAL STRESS TEST DURING HIS ANNUAL PHYSIC										
				343,263.89	96,918.80	0.00	7,790.37	82,686.74		530,659.80
C143-20-12653 - 01	XXXXXXXXXX	3/25/2020	WC	239,413.28	598,157.74	12,596.20	33,124.16	0.00	0.00	883,291.38
NV	6045		O I Y N	239,413.28	331,265.98	6,333.17	33,124.16	0.00		610,136.59
EE RESPONDED TO THE RESIDENCE OF A POSSIBLE SUSPECT INV										
				0.00	266,891.76	6,263.03	0.00	0.00		273,154.79
C143-20-13438 - 01	XXXXXXXXXX	12/23/2020	WC	6,587.96	2,485,070.86	2,828.06	180.50	0.00	0.00	2,494,667.38
NV	6045		O I Y N	6,587.96	110,618.98	2,828.06	180.50	0.00		120,215.50
NCSO, COURT & DA/S OFFICE HAVE HAD EMPLOYEES POSITIVE IN										
				0.00	2,374,451.88	0.00	0.00	0.00		2,374,451.88
C143-21-13469 - 01	XXXXXXXXXX	1/26/2021	WC	875,782.92	123,026.03	0.00	25,490.66	1,686.90	661,281.64	1,025,986.51
NV	6545		O I N N	874,882.92	70,709.12	0.00	25,490.66	1,686.90		972,769.60
EE WAS SPREADING ICEMELT, SLIPPED ON ICE AND FELL AND HIT										
				900.00	52,316.91	0.00	0.00	0.00		53,216.91
C143-21-14042 - 01	XXXXXXXXXX	10/12/2021	WC	101,437.00	2,483,000.00	44,300.00	13,475.00	0.00	0.00	2,642,212.00
NV	3445		O I Y N	0.00	0.00	33,298.53	575.00	0.00		33,873.53
DURING THE NORMAL COURSE OF WORK EE CAME IN CONTACT WI										
				101,437.00	2,483,000.00	11,001.47	12,900.00	0.00		2,608,338.47
C143-22-14206 - 01	XXXXXXXXXX	2/24/2022	WC	98,500.00	250,000.00	10,000.00	31,000.00	188,511.34	0.00	578,011.34
NV	2820		O I Y N	97,041.48	53,101.54	9,301.00	29,897.74	16,068.35		205,410.11
EE SLIPPED ON ICE AND FELL										
				1,458.52	196,898.46	699.00	1,102.26	172,442.99		372,601.23
Grand Totals:					25 Claims					
				7,311,230.98	17,663,902.11	429,971.94	343,005.05	1,319,630.64	2,910,599.81	27,067,740.72
				5,389,704.34	4,401,225.85	394,775.19	234,898.32	916,863.41		11,337,467.11
				1,921,526.64	13,262,676.26	35,196.75	108,106.73	402,767.23		15,730,273.61

PCM Rates: FY 23-24

Dear Mr. Carlson:

As you requested, we have completed our review of the Public Compensation Mutual (PCM) self-insured workers' compensation captive program. This captive became effective on July 1, 2007 and provides coverage for some of the excess layers of insurance for the primary program, Public Agency Compensation Trust (PACT). Currently, PCM provides excess insurance in the layer \$700,000 excess of \$300,000 and a 25% quota share of the layer \$2,000,000 excess of \$1,000,000, with no corridor deductible. PCM also currently provides \$1.5 million aggregate excess (50% quota share of the \$3,000,000 layer) above an attachment point (assumed to be approximately \$10,000,000). The table below shows our funding recommendations for 2023-24.

Public Compensation Mutual Self-Insured Workers' Compensation Program Funding Guidelines for 2023-24						
Layer	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
\$700K xs \$300K	\$1,923,000					
\$2M xs \$1M*	227,000					
\$3M xs Aggregate**	85,000					
Total	\$2,235,000	\$2,584,000	\$2,715,000	\$2,866,000	\$3,056,000	\$3,300,000

*25% Quota Share
**50% Quota Share



Budget & Actuarial Overview

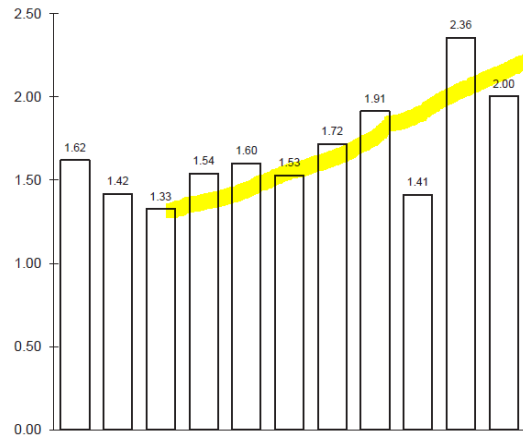
Bickmore
— **Actuarial**



- Actuarial Review of the Self-Insured
Workers' Compensation Program

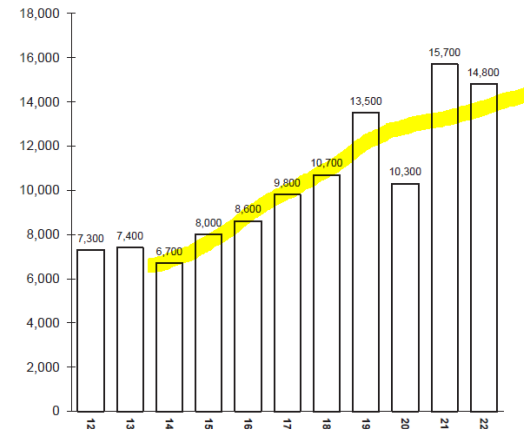
*You Only Get One Opportunity
to Collect the Premium*

PACT Historical Trends



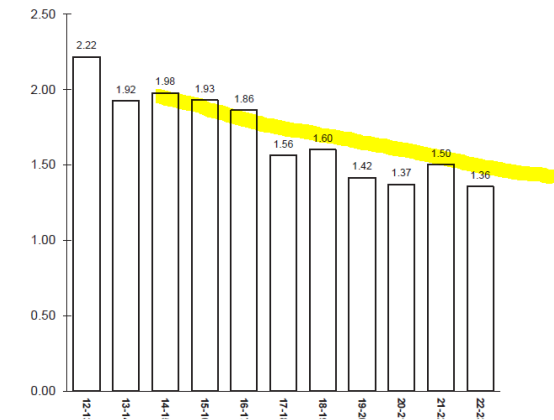
Loss Rates

Dollars Loss \$100 payroll



Claim Severity

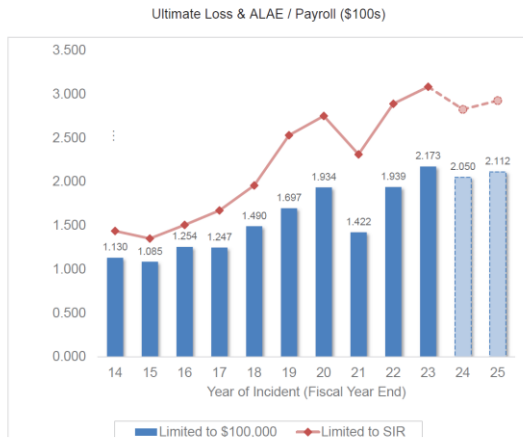
Dollars Loss per Claim



Claims Frequency

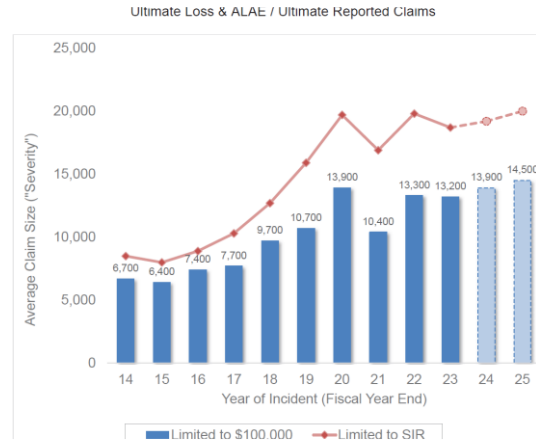
Claims per \$1M Payroll

PACT Historical Trends FY 24-25



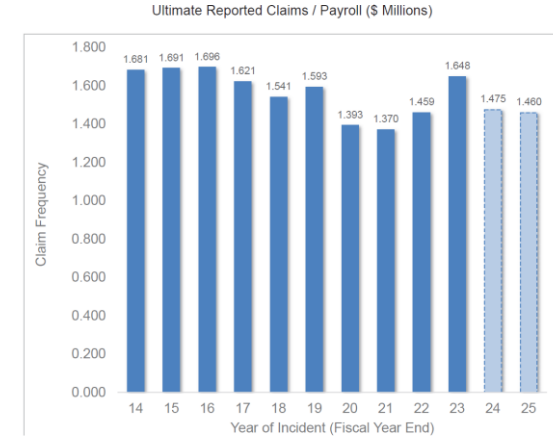
Loss Rates

Dollars Loss \$100 payroll



Claim Severity

Dollars Loss per Claim



Claims Frequency

Claims per \$1M Payroll

B. PROGRAM FUNDING: GOALS AND OBJECTIVES

The amount of the margin should be a question of long-term funding policy. We recommend that the margin be determined by **thinking in terms of the probability that a given level of funding will prove to be adequate. For example, a reasonable goal might be to maintain a fund at the 85% confidence level.**

A key factor to consider in determining funding policy is **the degree to which stability is required in the level of contributions to the program from year to year.** If you elect to fund at a low confidence level, the chances are much greater that future events will prove that additional contributions should have been made for current claims. The additional contributions for years by that time long past may be required at the same time that costs are increasing dramatically on then-current claims. **The additional burden of funding increases on past years as well as current years may well be prohibitive.**

Actuarial Loss and ALAE Funding Guidelines for FY 2024-25 SIR \$300K

DRAFT

*Public Agency Compensation Trust
Workers' Compensation Actuarial Study*

EXECUTIVE SUMMARY

Funding Projections

The following table presents our estimates of ultimate costs for the upcoming program year.

Projected Ultimate Costs
Fiscal Year 2024-25, SIR of \$300,000

Dollars (\$000s)	Expected ¹	← Confidence Level →				
		70%	75%	80%	85%	90%
Loss & ALAE	\$8,044	\$8,816	\$9,114	\$9,460	\$9,878	\$10,425
Total Funding Rate ²	\$2.927	\$3.208	\$3.316	\$3.442	\$3.594	\$3.793

¹ Expected values represent the “best actuarial” or “central” estimate.

² Rate is per \$100 of payroll.

Actuarial Loss and ALAE Funding Guidelines for FY 2024-25 SIR \$300K

Funding Options for Program Year 2024-2025 (SIR = \$300,000)

	Dollar Amount		Payroll Rate		
(A) Estimated Ultimate Losses Incurred in Accident Year 2024-2025: (From Appendix F)		\$8,044,000		\$2.927	
(B) Estimated Claims Administration Fees Incurred in Accident Year 2024-2025: (Not Applicable)		0		0.000	
(C) Total Claims Costs Incurred in Accident Year 2024-2025: ((A) + (B))		\$8,044,000		\$2.927	
(D) Loss Discount Factor (Not Applicable)		1.000			
(E) Undiscounted Total Claims Costs Incurred in Accident Year 2024-2025: ((C) x (D))		\$8,044,000		\$2.927	
	Marginally Acceptable		Recommended		Conservative
	70%	75%	80%	85%	90%
(F) Confidence Level Factor: (From Appendix G)	1.096	1.133	1.176	1.228	1.296
(G) Margin for Adverse Experience: ((E) x [(F) - 1])	772,000	1,070,000	1,416,000	1,834,000	2,381,000
(H) Recommended Funding in 2024-2025 for Claims Costs and Other Expenses: ((E) + (G))	\$8,816,000	\$9,114,000	\$9,460,000	\$9,878,000	\$10,425,000
(I) Rate per \$100 of Payroll: ((H) / \$2,748,160)	\$3.208	\$3.316	\$3.442	\$3.594	\$3.793

Actuarial Loss and ALAE Funding Guidelines for FY 2024-25 SIR \$300K

DRAFT

*Public Agency Compensation Trust
Workers' Compensation Actuarial Study*

OBSERVATIONS AND ANALYSIS

In this section, we present a comparison to the prior analysis as well as an overview of claims trends that we have observed. The prior report for PACT was dated February 28, 2023 and relied on data evaluated as of December 31, 2022. The current analysis relies on data evaluated as of June 30, 2023.

Comparison of Funding Projections: Prior vs. Current Reports

The following table compares our funding estimate for the 2023-24 year from our prior report to our funding estimate of the 2024-25 year from our current report.

Change in Funding Estimates
At Expected (without Risk Margin), Net of Reinsurance

Dollars (\$000s)	Prior Report ¹ 2023-24	Current Report ¹ 2024-25	Dollar Change	Percent Change
Ultimate Loss and ALAE	\$7,810	\$8,044	\$234	3.0%
Rate (Undiscounted) ²	\$2.875	\$2.927	\$0.052	1.8%

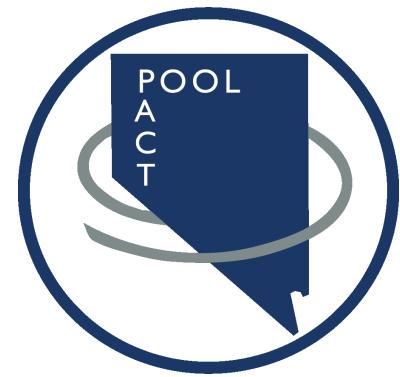
¹ The SIR in both the prior and current reports is \$300,000.

² Rate is per \$100 of payroll.

III. ASSUMPTIONS AND LIMITATIONS

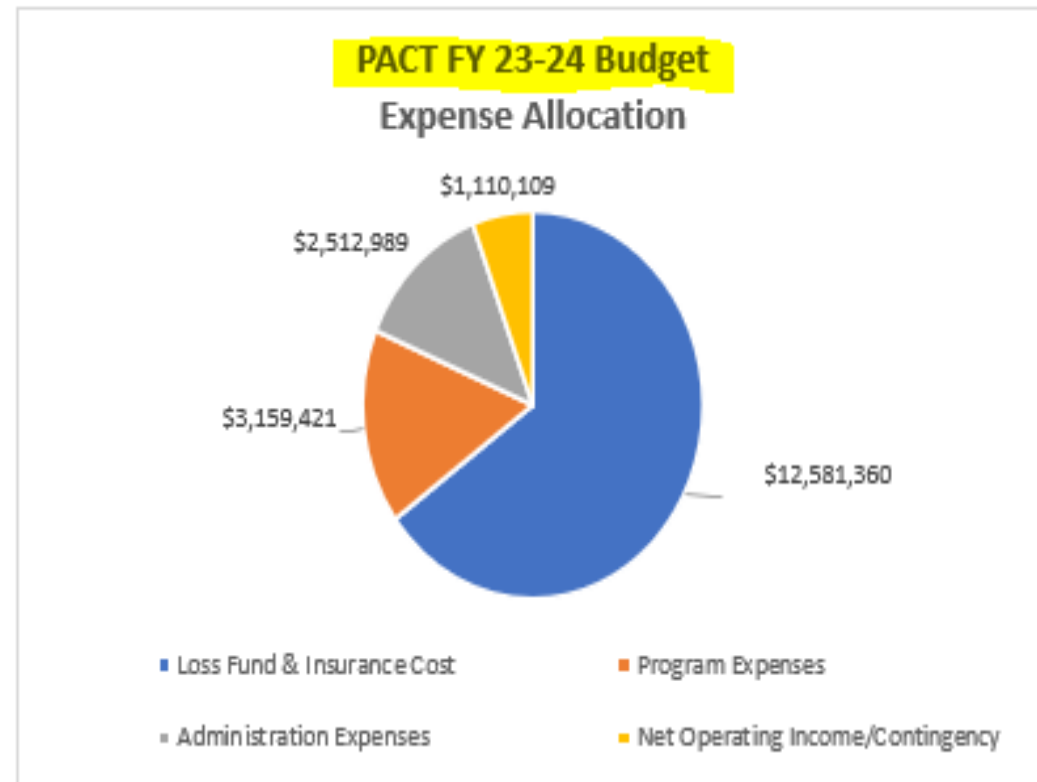
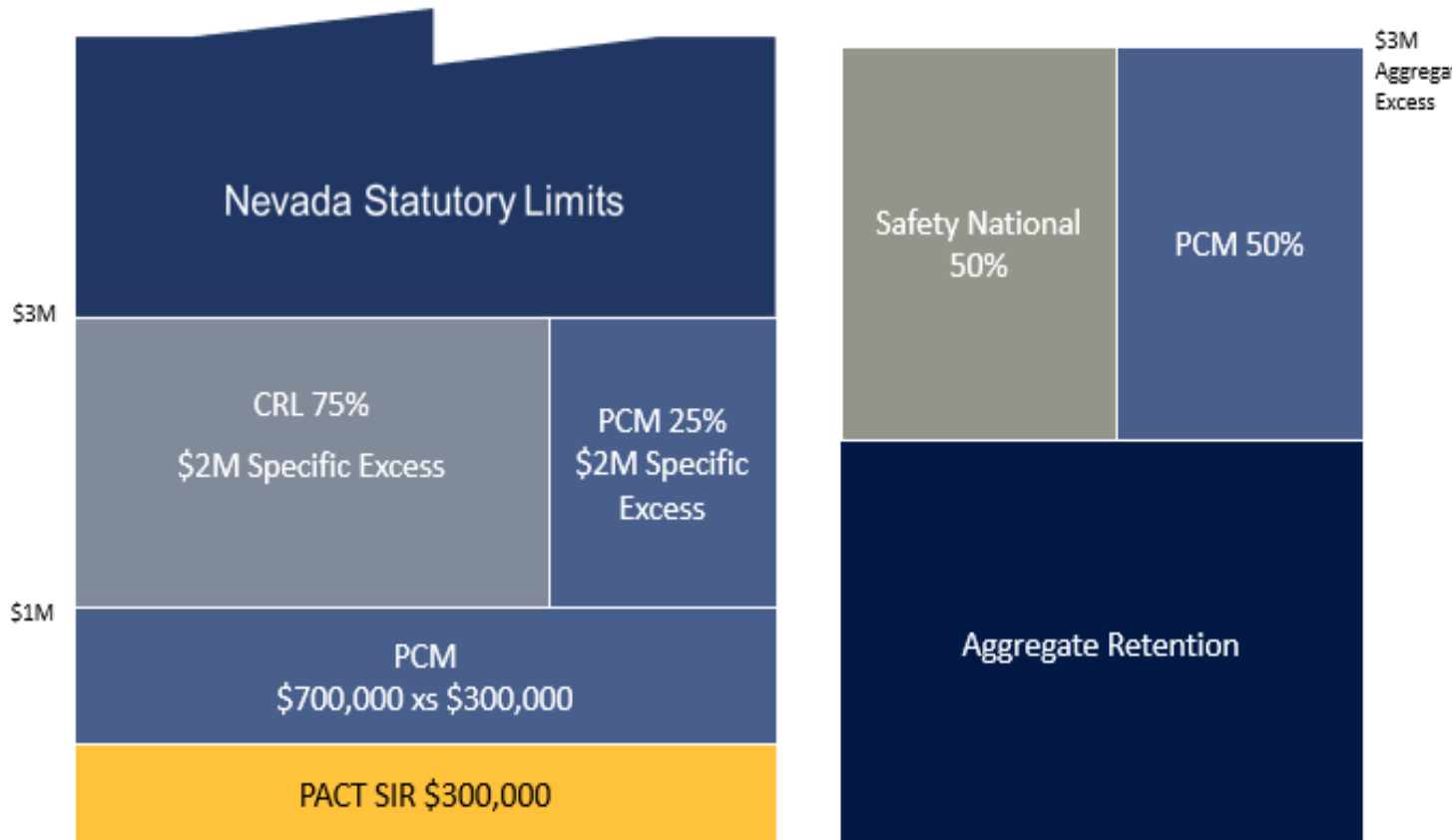
- Our analysis is based on loss experience, exposure data, and other general and specific **information provided to us by PACT**. We have accepted all of this information without audit.
- We relied on statistics and historic loss development patterns derived from **PACT's own historical experience**.
- We have assumed that there is a continuing **relationship between past and future loss costs**.
- **It is not possible to predict future claim costs precisely**. Most of the cost of liability claims arise from a small number of incidents involving serious injury. A relatively small number of such claims could generate enough loss dollars to significantly reduce, or even deplete, the self-insurance fund.
- We **cannot predict** and have not attempted to predict the **impact of future law changes and court rulings on liability claims costs**. This is one major reason why we believe our funding recommendations are reasonable now, but should not be extrapolated into the future.
- We have assumed that **costs** associated with workers' compensation claims **are increasing 3.0% annually**. We have assumed that the **average claim size increases at 4.0% per year**, and that the **average frequency decreases 1.0%**.
- Our funding recommendations **do not include provision for catastrophic events not in PACT's history, such as earthquakes, flooding, mass civil disorder, or mass occupational disease**.

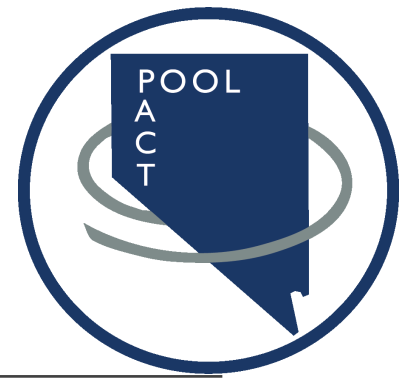
FY 23-24 Structure Graph and Funding Allocation



Public Agency Compensation Trust 2023-2024

Workers Compensation Structure





PACT Expense Budget Classifications

LOSS FUND & INSURANCE

ESTIMATED 65-75%

- Claims Expense including Heart/Lung/Cancer
- Excess Insurance (CRL/SN)
- Re-insurance (PCM)

PROGRAM EXPENSES

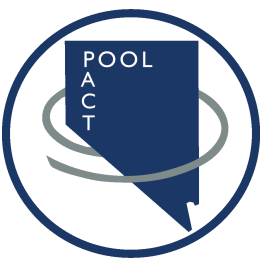
ESTIMATED 15-20%

- Member Education and Services
- Risk Control Services
- Risk Management Grants
- TPA Claims Processing

ADMINISTRATIVE EXP

ESTIMATED 10-15%

- Management Services
- Professional Fees
- Admin & Overhead
- Insurance Division Fess
- Nevada Insolvency Fund



PACT's Historical Paid Loss Ratio

PACT
Summary of Claims, Claims Adjustment & Loss Fund to Assessment

Description	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024Est	FY 2025B
Assessments	10,083,799	11,792,275	12,675,642	14,834,560	15,055,750	18,562,181	17,663,878	19,882,632
Heart Lung Assessments	1,104,106	1,109,118	1,490,539	2,013,904				
Total Assessments	11,187,905	12,901,393	14,166,181	16,848,464	15,055,750	18,562,181	17,663,878	19,882,632
Loss Fund and Claims Expense								
Claims and adjustment Expenses	6,431,493	8,822,730	9,103,742	10,922,746	8,485,681	8,572,744	8,864,000	9,460,000
Heart Lung loss expenses	1,450,372	1,506,637	1,601,459	2,113,304				
Excess insurance premiums	526,516	537,133	432,826	467,538	474,027	495,712	804,814	1,006,018
Re-insurance premiums (PCM)	1,931,416	1,607,000	2,237,700	2,522,875	2,583,635	2,601,409	2,912,546	3,640,683
Total Loss/Claims Expenses	10,339,797	12,473,500	13,375,727	16,026,463	11,543,343	11,669,865	12,581,360	14,106,700
Paid Loss Ratio (Total Claims/Total Assessments)	92.4%	96.7%	94.4%	95.1%	76.7%	62.9%	71.2%	70.9%
Reduction in Net Position During Fiscal Year	\$ (2,941,036)	\$ (1,597,504)	\$ (28,702)	\$ (3,237,099)	(4,013,117)	\$ 3,304,866	\$ 1,125,000	1,987,064

5 Yr Net Position Accumulated Loss \$ (11,817,458)

Recommended Classification Rate

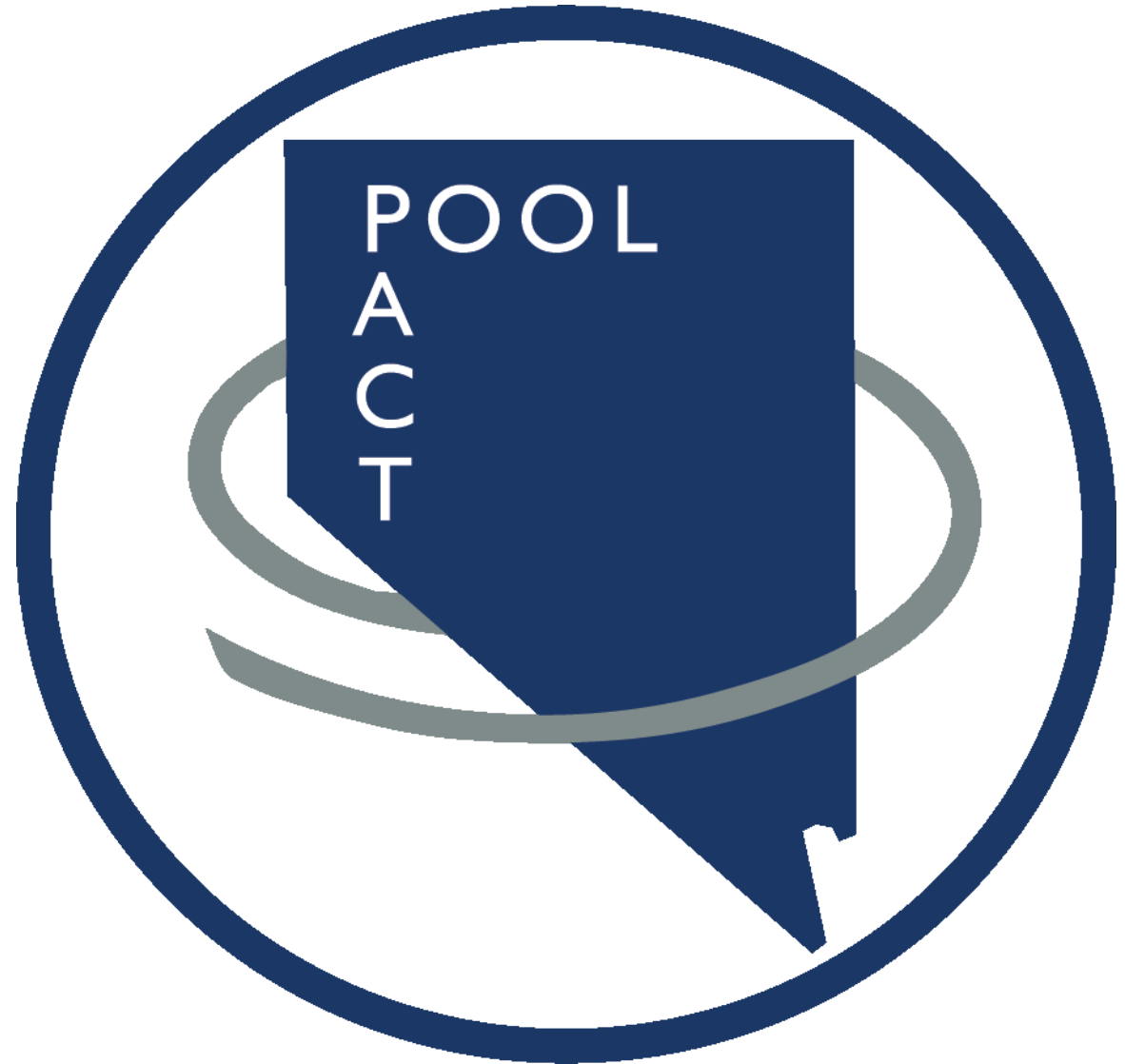
Consider Separate Rate Increases for
Groups of Classifications based on Rate
Relativity of Class Historical Loss
Experience based on size of class (in
terms of payroll)

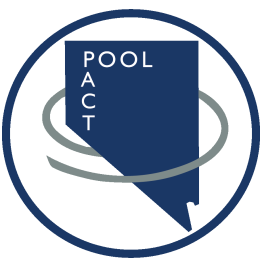
School Classifications: **1%**

Hospital Classifications: **1%**

General Gov't Classifications: **3%**

Police/Fire Classifications: **5%**

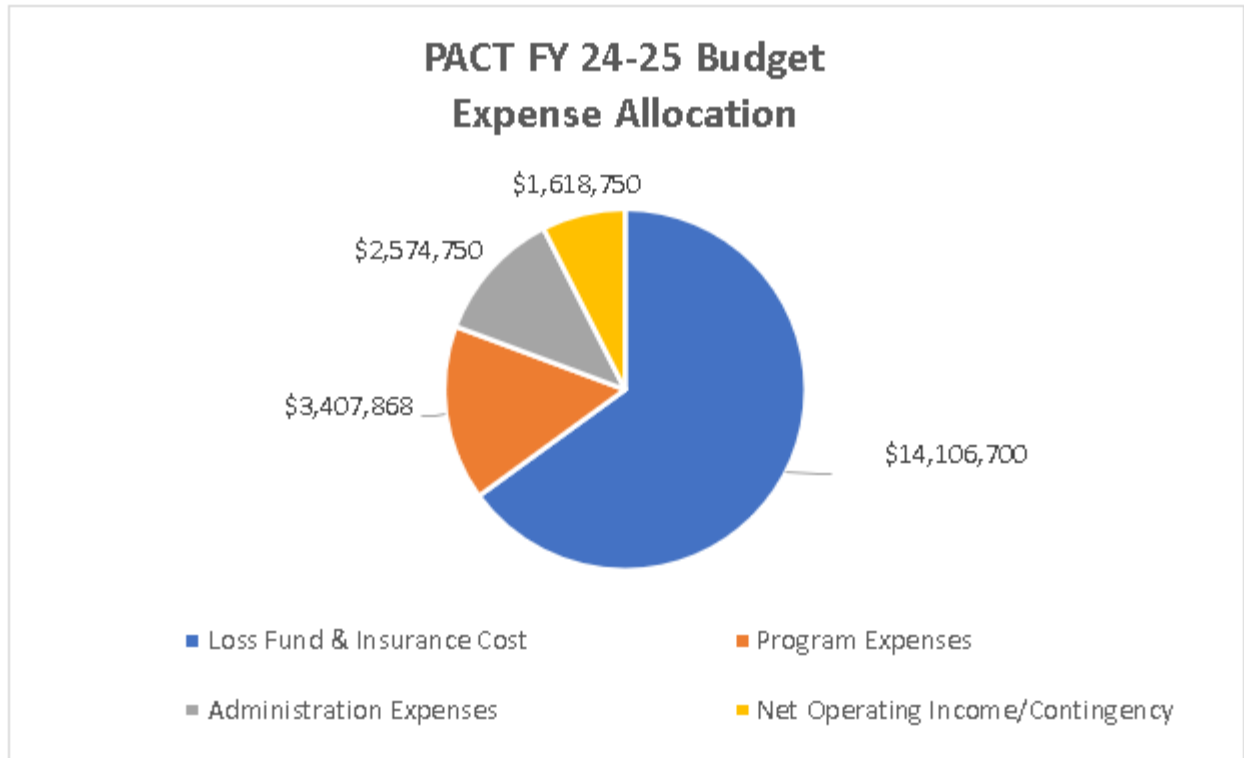
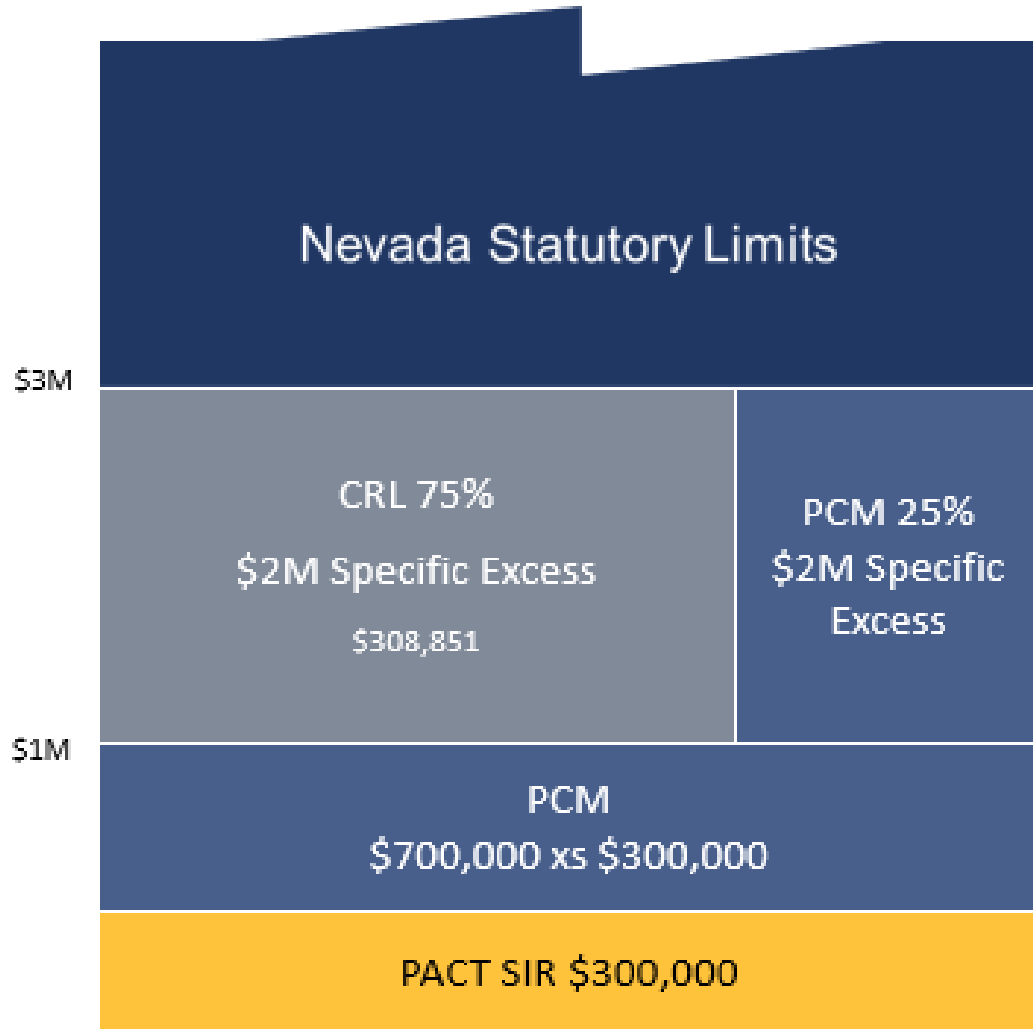
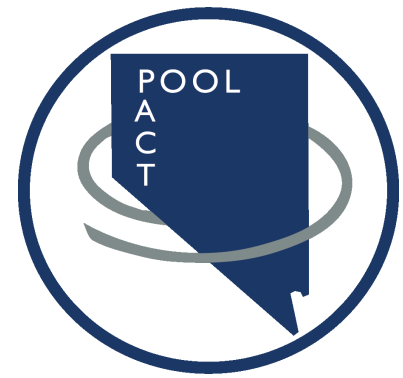




FY 24-25 Tentative Budget 1-3-5

PACT	FY 23 Audit	FY 2023-24 Adopted Budget 75% CL	FY 24-25 Draft Budget 80% CL	\$ Change	% Change from FY24 Budget	FY 2024-25 Budget Option 2 85% CL	Notes
REVENUES					1% 3% 5%		
Assessments	\$ 18,563,181	\$ 17,663,878	\$ 19,882,632	\$ 2,218,754	12.6%	\$ 19,882,632	
PCM Investment in Risk Mitigation Services	575,000	575,000	575,000		0.0%	575,000	Fixed Dollar Amount to support Risk Management Services
Heart Lung Fund							Blended into Law Enforcement Rate FY 22
Total Revenues	19,138,181	18,238,878	20,457,632	\$ 2,218,754	12.2%	20,457,632	
	22.4%						
Loss Fund and Insurance Expense							80% CL adds \$XXX,000 to Claims & adjustment expenses
Claims and Adjustment Expenses	8,572,744	8,864,000	9,460,000	596,000	6.7%	9,878,000	Listed at 80% Confidence Level:
Heart Lung Loss Reserves Expenses					#DIV/0!		Heart Lung Losses blended in Claims & Adjustment Expenses FY 22
Excess Insurance Premiums	495,712	804,814	1,006,018	201,204	25.0%	1,006,018	CRL/Safety National Quotes : Underwriting Formula Pending Spring Quote
Reinsurance Premium (PCM)	2,601,409	2,912,546	3,640,683	728,137	25.0%	3,640,683	75% CL Plus PCM Admin Cost Allocation: Pending Actuary Report
Total Loss Fund and Insurance Expenses	11,669,865	12,581,360	14,106,700	1,525,340	12.1%	14,524,700	
	1.1%						
Program Expenses							
Member Education and services	712,355	1,513,825	1,513,825	-	0.0%	1,513,825	PACT to paid for all expenses directly/ Included SH CWP
Loss control expenses	436,000	406,000	436,000	30,000	7.4%	436,000	Willis Fees: To NRP to provide services In-House
Risk Management grants	75,895	425,000	425,000	-	0.0%	425,000	Board Policy: LCC Monitor Amounts \$500K -\$75K ERMP Incentives
Underwriting and claims processing	983,850	865,852	1,033,043	167,191	19.3%	1,033,043	Davies Cost Plus contract
Total Program Expenses	2,208,100	3,210,677	3,407,868	197,191	6.1%	3,407,868	
	6.8%						
Administration Expenses							
Management Services	665,230	688,514	712,612	24,098	3.5%	712,612	Continue NRP Allocation 50/50 POOL/PRM and PACT/PCM
Professional Fees	102,600	153,058	160,711	7,653	5.0%	160,711	FY 2024 Budget +2.5%
Administrative and Overhead	727,947	799,884	823,881	23,997	3.0%	823,881	FY 2024 Budget + 5%
Insurance Division Fees	507,791	850,633	850,000	(633)	-0.1%	850,000	Reg Assessment for FY 24 letter from DOI
Nevada Insolvency Fund and related expenses	26,235	20,900	27,547	6,647	31.8%	27,547	5% increase over FY 23 Actual Amount
Amortization expenses				-		-	Eliminated Transfer Amortization
Total Administration Expenses	2,029,803	2,512,989	2,574,750	61,761	2.9%	2,574,750	
	-14.1%						
Total Loss Fund, Insurance, Program and Administration	15,907,768	18,305,026	20,089,318	1,784,292	9.7%	20,507,318	
	-0.4%						
Increase (Decrease) in operating Net Position	3,230,413	(66,148)	368,314	434,462		(49,686)	

FY 24-25 Structure Graph and Funding Allocation



Summary

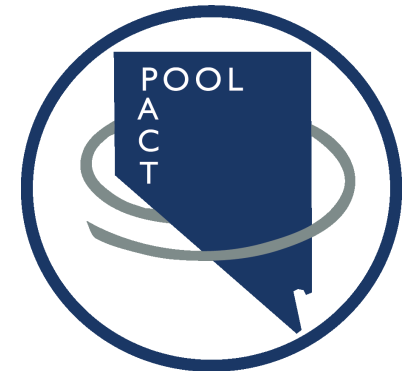
We Strive to Keep Assessments at a Reasonable Rate over time that Minimizes rate Volatility at the same time Provides Funding for our Claims Obligations of the Injured Worker as Required by Law

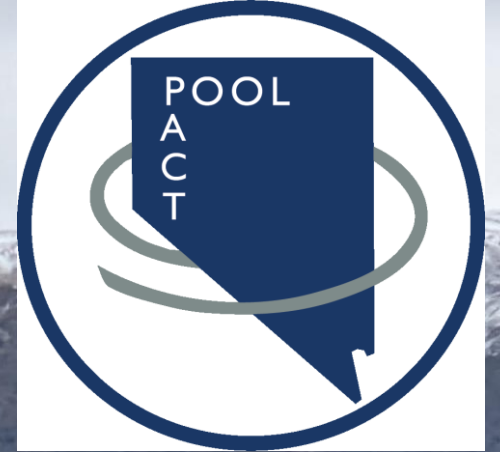




Thank you

*Working Together We
Achieve Superior Results*



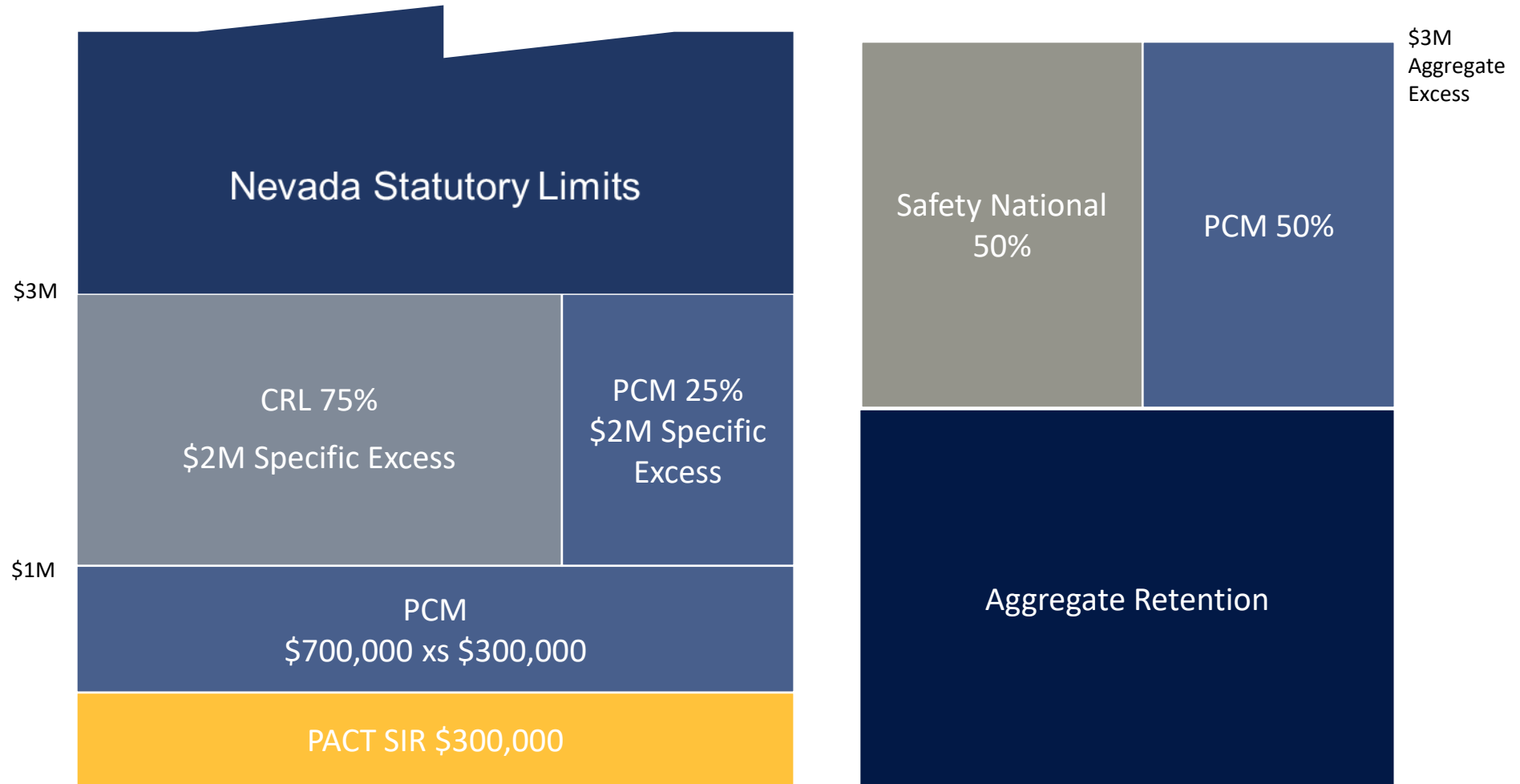


2024 – 2025 PACT Reinsurance Renewal Presentation

April 19, 2024

Public Agency Compensation Trust 2024-2025

Workers Compensation Structure



2024 – 2025 PACT Reinsurance Renewal Quotes

2024 - 2025 PACT Renewal Quotes & Indications				
	Premium with 2023 Rates applied to 2024 Exposures	Premium with 2024 Rates and 2024 Exposures		
Insurance Market	CRL/Safety National	CRL/Safety National	% Rate Change	\$ Change
	\$300,000 Retention PACT, \$700,000 xs \$300,000 PCM, 75/25 Quota Share with CRL up to \$3M with Safety National attaching at \$3M and aggregate split 50/50 between Safety National and PCM	\$300,000 Retention PACT, \$700,000 xs \$300,000 PCM, 75/25 Quota Share with CRL up to \$3M with Safety National attaching at \$3M and aggregate split 50/50 between Safety National and PCM		
Premium				
PCM	\$3,037,574	\$3,158,377	3.98%	\$120,803
CRL	\$679,931	\$862,798	26.89%	\$182,867
Safety National	\$159,431	\$164,091	2.92%	\$4,660
Total Premium	\$3,876,937	\$4,185,266	7.95%	\$308,329
Program Limits				
PACT SIR	\$300,000	\$300,000	No Change	No Change
PCM Primary Layer	\$700k xs \$300k	\$700k xs \$300k	No Change	No Change
PCM 25% \$2M Specific Excess	\$2M xs \$1M	\$2M xs \$1M	No Change	No Change
CRL 75% \$2M Specific Excess	\$2M xs \$1M	\$2M xs \$1M	No Change	No Change
Excess of \$3M	Statutory	Statutory	No Change	No Change
PCM 50% Aggregate Limit	\$3,000,000	\$3,000,000	No Change	No Change
CRL 50% Aggregate Limit	\$3,000,000	\$3,000,000	No Change	No Change
Payroll	\$266,963,804	\$278,423,878	4.29%	\$11,460,074

SERVICE AGREEMENT BETWEEN PUBLIC AGENCY COMPENSATION TRUST AND
NEVADA SPECIALTYHEALTH PLAN

This Agreement (herein referred to as “Agreement”) is made and entered into July 1, 2024, by and between Public Agency Compensation Trust, (“PACT”) a Nevada intergovernmental entity (“PACT”), and Nevada SpecialtyHealth Plan (“SpecialtyHealth”) a Nevada Corporation.

SpecialtyHealth is a URAC Certified Wellness provider which provides risk assessment and wellness services to individuals who are at increased risks for cardio-metabolic and pulmonary diseases.

PACT desires the services of SpecialtyHealth for the purpose of providing a Health Risk Assessment (HRA) and Wellness Program identified as the Fit For Retirement Program (hereinafter “Wellness Program”) for Public Safety Officers who are eligible under PACT worker’s compensation programs and covered for occupational disease benefits pursuant to NRS 617.455-457. The objective of this Agreement is to increase participation in the Wellness Program and have an effective impact on improving cardio-metabolic and pulmonary health for eligible Public Safety Officers, with a focus on individuals at increased risk for the occupational diseases referenced in NRS 617.455-457.

That upon the terms and conditions set forth in this Agreement, SpecialtyHealth and PACT agree as follows for the provision of client services as set forth herein, all in consideration of the mutual covenants, promises, and obligations contained herein.

1. Term: This Agreement shall be effective as of the July 1, 2024, through June 30, 2027, subject to the Modification and Termination provisions of this Agreement.
2. Services: SpecialtyHealth will provide the following services:
 - A. Review of Public Safety Annual Physicals. SpecialtyHealth will review Public Safety Officers annual physical examinations. When medically indicated, SpecialtyHealth will provide instruction and advice to administering providers to improve the quality of the annual physical in accordance with statutory and regulatory requirements addressed in NRS 617.455-457.
 - B. Notification to PACT on Non-Compliance. SpecialtyHealth will within thirty days, notify PACT of each provider who does not met the statutory and regulatory compliance requirements for Public Safety annual physicals.

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- C. Tracking Annual Physicals. SpecialtyHealth will provide each PACT member with Public Safety Officers, a quarterly report of the annual physicals received and the annual physical due date for each Public Safety Officer.
- D. Review of Annual Physicals. Based on review of the individual officer’s annual physical, SpecialtyHealth will provide each participating Public Safety Officer with a written complete Wellness Health Plan as defined herein, outlining any cardio-metabolic and/or pulmonary risks with a written recommendations to assist the officer in correcting identified health risks.
- E. High Risk Individuals. Individuals who are identified as “High Risk” or “Extremely High Risk” for cardio-metabolic and/or pulmonary disease, will be contacted by a member of SpecialtyHealth medical team by confidential Wellness Health Plan letter informing the individual of their risk factors, and resources available to correct identified health risks. This information will be documented, updated, and monitored in the individual’s health record maintained by SpecialtyHealth. Each individual involved in the program shall be identified as “actively participating” or “non-participating” as defined herein.
- F. High and Extremely High-Risk Officers. Member agencies that have a high proportion of high or extremely high-risk officers will be contacted by SpecialtyHealth which will provide training on the Wellness Program and resources offered by PACT.
- G. Data Collection. SpecialtyHealth will provide analysis and monitoring of annual physical examinations and identified risk factors. This confidential health information will be maintained on each participant in the Wellness Program data system. The annual physicals, documentation, recommendations, and other health information will be analyzed in accordance with “evidence based” medical parameters identifying those with health risk factors.
- H. Confidential Medical/Health Information. SpecialtyHealth shall not provide or disclose any health/medical information obtained from any Public Safety Officer to PACT unless required to do so pursuant to legal process.
- I. Medical Director Oversight. The services provided by SpecialtyHealth as outlined in this Agreement shall be overseen by a Nevada licensed physician qualified in the analysis and treatment of cardio-metabolic and pulmonary disorders as identified in NRS 617.455-457.
- J. Members’ Obligations. In order to participate in the Wellness Program, PACT will encourage members to provide complete copies of the most recent physical examinations and submit a current roster of all Public Safety Officers who are subject to the annual heart/lung physical examinations to SpecialtyHealth.

K. Comprehensive Risk Assessment and Wellness Health Plan. The Comprehensive Risk Assessment and Wellness Health Plan includes each of the following:

- i. Review of annual physical
- ii. Order additional testing as indicated to assess identified health risks
- iii. Provide participant with comprehensive written risk assessment and Wellness Health Plan to correct identified risks
- iv. Meet with the participant (virtual, telephone, or in-person) to review the comprehensive risk assessment and assist with implementation of the Wellness Health Plan
- v. The Wellness Health Plan shall include ongoing testing and health coaching from SpecialtyHealth's Wellness Program team, all of which will be documented in the participant's medical record. Documentation of participant's efforts in the Wellness Program will include status of whether goals have or have not been achieved.
- vi. Initial base line risks analysis include:
 - 1) & 7 panel blood test
 - 2) HRA
 - 3) Biometrics (height, weight, blood-pressure)
 - 4) Tobacco use assessment
 - 5) Complete blood panel
 - 6) Complete metabolic panel
 - 7) Thyroid stimulating hormone
 - 8) Vitamin D levels (when indicated)
 - 9) Hemoglobin A1c
 - 10) Advanced NMR testing
 - 11) LP-a advanced test (when indicated)
 - 12) Glyc A
- vii. Each participant shall be classified in the following four categories: "low-risk" "moderate risk" "high risk" "extremely high risk." Follow-up testing and health coaching shall be based on the participant's risk category.
- viii. Risk classification and treatment recommendations are "evidence based" medical standards including but not limited to: Framingham Risk Score, Adult Treatment Protocols (ATP), Metabolic Syndrome Protocols, LipoScience Risk scoring, Insulin Resistance Scoring, JNC8, and the National Institute of Health recommendations for the evaluation and treatment of cardio-metabolic conditions.
- ix. All encounters with a participant will be documented in the participant's Wellness record.

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- x. SpecialtyHealth shall maintain an operational and secure patient-portal for participants to access their Wellness Health records and relating Wellness Program information on SpecialtyHealth's website.
3. Active Participation Defined: A Public Safety Officer will be deemed an Active Participant in the Wellness Health Plan if he/she:
- A. Provides a current annual heart/lung physical to SpecialtyHealth;
 - B. Completes and submits to SpecialtyHealth a Health Questionnaire annually;
 - C. Annually reviews annual heart/lung physical and/or SpecialtyHealth's Advanced Blood Work with a SpecialtyHealth provider; and
 - D. Participates in good faith in attempting to correct all identified health risks as identified by the participants primary care provider and/or by SpecialtyHealth in the risk assessment and Wellness Health Plan.
4. Wellness Program Oversight Committee. PACT and SpecialtyHealth will maintain and staff a Wellness Program Oversight Committee which will be responsible for performance review of standards and program utilization with the primary objective to enhance participation in and wellness of PACT Public Safety Officers. PACT and SpecialtyHealth will have quarterly reviews of the program prior to the Committee meetings to provide the Committee with data to assist its obligation to review program performance, utilization, and avenues to increase participation and program success. The Committee will provide progress reports to the PACT Executive Committee.
5. Billing:
- A. Member will bear the following costs:
 - i. Annual physical examination, and
 - ii. Additional tests ordered by the physical examination provider acting in consultation with the Medical Care Organization.
 - B. PACT will bear the following costs:
 - i. Cardio-Metabolic/pulmonary risk profiles based on the Public Safety Officer's physical examination.
 - ii. Reviews and documentation of physical examinations.
 - iii. Consultation with physical examination profiles on additional testing.

- iv. Member in-services and training.
- v. Physician training on conducting legally compliant physical examinations.
- vi. Additional laboratory testing (advance testing) as indicated cardiometabolic/pulmonary risk analysis of the annual physical examination.

C. Total SpecialtyHealth monthly billings under this Agreement will average \$41,667 per month per fee schedule, not to exceed \$500,000 annually, including marketing services, as provided in Attachment 1. SpecialtyHealth's monthly billing statements shall contain sufficient detail to allow PACT to understand the services provided and measure effectiveness of program services.

D. Beginning July 1, 2024, SpecialtyHealth shall provide to PACT, not more than a total of ten (10) hours of subject matter expert content per month from its team including but not limited to lipidologist, exercise physiologist, dietitian, physician assistant, and medical doctor as provided in Attachment 1. PACT will incorporate content into one eLearning course per month, webinars, podcasts, and similar productions for general consumption to members.

6. Non-Competition: SpecialtyHealth agrees that at no time during the period this Agreement is in effect or for a period of one year immediately following the termination of this Agreement, will it engage in the provision of any of the services set forth in this Agreement in a manner that competes with PACT or any of its service providers. SpecialtyHealth further agrees it will not directly or indirectly, solicit, or attempt to solicit business or patronage of any public entity employing Public Safety Officers, in Nevada, which is a member of PACT for the purpose of provision of such or substantially similar services as referenced herein.

7. Independent Contractor: SpecialtyHealth understands and acknowledges that it is associated with PACT only for the purposes and to the extent specified in this Agreement with respect to performance of the contracted services pursuant to this Agreement. Contractor is and shall be an independent contractor and subject only to the terms of this Agreement and shall have the sole right to supervise, manage, operate, control, and direct performance of the details incident to its duties under this Agreement. SpecialtyHealth shall have no claim against PACT hereunder or otherwise for vacation pay, sick leave, retirement benefits, social security, worker's compensation, health, or disability benefits, unemployment insurance benefits, or employee benefits of any kind.

8. General Warranty: SpecialtyHealth warrants that all services, deliverables, and/or work product under this Agreement shall be completed in a workmanlike manner consistent with medical standards, in the trade, profession, or industry shall conform to or exceed the specifications set forth in the incorporated documents and/or services described herein.

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SpecialtyHealth Initials: _____

9. Records: SpecialtyHealth agrees and represents that all records obtained and resulting from services under this Agreement and held by SpecialtyHealth on behalf of PACT and/or its members, shall be maintained, protected, and preserved in accordance with the requirements of NRS Chapters, 239, 603A, and NRS 629. Each Party agrees to keep and maintain under generally accepted accounting principles full, true, and complete records and documents pertaining to this Agreement and will present at any reasonable time, with the exception of Public Safety Officer medical records, such information for inspection, examination, review, audit, and copying at any office where such records and documentation are maintained.
10. Continuity of Operations: SpecialtyHealth has a current and operational Continuity of Operations Plan to maintain the services provided in this Agreement.
11. Modification: This agreement may be modified in price and scope of services after the first year of execution if PACT has a reduction or increase in membership as measured against the membership on January 1, 2024. This agreement shall not be modified more than once annually. The parties agree to work in good faith during the contract modification period. Any agreed upon modification will be in writing, signed by the parties, and incorporated by reference into this contract.
12. Termination Without Cause: This Agreement may be terminated by either party without cause upon giving sixty-days written notice of intent to terminate. Prior to exercising the right of termination under this provision, the parties agree to discuss any reason(s) or issues relating to any proposed termination.
13. Termination for Cause:
 - A. If either Party breaches the terms of the Agreement, the other Party shall serve upon the Defaulting Party a Notice to Cure said breach. The Notice to Cure shall specify the alleged breach and shall be served on the Defaulting Party as set forth in Paragraph 30. If, within fifteen (15) business days of the date of service of such notice, the Defaulting Party has not fully cured all the items indicated therein or presented a plan acceptable to the other Party to cure such items, the other Party may, upon expiration of fifteen (15) business days, serve a Notice of Termination on the Defaulting Party as provided in paragraph 13(b).
 - B. A Notice of Termination served on a Defaulting Party in accordance with Paragraph 13(a) shall become effective, and the Agreement shall be terminated, fifteen (15) business days after service of the Notice of Termination. The Notice of Termination shall be served on the Defaulting Party as set forth in Paragraph 30.
14. Return of Records: SpecialtyHealth shall, within fifteen (15) business days after the expiration or termination of this Agreement, deliver all Records as defined in Paragraph 9 of

this Agreement, to whatever individual or entity shall be identified by PACT in writing and served on SpecialtyHealth as set forth in Paragraph 30.

15. Non-hiring of Employees: PACT and SpecialtyHealth agree not to employ a person who has been employed by the other party unless the person desired to be employed shall not have been employed by either party during the last six months or unless the hiring party shall have the other party's written permission.

16. Indemnification:

A. SpecialtyHealth agrees to indemnify and hold PACT harmless from any and all liability, costs, claims, and expenses, including reasonable attorney's fees and related costs and expense which PACT may incur or sustain by reason of any negligent act or negligent failure to act or intentional wrongful act or intentional wrongful failure to act by SpecialtyHealth, its officers, employees, and agents, in or relating to the performance of this Agreement.

B. Without waiving the provisions of NRS Chapter 41, PACT agrees to indemnify and Hold SpecialtyHealth harmless from any and all liability, costs, claims, and expenses, including reasonable attorney's fees and related costs and expense which SpecialtyHealth may incur or sustain by reason of any negligent act or negligent failure to act or intentional wrongful act or intentional wrongful failure to act by PACT, its officers, employees, and agents, in or relating to the performance of this Agreement.

C. The indemnification obligations of this paragraph shall survive the termination of the Agreement, except that neither party shall have any liability with respect to claims for which it has not received notice within three years of termination of the Agreement.

17. Relationship of the Parties: The only relationship between PACT and SpecialtyHealth is the contractual relationship established by this Agreement. Nothing contained in the Agreement shall be construed to create the relationship of partners, joint venture, employer/employee, or principal and agent between PACT and SpecialtyHealth

18. Insurance: SpecialtyHealth shall provide within thirty days of the execution of this Agreement, or at least 10 days prior to commencement of services for each contract annual period:

A. Proof of general liability insurance coverage in an amount of at least two million dollars (\$2,000,000.00), designating PACT as an additional insured under the policy of insurance.

B. Proof of errors and omissions insurance coverage in an amount of at least two million dollars (\$2,000,000.00).

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PACT initials: _____

SpecialtyHealth Initials: _____

- C. Automobile liability insurance, with a combined single limit of one million (\$1,000,000.00) each accident.
 - D. Proof of worker's compensation insurance, including employer's liability coverage in the amount of at least one million dollars (\$1,000,000.00).
19. Nonrenewal, Replacement, or Change in Insurance: SpecialtyHealth shall provide written notice to PACT of any nonrenewal, replacement, or change in insurance coverage and/or carrier thirty days prior to any such change.
20. Assignment: Neither party to this Agreement shall assign any of its rights or duties under said Agreement without the prior written consent of the other party.
21. Licenses/Certifications/Qualifications: SpecialtyHealth represents that it has and shall be responsible for maintaining any and all qualifications, business, and medical licenses, and/or certifications which are necessary to perform its obligations under this agreement.
22. Duplication Originals: This Agreement shall be executed in duplicate, and each such duplicate shall constitute the original.
23. Force Majeure: Neither party shall be deemed to be in violation of this Agreement if it is prevented from performing any of its obligations hereunder due to strike, failure of public transportation, civil or military authority, pandemic, act of public enemy, accidents, fires, explosions, including without limitation, earthquakes, floods, winds, or storms. In such an event the intervening cause must not be through the fault of the party asserting such excuse, and the excused party is obligated to perform promptly in accordance with the terms of the Agreement after the intervening cause ceases.
24. Dispute Resolution:
- A. Negotiation. In the event of any dispute arising out of, or relating to, this Agreement, or the breach thereof, the parties shall use their best efforts to settle the dispute by direct negotiations between individuals with full settlement authority.
 - B. Mediation. If the dispute is not settled within thirty (30) days through the negotiation outlined in Section A, the parties shall submit the dispute to mediation under the then applicable Mediation Rules of the American Arbitration Association. The parties to the dispute shall share equally the mediator's fees and any administrative fee but shall otherwise bear their own expenses.

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PACT initials: _____

SpecialtyHealth Initials: _____

- C. Arbitration. Thereafter, any unresolved dispute arising out of, or relating to, this Agreement, or the breach thereof, shall be decided by binding arbitration by a single arbitrator pursuant to the then-current Commercial Arbitration Rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof in accordance with the provisions of Chapter 38 of the Nevada Revised Statutes. The parties to the dispute shall share equally the arbitrator’s fee. Either of the parties may, notwithstanding the other provisions of this Agreement, request at any time a temporary restraining order, preliminary injunction, or other interim relief from any court of competent jurisdiction without thereby waiving its other rights under this Section of the Agreement. Except as otherwise provided in this Agreement, the parties shall rely solely on the procedures set forth herein to resolve any dispute subject to this Section. If either party files an action in court, or proceeds with litigation that has already been filed, in violation of this Agreement, that party shall indemnify the other party for its costs and attorneys’ fees incurred as a result of such violation.

- D. Non-Waiver of Governmental Immunities. PACT does not waive and will seek any immunities or limitation on damages to which it may be or is entitled under Chapter 41 of the Nevada Revised Statutes and it is expressly understood, and the parties hereto agree, that no arbitrator shall have the authority to impose damages against PACT in an amount in excess of the limitation on damages set forth in NRS 41.035 should Chapter 41 immunities and/or limitation on damages be determined to be applicable to any such dispute.

- E. The parties understand that arbitration is final and binding and that they are waiving their rights to other resolution processes (such as jury trial, court action and/or administrative proceeding).

PACT initials: _____

SpecialtyHealth initials: _____

- 25. Entire Agreement/Amendments: This Agreement and Attachments constitute the entire understanding and agreement between PACT and SpecialtyHealth with regard to the subject matter hereof and may be amended only by the mutual written agreement of both parties.

- 26. Severability: To the extent that any provision of this Agreement shall be determined to be invalid or unenforceable by any court of competent jurisdiction or other appropriate authority, it shall be considered deleted here from, and the remainder of this Agreement shall continue to remain in full force and effect as it said invalid and unenforceable provision has not been included in this Agreement.

27. Applicable Law, Jurisdiction, and Venue: This Agreement shall be governed by Nevada law, without regard to conflicts of law principles. The parties agree that jurisdiction and venue for any dispute arising out of or relating to the Agreement shall be exclusively within the state courts or other tribunals located in Carson City, Nevada and the parties hereby waive any objection to such jurisdiction and venue.
28. Headings and Captions: Section headings in this Agreement are for the convenience of reference only and shall not constitute a part of this Agreement for any other purpose and shall not limit or broaden the scope of the particular section to which they refer.
29. Waiver: Neither party's failure nor neglect to enforce any of rights under this agreement will be deemed to be a waiver of that party's rights.
30. Notice: Any notice or other communication required or permitted to be given hereunder shall be in writing and sent to the other party by United States mail, registered, postage prepaid, return receipt requested, addressed as follows:
 - A. If to PACT: Wayne Carlson, 201 S. Roop, #102, Carson City, NV 89701
 - B. If to SpecialtyHealth: Ethan Opdahl, 2415 B Pyramid Way, Sparks, NV 89431
31. Construction: This Agreement has been negotiated and prepared by the parties and their respective counsel and should any provision of this Agreement require judicial interpretation, the court, mediator, or arbitrator interpreting or construing the provision shall not apply the rule of construction that a document is to be construed more strictly against one party.
32. Proper Authority: The parties represent and warrant that the individual or officer executing this Agreement on behalf of each party has full power and authority to enter into this Agreement and that the parties are authorized by law to perform the services contemplated by this Agreement.
33. Conflicts of Interest. SpecialtyHealth shall conform to Nevada laws regarding ethics and conflicts of interest and shall disclose any actual or potential conflicts of interest.
34. Attorney Fees: In the event that any dispute or action is instituted under or in relation to this Agreement, including without limitation to enforce any provision in this Agreement, the prevailing party in such dispute shall be entitled to recover from the losing party all fees, costs, and expenses of enforcing any right of such prevailing party under or with respect to this Agreement, subject to the limitations in this Agreement, fees, costs (Mediation and/or Arbitration) and expenses of appeals.

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PACT initials: _____

SpecialtyHealth Initials: _____

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed as of the date first above written:

SpecialtyHealth, Inc.

Public Agency Compensation Trust

Ethan Opdahl
President/CEO

Paul Johnson
PACT, Chair

The following Attachments are hereby incorporated in whole by reference:

1. Attachment 1

Service Agreement

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PACT initials: _____

SpecialtyHealth Initials: _____

ATTACHMENT 1:
Fit For Retirement Wellness Program Services

The following is a list of proposed services and pricing to be provided by Nevada SpecialtyHealth Plan (“SpecialtyHealth”) to Public Agency Compensation Trust (“PACT”).

SpecialtyHealth will provide the following services:

1. Annual Physical Review and Letter	\$175/letter
2. Advanced Risk Reports	\$175/letter
3. Advanced Blood Work	
A. NMR	\$115
B. CBC	\$12
C. CMP	\$12
D. HbA1c	\$15
E. Vitamin D (when indicated)	\$56
F. TSH	\$16
G. GlycA	\$40
H. Lp(a) (when indicated)	\$32
I. Lab Draw Fee	\$30
4. Training onsite and virtual	\$250/hour/practitioner

SpecialtyHealth will provide the following appointment types (in-person or virtual):

1. Initial Physician or Nurse Practitioner	\$150
2. Follow-up Physician or Nurse Practitioner	\$130
3. Review with Lipidologist	\$250/based on 2-hour review
4. Initial Nutrition	\$125
5. Follow-up Nutrition	\$75/half-hour
6. Initial Fitness	\$125
7. Follow-up Fitness	\$75/half-hour
8. Health Coaching (email or virtual appointment)	\$100/hour

Other Fees:

1. Travel	\$75/hour/individual
2. Subject Matter Expert Content Creation	\$100/hour
3. Agency Contact Calls (blocked calls)	\$100/hour
4. Biometrics and Body Fat Percentage Testing	\$25/test
5. Health Questionnaire	\$25
6. PTSD/Trauma screening/review/referral (when indicated)	\$130*
A. *Reviewed within one (1) business day	

Marketing will include:

Service Agreement

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SpecialtyHealth Initials: _____

1. Wellness Program Oversight Committee participation.
2. General SpecialtyHealth Newsletter emails sent from practitioners.
3. Quarterly reviews with POOL/PACT staff.
4. Presentation of Fit For Retirement course.
5. Distribution of Fit For Retirement literature.
6. Presentation of general overview of the Fit For Retirement Program on-site or virtually.
7. Coordinated meetings with agency management, chiefs, sheriffs, and other department leaders.
8. Introduction to new classes, courses, trainings, and presentations.
9. SpecialtyHealth will provide expert wellness program content to PACT for Wellness Program eLearning course development and related educational resources.

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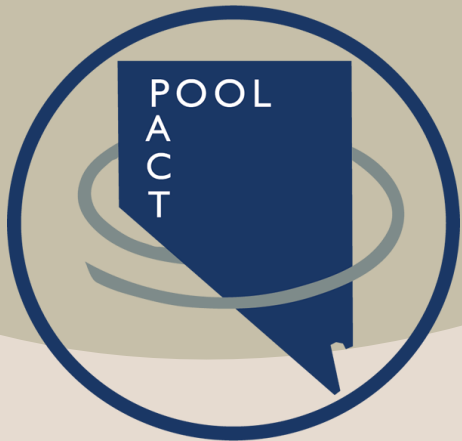
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PACT initials: _____

SpecialtyHealth Initials: _____

PACT Budget Annual Board Presentation

April 18, 2024





Budget Elements

Assessments
Actuarial Data

Loss Fund & Insurance Expense

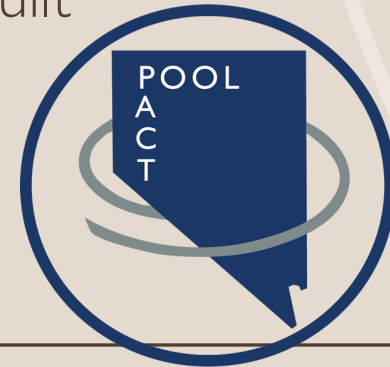
Program Expenses

Administration Expenses

SUMMARY

PACT Financial Strength & Stability

- Must fund the Legal Liability Created by Statutory Coverage....
- Collect the Rate During the Year of Operation
The Goal is to never have a Special Assessment
Claim payments can exceed 50 years
- Develop Programs and provide Risk Management Services to protect covered Employees and the Member's Financial Liability
- Member Owned Program.... Member pay the Claims...
PACT – PCM – CRL Non-Profit Programs
Safety National is the only For-Profit Insurance Company in the Quilt
What's your Unfunded Liability? Nevada PERS
- Long-Term Program Commitment : Bend the Curve
Support your Employees : Invest in Safety & Wellness



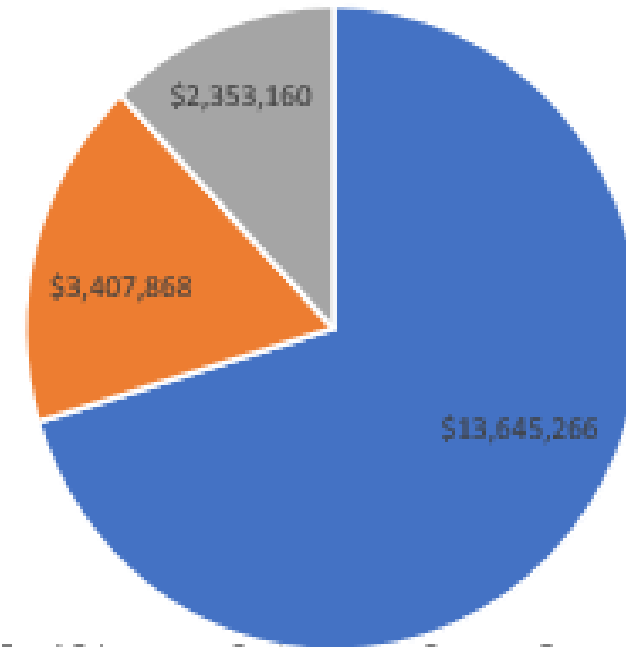
PACT BUDGET 2024-2025

Presented at Executive Committee December 19, 2023. Adoption set at Annual Meeting April 19, 2024.	FY 2022-2023 Audit	FY 23-24 Approved Budget 75% CL	FY 2024-25 Budget 75% CL	Dollar Change	Percentage Change	% of Total Revenues	Notes
Revenues							Recommend Rate Adjustment 1% School & Hospitals
Assessments	\$ 18,563,181	\$ 17,663,878	\$ 19,882,632	\$ 2,218,754	12.56%	96.8%	Recommend Rate Adjustment 3% General Gov't 5% Police/Fire
PCM Risk Management Fee	575,000	\$ 575,000	\$ 575,000	\$ -	0.00%	3.2%	Actuarial Report determined new X-Mods
Total Revenues	\$ 19,138,181	\$ 18,238,878	\$ 20,457,632	\$ 2,218,754	12.16%	100.0%	
Loss Fund & Insurance Expense							
Claims and Adjustment Expenses including Heart Lung Loss Reserves Expenses	\$ 8,572,744	\$ 8,864,000	\$ 9,460,000	\$ 596,000	6.72%	48.6%	Listed at 75% Confidence Level:
Heart Lung Loss Reserves Expenses	\$ -	\$ -	\$ -	\$ -		0.0%	Heart Lung Losses blended in Claims & Adjustment Expenses FY 22
Excess Insurance Premiums	\$ 495,712	\$ 804,814	\$ 1,026,889	\$ 222,075	27.59%	4.4%	CRL/Safety National Quotes : Underwriting Formula
Reinsurance Premium (PCM)	\$ 2,601,409	\$ 2,912,546	\$ 3,158,377	\$ 245,831	8.44%	16.0%	75% CL Plus PCM Admin Cost Allocation Pending Actuarial Quote
Total Loss Fund and Insurance Expenses	\$ 11,669,865	\$ 12,581,360	\$ 13,645,266	\$ 1,063,906	8.46%	61.0%	
Program Expenses							
Member Education and services	\$ 712,355	\$ 1,513,825	\$ 1,513,825	\$ -	0.00%	8.3%	PRI, Target Solution, 24/7/365, CWP,EAP, MSDS On-line, E-learning
Loss control expenses	\$ 436,000	\$ 406,000	\$ 436,000	\$ 30,000	7.39%	2.2%	Willis Fees: To NRP to provide services In-House : Same Rate
Risk Management Grants	\$ 75,895	\$ 425,000	\$ 425,000	\$ -			Board Policy: LCC Monitor Amounts \$500K -\$75K ERMPE Incentives
Underwriting and claims processing	\$ 983,850	\$ 865,852	\$ 1,033,043	\$ 167,191	19.31%	4.7%	Davies cost plus contract amount
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Nevada Insolvency Fund and related expenses	\$ 26,235	\$ 20,900	\$ 27,547	\$ 6,647	31.80%	0.1%	State of Nevada mandated fees
Total Administrative Expenses	\$ 2,029,803	\$ 2,512,989	\$ 2,353,160	\$ (159,829)	-6.36%	10.6%	
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Investment Income	74,453	1,125,000	1,618,750	\$ 493,750	43.89%	6.2%	Earnings from Investment Portfolio managed by NEAM, SAA
Net Gain (Loss)	\$ 3,304,866	\$ 1,058,852	\$ 2,670,088	\$ 1,611,236	152.17%	17.3%	
Net Gain (Loss) After Loss Control Grants	\$ 3,304,866	\$ 1,058,852	\$ 2,670,088	\$ 1,611,236			
Transfer/Return of Capital from PCM To PACT	2,000,000	None	None at this time				

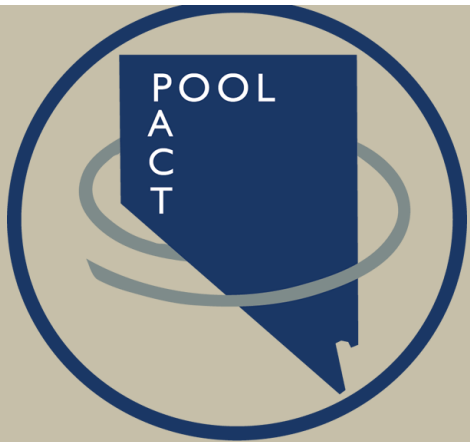
PACT FY 25 Budget

FY 24-25 BUDGET Expense Allocation

PACT FY 25 Budget Allocation	% Total	% Allocation
Loss Fund & Insurance Cost	\$ 13,645,266	70.31%
Program Expenses	\$ 3,407,868	17.56%
Administration Expenses	\$ 2,353,160	12.13%
Total	\$ 19,406,294	100.0%



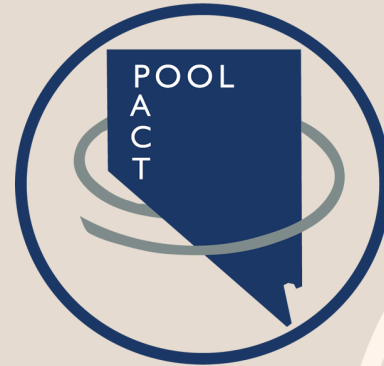
- Loss Fund & Insurance Cost
- Program Expenses
- Administration Expenses



Assessments/Revenues

Assessments

Covered Payroll * Classification * Mod Factor



Mod-Factor Considerations FY 24 25

Individual Losses limited to \$100,000

Payroll amounts weighted based on class codes

Experience period 4 Year Period FY 19-FY 23

Max Change -10% +15%

PACT Average 1.0 Lowest 0.63 Highest 1.25

.60-.70 =1 .7-.80=3 .8 to .9=10 .9-1.0=61

51 Mod Decreased 75 Less than 1.0 9 Over 1.1

PCM Investment in Risk Mitigation Services

(\$575,000 annually)

Investment Earnings (Interest Income Only)

Loss Fund and Insurance Expense

Claims & Claims Adjustment Expense (PACT Funding Layer)

Determined by Actuary 4 years of data:
Various Confidence Levels provided
\$9,460,000 @ 80% CL
\$9,878,000 @ 85% CL

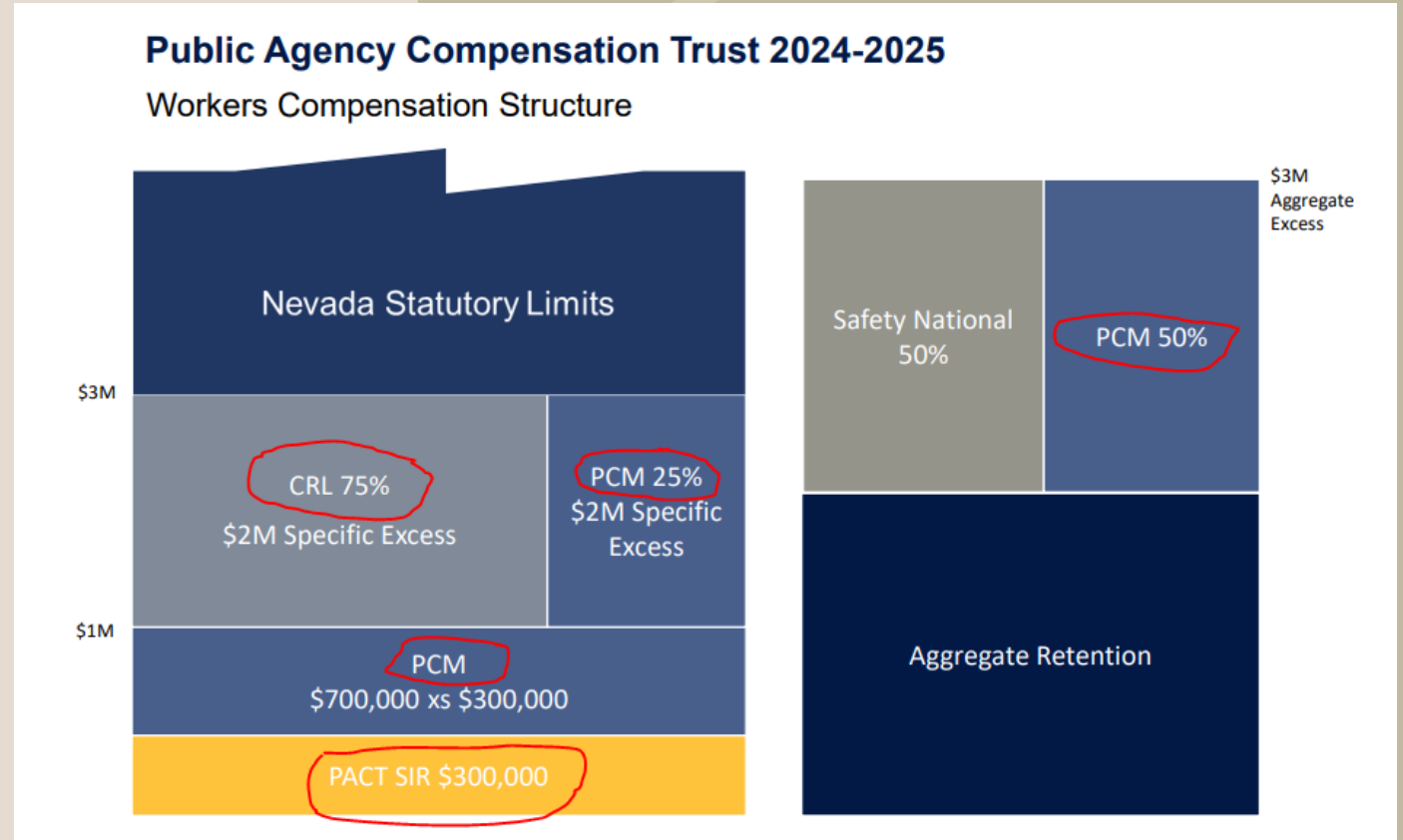
Excess Insurance Premiums

CRL and Safety National
\$1,026,889 10 Years Data

PCM Reinsurance Premiums

Actuarial Rate + PCM Admin Expenses
\$3,158,377

Est. Total \$13,645,266



Actuarial Data: PACT Rating



PACT Funding Projections

**Public Agency Compensation Trust
Workers' Compensation Actuarial Study**

EXECUTIVE SUMMARY

Funding Projections

The following table presents our estimates of ultimate costs for the upcoming program year.

Projected Ultimate Costs
Fiscal Year 2024-25, SIR of \$300,000

Dollars (\$000s)	Expected ¹	← Confidence Level →				
		70%	75%	80%	85%	90%
Loss & ALAE	\$8,044	\$8,816	\$9,114	\$9,460	\$9,878	\$10,425
Total Funding Rate ²	\$2.927	\$3.208	\$3.316	\$3.442	\$3.594	\$3.793

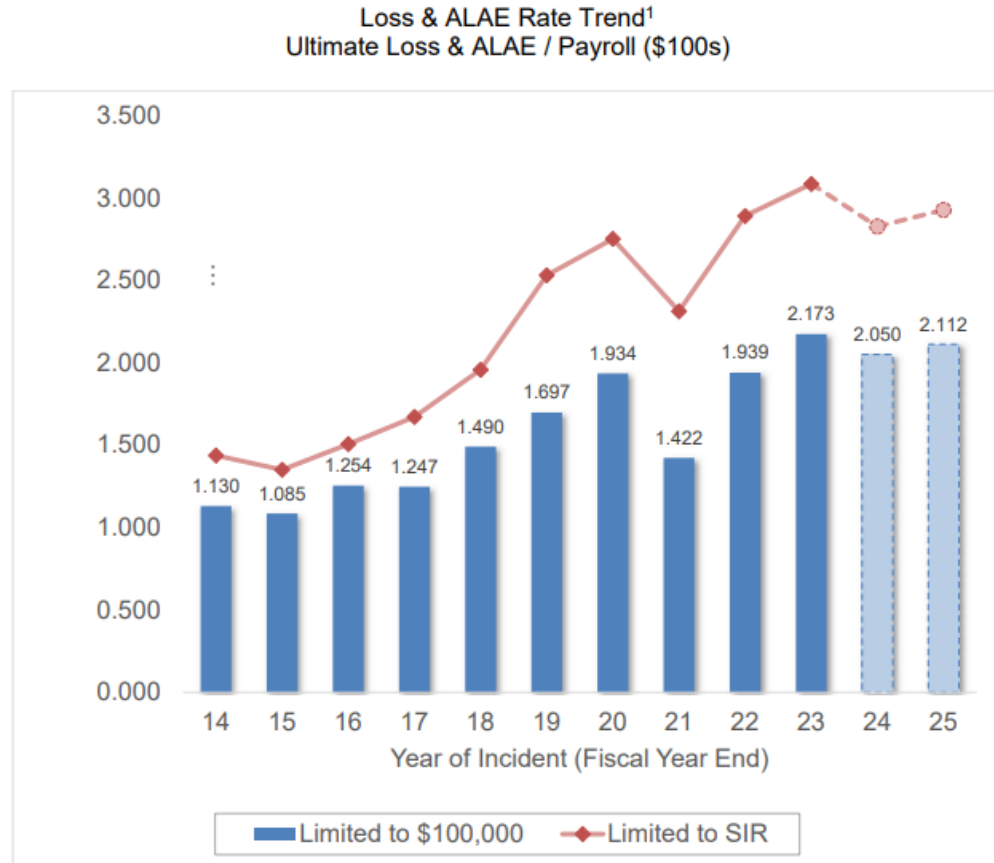
¹ Expected values represent the "best actuarial" or "central" estimate.

² Rate is per \$100 of payroll.

Actuarial Projections

Loss Rate Trend

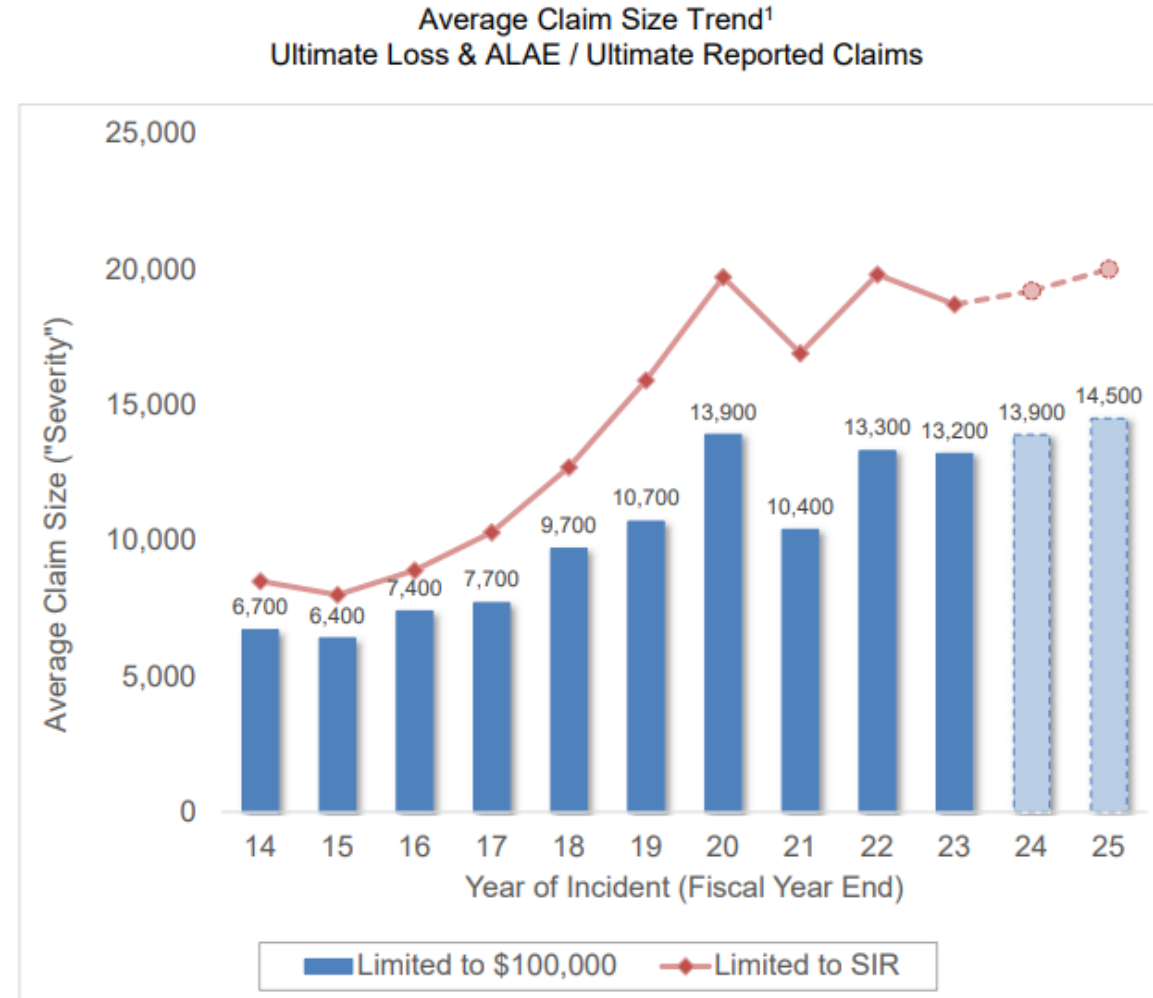
We have evaluated the trend in PACT's projected ultimate loss & ALAE rate. This rate equals projected ultimate loss and ALAE (limited to either \$100,000 per occurrence or the current SIR of \$300,000) divided by payroll in \$100s, as displayed in the following graph.



¹ Losses are at expected (no risk margin) and are not discounted to reflect net present value.

Average Claim Size (Severity) Trend

We have evaluated the trend in PACT's projected ultimate claim size (or "severity"). The ultimate claim size equals projected ultimate loss & ALAE (limited to either \$100,000 per occurrence or the current SIR of \$300,000) divided by the projected ultimate number of reported claims, as displayed in the following graph.



¹ Losses are at expected (no risk margin) and are not discounted to reflect net present value.

Actuarial Projections

**Public Agency Compensation Trust
Workers' Compensation Actuarial Study**

OBSERVATIONS AND ANALYSIS

In this section, we present a comparison to the prior analysis as well as an overview of claims trends that we have observed. The prior report for PACT was dated February 28, 2023 and relied on data evaluated as of December 31, 2022. The current analysis relies on data evaluated as of June 30, 2023.

Comparison of Funding Projections: Prior vs. Current Reports

The following table compares our funding estimate for the 2023-24 year from our prior report to our funding estimate of the 2024-25 year from our current report.

Change in Funding Estimates

At Expected (without Risk Margin), Net of Reinsurance

Dollars (\$000s)	Prior Report ¹ 2023-24	Current Report ¹ 2024-25	Dollar Change	Percent Change
Ultimate Loss and ALAE	\$7,810	\$8,044	\$234	3.0%
Rate (Undiscounted) ²	\$2.875	\$2.927	\$0.052	1.8%

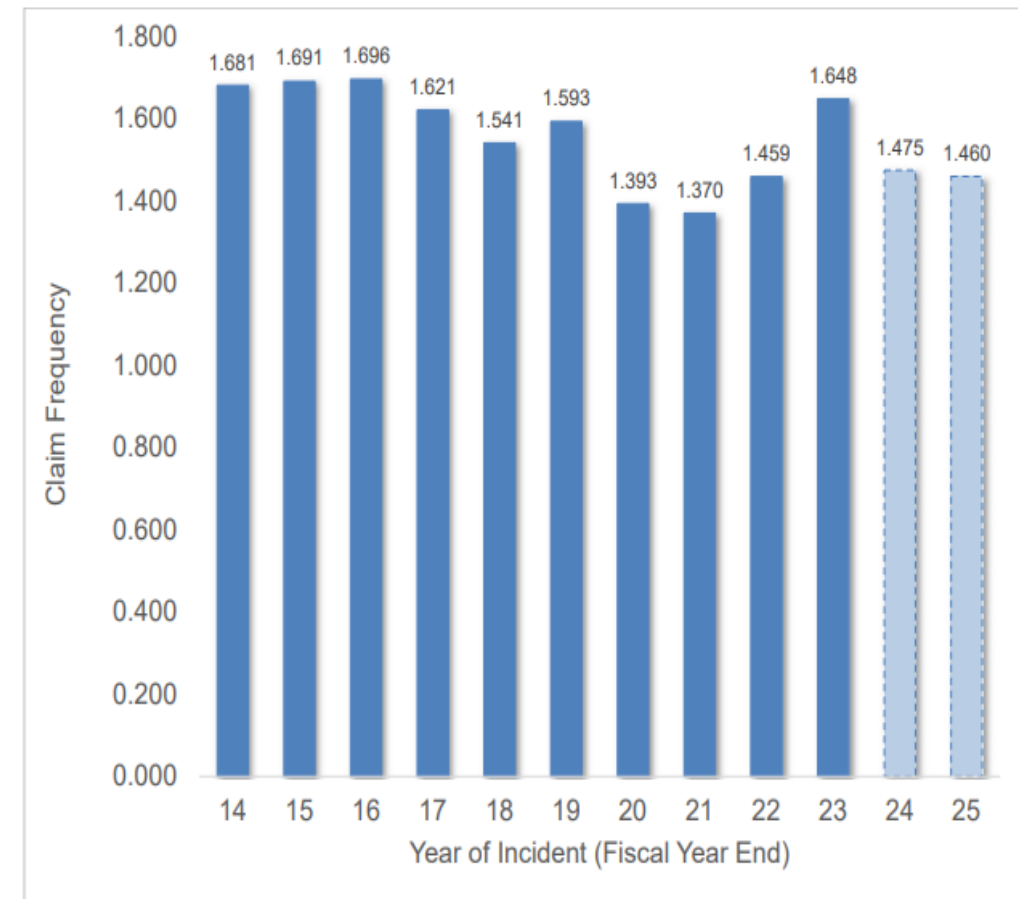
¹ The SIR in both the prior and current reports is \$300,000.

² Rate is per \$100 of payroll.

Claim Frequency Trend

We have evaluated the trend in PACT's claim frequency. The claim frequency equals projected ultimate number of reported claims divided by payroll in \$ millions, as displayed in the following graph.

Claim Frequency Trend
Ultimate Reported Claims / Payroll (\$ Millions)



CRL and Safety National Rating: PACT

County Reinsurance, Limited Workers' Compensation Renewal Summary

Program Summary

Ceding Entity:	Nevada Public Agency Compensation Trust
Coverage Period:	Inception Date: 7/1/2024 Expiration Date: 7/1/2025
Payroll:	\$278,423,878
CRL Premium:	\$862,798
SNCC Premium:	\$173,342
Total Premium:	\$1,087,947
Less Commission:	\$9,251
Total Due:	\$1,078,697

CRL Reinsurance Structure

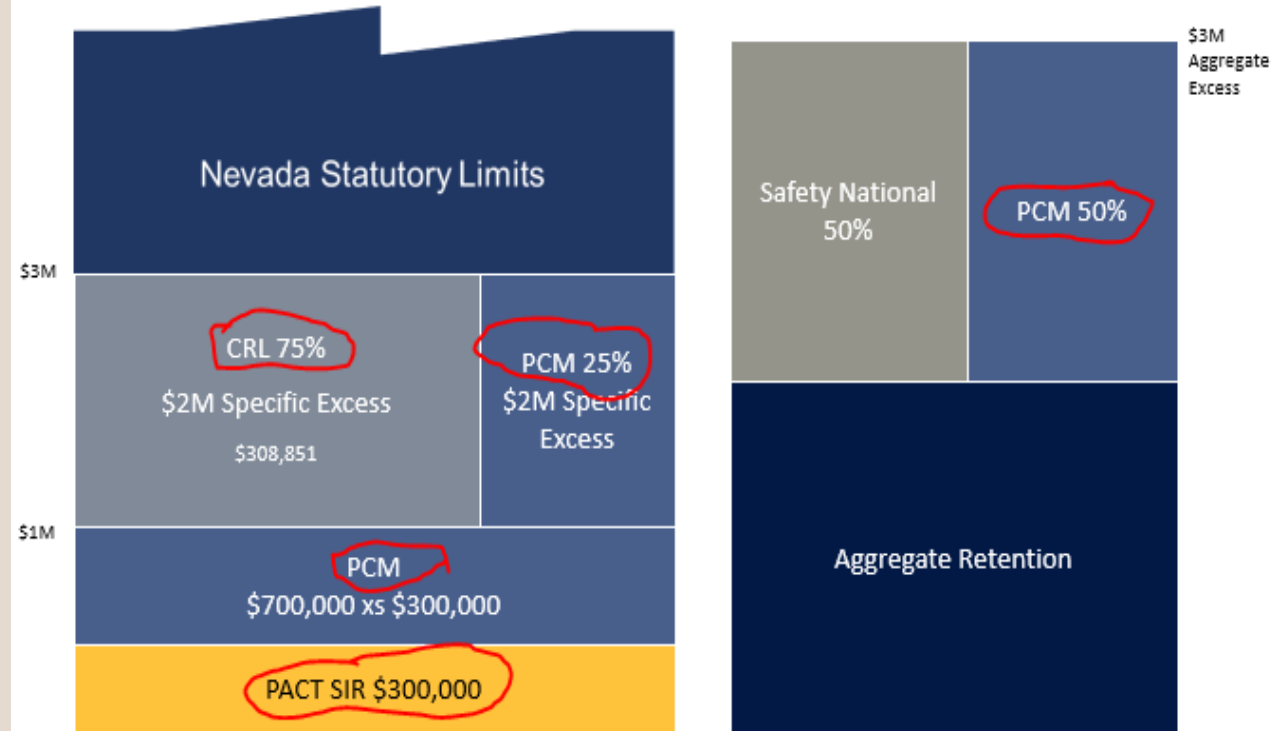
Ceding Entity's Retention:	WC: \$1,000,000 per Occurrence; 25% of \$2,000,000 excess of \$1,000,000 EL: \$1,000,000 per Occurrence; 25% of \$1,000,000 excess of \$1,000,000
Reinsurance Limit:	WC: 75% of \$2,000,000 excess of \$1,000,000 EL: 75% of \$1,000,000 excess of \$1,000,000
Method:	Expenses inside the limit of liability Deductibles inside the retention
Rate:	0.3099 (per \$100 in payroll)
Premium:	\$862,798
Certificate:	CRL WC Certificate Approved 12-27-17

SNCC Excess Structure

Ceding Entity's Retention:	WC: \$3,000,000 per Occurrence EL: \$3,000,000 per Occurrence
Excess Limit:	WC: Difference between the Ceding Entity's Retention and Statutory Limits per Occurrence EL: Difference between the Ceding Entity's Retention and \$5,500,000 per Occurrence
Method:	Expenses inside the limit of liability Deductibles inside the retention
Aggregate Excess:	\$1,500,000 Aggregate Limit (50% of \$3,000,000); \$500,000 Loss Limit; \$3.98 Loss Fund Rate (\$10,618,230 Loss Fund)
Rate:	0.0443 (per \$100 in payroll)
Premium:	\$123,342
Ceding Commission:	\$9,251
Net SNCC Premium:	\$123,342
Aggregate Excess Premium:	\$50,000
Fronting Fees:	\$0
Policy Taxes (Fronting):	\$0
Total Rate:	0.0623 (per \$100 in payroll)
Total Premium:	\$173,342
Policy:	Pending

Public Agency Compensation Trust 2022-2023

Workers Compensation Structure



CRL and Safety National Rating: PACT

Premium Analysis

$$\text{Rate } 29.1\% \times \text{Exposure } 4.4\% = \text{Premium } 34.8\%$$

Rates: 29.1%					Exposures: 4.4%		Premium: 34.8%			
	Last Year's Losses	Renewal Losses	\$ Change	% Change	*Composite change, based on overall changes in payroll.		Last Year	Renewal	\$ Change	% Change
7/1/2011	\$0		\$0	N/A						
7/1/2012	\$0	\$1,243,627	\$1,243,627	1000.0%						
7/1/2013	\$1,369,922	\$1,433,815	\$63,893	4.7%						
7/1/2014	\$0	\$0	\$0	0.0%						
7/1/2015	\$0	\$0	\$0	0.0%						
7/1/2016	\$517,063	\$0	(\$517,063)	-100.0%						
7/1/2017	\$4,000,000	\$4,000,000	\$0	0.0%						
7/1/2018	\$1,531,854	\$1,639,349	\$107,495	7.0%						
7/1/2019	\$529,868	\$723,726	\$193,858	36.6%						
7/1/2020	\$2,000,000	\$3,004,605	\$1,004,605	50.2%						
7/1/2021		\$2,423,690	\$2,423,690	N/A						
Total:	\$9,948,707	\$14,468,813	\$4,520,106	45.4%			\$796,059	\$1,072,896	\$276,837	34.8%

CRL and Safety National Rating: PACT

Loss Summary (Based on 12-31-23 Loss Run)

Claimant	Date of Loss	Pool Policy Year	Net Incurred	Status	LDF	Trend	Estimated Total Incurred	Less Retention of \$1,000,000	Losses \$1,000,000 \$2,000,000	Losses \$2,000,000 to \$3,000,000
	8/22/2012	7/1/2012	1,671,903	R	1.055	1.272	2,243,627	1,000,000	1,000,000	243,627
7/1/2012 Total									1,000,000	243,627
	1/14/2014	7/1/2013	1,833,907	O	1.060	1.252	2,433,815	1,000,000	1,000,000	433,815
	9/6/2013	7/1/2013	549,522	O	1.060	1.252	729,282	729,282	-	-
7/1/2013 Total									1,000,000	433,815
No Losses		7/1/2014	0	F	1.000	1.252	0	0	-	-
7/1/2014 Total									-	-
	1/5/2016	7/1/2015	609,337	O	1.079	1.252	823,158	823,158	-	-
	1/14/2016	7/1/2015	684,724	O	1.079	1.252	925,000	925,000	-	-
7/1/2015 Total									-	-
	5/10/2017	7/1/2016	635,382	F	1.000	1.216	772,625	772,625	-	-
	10/10/2016	7/1/2016	749,561	O	1.090	1.216	993,498	993,498	-	-
7/1/2016 Total									-	-
	2/7/2018	7/1/2017	2,781,379	O	1.145	1.181	3,761,105	1,000,000	1,000,000	1,000,000
	5/21/2018	7/1/2017	2,767,828	O	1.145	1.181	3,742,782	1,000,000	1,000,000	1,000,000
7/1/2017 Total									2,000,000	2,000,000
	8/18/2018	7/1/2018	2,287,131	F	1.000	1.154	2,639,349	1,000,000	1,000,000	639,349
7/1/2018 Total									1,000,000	639,349
	3/25/2020	7/1/2019	883,291	O	1.472	1.132	1,471,832	1,000,000	471,832	-
	3/9/2020	7/1/2019	751,300	O	1.472	1.132	1,251,894	1,000,000	251,894	-
7/1/2019 Total									723,726	-
	12/23/2020	7/1/2020	2,494,667	O	1.726	1.132	4,874,161	1,000,000	1,000,000	1,000,000
	1/26/2021	7/1/2020	1,025,987	O	1.726	1.132	2,004,605	1,000,000	1,000,000	4,605
7/1/2020 Total									2,000,000	1,004,605
	10/12/2021	7/1/2021	2,642,212	O	2.223	1.108	6,507,990	1,000,000	1,000,000	1,000,000
	2/24/2022	7/1/2021	578,011	O	2.223	1.108	1,423,690	1,000,000	423,690	-
7/1/2021 Total									1,423,690	1,000,000

Summary of Large Losses:

Claims Happen

- **Heart Claim:** Duty Belt pressed on right thigh groin: DVT: HA \$2.8M
(PACT \$300K, PCM \$1.15M CRL \$1.35M)
- **COVID Claim:** Contact with inmate with COVID: Death \$2.6M
(PACT \$300K, PCM \$1.1M CRL \$1.2M)
- **COVID Claim:** LE : Died Lung Disease: \$2.5M
(PACT \$300K, PCM \$1.075M CRL \$1.125M)
- **Head/Lung/Heart:** LE struck by car while directing traffic \$2.8M
(PACT \$300K, PCM \$1.15M CRL \$1.35M)
- **Shot in Line of Duty:** LE responding to Casino Call Death \$2.2M
(PACT \$300K, PCM \$1.0M CRL \$900K)

- **Fire Fighter:** Heart Myocardial infarction \$1.8M
(PACT \$300K, PCM \$900K CRL \$600K)
- **Fire Fighter:** Exposed to toxic fumes, cancer lungs \$1.1M (PACT \$300K, PCM \$725K CRL \$75K)
- **Fire Fighter:** Heart, A Fib, Brain \$1.1M (PACT \$300K, PCM \$725K CRL \$75K)
- **Vol. Fire Fighters:** Major burns, fire caused by downed aircraft \$2.5M
(PACT \$300K, PCM \$1.075M CRL \$1.125M)
- **Fire Fighter:** Exposed to toxic fumes, cancer, dead \$1.4M
(PACT \$300K, PCM \$800K CRL \$300K)
- **Total Allocated Payments for these 10 Claims**

PACT	\$3,000,000	14.4%
PCM	\$9,700,000	46.6%
CRL	\$8,100,000	39.0%
Total	\$20,800,000	

Summary of Large Losses

- **Fire Fighter:** Exposed to toxic fumes \$710K
 - **Building Inspector:** Slip, trip, fall multiple body parts \$787K
 - **Building Maintenance:** Slip, Trip, Fall off roof, multiple body parts \$722K
 - **Fire Fighter:** Strain, lifting patient, multiple body parts \$973K
 - **Vol Fire Fighters:** Major burns, fire caused by downed aircraft \$2.5M
 - **Building Maintenance:** Spreading ice melt, slipped, fell on head \$938,K
- NOTE:** Large Losses affect CRL and PCM Layer of Coverage

PCM Reinsurance: PACT

Public Compensation Mutual Self-Insured Workers' Compensation Program Funding Guidelines for 2024-25

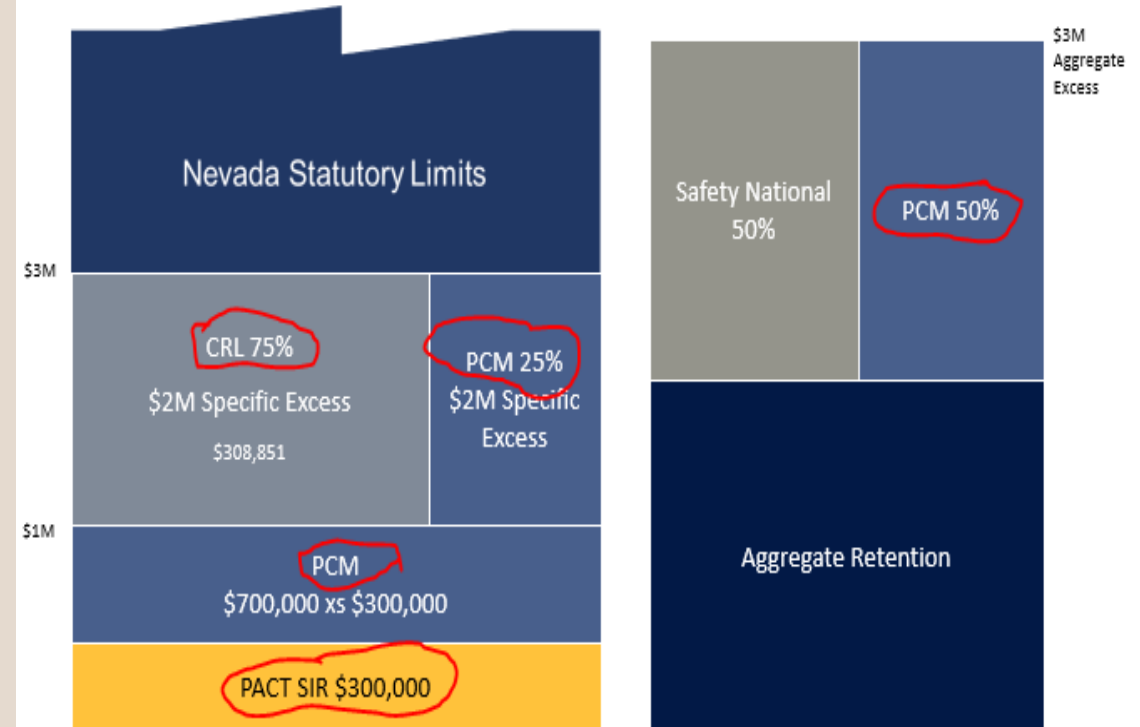
Layer	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
\$700K xs \$300K	\$2,133,000					
\$2M xs \$1M*	260,000					
\$3M xs Aggregate**	95,000					
Total	\$2,488,000	\$2,831,000	\$2,961,000	\$3,116,000	\$3,301,000	\$3,543,000

*25% Quota Share
**50% Quota Share

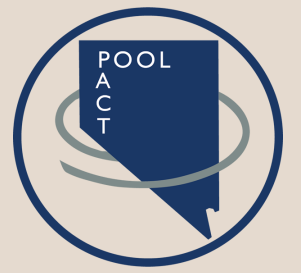
We have estimated the PCM 2024-25 expected funding to be \$2,488,000. This amount includes \$2,133,000 for the layer between PACT's SIR of \$300,000 and \$1.0 million, \$260,000 for the layer between \$1.0 million and \$3.0 million (assuming 25% quota share) and \$95,000 for the excess aggregate layer (assuming 50% quota share), as summarized on Exhibit 1. Amounts at various confidence levels are also provided in that exhibit. The

Public Agency Compensation Trust 2022-2023

Workers Compensation Structure

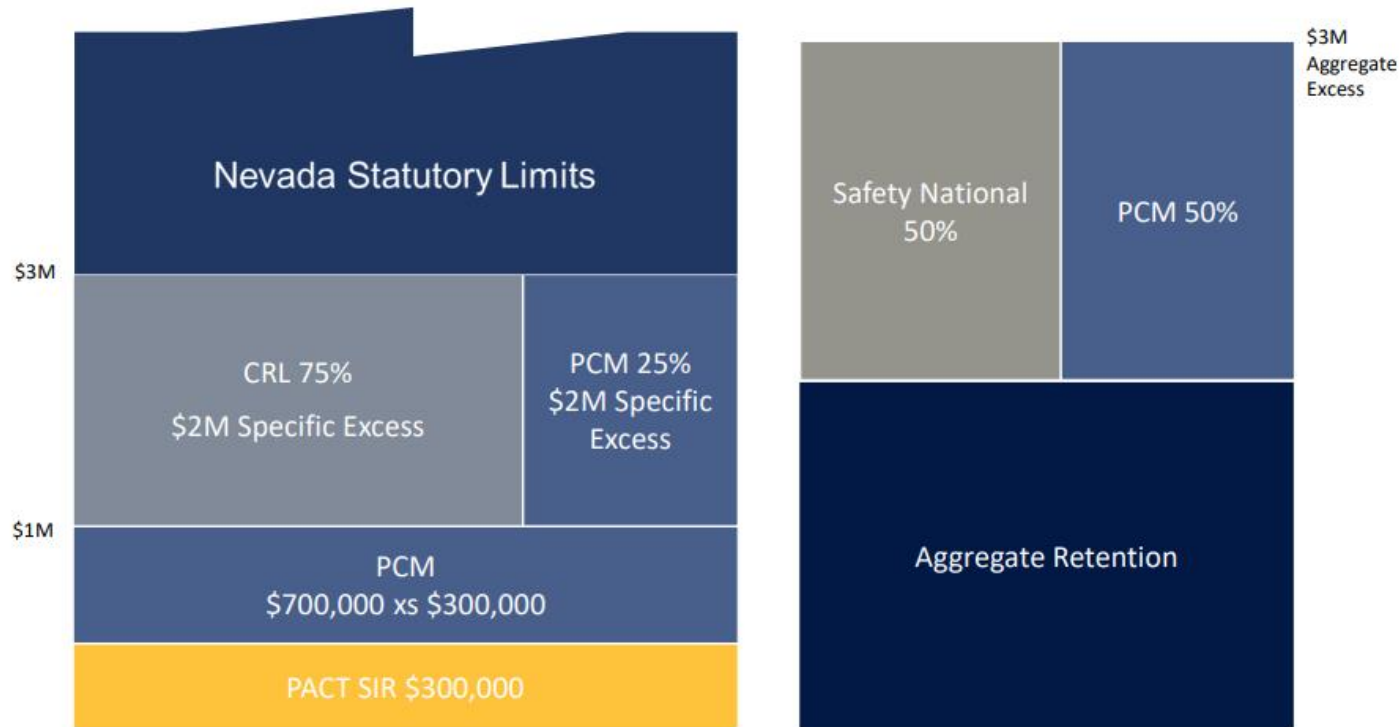


PACT Cost of Coverage FY 2024-25 Budget 70.31%



Public Agency Compensation Trust 2024-2025

Workers Compensation Structure



PACT: \$300,000 Layer
80% CL = **\$9,460,000**
Loss Fund Contribution

PCM: \$700,000 Layer + 25%
75% CL = **\$3,158,377**
Loss Fund Contribution

CRL: \$2M Specific Excess 75%
Quota Share **\$862,798**

Safety National = **\$169,091**

Claims and Insurance Summary

PACT has not reached the 65% Benchmark for amount spent on Loss Fund and Claims expense in the past 6 years....

Best Rate was in FY 2017 at 68.2%....
Worse Rate FY 2019 at 96.7%
Six Year Average is 86.4%

Claims are driving the increases
Proposed Budget **70.3%** of Costs



Other PACT Budget Items

PACT BUDGET 2024-2025							
Presented at Executive Committee December 19, 2023. Adoption set at Annual Meeting April 19, 2024.	<i>FY 2022-2023 Audit</i>	<i>FY 23-24 Approved Budget 75% CL</i>	<i>FY 2024-25 Budget 75% CL</i>	<i>Dollar Change</i>	<i>Percentage Change</i>	<i>% of Total Revenues</i>	<i>Notes</i>
Program Expenses							
Member Education and services	\$ 712,355	\$ 1,513,825	\$ 1,513,825	\$ -	0.00%	8.3%	PRI, Target Solution, 24/7/365, CWP, EAP, MSDS On-line, E-learning
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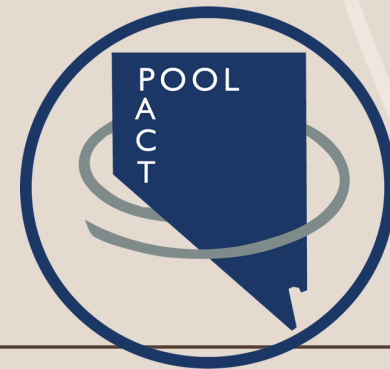
Summary

- PACT Loss Fund contribution based on 75% Confidence Level
- July 1, 2024 Rate Increase and X-Mod Updated by Actuary
 - Recommended 1% Schools and Hospitals
 - 3% General Government Class
 - 5% for Police and Fire Classifications
- January 1, 2024 Rates and X-Mod Updated by Actuary
- Payroll Assessment Period is a Calendar Year Basis Payroll Audits February - March
- Covered Payroll Capped at \$36,000



PACT Financial Strength & Stability

- Must fund the Legal Liability Created by Statutory Coverage....
- Collect the Rate During the Year of Operation
The Goal is to never have a Special Assessment
Claim payments can exceed 50 years
- Develop Programs and provide Risk Management Services to protect covered Employees and the Member's Financial Liability
- Member Owned Program.... Member pay the Claims...
PACT – PCM – CRL – Non-Profit Programs
Safety National is the only For-Profit Insurance Company in the Quilt
What's your Unfunded Liability? Nevada PERS
- Long-Term Program Commitment : Bend the Curve
Support your Employees : Invest in Safety & Wellness
- Thank You for Your Membership



“

Continuing the Conversation...
Working Together We Achieve More

”

QUESTIONS AND ANSWERS



Thank You for Your Membership &
Service to your Organization & Community

PACT Counties

Member Name	Claims		Claims		Claims		Claims		Claims		TOTAL	TOTAL	Average	Average
	Frequency	Claims Costs	Frequency	Claims Costs	Frequency	Claims Costs	Frequency	Claims Costs	Frequency	Claims Costs	Claims	Claims	Average Annual	Annual Cost
	7/1/18- 6/30/19	7/1/18- 6/30/19	7/1/19- 6/30/20	7/1/19- 6/30/20	7/1/20- 6/30/21	7/1/20- 6/30/21	7/1/21- 6/30/22	7/1/21- 6/30/22	7/1/22- 6/30/23	7/1/22- 6/30/23	2018/2019- 2022/2023	2018/2019- 2022/2023	Cost 5 years 2018/2019- 2022/2023	3 years 2020/2021- 2022/2023
CHURCHILL COUNTY	26	\$ 85,435	20	\$ 174,605	29	\$ 24,387	30	\$ 35,806	30	\$ 28,810	135	\$ 349,043	\$ 69,809	\$ 29,668
ELKO COUNTY	55	\$ 543,666	53	\$ 698,263	42	\$ 33,068	58	\$ 429,477	75	\$ 293,502	283	\$ 1,997,977	\$ 399,595	\$ 252,016
ESMERALDA COUNTY	3	\$ 1,394	3	\$ 7,448	4	\$ 26,257	2	\$ 12,008	1	\$ -	13	\$ 47,107	\$ 9,421	\$ 12,755
EUREKA COUNTY	6	\$ 1,616	12	\$ 131,031	18	\$ 91,672	46	\$ 12,306	25	\$ 67,634	107	\$ 304,257	\$ 60,851	\$ 57,204
HUMBOLDT COUNTY	13	\$ 375,167	27	\$ 62,514	9	\$ 5,118	9	\$ 93,928	13	\$ 109,311	71	\$ 646,038	\$ 129,208	\$ 69,452
LANDER COUNTY	14	\$ 1,197,924	12	\$ 282,523	7	\$ 6,587	5	\$ 2,689,510	11	\$ 113,900	49	\$ 4,290,444	\$ 858,089	\$ 936,666
LINCOLN COUNTY	5	\$ 25,937	6	\$ 7,066	2	\$ 19,264	8	\$ 2,073	7	\$ 9,076	28	\$ 63,415	\$ 12,683	\$ 10,137
LYON COUNTY	73	\$ 598,311	120	\$ 1,091,411	66	\$ 229,983	59	\$ 221,518	79	\$ 805,976	397	\$ 2,947,200	\$ 589,440	\$ 419,159
MINERAL COUNTY	6	\$ 5,242	8	\$ 65,577	6	\$ 7,252	10	\$ 163,206	8	\$ 126,071	38	\$ 367,349	\$ 73,470	\$ 98,843
NYE COUNTY (No Longer Member)	113	\$ 894,090	160	\$ 2,225,961	230	\$ 4,337,387	2	\$ -	0	\$ -	505	\$ 7,457,439	\$ 1,491,488	\$ 1,445,796
PERSHING COUNTY	2	\$ 130,481	6	\$ 6,485	11	\$ 445,609	15	\$ 43,069	10	\$ 22,449	44	\$ 648,092	\$ 129,618	\$ 170,375
STOREY COUNTY	3	\$ 5,992	12	\$ 14,165	8	\$ 191,795	8	\$ 527,772	9	\$ 43,476	40	\$ 783,201	\$ 156,640	\$ 254,348
WHITE PINE COUNTY	15	\$ 11,717	20	\$ 69,289	11	\$ 25,966	14	\$ 85,211	28	\$ 109,782	88	\$ 301,965	\$ 60,393	\$ 73,653
TOTAL	334	\$ 3,876,972	459	\$ 4,836,340	443	\$ 5,444,344	266	\$ 4,315,886	296	\$ 1,729,986	1,798	\$ 20,203,527	\$ 4,040,705	\$ 3,830,072

PACT Cities

Member Name	Claims		Claims		Claims		Claims		Claims		TOTAL	TOTAL	Average	Average
	Frequency	Claims Costs	Frequency	Claims Costs	Frequency	Claims Costs	Frequency	Claims Costs	Frequency	Claims Costs	Claims	Claims Costs	Annual Cost 5	Annual Cost 3
	7/1/18- 6/30/19	7/1/18- 6/30/19	7/1/19- 6/30/20	7/1/19- 6/30/20	7/1/20- 6/30/21	7/1/20- 6/30/21	7/1/21- 6/30/22	7/1/21- 6/30/22	7/1/22- 6/30/23	7/1/22- 6/30/23	2018/2019- 2022/2023	2018/2019- 2022/2023	2018/2019- 2022/2023	2020/2021- 2022/2023
BOULDER CITY	34	\$ 206,129	29	\$ 267,697	27	\$ 427,696	62	\$ 674,994	72	\$ 661,000	224	\$ 2,237,516	\$ 447,503	\$ 587,897
CALIENTE	2	\$ 31,671	1	\$ 141,072	0	\$ -	0	\$ -	3	\$ 8,693	6	\$ 181,437	\$ 36,287	\$ 2,898
CARLIN CITY	1	\$ 3,516	7	\$ 2,528	12	\$ 9,453	27	\$ 237,420	15	\$ 16,042	62	\$ 268,959	\$ 53,792	\$ 87,638
CITY OF ELKO	49	\$ 162,558	36	\$ 326,864	70	\$ 281,095	53	\$ 366,703	54	\$ 247,888	262	\$ 1,385,107	\$ 277,021	\$ 298,562
ELY CITY	10	\$ 29,624	5	\$ 422,491	4	\$ 156,329	7	\$ 317,274	7	\$ 18,999	33	\$ 944,717	\$ 188,943	\$ 164,201
CITY OF FERNLEY	2	\$ 265	2	\$ 1,543	2	\$ 1,555	3	\$ 2,459	2	\$ 4,028	11	\$ 9,850	\$ 1,970	\$ 2,681
CITY OF LOVELOCK	6	\$ 57,887	5	\$ 4,783	5	\$ 11,154	3	\$ 2,203	2	\$ 72,999	21	\$ 149,027	\$ 29,805	\$ 28,785
WELLS CITY	4	\$ 605	4	\$ 39,162	0	\$ -	3	\$ 447	2	\$ 8,660	13	\$ 48,875	\$ 9,775	\$ 3,036
CITY OF WEST WENDOVER	6	\$ 9,773	2	\$ 1,529	7	\$ 4,336	2	\$ 17,209	4	\$ 6,133	21	\$ 38,979	\$ 7,796	\$ 9,226
CITY OF WINNEMUCCA	4	\$ 46,552	10	\$ 2,444	12	\$ 49,565	10	\$ 31,831	10	\$ 172,166	46	\$ 302,558	\$ 60,512	\$ 84,521
CITY OF YERINGTON	0	\$ -	4	\$ 3,968	1	\$ 1,473	7	\$ 12,017	7	\$ 19,319	19	\$ 36,777	\$ 7,355	\$ 10,936
TOTAL	118	\$ 548,578	105	\$ 1,214,083	140	\$ 942,656	177	\$ 1,662,557	178	\$ 1,235,928	718	\$ 5,603,803	\$ 1,120,761	\$ 1,280,380

PACT Schools

Member Name	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	TOTAL	TOTAL	Average	Average
	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency	Costs	Claims	Claims	Annual Cost	Annual Cost
	7/1/18- 6/30/19	7/1/18- 6/30/19	7/1/19- 6/30/20	7/1/19- 6/30/20	7/1/20- 6/30/21	7/1/20- 6/30/21	7/1/21- 6/30/22	7/1/21- 6/30/22	7/1/22- 6/30/23	7/1/22- 6/30/23	2018/2019- 2022/2023	2018/2019- 2022/2023	2018/2019- 2022/2023	2020/2021- 2022/2023
ESMERALDA COUNTY SCHOOL DISTRICT	3	\$ 5,544	3	\$ 9,841	7	\$ 272,658	4	\$ 8,966	1	\$ 2,660	18	\$ 299,669	\$ 59,934	\$ 94,761
EUREKA COUNTY SCHOOL DISTRICT	1	\$ 37,538	1	\$ 2,461	0	\$ -	0	\$ -	1	\$ 5,000	3	\$ 44,999	\$ 9,000	\$ 1,667
LANDER COUNTY SCHOOL DISTRICT	7	\$ 42,367	3	\$ 2,280	3	\$ 47,763	5	\$ 7,881	9	\$ 38,913	27	\$ 139,205	\$ 27,841	\$ 31,519
LINCOLN COUNTY SCHOOL DISTRICT	9	\$ 44,838	10	\$ 3,390	3	\$ 731	4	\$ 5,602	3	\$ 1,681	29	\$ 56,242	\$ 11,248	\$ 2,671
MINERAL COUNTY SCHOOL DISTRICT	28	\$ 4,506	7	\$ 4,575	10	\$ -	9	\$ 4,823	23	\$ 86,110	77	\$ 100,015	\$ 20,003	\$ 30,311
PERSHING COUNTY SCHOOL DISTRICT	8	\$ 240,701	9	\$ 1,700	8	\$ 35,019	2	\$ 4,002	2	\$ 7,660	29	\$ 289,082	\$ 57,816	\$ 15,560
WHITE PINE COUNTY SCHOOL DISTRICT	8	\$ 14,253	7	\$ 9,191	9	\$ 3,891	38	\$ 13,908	27	\$ 41,401	89	\$ 82,643	\$ 16,529	\$ 19,733
TOTAL	64	\$ 389,747	40	\$ 33,439	40	\$360,061	62	\$ 45,183	66	\$183,425	272	\$ 1,011,855	\$ 202,371	\$ 196,223

PACT Hospitals

Member Name	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	TOTAL	TOTAL	Average	Average
	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency	Claims Costs	Annual Cost	Annual Cost
	7/1/18- 6/30/19	7/1/18- 6/30/19	7/1/19- 6/30/20	7/1/19- 6/30/20	7/1/20- 6/30/21	7/1/20- 6/30/21	7/1/21- 6/30/22	7/1/21- 6/30/22	7/1/22- 6/30/23	7/1/22- 6/30/23	2018/2019- 2022/2023	2018/2019- 2022/2023	2018/2019- 2022/2023	2020/2021- 2022/2023
BATTLE MOUNTAIN GENERAL HOSPITAL	3	\$ 32,336	0	\$ -	1	\$ 567	4	\$ 2,877	8	\$ 29,978	16	\$ 65,758	\$ 13,152	\$ 11,141
GROVER C. DILS MEDICAL CENTER	7	\$ 33,934	7	\$ 4,521	6	\$ 13,860	7	\$ 55,099	6	\$ 9,046	33	\$ 116,459	\$ 23,292	\$ 26,002
HUMBOLDT GENERAL HOSPITAL	13	\$ 23,578	8	\$ 38,843	13	\$ 353,735	17	\$ 99,895	19	\$ 125,552	70	\$ 641,603	\$ 128,321	\$ 193,061
MT. GRANT GENERAL HOSPITAL	7	\$ 9,517	11	\$ 58,389	32	\$ 162,305	15	\$ 19,353	13	\$ 68,958	78	\$ 318,521	\$ 63,704	\$ 83,539
NORTHERN NYE HOSPITAL DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
PERSHING GENERAL HOSPITAL	4	\$ 3,980	20	\$ 2,978	9	\$ 91,991	2	\$ 581	3	\$ 4,599	38	\$ 104,129	\$ 20,826	\$ 32,390
SILVER SPRINGS STAGECOACH HOSPITAL DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
SOUTHERN NEVADA HEALTH DISTRICT	13	\$ 12,538	13	\$ 12,540	5	\$ 23,028	21	\$ 20,785	18	\$ 26,356	70	\$ 95,248	\$ 23,812	\$ 23,390
TOTAL	47	\$ 115,883	59	\$ 117,271	66	\$ 645,486	66	\$ 198,589	67	\$ 264,490	305	\$ 1,341,720	\$ 273,106	\$ 369,522

PACT Special Districts and Towns

Member Name	Claims Frequency		Claims Costs		Claims Frequency		Claims Costs		Claims Frequency		Claims Costs		TOTAL Claims Frequency	TOTAL Claims Costs	Average Annual Cost 5 years	Average Annual Cost 3 years
	7/1/18-6/30/19	7/1/18-6/30/19	7/1/19-6/30/20	7/1/19-6/30/20	7/1/20-6/30/21	7/1/20-6/30/21	7/1/21-6/30/22	7/1/21-6/30/22	7/1/22-6/30/23	7/1/22-6/30/23	2018/2019-2022/2023	2018/2019-2022/2023	2018/2019-2022/2023	2018/2019-2022/2023	2018/2019-2022/2023	2020/2021-2022/2023
CARSON CITY:																
BLUE BIRD PROPERTY, LLC	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
NEVADA ASSOCIATION OF COUNTIES	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
NEVADA LEAGUE OF CITIES	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
NEVADA RISK POOLING, INC.	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
NEVADA RURAL HOUSING AUTHORITY	1	\$ 302	2	\$ 677	4	\$ 8,829	0	\$ -	1	\$ 1,796	8	\$ 11,605	\$ 2,321	\$ 3,542		
POOLING RESOURCES, INC.	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
CLARK COUNTY:																
MOUNT CHARLESTON FIRE PROTECTION DISTRICT	1	\$ -	5	\$ 93,125	6	\$ -	12	\$ 2,971	4	\$ 40,000	28	\$ 136,096	\$ 27,219	\$ 14,324		
MOAPA VALLEY FIRE PROTECTION DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ 3,160	1	\$ 3,160	\$ 632	\$ 1,053		
CHURCHILL COUNTY:																
CC COMMUNICATIONS	1	\$ 5,593	2	\$ 5,563	1	\$ 8,274	0	\$ -	3	\$ 5,039	7	\$ 24,469	\$ 4,894	\$ 4,438		
CHURCHILL COUNTY MOSQUITO & ABATEMENT DISTRICT	0	\$ -	1	\$ 284	0	\$ -	0	\$ -	1	\$ 672	2	\$ 957	\$ 191	\$ 224		
DOUGLAS COUNTY:																
DOUGLAS CO. MOSQUITO CONTROL DISTRICT	1	\$ 1,333	0	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ 1,333	\$ 267	\$ -		
DOUGLAS COUNTY SEWER IMPROVEMENT DISTRICT	2	\$ 2,742	0	\$ -	0	\$ -	0	\$ -	0	\$ -	2	\$ 2,742	\$ 548	\$ -		
EAST FORK FIRE & PARAMEDIC DISTRICT (No Longer Member)	27	\$ 719,780	22	\$ 470,308	26	\$ 157,073	19	\$ 332,134	19	\$ 490,913	113	\$ 2,170,208	\$ 434,042	\$ 326,707		
EAST FORK SWIMMING POOL DISTRICT	4	\$ 3,106	4	\$ 5,232	0	\$ -	2	\$ 3,279	2	\$ 2,211	12	\$ 13,828	\$ 2,766	\$ 1,830		
INDIAN HILLS GENERAL IMPROVEMENT DISTRICT	0	\$ -	0	\$ -	1	\$ 18,998	1	\$ 12,192	0	\$ -	2	\$ 31,190	\$ 6,238	\$ 10,397		
LAKERIDGE GENERAL IMPROVEMENT DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
MARLA BAY GID	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
MINDEN GARDNERVILLE SANITATION DISTRICT	1	\$ 652	1	\$ -	0	\$ -	1	\$ 6,523	0	\$ -	3	\$ 7,175	\$ 1,435	\$ 2,174		
NV TAHOE CONSERVATION DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
TAHOE DOUGLAS FIRE PROTECTION DISTRICT	11	\$ 338,563	9	\$ 620,968	24	\$ 523,899	19	\$ 147,708	24	\$ 287,728	87	\$ 1,918,866	\$ 383,773	\$ 319,778		
TAHOE TRANSPORTATION DISTRICT	1	\$ 201,157	0	\$ -	1	\$ 2,281	0	\$ -	0	\$ -	2	\$ 203,439	\$ 40,688	\$ 760		
TOPZA RANCH ESTATES GENERAL IMPROVEMENT DISTRICT	1	\$ 339	1	\$ 426	0	\$ -	0	\$ -	0	\$ -	2	\$ 765	\$ 153	\$ -		
ELKO COUNTY:																
ELKO CENTRAL DISPATCH	0	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ -	1	\$ -	\$ -	\$ -		
ELKO CONVENTION & VISITORS AUTHORITY	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
ESMERALDA COUNTY:																
GOLDFIELD TOWN	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
SILVER PEAK TOWN	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
LINCOLN COUNTY:																
ALAMO SEWER & WATER GID	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
LINCOLN COUNTY FIRE DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
LINCOLN COUNTY REGIONAL DEVELOPMENT AUTHORITY	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
LINCOLN COUNTY WATER DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
NEVADA ASSOC OF CONSERVATION DISTRICTS	1	\$ 2,381	0	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ 2,381	\$ 476	\$ -		
PAHRANAGAT VALLEY FIRE DISTRICT	5	\$ 485	1	\$ -	1	\$ -	0	\$ -	0	\$ -	7	\$ 485	\$ 97	\$ -		
PANACA VOLUNTEER FIRE DEPT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
PIOCHE, TOWN OF	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
PIOCHE VOLUNTEER FIRE DEPT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
LYON COUNTY:																
CENTRAL LYON COUNTY FIRE PROTECT	5	\$ 13,192	10	\$ 193,489	13	\$ 125,374	8	\$ 80,651	9	\$ 212,297	45	\$ 625,002	\$ 125,000	\$ 139,440		
FERNLEY SWIMMING POOL DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
MASON VALLEY FIRE PROTECTION DISTRICT	0	\$ -	5	\$ 13,209	0	\$ -	0	\$ -	0	\$ -	5	\$ 13,209	\$ 2,642	\$ -		
MASON VALLEY SWIMMING POOL DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ 1,030	1	\$ 1,030	\$ 206	\$ 343		
NORTH LYON COUNTY FIRE PROTECTION DISTRICT	1	\$ 3,054	6	\$ 3,655	11	\$ 35,072	13	\$ 29,958	21	\$ 35,401	52	\$ 107,141	\$ 21,428	\$ 33,477		
SMITH VALLEY FIRE PROTECTION DISTRICT	0	\$ -	1	\$ 1,875	0	\$ -	0	\$ -	0	\$ -	1	\$ 1,875	\$ 375	\$ -		
WALKER RIVER IRRIGATION DISTRICT	0	\$ -	0	\$ -	1	\$ 2,453	0	\$ -	0	\$ -	1	\$ 2,453	\$ 491	\$ 818		
WESTERN NEVADA REGIONAL YOUTH CENTER	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
MINERAL COUNTY:																
HAWTHORNE FIRE & VOL FIRE	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
HAWTHORNE UTILITIES	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
MINERAL CO. CARE & SHARE	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
NYE COUNTY:																
BEATTY LIBRARY DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
BEATTY WATER & SANITATION DISTRICT	0	\$ -	0	\$ -	0	\$ -	1	\$ 44,789	1	\$ 18,000	2	\$ 62,789	\$ 12,558	\$ 20,930		
PAHRUMP, TOWN OF (No Longer Member)	33	\$ 445,237	76	\$ 49,103	113	\$ 113,232	0	\$ -	0	\$ -	222	\$ 607,572	\$ 121,514	\$ 37,744		
PAHRUMP LIBRARY DISTRICT	0	\$ -	0	\$ -	0	\$ -	1	\$ 875	0	\$ -	1	\$ 875	\$ 175	\$ 292		
ROUND MOUNTAIN, TOWN OF	2	\$ 2,376	0	\$ -	2	\$ 3,898	0	\$ -	2	\$ 9,890	6	\$ 16,164	\$ 3,233	\$ 4,596		
SMOKY VALLEY LIBRARY DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
TONOPAH LIBRARY DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
TONOPAH, TOWN OF	3	\$ 61,059	3	\$ 90,986	2	\$ 175	0	\$ -	0	\$ -	8	\$ 152,220	\$ 30,444	\$ 58		
PERSHING COUNTY:																

PACT Special Districts and Towns

PERSHING COUNTY WATER CONSERVATION DISTRICT	3	\$ 20,361	1	\$ 1,147	1	\$ 15,530	1	\$ 1,492	1	\$ 240	7	\$ 38,769	\$ 7,754	\$ 5,754
STOREY COUNTY:														
CANYON GENERAL IMPROVEMENT DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
TRI GENERAL IMPROVEMENT DISTRICT	0	\$ -	0	\$ -	1	\$ 92,547	1	\$ 292	2	\$ 4,638	4	\$ 97,477	\$ 19,495	\$ 32,492
WASHOE COUNTY:														
GERLACH GENERAL IMPROVEMENT DISTRICT	0	\$ -	0	\$ -							0	\$ -	\$ -	\$ -
INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT	45	\$ 252,887	30	\$ 191,561	24	\$ 42,179	39	\$ 853,915	41	\$ 416,648	179	\$ 1,757,188	\$ 351,438	\$ 437,580
NORTH LAKE TAHOE FIRE PROTECTION DISTRICT	27	\$ 232,948	36	\$ 286,982	30	\$ 202,343	40	\$ 311,482	27	\$ 365,388	160	\$ 1,399,142	\$ 279,828	\$ 293,071
PALOMINO VALLEY GENERAL IMPROVEMENT DISTRICT	1	\$ 908	0	\$ -	0	\$ -	0	\$ -	1	\$ 155,700	2	\$ 156,608	\$ 31,322	\$ 51,900
RTC OF WASHOE COUNTY	1	\$ 1,773	2	\$ 2,716	1	\$ 19,112	0	\$ -	0	\$ -	4	\$ 23,601	\$ 4,720	\$ 6,371
TRUCKEE MEADOWS REGIONAL PLANNING AUTHORITY	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
WASHOE FIRE SUPPRESSION DISTRICT	0	\$ -	1	\$ 3,245	0	\$ -	0	\$ -	0	\$ -	1	\$ 3,245	\$ 649	\$ -
WHITE PINE COUNTY:														
MCGILL RUTH CONSOLIDATED SEWER & WATER GID	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
NEVADA NORTHERN RAILWAY FOUNDATION	2	\$ 2,243	3	\$ 3,813	3	\$ 4,631	8	\$ 12,199	8	\$ 36,388	24	\$ 59,275	\$ 11,855	\$ 17,740
WHITE PINE COUNTY FIRE PROTECTION DISTRICT	3	\$ 4,529	1	\$ 2,795	1	\$ 1,644	0	\$ -	0	\$ -	5	\$ 8,969	\$ 1,794	\$ 548
WHITE PINE COUNTY TOURISM & RECREATION BOARD	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
WHITE PINE COUNTY TV DISTRICT #1	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
TOTAL	183	\$ 2,317,000	223	\$ 2,041,160	267	\$ 1,377,546	166	\$ 1,840,458	170	\$ 2,087,138	1009	\$ 9,663,303	\$ 1,932,661	\$ 1,768,381

PACT Summary of All Claims
as of 6/30/23

Claims Frequency	Claims Costs	Claims Frequency	Claims Costs	Claims Frequency	Claims Costs	Claims Frequency	Claims Costs	Claims Frequency	Claims Costs	TOTAL Claims Frequency	TOTAL Claims Costs	Average Annual Cost 5 years	Average Annual Cost 3 years
7/1/18-6/30/19	7/1/18-6/30/19	7/1/19-6/30/20	7/1/19-6/30/20	7/1/20-6/30/21	7/1/20-6/30/21	7/1/21-6/30/22	7/1/21-6/30/22	7/1/22-6/30/23	7/1/22-6/30/23	2018/2019-2022/2023	2018/2019-2022/2023	2018/2019-2022/2023	2020/2021-2022/2023
746	\$ 7,248,180	886	\$ 8,242,293	956	\$ 8,770,093	737	\$ 8,062,673	777	\$ 5,500,968	4,102	\$ 37,824,207	\$ 7,564,841	\$ 7,444,578

PACT Executive Committee

	Term	Entity	Officers	Counties/Cities With Less Than 35,000 Population (Total 2)	Counties/Cities With 35,000 or More Population (Total 2)	School Districts (Total 1)	Special Districts (Total 1)	Hospitals (Total 1)
Mike Giles	2023-2025	City of Lovelock	Vice Chair	X				
Josh Foli	2023-2025	Lyon County	Fiscal Officer		X			
Amanda Osborne	2023-2025	Elko County			X			
Joe Westerlund	2023-2025	Town of Tonopah					X	
Robyn Dunckhorst	2022-2024	Humboldt General Hospital						X
Craig Roissum	2022-2024	City of Caliente		X				
Paul Johnson	2022-2024	White Pine Co. School District	Chair			X		

Voting Special Districts/Towns:

Curtis Trujillo	Incline Village GID						X
Joe Westerlund	Town of Tonopah						X
Scott Carls or Heather Anderson-Fintak	Southern Nevada Health District						X
Scott Lindgren	Tahoe Douglas Fire Protection District						X

Voting Hospitals:

Marla Sam or James Matheus	Battle Mountain General Hospital							X
Missie Rowe	Grover C Dils Hospital							X
Robyn Dunckhorst	Humboldt General Hospital							X
Jonalee Roberts or Hunter Balanos								X
Cindy Hixenbaugh or Lynn Broyles	Mt Grant General Hospital							X
	Pershing General Hospital							X



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
Telephone (775) 885-7475
Facsimile (775) 883-7398

**Notice of Meetings and Agendas for the Meeting of
the Board of Directors and Executive Committee of
Nevada Public Agency Insurance Pool
Date: April 19, 2024
Location: Grand Sierra Resort, Grand Sierra Resort
500 E 2nd St,
Reno, NV 89595**

**Time: upon adjournment of Joint Board and Executive Committee Meeting, which starts at 8:00am,
and the Public Agency Compensation Trust meeting.**

AGENDA

Notices:

- 1. Items on the agenda may be taken out of order;**
- 2. Two or more items on the agenda may be combined for consideration**
- 3. Any item on the agenda may be removed or discussion may be delayed at any time**
- 4. The general Public Comment periods are limited to those items not listed on the agenda. Public Comment periods are devoted to comments by the general public, if any, and may include discussion of those comments; however, no action may be taken upon a matter raised under Public Comments until the matter itself has been included specifically on an agenda as an item upon which action may be taken.**
- 5. At the discretion of the Chair of the meeting, public comments on specific agenda items may be allowed, but must be limited to the specific agenda item.**

- 1. Introductions and Roll**
- 2. Public Comment**
- 3. For Possible Action: Consent Agenda: Approve as a Whole Unless Moved From Consent Agenda**
 - a. Approval of Minutes of Board Meeting of April 21, 2023**
 - b. Acceptance of Interim Financial Statements**
- 4. For Possible Action: Acceptance of Audit for June 30, 2023**
- 5. For Possible Action: Approval of Renewal Reinsurance and Insurance Proposals and Options**
- 6. For Possible Action: Approval of Budget for 2024-2025 including Actuarial Funding Update**
- 7. For Possible Action: Approval of POOL Coverage Form Changes for 2024-2025**
- 8. For Possible Action: Action regarding these topics:**

- a. Review of financial condition of each member and prompt notification to the Members of any Member determined to be operating in a hazardous financial condition
 - b. Review of the loss experience of each Member of the association - Claims Experience Report Summary
 - c. Review for removal of Members with excessive loss experience or Members determined by the Board to be operating in a hazardous condition
9. **For Possible Action:** Election of Executive Committee for Two Year Terms from 2024-2026
- a. One Representative from Counties and/or Cities with less than 35,000 Population
 - b. One Representative from Special Districts/Towns
 - c. One Representative of School Districts
10. **For Possible Action:** Election of Chair and Vice Chair
11. Public Comment
12. **For Possible Action:** Adjournment

This Agenda was posted at the following locations and on the State's Website notice.nv.gov:

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

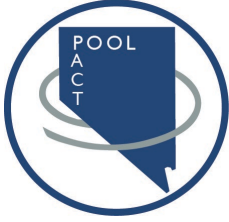
Carson City Courthouse
885 E. Musser Street
Carson City, NV 89701

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

Churchill County Administration
155 North Taylor Street
Fallon, NV 89406

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Members of the public who are disabled and require special accommodations or assistance at the meeting are requested to notify the Nevada Public Agency Insurance Pool or Public Agency Compensation Trust in writing at 201 S. Roop Street, Suite 102, Carson City, NV 89701, or by calling (775) 885-7475 at least three working days prior to the meeting.



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
Telephone (775) 885-7475
Facsimile (775) 883-7398

**Minutes of the Meeting of
the Board of Directors and of the Executive Committee of
Nevada Public Agency Insurance Pool**

Date: April 21, 2023

**Location: Grand Sierra Resort, Grand Sierra Resort
500 E 2nd St,
Reno, NV 89595**

**Time: upon adjournment of Joint Board and Executive Committee Meeting, which starts at 8:00am,
and the Public Agency Compensation Trust meeting.**

AGENDA

Notices:

- 1. Items on the agenda may be taken out of order;**
- 2. Two or more items on the agenda may be combined for consideration**
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- 5. At the discretion of the Chair of the meeting, public comments on specific agenda items may be allowed, but must be limited to the specific agenda item.**

1. Introductions and Roll

Roll was taken by sign-in sheets and a quorum of the POOL Executive Committee was present, but not a quorum of the full board. Thus, the meeting was conducted by the Executive Committee.

2. Public Comment

Chair Foli opened public comment and hearing none, closed the comment period.

3. For Possible Action: Consent Agenda: Approve as a Whole Unless Moved From Consent Agenda

- a. Approval of Minutes of Board Meeting of April 21, 2022**
- b. Acceptance of Interim Financial Statements**
- c. Acknowledge PRM Articles of Incorporation and Bylaws Changes**

On motion and second to approve the consent agenda, the motion carried.

4. For Possible Action: Acceptance of Audit for June 30, 2022

Alan Kalt reviewed the audit and highlighted key results and performance ratios. He noted that the auditors gave an unqualified opinion.

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

5. For Possible Action: Approval of Renewal Reinsurance and Insurance Proposals and Options

Stephen Romero presented a review of the reinsurance market conditions affecting the outcomes for the POOL renewal. He recognized Steve Firman, the Willis Towers Watson broker for the POOL property account, worked tirelessly on obtaining the best terms and rates for the property program. However, as Steve noted during the training day, the property market is a worldwide market thus is impacted by capacity and rate challenges as a result of claims around the world as well as the POOL's own claims.

Stephen Romero then showed the results of the liability market efforts. He emphasized that PRM (the POOL's nonprofit captive), CRL (a nonprofit pool of pools) and GEM (a nonprofit pool of pools) each experienced different impacts from claims in their respective layers. PRM and CRL provide coverage at a lower level than GEM and thus had to increase rates more. GEM had not experienced claims in their layer so the renewal was relatively flat.

Stephen also presented claims scenarios to explain how the property and liability layers applied to various actual large POOL claims.

For the Cyber Risk program, Stephen commented on the volatile market conditions that led to the additional questionnaires being required for the renewal applications. These were evaluated by staff and CRL and CRL decided to reduce its limits from \$2,000,000 to \$1,000,000 with a \$10,000,000 aggregate. PRM reduced its limits from \$1,000,000 excess of CRL's \$2,000,000 to providing a \$5,000,000 aggregate only limit excess of CRL's aggregate limit.

Stephen showed a spreadsheet comparing last year's rates as applied to this year's exposures to this year's rates and exposures for the reinsurance placement and the special programs. The results revealed an overall program increase of 13.14%. Individual members will see their program costs once they are split out by staff and proposals are prepared and presented.

On motion and second to approve the proposed renewal programs, the motion carried.

6. For Possible Action: Approval of Budget for 2023-2024 including Actuarial Funding Update

Alan Kalt reviewed the budget and how the renewal decisions just made flow through the budget. He highlighted several items within the budget. He indicated that the overall budget increase would be about 13.8% for all programs and services.

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

7. For Possible Action: Approval of POOL Coverage Form Changes for 2023-2024

Wayne Carlson highlighted the proposed changes to the POOL Coverage Form noting the reasons for the changes shown as tracking notes in the document. He responded to questions.

On motion and second to approve the POOL Coverage Form changes for 2023-2024, the motion carried.

8. For Possible Action: Approval of POOL Cyber Risk Coverage Form Changes for 2023-2024

Wayne Carlson reviewed the proposed changes to the POOL Cyber Risk Coverage Form noting the reduced limit of liability and the revisions to the coverage language. He responded to questions.

On motion and second to approve the POOL Cyber Risk Coverage Form for 2023-2024, the motion carried.

9. For Possible Action: Action regarding these topics:

- a. Review of financial condition of each member and prompt notification to the Members of any Member determined to be operating in a hazardous financial condition**
- b. Review of the loss experience of each Member of the association - Claims Experience Report Summary**
- c. Review for removal of Members with excessive loss experience or Members determined by the Board to be operating in a hazardous condition**

Josh Foli introduced these topics. Wayne Carlson commented that both Gina Rackley and Paul Johnson serve on the Committee on Local Government Finance and could comment on any financial issues with our members. Alan Kalt previously served on the same committee. There were no members qualifying for removal. Wayne Carlson highlighted the comparison of the loss experience among the categories of members and none were recommended for removal.

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

10. For Possible Action: Election of Executive Committee for Two Year Terms from 2023-2025

- a. One Representative from Counties and/or Cities with less than 35,000 Population**
- b. Two Representatives from Counties and/or Cities with 35,000 Population or More**
- c. One Representative of School Districts**

Chair Foli opened this item for nominations. Wayne Carlson read the list of incumbents by category: Amanda Osborne from Elko County and Josh Foli from Lyon County for the Counties/Cities with 35,000 or more population, Geof Stark from Churchill County for the Counties/Cities with less than 35,000 population and Dan Murphy from Pershing County School District for the school districts position. Chair Foli noted that the incumbents were willing to be reelected and called for any additional nominations and hearing none, closed the nominations.

On motion and second to declare the incumbents reelected as a whole, the motion carried.

11. For Possible Action: Election of Chair and Vice Chair

Chair Foli and Vice Chair Stark both expressed willingness to continue to serve. Chair Foli called for any additional nominations and hearing none, closed the nominations.

On motion and second to declare the incumbents reelected, the motion carried.

12. Public Comment

Chair Foli opened the public comment period and hearing none, closed the period.

13. For Possible Action: Adjournment

Chair Foli adjourned the meeting at 2:00 p.m.

This Agenda was posted at the following locations and on the State's Website notice.nv.gov:

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

**Carson City Courthouse
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NEVADA PUBLIC AGENCY INSURANCE POOL

Balance Sheet
February 29, 2024

ASSETS

Current Assets

Cash - Claims - Wells Fargo	(\$ 200,504.41)	
Cash - Admin. - Wells Fargo	(49,659.32)	
Wells Fargo Sweep Account	9,747,979.22	
A/R PARMS	47.00	
Building Accounts Receivable	<u>182.36</u>	
Total Current Assets		9,498,044.85

Property and Equipment

Land - 2nd & Roop Streets	466,653.05	
Building - 2nd & Roop Streets	1,783,715.41	
Building Depreciation	(947,119.19)	
Equipment	71,510.74	
Equip Accumulated Depreciation	(200,191.22)	
Building Equipment	84,098.13	
Building Equipment Acc. Depr.	(1,155.00)	
Building Fixtures	321,251.31	
Building Furniture	<u>4,359.75</u>	
Total Property and Equipment		1,583,122.98

Other Assets

Lease Asset	136,633.00	
Investment Cash Equivalents	825,548.03	
Investments	25,429,207.17	
Investment Income Receivable	115,205.52	
Assessments Receivable	170,033.86	
Specific Recoverable	4,817,898.09	
Allowance-Doubtful Recoverable	(775,980.00)	
Maintenance Deductibles	486,111.94	
Prepaid Reinsurance	4,198,840.49	
Prepaid Specialty Insurance	174,202.20	
Prepaid Commission - Current	532,051.12	
Prepaid Davies Claims Solution	83,608.89	
Prepaid Schools Security Program	7,805.00	
Other Prepaid	940.00	
Prepaid Casualty Insurance	<u>23,015.26</u>	
Total Other Assets		<u>36,225,120.57</u>

Total Assets		<u><u>\$ 47,306,288.40</u></u>
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LIABILITIES AND CAPITAL

Current Liabilities

Payable For Risk Mgmt Grants	\$ 60,778.62	
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NEVADA PUBLIC AGENCY INSURANCE POOL

Income Statement

For the Eight Months Ending February 29, 2024

	Current Month		Year to Date	
Revenues				
PRM Risk Mitigation Services	\$ 0.00	0.00	\$ 475,000.00	2.49
Rental Income	15,538.17	0.77	170,477.58	0.89
Building Supplies Reimbursement	0.00	0.00	726.13	0.00
Copier Paper Reimbursement	0.00	0.00	306.25	0.00
Equipment Lease Reimbursement	0.00	0.00	461.75	0.00
Bldg Equip Maint Reimbursement	0.00	0.00	1,049.58	0.01
Phone Charges Reimbursement	0.00	0.00	207.25	0.00
Postage Reimbursement	0.00	0.00	887.09	0.00
Technology Services Reimbursement	12,570.54	0.62	100,564.32	0.53
Assessments Written	0.00	0.00	26,188,513.52	137.26
Taxes Written	0.00	0.00	8,755.28	0.05
Change in Unearned Assessments	2,182,376.00	107.62	(8,729,505.52)	(45.75)
Investment Interest Income	74,832.95	3.69	563,203.99	2.95
Bank Interest Income	48,023.35	2.37	166,921.53	0.87
Investment Discount/Premium	(1,883.57)	(0.09)	(28,315.18)	(0.15)
Realized Gain/(Loss) Investment	0.00	0.00	(135,645.79)	(0.71)
Invest. Unrealized Gain/(Loss)	(303,691.80)	(14.98)	295,341.06	1.55
Other Income	0.00	0.00	1,181.00	0.01
	<u>2,027,765.64</u>	100.00	<u>19,080,129.84</u>	100.00
Total Revenues				
Cost of Sales				
Reinsurance Ceded	1,049,709.00	51.77	7,457,389.00	39.08
Aiport Liability Program	0.00	0.00	(56,357.00)	(0.30)
Special Insurance Program	43,548.00	2.15	348,384.00	1.83
Loss Fund Expense	638,912.00	31.51	5,111,296.00	26.79
Commission Expense - Current	133,010.00	6.56	1,064,080.00	5.58
In-House Broker/Underwriting	21,250.00	1.05	148,750.00	0.78
Davies Claims Solutions Fees	83,606.00	4.12	640,016.01	3.35
Loss Control Fees	20,833.00	1.03	145,831.00	0.76
Tax Expense	0.00	0.00	23,337.43	0.12
	<u>1,990,868.00</u>	98.18	<u>14,882,726.44</u>	78.00
Total Cost of Sales				
Gross Profit	<u>36,897.64</u>	1.82	<u>4,197,403.40</u>	22.00
Expenses				
Sponsorship Fees	0.00	0.00	2,731.25	0.01
Counsel Opinions	8,075.00	0.40	67,416.25	0.35
Travel	2,021.14	0.10	30,084.20	0.16
Casualty Insurance	4,676.00	0.23	37,408.00	0.20
Dues & Seminar Fees	60.00	0.00	9,052.47	0.05
Audit Expense	0.00	0.00	17,396.00	0.09
Printing/Copying/Subscriptions	385.44	0.02	14,887.55	0.08
Postage	0.00	0.00	524.90	0.00
Office Supplies	1,467.84	0.07	6,576.42	0.03
Communications Expense	72.93	0.00	560.29	0.00
Legal Expense	0.00	0.00	8,375.50	0.04
Board & Committee Meetings	0.00	0.00	6,694.52	0.04

NEVADA PUBLIC AGENCY INSURANCE POOL

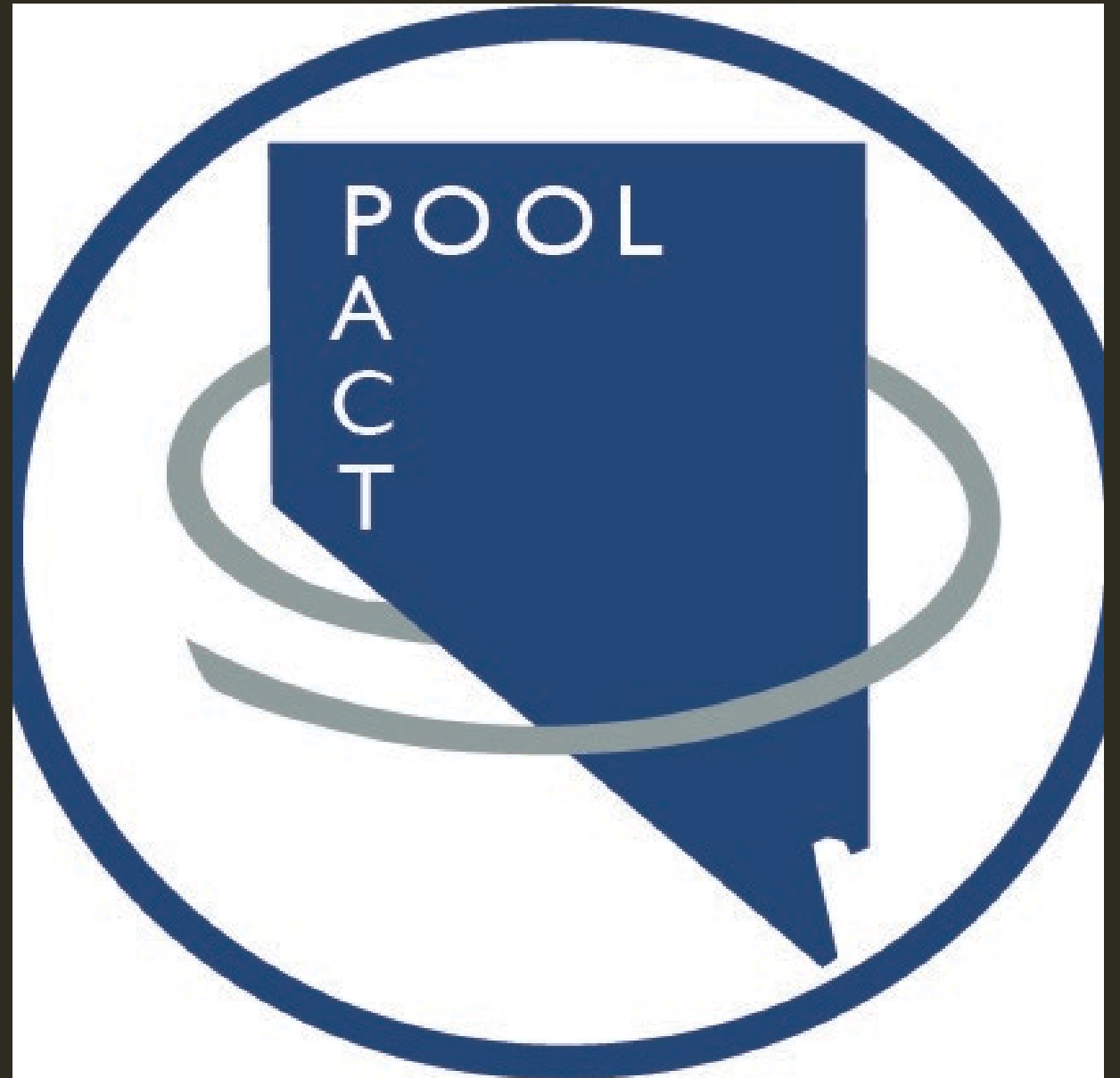
Income Statement

For the Eight Months Ending February 29, 2024

	Current Month		Year to Date	
Actuary Expense	0.00	0.00	10,170.00	0.05
Member Education & Services	15,731.00	0.78	440,681.36	2.31
Bank Charges	0.00	0.00	294.32	0.00
Loss Control Excellence Awards	0.00	0.00	8,787.50	0.05
Consultants Appraisals	0.00	0.00	137,850.00	0.72
Licenses	0.00	0.00	99.58	0.00
PRI Grant	76,823.08	3.79	537,761.56	2.82
Loss Control Grants	34,695.86	1.71	138,989.68	0.73
Technology Services	11,396.09	0.56	102,904.81	0.54
Cyber/Data Project	26,021.31	1.28	143,730.41	0.75
NRP Grant	57,376.00	2.83	401,632.00	2.10
Investment Expense	381.27	0.02	27,688.43	0.15
Building Maintenance & Repairs	4,729.99	0.23	30,888.62	0.16
Conference Room Expense	43.94	0.00	177.06	0.00
Custodial Services	328.00	0.02	18,056.00	0.09
Building Depreciation Expense	3,716.00	0.18	29,728.00	0.16
Bldg. Equipment Maintenance	216.11	0.01	3,351.96	0.02
Building Equipment Lease	317.70	0.02	953.10	0.00
Building Copier Paper	271.85	0.01	641.23	0.00
Building Insurance Expense	1,074.00	0.05	18,592.00	0.10
Building Office Supplies	231.19	0.01	1,312.99	0.01
Building Tax Expense	0.00	0.00	4,951.66	0.03
Postage For Meter	0.00	0.00	450.46	0.00
Building Utilities	2,689.89	0.13	18,730.78	0.10
	<u>252,801.63</u>	<u>12.47</u>	<u>2,280,130.86</u>	<u>11.95</u>
Total Expenses				
Net Income	<u>(\$ 215,903.99)</u>	<u>(10.65)</u>	<u>\$ 1,917,272.54</u>	<u>10.05</u>

POOL AUDIT OVERVIEW

Fiscal Year Ending
June 30, 2023



KEY PLAYERS

Wayne Carlson,
Executive Director
POOL/PACT

Alan Kalt, CFO

Deb Connally,
Controller

Melissa Mack,
Accounting Tech

Josh Foli, Chair
NPAIP, Chair PRM

Paul Johnson,
Chair PACT, Chair
PCM

Josh Foli, Audit
Committee
Member

Gina Rackley,
Audit Committee
Member

Michael Bertrand:
Bertrand &
Associates: Audit
Firm

Kathy Parks,
General Counsel

Donna Squires,
Davies, Claims
Management

Derek Burkhalter,
Actuary



KEY SECTIONS OF THE AUDIT REPORT

Executive Director's Letter

Management Discussion and Analysis

Independent Auditors Report

Financial Statements:

Statement of Net Position

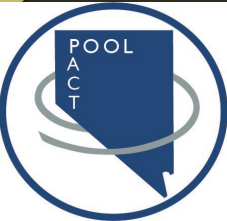
Statements of Revenues, Expenses and Changes

in Net Position

Statements of Cash Flows

Supplemental Schedule on Unpaid Loss Liabilities

Comparative Schedule of Claim Development



NEVADA PUBLIC AGENCY INSURANCE POOL



NEVADA PUBLIC AGENCY INSURANCE POOL Statements of Net Position June 30, 2023 and 2022

	2023	2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 5,700,870	\$ 4,482,628
Investments	24,076,484	23,186,859
Accrued interest	110,456	84,162
Deductibles receivable	348,772	285,189
Assessments receivable	155,561	22,248
Other Receivables	29,689	35,017
Specific and aggregate recoverables, net	2,872,486	3,212,427
Prepaid expense	330,599	409,535
Total current assets	33,624,917	31,718,065
Capital assets:		
Land, building & equipment, net	1,569,699	1,641,368
Non current assets:		
Lease assets	136,633	300,005
Total Assets	35,331,249	33,659,438
LIABILITIES		
Other current liabilities:		
Accounts payable	77,819	402,943
Risk Management Grants payable	126,059	130,422
Current portion of lease obligations	115,901	162,165
Current portion of reserve for claims and claims adjustment expenses	5,198,461	4,917,758
Total current liabilities	5,518,240	5,613,288
Noncurrent liabilities:		
Lease obligations	20,732	137,840
Reserve for claims and claims adjustment expenses	6,754,539	7,658,242
Total non-current liabilities:	6,775,271	7,796,082
Total Liabilities	12,293,511	13,409,370
NET POSITION		
Net Position, unrestricted	21,468,039	18,608,700
Net Position, invested in capital assets	1,569,699	1,641,368
Total Net Position	\$ 23,037,738	\$ 20,250,068

STATEMENT OF NET POSITION NOTES

Cash increased from \$4,482,628 to \$5,700,870 ... to be invested in FY 24

Investments increased from \$23,186,859 to \$24,076,484 ... Mark to Market

Implement GASB 87 Leases Lease Assets \$136,633

Claims Reserves ST \$5,198,461 LT \$6,754,539 Total \$11,953,000 **75% CL**

Total Claim Reserves decreased **-\$623,000 -4.95%**

Deferred Inflows \$136,633 Lease Obligations

Net Position \$23,037,738 increase of \$2,787,670 **+13.8%**

NEVADA PUBLIC AGENCY INSURANCE POOL



NEVADA PUBLIC AGENCY INSURANCE POOL Statements of Revenues, Expenses and Changes in Net Position For Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
OPERATING REVENUES		
Premiums written	\$ 21,371,509	\$ 20,536,646
Lease income	239,666	232,730
PRM risk mitigation services	475,000	475,000
Other Income	48,439	42,009
Total revenues	<u>22,134,614</u>	<u>21,286,385</u>
PROGRAM EXPENSES		
Losses and loss adjustment expenses	3,013,224	4,768,614
Excess insurance premiums	8,849,884	8,101,074
Special insurance programs	493,655	487,110
Bad debt expense	775,980	-
In-house brokering & loss control fees	505,000	505,000
Third party administrator fees	917,036	738,117
Member education and training	1,389,976	1,369,381
Loss control awards and grants	265,965	158,945
Agent commissions	1,336,938	1,290,182
Taxes written	22,310	6,589
Total program expenses	<u>17,569,968</u>	<u>17,425,012</u>
ADMINISTRATIVE EXPENSES		
Management fees	665,230	642,735
Building maintenance and utilities	91,785	81,469
Depreciation	71,669	73,985
Travel	57,961	40,830
Casualty insurance	54,504	53,677
Operating expenses	479,445	214,783
Legal expenses	2,523	2,594
Consultant appraisals	94,950	127,749
Technology services	150,846	48,248
Total pool administration expenses	<u>1,668,913</u>	<u>1,286,070</u>
Total program and administration expenses	<u>19,238,881</u>	<u>18,711,082</u>
Increase in operating net position	<u>2,895,733</u>	<u>2,575,303</u>
Non-operating net investment loss	(108,063)	(1,734,881)
Increase in net position	<u>2,787,670</u>	<u>840,422</u>
Beginning net position	20,250,068	19,409,646
Net position, end of year	<u>\$ 23,037,738</u>	<u>\$ 20,250,068</u>

STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION **NOTES**

Total Revenues increased from \$21,286,385 to \$22,134,614 +\$848,229 **+3.98%**

Program Expenses increased from \$17,425,012 to \$17,569,968 +\$144K **+0.8%**

Losses and Loss Adjustment decreased \$1,755,390 **-36.8%** Loss Activity

Excess Insurance Premiums increased \$748,810 **+9.2%** OR School Rate

Special Insurance Student Accident and Environmental Coverage \$493,655

Bad Debt Expense \$775,980 UE Specific Recoverable

Administrative Expenses = **7.5%** of Total Expenses \$1,668,913 +\$382,843

Increase in Operating Net Position 2023 \$2,895,733 2022 \$2,575,303

Non-operating net investment loss 2023 (\$108,063) 2022 (\$1,734,881)

Increase in Net Position 2023 **\$2,787,670** 2022 \$840,422

NEVADA PUBLIC AGENCY INSURANCE POOL



NEVADA PUBLIC AGENCY INSURANCE POOL Statements of Cash Flows For Years Ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Premiums written	\$ 21,179,941	\$ 18,929,877
Lease income	239,666	232,730
PRM risk mitigation services	475,000	475,000
Other revenues	48,439	42,009
Payments for claims	(3,636,224)	(3,982,614)
Payments to vendors	(16,090,892)	(13,770,293)
Net Cash Provided from Operating Activities	2,215,930	1,926,709
Cash flows from investing activities:		
Interest and dividend income, net of expenses	589,273	522,834
Purchases of investments	(5,169,953)	(4,296,446)
Proceeds from sales of investments	3,582,992	5,351,994
Net Cash (used) provided from Investing Activities	(997,688)	1,578,382
Cash flows from capital activities:		
Equipment purchases	-	(6,262)
Net Cash Used for Capital Activities	-	(6,262)
Increase in Cash Equivalents	1,218,242	3,498,829
Cash and Cash Equivalents, beginning of fiscal year	4,482,628	983,799
Cash and Cash Equivalents, year ended June 30	5,700,870	4,482,628
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Net Income	2,895,733	2,575,303
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	71,669	73,985
(Increase) decrease in accrued interest	(26,294)	2,183
(Increase) in deductibles receivable	(63,583)	(239,065)
(Increase) in other receivables	(127,985)	(21,640)
Decrease (increase) in recoverables	339,941	(1,185,478)
Decrease (increase) in prepaid expense	78,936	(384,453)
Decrease in leased assets	163,372	160,586
(Decrease) increase in accounts payable	(325,124)	330,644
(Decrease) in Risk Management Grants liability	(4,363)	(8,770)
(Decrease) increase in lease obligations	(163,372)	(160,586)
(Decrease) increase in reserve for claims and loss adjustments	(623,000)	784,000
Net Cash Provided by Operating Activities	\$ 2,215,930	\$ 1,926,709

NPAIP LOSS TRIANGLE DEVELOPMENT SCHEDULE



NEVADA PUBLIC AGENCY INSURANCE POOL COMPARATIVE SCHEDULE OF CLAIMS DEVELOPMENT (UNAUDITED) EARNED ASSESSMENTS AND ALLOCATED EXPENSES FOR TEN-YEAR PERIOD - YEAR ENDED JUNE 30,

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Required Contributions & Investment Income:										
Earned	\$15,203,196	\$15,129,697	\$15,659,967	\$13,926,199	\$14,701,651	\$17,193,234	\$19,357,153	\$18,893,262	19,551,504	22,026,551
Ceded	(4,919,456)	(5,253,026)	(5,044,561)	(5,633,992)	(5,794,600)	(5,960,178)	(6,807,601)	(7,672,109)	(8,101,074)	(9,343,539)
Net earned	10,283,740	9,876,671	10,615,406	8,292,207	8,907,051	11,233,056	12,549,552	11,221,153	11,450,430	12,683,012
Unallocated Expenses	5,672,515	5,755,797	6,213,405	6,801,212	7,157,245	7,591,756	5,358,681	5,079,480	5,354,285	6,882,118
Estimated Incurred Claims & Expense End of Policy Year:										
Incurred	4,851,000	4,317,000	5,255,500	7,062,141	5,939,000	6,142,102	6,433,168	7,529,891	10,799,669	7,174,955
Ceded	-	-	(87,500)	(1,427,141)	(201,000)	(145,102)	(261,168)	(279,968)	(4,195,669)	(570,955)
Net Incurred	4,851,000	4,317,000	5,168,000	5,635,000	5,738,000	5,997,000	6,172,000	7,249,923	6,604,000	6,604,000
Paid (cumulative) as of:										
End of policy year	788,000	551,000	485,000	988,000	1,232,000	1,160,000	776,000	1,079,000	1,418,000	860,000
One Year Later	1,538,000	1,681,000	2,291,000	2,367,000	2,984,000	2,240,000	1,886,000	2,036,000	2,446,000	
Two Years Later	2,142,000	2,061,000	3,272,000	3,253,000	3,353,000	2,536,000	2,414,000	2,679,000		
Three Years Later	2,656,000	2,277,000	3,939,000	3,958,000	3,628,000	3,100,000	3,386,000			
Four Years Later	2,973,000	2,395,000	4,529,000	4,281,000	3,707,000	3,244,000				
Five Years Later	2,997,000	2,608,000	4,519,000	4,571,000	3,709,000					
Six Years Later	3,046,000	3,015,000	4,532,000	4,583,000						
Seven Years Later	3,046,000	3,015,000	4,533,000							
Eight Years Later	3,054,000	3,015,000								
Nine Years Later	3,056,000									
Re-estimated ceded claims & Expenses	2,112,138	480,478	3,069,083	4,990,281	1,781,597	2,216,454	261,168	279,968	4,195,669	570,955
Re-estimated Claims & Expense										
End of policy year	4,851,000	4,317,000	5,168,000	5,635,000	5,738,000	5,997,000	6,172,000	7,249,923	6,604,000	6,604,000
One Year Later	4,159,000	3,864,000	4,769,000	5,269,000	5,269,000	4,774,000	4,747,000	5,916,000	5,261,000	
Two Years Later	3,713,000	3,134,000	5,406,000	4,761,000	4,569,000	4,353,000	4,354,000	4,241,000		
Three Years Later	3,285,000	3,140,000	4,838,000	5,048,000	4,172,000	4,242,000	4,381,000			
Four Years Later	3,229,000	3,080,000	4,875,000	4,828,000	3,814,000	3,863,000				
Five Years Later	3,196,000	3,177,000	4,626,000	4,812,000	3,757,000					
Six Years Later	3,157,000	3,030,000	4,580,000	4,714,000						
Seven Years Later	3,055,000	3,021,000	4,558,000							
Eight Years Later	3,055,000	3,015,000								
Nine Years Later	3,056,000									
Increase (Decrease) in Estimated Incurred Claims & Expenses from End of Policy Year	(1,795,000)	(1,302,000)	(610,000)	(921,000)	(1,981,000)	(2,134,000)	(1,791,000)	(3,008,923)	(1,343,000)	-

This information is required by the Governmental Accounting Standards Board

Total Capital Contributions to PRM	\$29,477,263
PRM Total Surplus 12-31-2022	\$50,082,077
Investment Balance at 6-30-2023	\$24,076,484
Total Assets at 6-30-2023	\$35,331,249
Reserves for claim losses	\$11,953,000
Net Investment Income for 2023	(\$108,063)
Net Position June 30, 2023	\$23,037,738
Total Premiums Revenues FY 2023	\$21,371,509
Member education and services	\$ 1,389,976
Total Loss Fund and program expenses	\$17,569,968
Total Administration Expenses	\$ 1,668,913

NEVADA PUBLIC AGENCY INSURANCE POOL

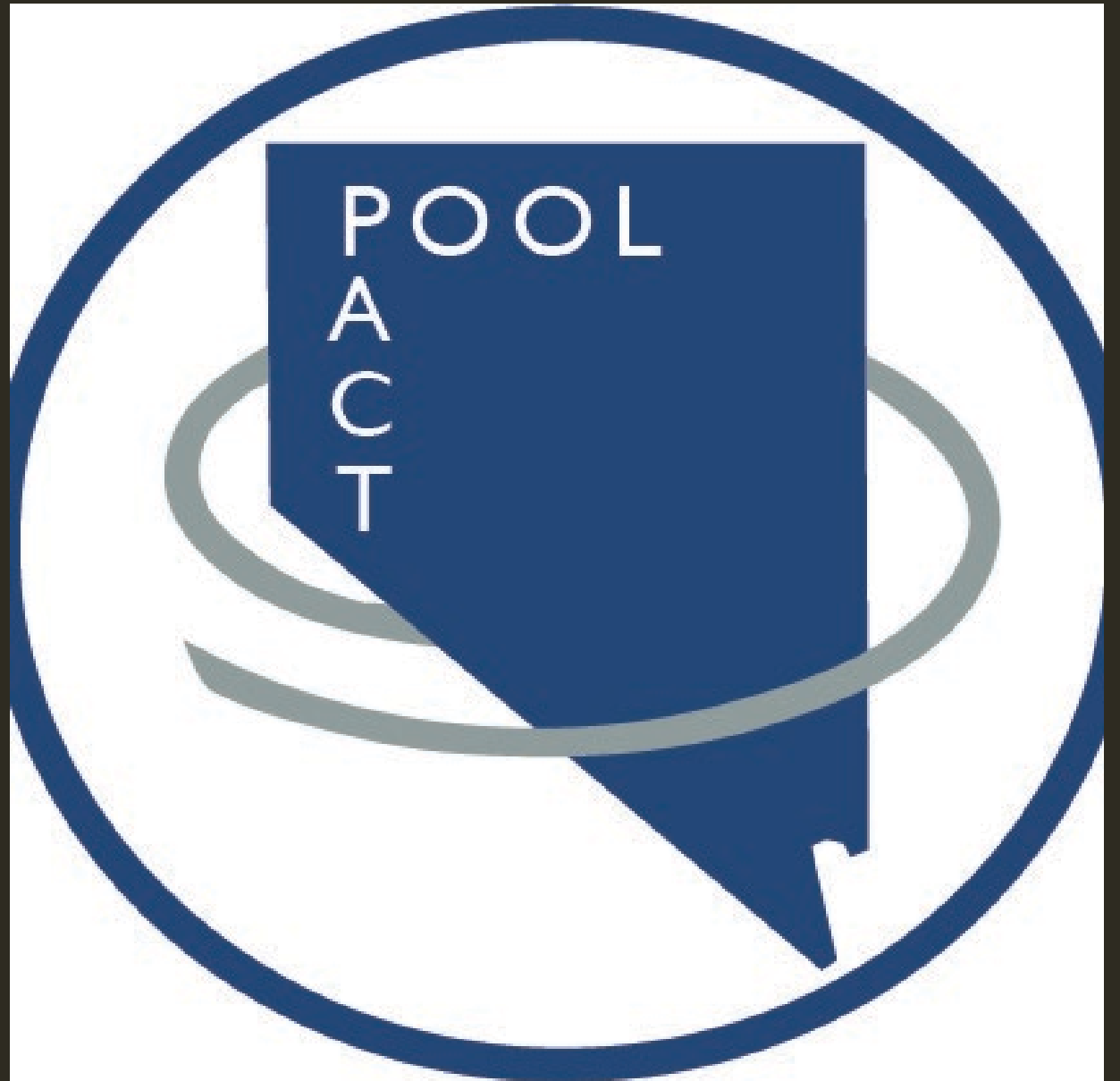
KEY FINANCIAL FIGURES

See detailed financial statements and notes for more details.



**POOL
EXTRA CREDIT
ACTUARIAL REPORT**

Fiscal Year Ending
June 30, 2023



BICKMORE ACTUARIAL STUDY

Derek Burkhalter, ACAS, MAAA Senior Manager, Bickmore Actuarial

Outstanding Liabilities as of June 30, 2023

Data used to calculate the reserves for POOL Audited Financial Statements

Report Format

Conclusions & Recommendations

Liability for Outstanding Claims as of 6-30-2023

Program Funding: Goals & Objectives

Historical Trends

Comparison with Previous Results

Data Provided for the Analysis

Report complies with GASB #10 and #30

CONCLUSIONS & RECOMMENDATIONS

Best Estimate of POOL's Outstanding Claims Liabilities for **Liability and Property** as of June 30, 2023

Confidence

Levels

70%

75%

80%

90%

Undiscounted \$11.455M

\$11.953M

\$12.524M

\$14.198M

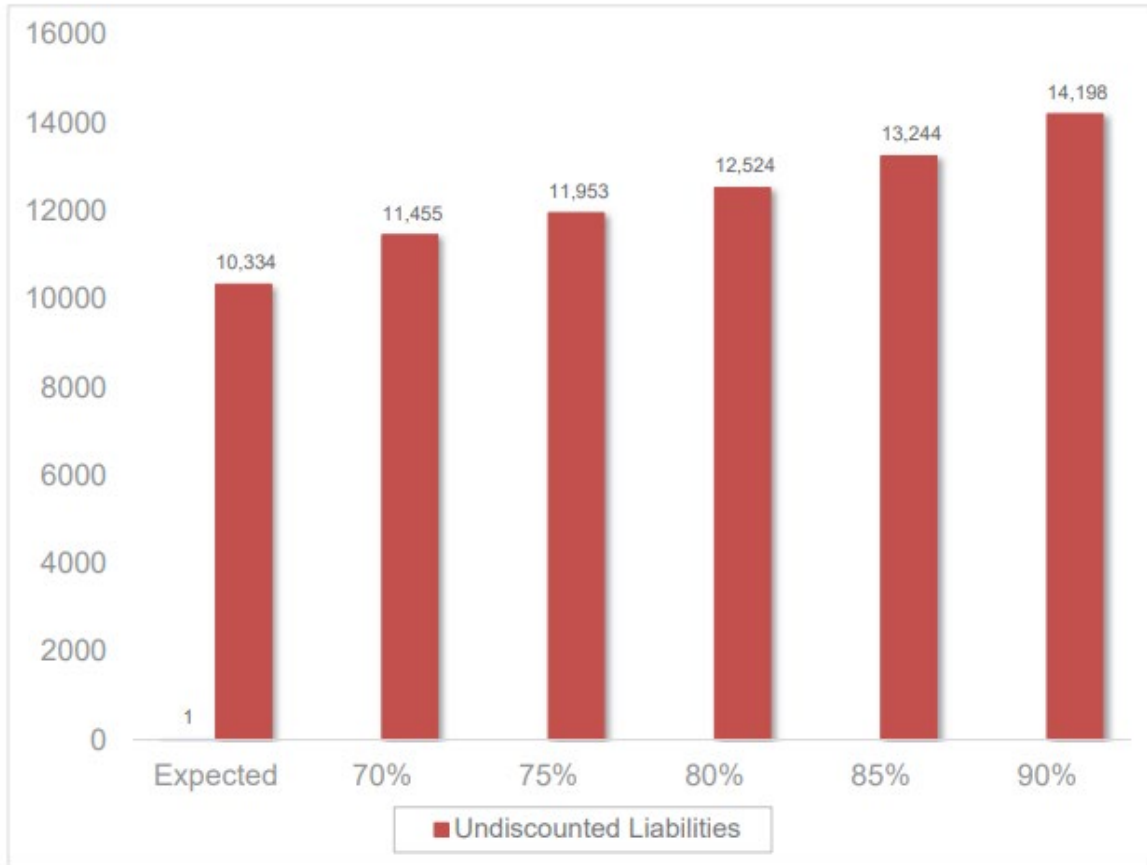
Expected \$10.334M at 50%

POOL Uses 75% Confidence Level

ESTIMATED EXPECTED LIABILITY

6-30-2023

Loss & LAE Claim Liabilities
As of June 30, 2023, Net of Reinsurance and Member Deductibles
(\$000s)



Net Claim Liabilities

The following table presents our conclusions regarding NPAIP's net claim liabilities.

Loss & LAE Claim Liabilities
As of June 30, 2023, Net of Reinsurance

Dollars (\$000s)	Expected ¹	Confidence Level				
		← 70%	75%	80%	85%	→ 90%
Liability – Gross of Deductibles and Aggregate Limit	\$8,521	\$9,424	\$9,825	\$10,285	\$10,864	\$11,631
Property – Gross of Deductibles and Aggregate Limit	<u>3,264</u>	<u>3,639</u>	<u>3,806</u>	<u>3,998</u>	<u>4,240</u>	<u>4,560</u>
TOTAL – Gross of Deductibles & Aggregate Limit	\$11,785	\$13,063	\$13,631	\$14,283	\$15,104	\$16,191
TOTAL – Net of Deductibles & Aggregate Limit, Incl. Corridor Deductible	\$10,334	\$11,455	\$11,953	\$12,524	\$13,244	\$14,198

¹ Expected values represent the "best actuarial" or "central" estimate.

PROGRAM FUNDING



A liability for unpaid claim cost, included all loss adjustment expenses, should be accrued at the time the self-insured events occur. IBNR included.



GASB #10 and #30 do not address funding requirements, rather, a range of funded amounts to be recognized as a funding margin for unexpectedly adverse loss experience. May use discounting for investment income.



The uncertainty in any estimate of outstanding liability should take into account funding policy to have adequate reserves for unexpected adverse loss experience.



Key Factor in Funding Policy: Degree of Stability in level of Contributions
Higher the Confidence Level less likely to need additional contributions should adverse claim development occur in past years as well as current yr.

FUNDING GOALS & OBJECTIVES

Bickmore recommends program funding at the 80% CL after recognition of investment income, with a recommended range of the 75% to 80% CL

They recommend this as the resulting funding will be sufficient to meet claim liabilities, yet not too large to have the entity experience undue \$ hardship.

Need to fund each year's claims cost in that year.

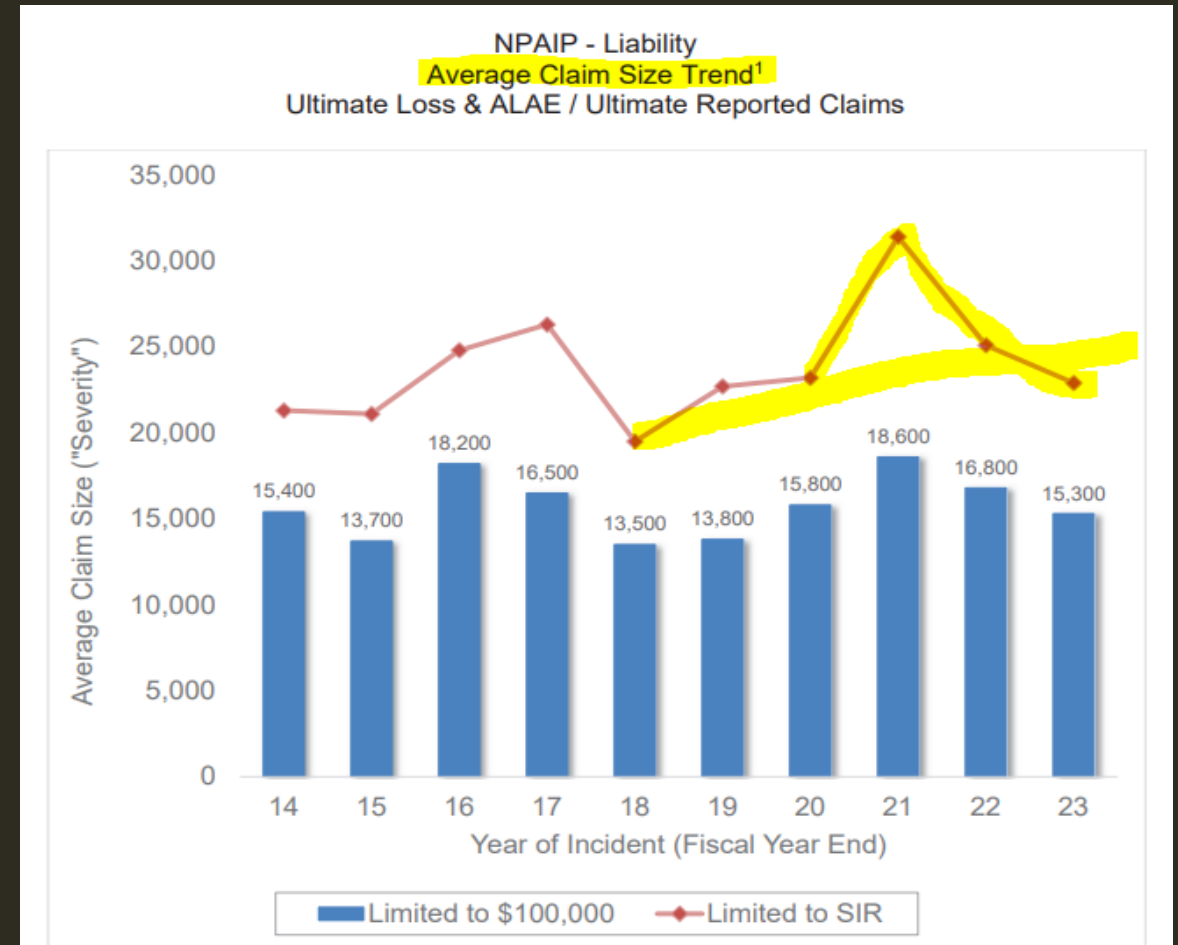
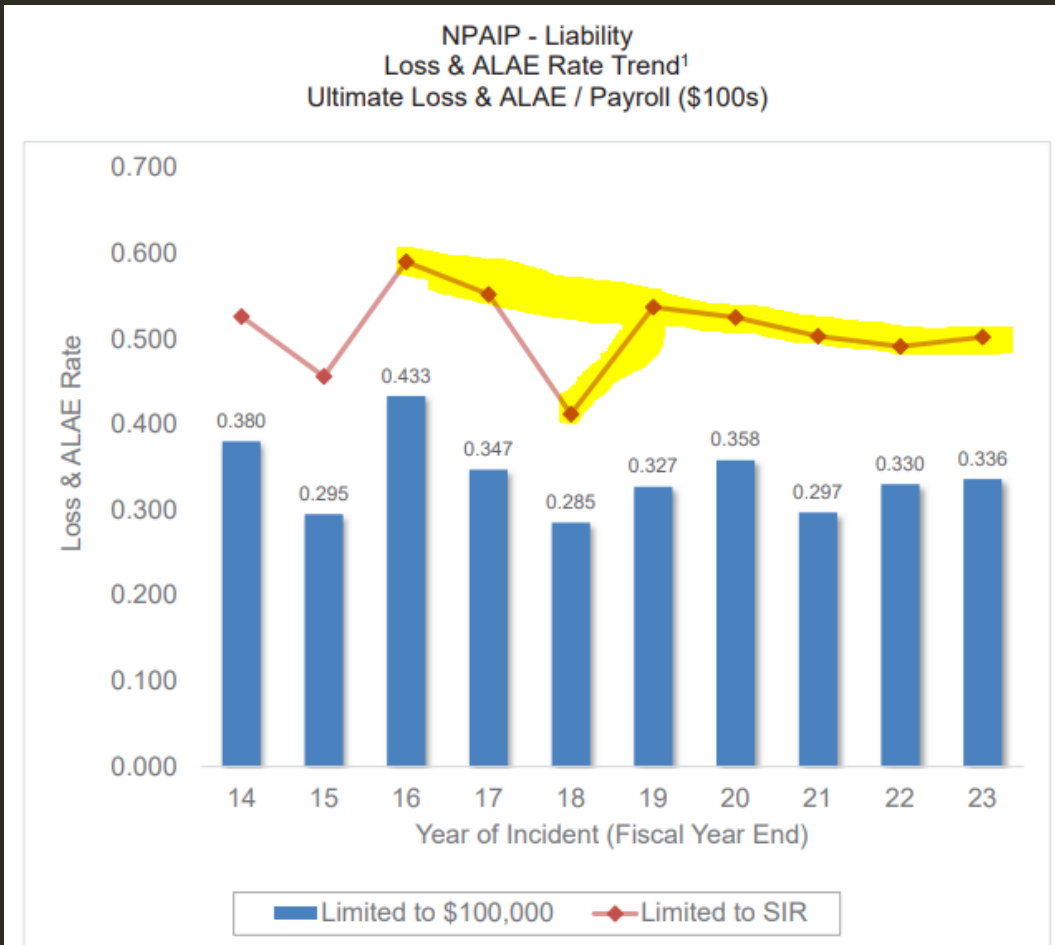
When surpluses or deficiencies have developed and funding adjustments are necessary, these should be clearly identified.

Recommend that you reduce surplus funding more slowly than you would accumulate funding to make up a deficiency.

HISTORICAL TRENDS: LIABILITY

Dollars of Loss Per \$100 of Payroll 10 Year Trend

Dollars of Loss per Claim 10 Year Trend



¹ Losses are at expected (no risk margin) and are not discounted to reflect net present value.

¹ Losses are at expected (no risk margin) and are not discounted to reflect net present value.

HISTORICAL TRENDS: LIABILITY

Number of Claims per
\$1 Million of Payroll



Summary of Key Liability Trends

Dollar of Loss per \$100 of Payroll is
STABLE over past 5 years 😊

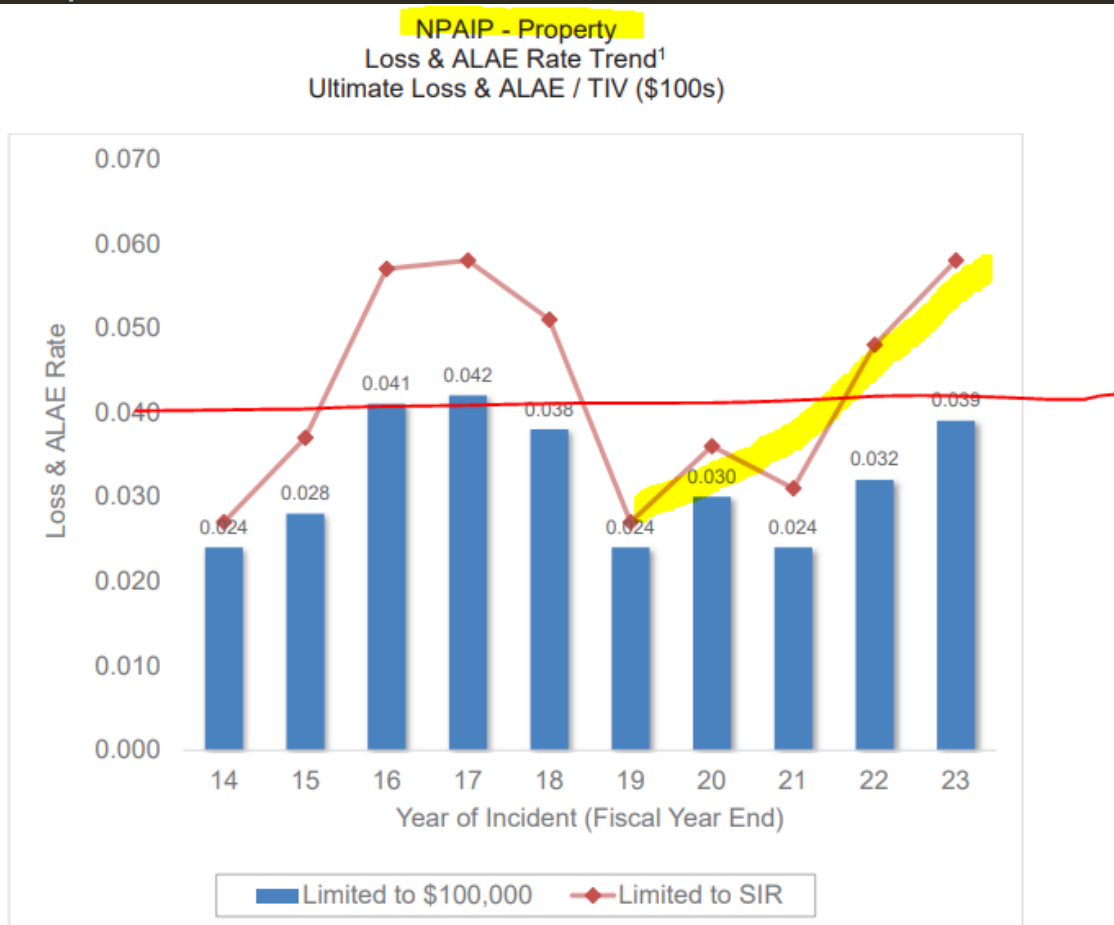
Dollars of Loss per Claim is
DECREASING over past 2 yrs. Stable 😊

Number of Claims per \$1M Payroll is
STABLE / DECREASING since 2014 😊

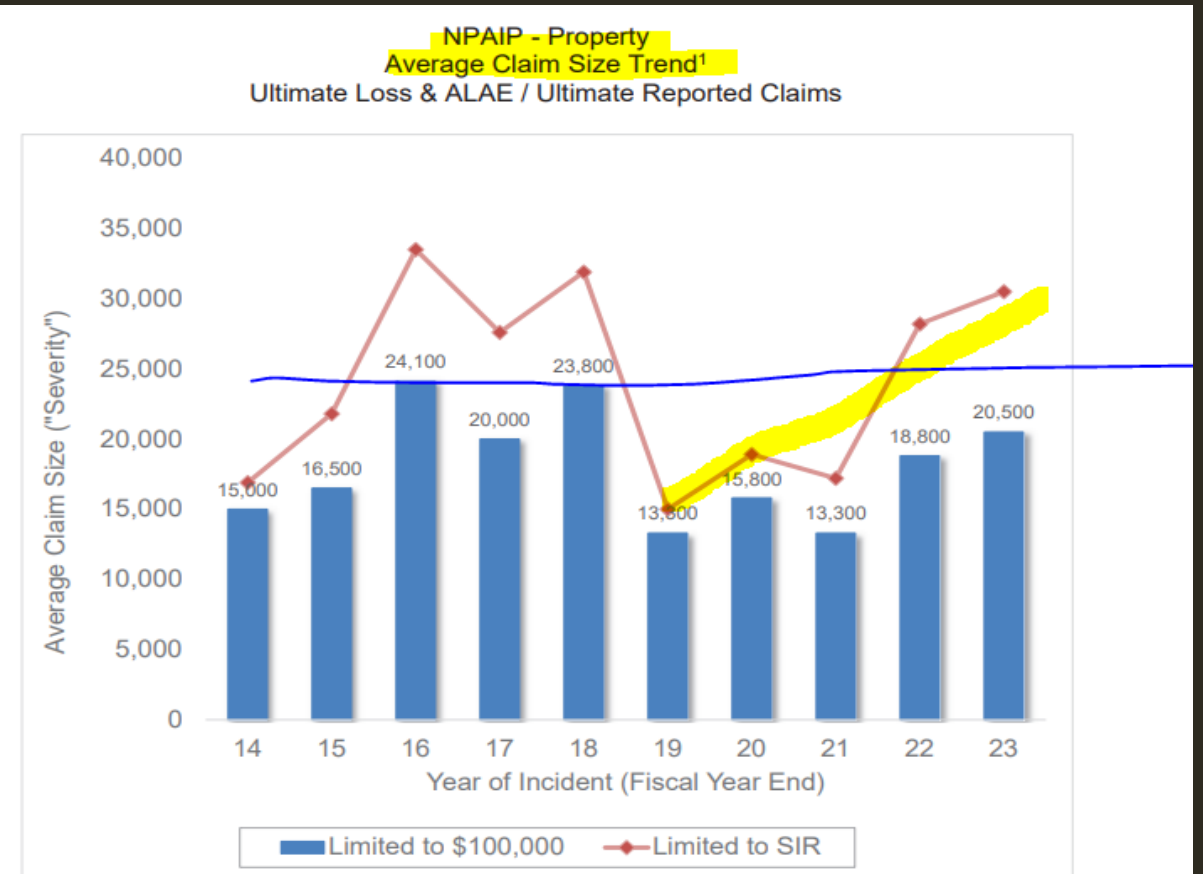
HISTORICAL TRENDS: PROPERTY

Dollars of Loss Per \$100 of TIV 10 Year Trend

Dollars of Loss per Claim 10 Year Trend



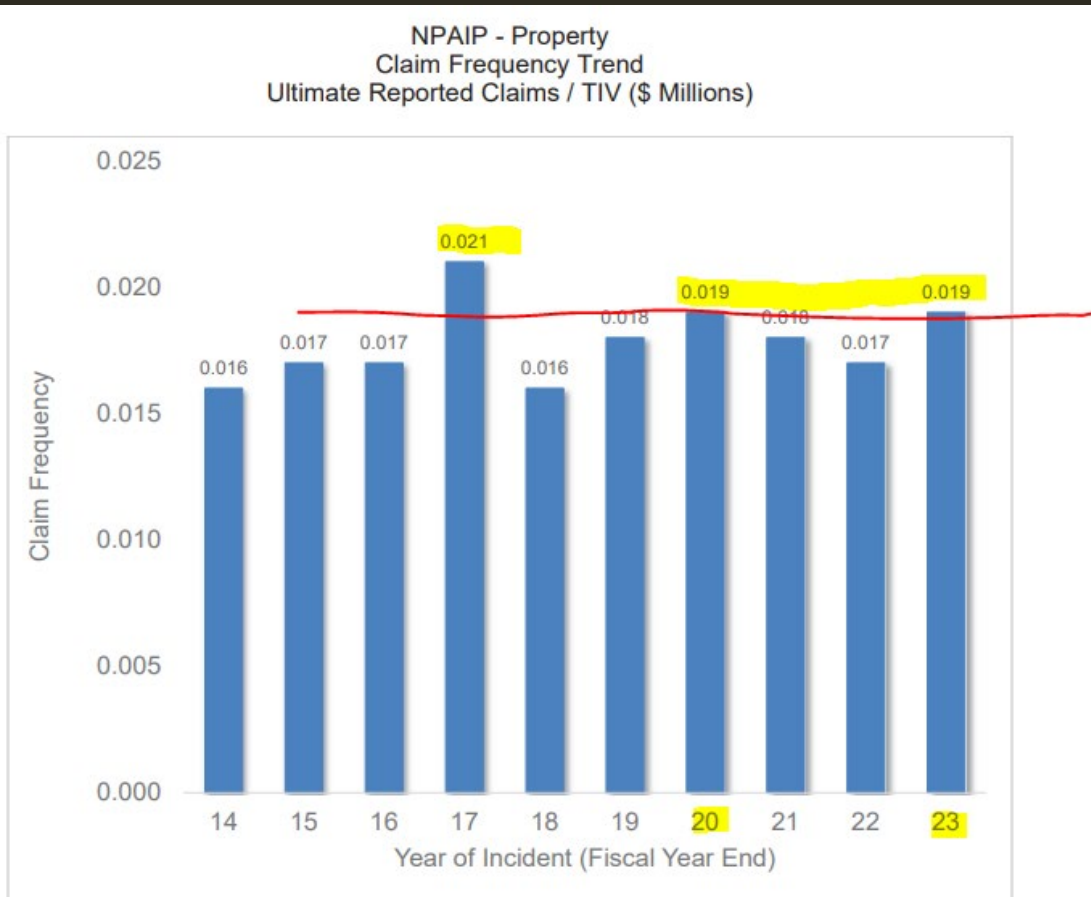
¹ Losses are at expected (no risk margin) and are not discounted to reflect net present value.



¹ Losses are at expected (no risk margin) and are not discounted to reflect net present value.

HISTORICAL TRENDS: PROPERTY

Number of Claims per
\$1 Million of TIV



Summary of Key Property Trends

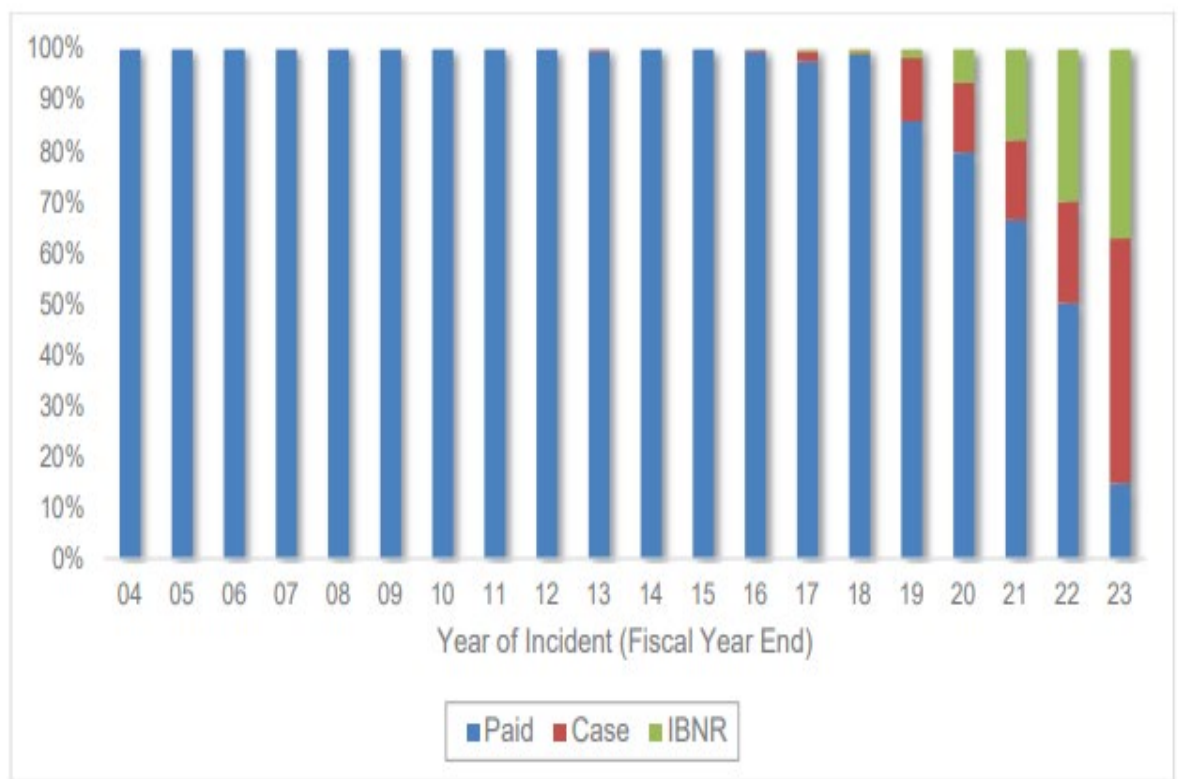
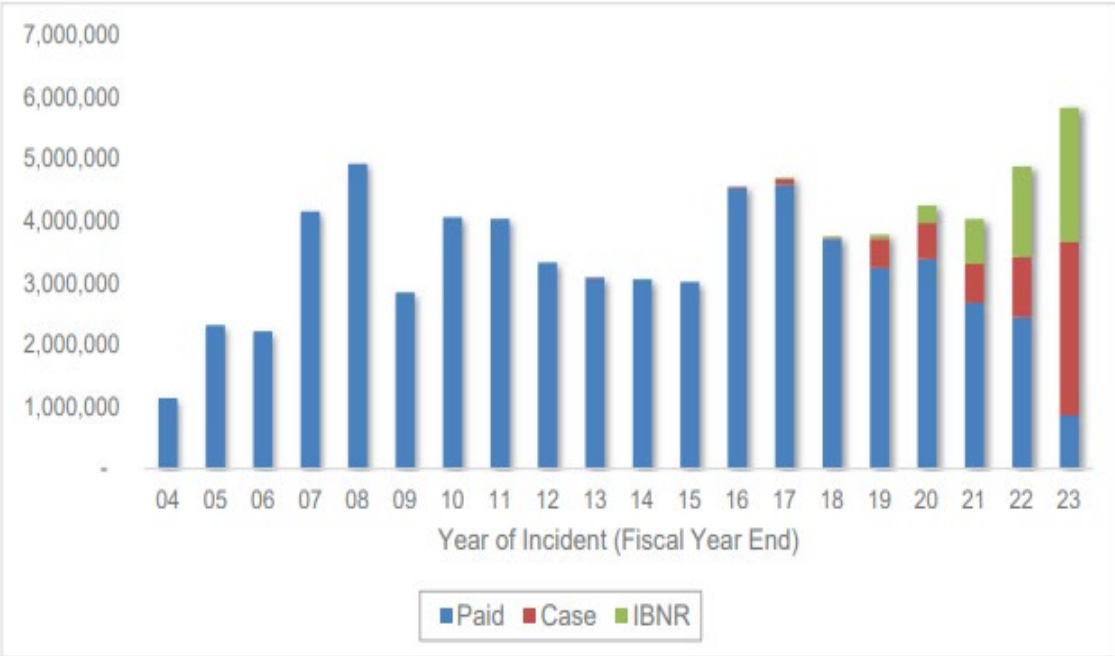
Dollar of Loss per \$100 of TIV is
INCREASING over past 10 years 😞

Dollars of Loss per Claim is INCREASING
over the 10 years 😞

Number of Claims per \$1M TIV is
STABLE 😊

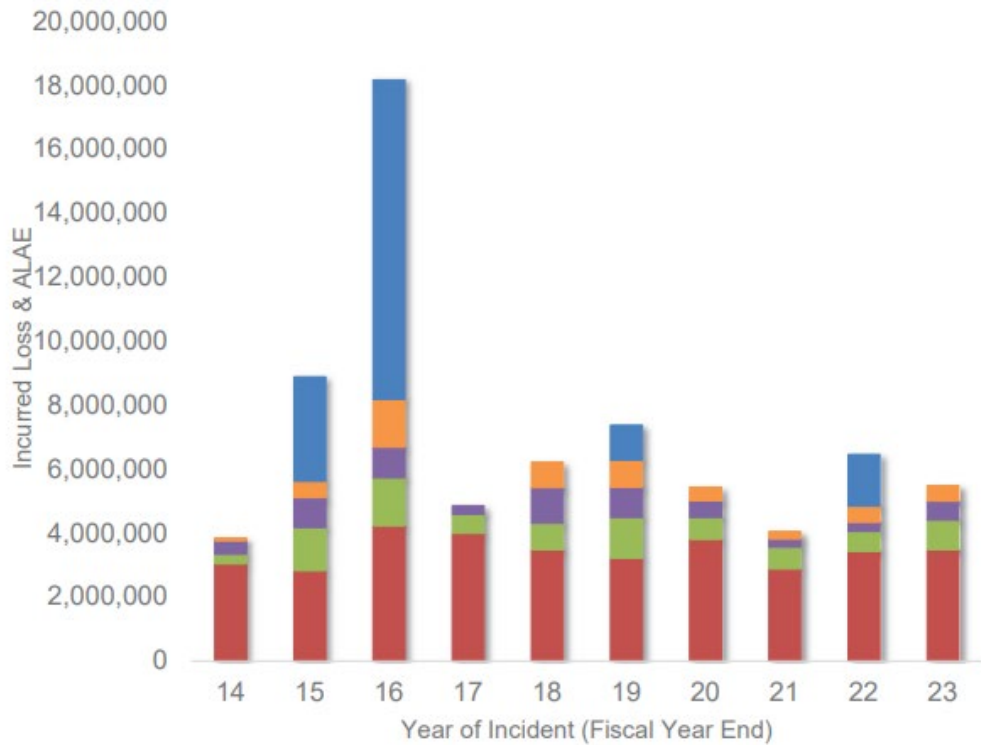
ULTIMATE LOSS & ALAE BY COMPONENT

Ultimate Loss & ALAE by Component
As of June 30, 2023¹



ULTIMATE LOSS & ALAE BY COMPONENT

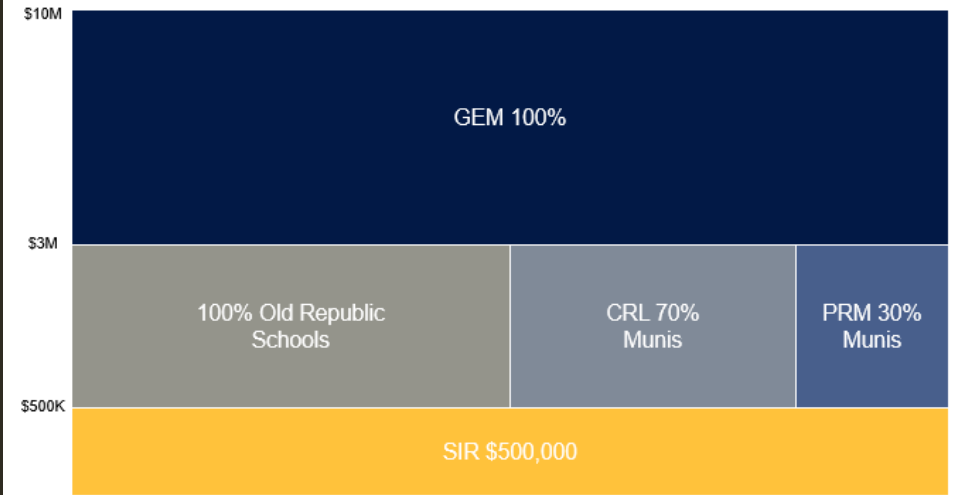
Incurred Loss & ALAE by Layer
As of June 30, 2023



0 to 100K 100K to 250K 250K to 500K 500K to 1M 1M to Unlimited

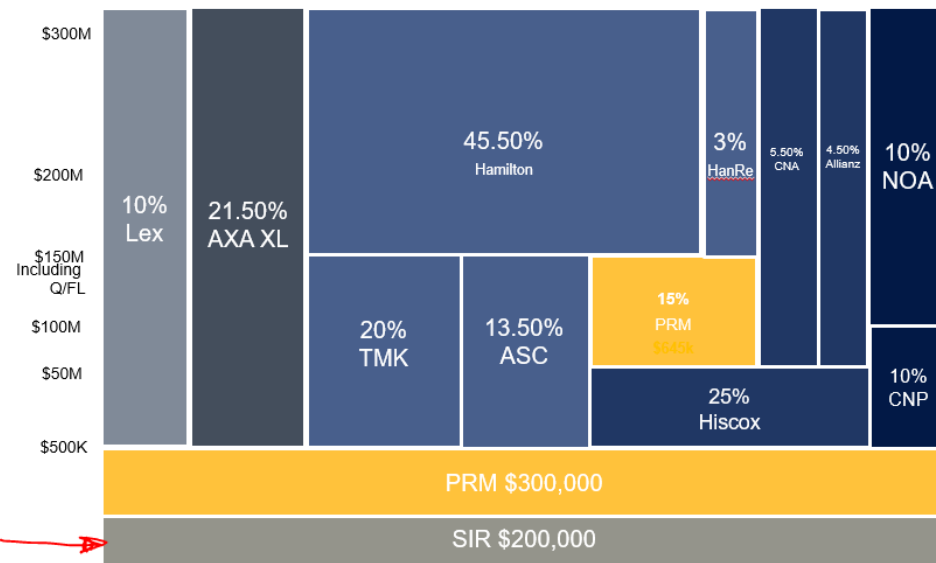
Nevada Public Agency Insurance Pool 2022-2023

Liability Structure



Nevada Public Agency Insurance Pool 2022-2023

Property Structure – Lloyd's of London



ASSUMPTIONS & LIMITATIONS

Based on loss experience, exposure data and info provided by POOL

Relied on statistics and historical loss development patterns of POOL

Assumed POOL's historical development patterns form a reasonable basis to predict POOL's Future Loss Development

Cannot predict impact of future law changes and court rulings on Claim Costs... reasonable now but perhaps not in the future

Assumed loss rate trend with **liability** claim cost increases at **2.0%** per year. Claim severity increases at **2.0%** per year. Assumed **property claims** are increasing by **2.5%** annually and average claim size increases at **2.5%** per year and average frequency remains unchanged.

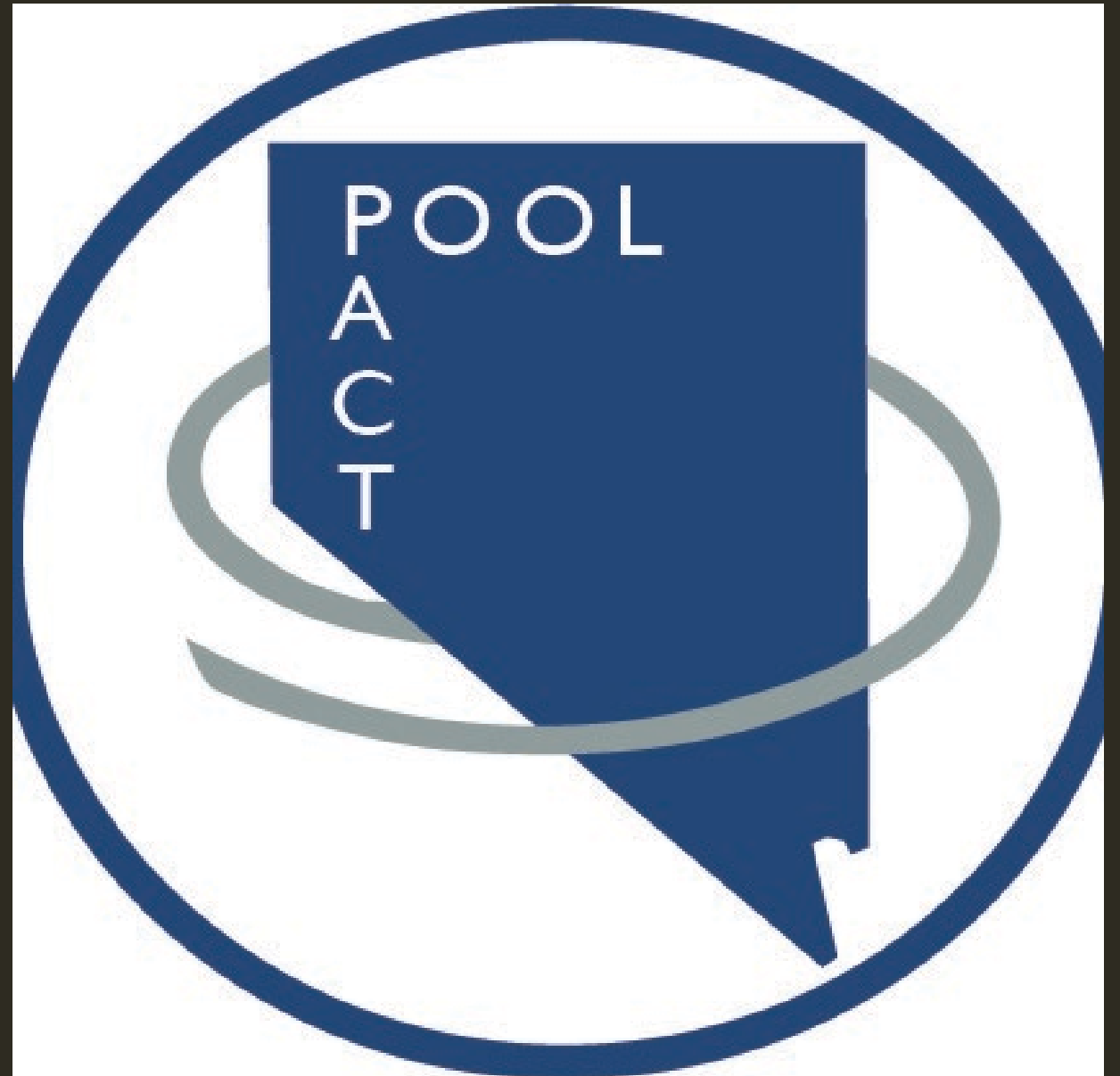
Assumed that payroll and other inflation-sensitive exposure measures increase 2.5% annually due to inflation.

Does NOT include provisions for catastrophic events: earthquakes, flooding, mass civil disorder or mass occupational disease.

Assumes all excess insurance is valid and collectible.

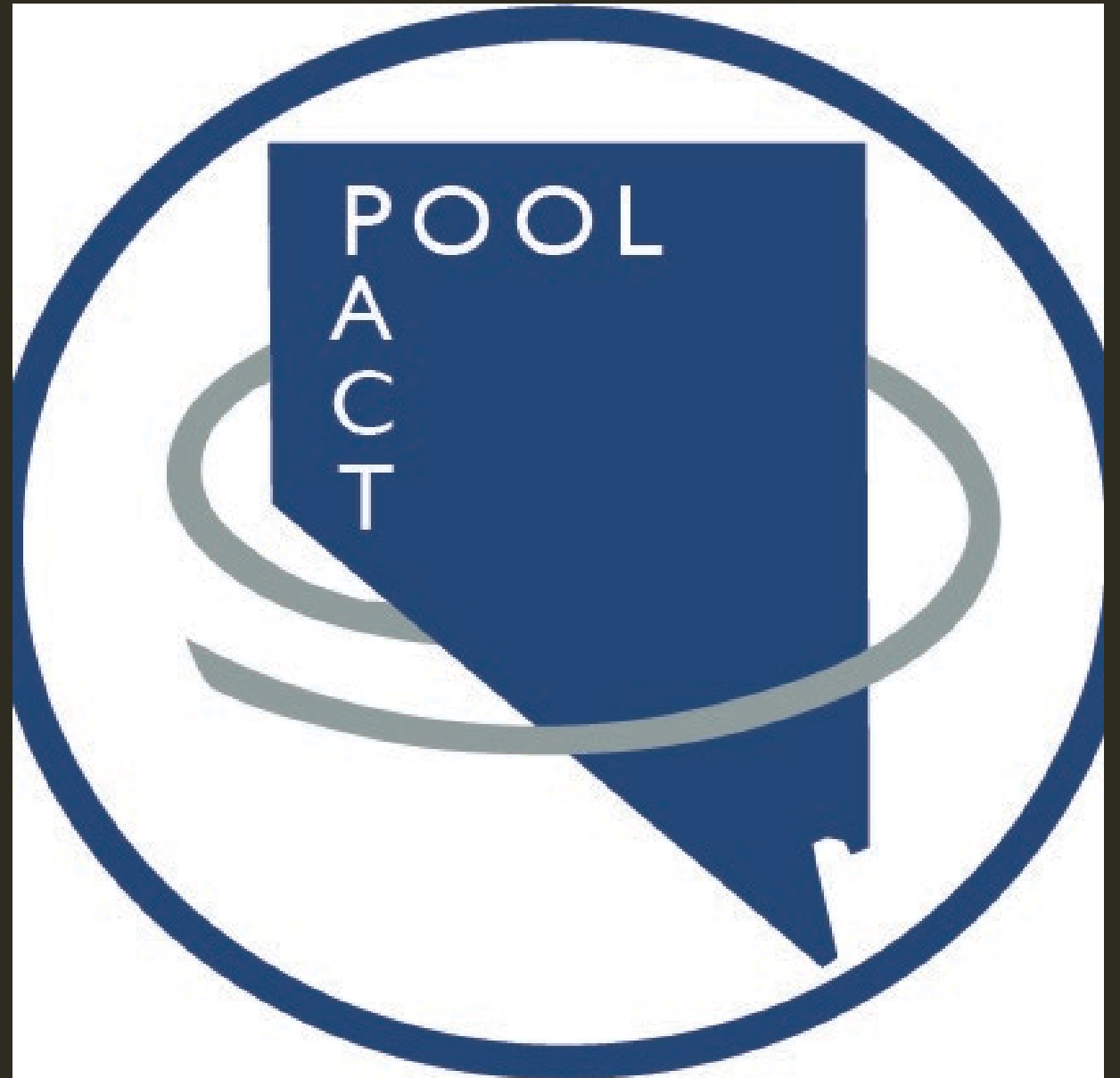
**POOL AUDIT
QUESTIONS &
ANSWERS**

Fiscal Year Ending
June 30, 2023



THANK YOU FOR
YOUR FINANCIAL
LEADERSHIP

*Working Together
We Achieve Superior Results*



**NEVADA PUBLIC AGENCY INSURANCE POOL
FINANCIAL STATEMENTS
June 30, 2023 and 2022**

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EXECUTIVE DIRECTOR'S LETTER

Members of Nevada Public Agency Insurance Pool

As the Executive Director, I am pleased to present the NPAIP Annual Audited Financial Statements for the year ended June 30, 2023, the conclusion of our 36th full year of operations. As noted in part of NPAIP's Mission Statement, we excel in financial strength, security, durability, and cost-effective risk sharing and financing. This financial report will demonstrate our commitment to our Mission Statement.

In addition to the preparation of the audited financial statements in accordance with GASB pronouncements and other financial standards, this report includes a required Management Discussion and Analysis of the financial results.

Over the years, the NPAIP Board adopted fiscally responsible policies to retain net position to achieve long-term, stable financial results for members. The NPAIP Net Assets policy sets a target of a minimum of ten times the retention with a goal of twenty times the retention to provide flexibility in coverage placement. In 2020, the Board approved a change in the accounting policy related to the transfer of capital to Public Risk Mutual (PRM) to expense 100% in the year of transfer effective retroactively to July 1, 2018 noting that the unamortized balances reduced NPAIP's Net Position as Contributed Surplus to PRM was eliminated in the restatement of the 2019 financial statement.

Even with this accounting change, a restated Net Position of \$13,332,286 on July 1, 2018, we have exceeded the Net Assets to Retention goal for 2019 (28.1:1) and has grown to 46.1:1 in the current year as shown in the audit. Net position increased during the year because of an increase in operating net position of \$2,895,733 which was offset with a non-operating net investment loss of (\$108,063) due to unrealized loss in value due to the book yield being less than the market yield on our fixed rate investments.

Since Fiscal Year 2004, NPAIP has contributed \$29,477,263 to the PRM captive to serve as one of the reinsurers for NPAIP for certain property, liability and cyber risk coverage during the year. The benefits of the captive include reduced administrative costs, reinsurance opportunities and a broader investment portfolio including risk assets. As PRM grows in financial strength, additional member services and program costs can be funded directly through the captive. See the separate annual audited financial statements of PRM for more details.

Through the oversight of the Audit Committee, Executive Committee, and the Board of Directors, NPAIP members can be assured that NPAIP will remain financially sound. Members should be proud of the success we have achieved together.

NPAIP continues serving its membership for over 36 years. We are government risk experts with a passion for risk management services. We provide comprehensive coverage and risk management solutions for our members. As the risk management arm for our members, NPAIP manages claims and provides a broad array of in-depth risk control services, training, and risk consultation. With services such as POOL/PACT Human Resources, our extensive support system for human resources issues, members receive unmatched support services. Our e-learning program has an extensive library and support to create member specific training. Our interactive risk control programs and resources guide our members' efforts toward reducing the probability of losses and the impact of losses that do occur.

Both property and casualty coverages can experience significant volatility particularly when the retention levels per loss are high. Because NPAIP retains a substantial portion of the property and casualty risk, it is important to the long-term viability of NPAIP to be able to meet its financial obligations to its Members by growing its Net Position. Insurance market conditions periodically make it important to be able to increase our retentions. Increased retention results in higher volatility that requires a stronger funding cushion. Consistent with NPAIP board policy, funding at a 75% actuarial confidence level for pricing is a prudent level to develop a strong financial position in keeping with the NPAIP Board’s goals of creating and sustaining a durable financial position. NPAIP is the sole owner of PRM and is its sole policyholder and is entitled to a return of those capital contributions before any other distributions can be made by PRM. The captive continues to enjoy financial success as a reinsurance partner for NPAIP.

NPAIP continued its membership in the following reinsurers in which it has a financial interest:

- ❖ Public Risk Mutual, its own pure captive, which provides reinsurance for property and liability coverage
- ❖ County Reinsurance, Ltd., a captive mutual reinsurer for all members other than schools for liability coverage
- ❖ Government Entities Mutual (GEM), a captive mutual reinsurer, which provides a layer of liability reinsurance

The table below shows some key financial ratios tracked by management and the board to benchmark NPAIP’s financial condition and risk retention strategies:

Financial Ratios	POOL as Restated 2018/2019	POOL 2019/2020	POOL 2020/2021	POOL 2021/2022	POOL 2022/2023
Total Revenue	\$ 15,998,979	\$ 17,925,920	\$ 19,077,614	\$ 21,286,385	\$ 22,134,077
Total Net Income	\$ 736,503	\$ 3,477,108	\$ 1,863,749	\$ 840,422	\$ 2,787,670
Net Operating Income	\$ (411,812)	\$ 2,045,875	\$ 2,048,101	\$ 2,575,303	\$ 2,895,196
Net Investment Income	\$ 1,148,315	\$ 1,431,233	\$ (184,352)	\$ (1,734,881)	\$ (108,063)
Total Assets	\$ 25,210,903	\$ 29,195,428	\$ 31,413,137	\$ 33,659,438	\$ 35,331,249
Total Liabilities	\$ 11,142,114	\$ 11,649,531	\$ 12,003,491	\$ 13,109,365	\$ 12,293,511
Net Position	\$ 14,068,789	\$ 17,545,897	\$ 19,409,646	\$ 20,250,068	\$ 23,037,738
Net Position to SIR (Board target: 20:1)	28.1	35.1	38.8	40.5	46.1
SIR to Net Position (Benchmark: captives <.10; group captives <.25)	3.55%	2.85%	2.58%	2.47%	2.17%
% Assets attributable to Net Position	55.8%	60.1%	61.8%	60.2%	65.2%
Total assets/total liabilities	2.26	2.51	2.62	2.57	2.87
Revenues to Net Position (Benchmark: <2.5:1 and >0)	1.14	1.02	0.98	1.05	0.96
Loss Reserves to Net Position (discounted): Benchmark <3:1 and >0	0.82	0.65	0.59	0.62	0.55
Total liabilities to liquid assets: Benchmark <100%	59%	59%	40%	24%	20.1%
Change in Net Position: >-.10%	-55.7%	-35.0%	38.0%	15.4%	18.7%
Return on Net Position: Net Operating Income/Net Position	-2.9%	11.7%	10.6%	12.7%	12.6%
Return on Net Position: Total Income/Net Position	5.2%	19.8%	9.6%	4.2%	12.1%

We continue to provide stability in the mist of uncertainty, allowing members to focus on serving their communities. We will continue to offer reliability and stability in a risky property and casualty world.

Economic Factors:

For fiscal year ending June 30, 2023, economic conditions showed continued signs of growth and inflation continuing for the nation and Nevada. NPAIP’s investments, although showing negative results this year due to unrealized losses, have performed consistently with fixed income investment markets considering the statutory requirements to invest in governmental securities. NPAIP’s investments are anticipated to be held to maturity. NPAIP is restricted by Nevada statutes to invest in governmental securities in the same manner as other political subdivisions. Management adjusts the mix of investments as market conditions change.

Medical inflation continues to be higher than the overall consumer price index nationally, which affects the underlying costs of liability claims payable by NPAIP. Based upon claims activity and the tendency of plaintiffs to appeal judgments more often, litigation costs continue to rise. NPAIP's defense costs have risen because of the types of cases being filed and the increase in the hourly rate that assures retention of competent counsel to defend civil rights cases. Fiscal year ending June 30, 2023 evidenced hardening insurance market conditions for property and liability reinsurance. Inflation in property claim costs impacts results. Rates in property coverage experienced increased as did liability rates. NPAIP was able to retain its coverage capacity at current levels.

Preparation of this report included the efficient and dedicated services of the entire staff. Staff includes Wayne Carlson, Executive Director, Steven Romero, Member Relations, Marshall Smith, Risk Manager, Jarrod Hickman, Risk Management, Alan Kalt, Chief Financial Officer, Debbie Connally, Controller, Melissa Mack, Accounting Technician, Jennifer Turner, Administrative Data Analyst and Mike Van Houten, e-learning Manager and Webmaster. Thanks also to the dedicated professional staff from Bertrand & Associates, LLC, our independent auditors, for their contribution and support throughout the audit process. Special thanks to the Executive Committee, Audit Committee and Board of Directors for their keen interest and support in the planning and conducting of the financial operations of NPAIP in a responsible and progressive manner.

Thank you for your participation in NPAIP and for having confidence in our ongoing ability to meet the Mission, Vision, and Motto you set for our member services consortium. We welcome your comments and suggestions to further strengthen NPAIP's financial position, to provide you with additional information and to enhance Member services. I am honored to serve as Executive Director. Thank you for your continued active participation as a Member of NPAIP.

Sincerely,

Wayne Carlson

NPAIP Executive Director

BERTRAND & ASSOCIATES LLC

CERTIFIED PUBLIC ACCOUNTANTS

Member American Institute of Certified Public Accountants

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Carson City, NV 89701
Tel 775.882.8892
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E-mail: michael@bertrandcpa.com

INDEPENDENT AUDITOR'S REPORT

To the Executive Director and the Board of Directors
Nevada Public Agency Insurance Pool
Carson City, Nevada

Opinion

We have audited the accompanying statements of net position of the Nevada Public Agency Insurance Pool as of June 30, 2023 and 2022 and the related statements of revenues, expenses and changes in net position and statements of cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Nevada Public Agency Insurance Pool as of June 30, 2023 and 2022 and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Nevada Association of County Commissioners and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Nevada Public Agency Insurance Pool's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis,

evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Nevada Public Agency Insurance Pool's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Nevada Public Agency Insurance Pool's ability to continue as a going concern for a reasonable period.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis beginning on page 8 and the 10-year claims development schedule on page 28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Bertrand & Associates, LLC

Carson City, Nevada
October 6, 2023

NEVADA PUBLIC AGENCY INSURANCE POOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022, AND 2023

Nevada Public Agency Insurance Pool's (NPAIP) discussion and analysis is designed to, (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the entity's financial activities, (c) identify changes in NPAIP's financial position (its ability to address next and subsequent years challenges), and (d) identify any material deviations from the financial plan.

We encourage readers to read this information in conjunction with the Executive Director's letter, financial statements, and notes to gain a more complete understanding of the information presented.

Organization Overview

Nevada Public Agency Insurance Pool is a self-funded quasi-governmental entity formed by an intergovernmental agreement between political subdivisions of the state of Nevada and organized to operate as a group self-insurer. The purpose of the organization is to seek the prevention or lessening of casualty losses to its members and injuries to persons, which might result in claims being made against such members. In addition to self-funding property, casualty and cyber coverage, the program provides risk management services with emphasis on risk control, claims administration, and management support services. NPAIP is fully funded by member participants. Members file claims with Davies Claims Solutions (DCS) (formerly Alternative Services Concepts, LLC) which has been contracted to perform claims management services for NPAIP.

NPAIP provides property, casualty, and cyber coverage to member governmental entities pursuant to state statutes. The program is fully funded by member entities and is governed by a Board of Directors composed of representatives of each member. Any member may withdraw from the program by giving 120 days' notice in advance of the renewal date. NPAIP's independent actuary develops required NPAIP contributions to be assessed and collected.

Background:

NPAIP is subject to Governmental Accounting Standards Board (GASB) requirements set forth in GASB Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Government*. NPAIP's financial information must be accompanied by enhanced analysis, both short and long term, and explanations of significant financial statement elements. Since NPAIP operates as an enterprise created pursuant to NRS 277, the Interlocal Cooperation Act, its financial statements will be presented in a manner that reflects its operations similar to a private company.

Using this Annual Report:

Since the financial statements report information about NPAIP, it uses accounting methods like those used by private sector organizations, these statements offer short- and long-term financial information about NPAIP's activity. The financial statements show a comparison of two audited years ending June 30, 2023, and June 30, 2022 to facilitate understanding of changes in the financial position over time.

The Statement of Net Position includes all NPAIP's assets and liabilities and information about the nature and amounts of investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing rate of return, evaluation of the capital structure and for assessing the solvency, liquidity, and financial flexibility of NPAIP.

Current year revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of NPAIP's operations for the fiscal year compared to the previous fiscal year and can be used as a measure of NPAIP's credit worthiness and whether NPAIP successfully recovers its costs through its sources of revenue.

The Statement of Cash Flows serves to provide information about NPAIP's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments and net changes in cash resulting from operations, capital and related financing activities and investing activities. It also discloses from where cash comes, for what it was used and the change in cash balance during the reporting period. Since NPAIP incurs financial obligations to pay for

claims that occurred in the past from current year resources and at the same time receives revenue that it must retain for payment of future claims from future resources, cash flow may vary significantly from year to year.

Financial Highlights

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America, including the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

The auditor's report offers an unmodified opinion on the financial statements, the best opinion that can be attained.

Critical Accounting Estimates

Preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of income and expenses during the accounting period. Actual results could differ from these estimates.

NPAIP has identified the estimates inherent in the valuation of investments and loss reserves (including reserves for incurred but not reported claims (IBNR) as critical in that they involve a higher degree of judgment and are subject to a significant degree of variability. In developing these estimates, management makes subjective and complex judgments that are inherently uncertain and subject to material change as facts and circumstances develop. Although variability is inherent in these estimates, management believes the amounts provided are appropriate and conservative based upon the facts available as of the date of the financial statements. NPAIP uses the assistance of an independent outside actuarial firm in relation to the IBNR and overall loss reserve adequacy.

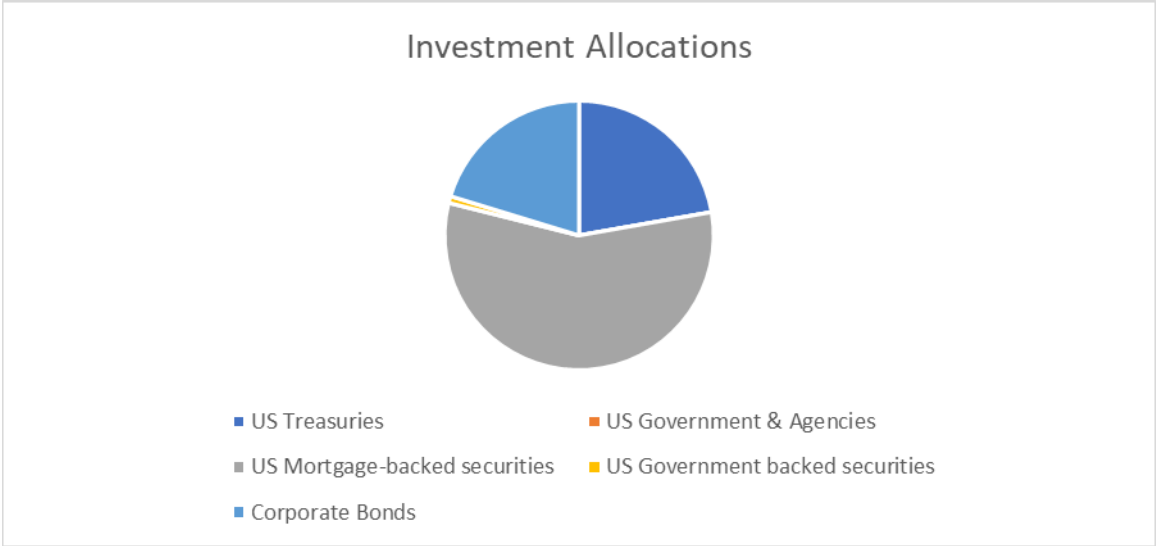
NPAIP implemented GASB 87 related to recognizing leases. NPAIP leases office space to various tenants with varying renewal dates. Prior year financial statements were restated for this change. The leases are capitalized at a rate of 2% which is our estimation of the average rate of return on fixed income investments at the time the leases were entered into. As such, interest income is recorded on the leases annually based on this rate.

Investments

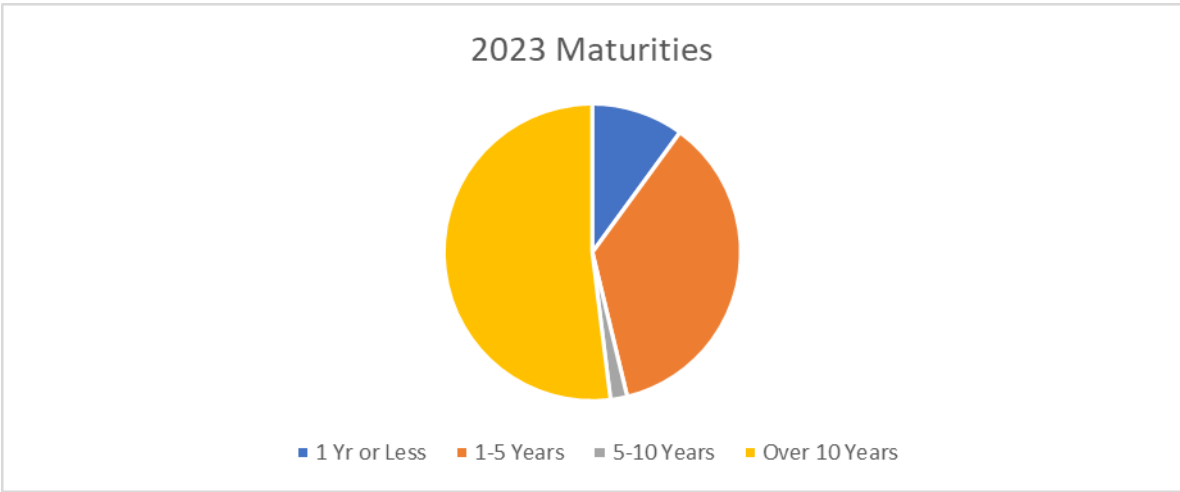
One significant estimate inherent in the valuation of investments is the evaluation of fair value. Investments consist predominantly of government and government backed securities and reported at their fair value in the Statement of Net Position. Fair value is determined utilizing the market value of the investments as reflected on the applicable brokerage statements. Net increases and decreases in the fair value are included in the Statement of Revenue, Expenses and Changes in Net Position. Nevada Revised Statutes and the Board approved Investment Policy outline the restrictions on the types of allowed investments. NPAIP is authorized to make investments in bonds and debentures of the United States, bills, and notes of the U.S. Treasury, and in high-grade corporate backed securities. NPAIP is authorized to purchase negotiable certificates of deposits issued by commercial banks or insured savings and loan associations.

Cash and investments of \$29,777,354 are available to meet current liabilities, including reserves for loss and loss adjustment expenses of \$5,518,240. Total current liabilities include accounts payable, risk management grants payable, specific recoverables and current portion of reserves for claims. This is a conservative measure of cash and investments available to pay current obligations. NPAIP's cash ratio is 5.4, meaning that it has 5.4 times the unrestricted cash and investments on hand to meet its obligations. Last year's cash ratio was 5.1. The increase in the cash ratio is due primarily to the reduction in the current portion of accounts payable of \$77,819 compared to prior year of \$402,943 a decrease of \$325,124. This is offset by the increase in the current portion of reserve for claims and claims adjustment expenses of \$5,198,461 compared to the prior year of \$4,917,758 an increase of \$280,703. Cash increased by \$1,218,242 as noted in the Statement of Cash Flows.

Investment balances as of June 30, 2023, were \$24,076,484 compared to the prior year amount of \$23,186,859. This represents an increase of \$889,625 or 3.8%. The increase is due primarily to the reduction in non-operating net investment income and operations during the year. As discussed in Note 3, the following is a summary of the fair value of investments as of June 30, 2023:



Investment Descriptions	Fair Value 6-30-2023	Fair Value 6-30-2022
U.S. Treasuries	\$ 4,705,803	\$ 5,154,639
U.S. Mortgage-backed securities	13,138,795	13,137,403
U.S. Government backed securities	141,379	188,641
Corporate bonds	<u>6,090,507</u>	<u>4,706,176</u>
Total investments	<u>\$24,076,484</u>	<u>\$23,186,859</u>



Accrued Interest

The investment income receivable on June 30, 2023, is \$110,456 compared to \$84,162 in 2022. This is a change of \$26,294 or 31.2%. This is due primarily to the increase in investment balances and investment yields at year end and the timing of the payment of accrued interest on the investments.

Specific and Aggregate Recoverables

Specific and aggregate recoverables on June 30, 2023, are \$2,872,486, compared to \$3,212,427 in 2022. This is a decrease of \$339,941 or 10.6% due to timing of collections during the fiscal year from the reinsurance companies. This amount includes \$1,551,961 owed by United Educators on a settled Elko County School District case that has an allowance of 50% as a conservative contingency measure in the current year. United Educators is disputing coverage arising from NPAIP’s settlement. See Note 10 for more details.

Contributed Surplus Public Risk Mutual

In May of 2004, NPAIP's board of directors authorized the startup of a member-owned nonprofit captive mutual insurance company and contributed surplus to the company. The company, named Public Risk Mutual, ("PRM") is domiciled in Nevada. PRM subsequently converted from an association captive to a pure captive form owned by NPAIP. PRM is one of the reinsurers for NPAIP. The benefits of the captive include reduced administrative costs, reinsurance opportunities, a broader investment portfolio which can include risk assets, and to build equity to enable provision of coverage not obtainable elsewhere. Management considers the contributed surplus costs a development cost that can provide lower operating costs in the future and estimates that the savings in reinsurance cost to NPAIP will recoup the contributed capital. At the annual meeting held on April 17, 2020, the Board approved a change in the accounting policy related to the transfer of capital to PRM to expense 100% in the year of transfer effective retroactively to July 1, 2018, noting that that the unamortized balances will reduce NPAIP's Net Position and Contributed Surplus to PRM would be eliminated in the restatement of the 2019 financial statement. As of July 1, 2018, Contributed Surplus from NPAIP was \$29,477,263. As of June 30, 2018, the accumulated amortization was \$18,125,819 resulting in Contributed Surplus, net of accumulated amortization of \$11,351,444 and the same reduction in NPAIP's Net Position as of July 1, 2018. This accounting change impacts NPAIP's financial benchmarks and makes NPAIP more comparable with our peers in years without the transfer. The following chart indicates NPAIP's surplus contributions to PRM since inception:

Fiscal Year	Contributions	Total Contributions
2004	\$ 1,000,000	\$ 1,000,000
2005	\$ -	\$ 1,000,000
2006	\$ -	\$ 1,000,000
2007	\$ 1,000,000	\$ 2,000,000
2008	\$ 1,100,000	\$ 3,100,000
2009	\$ 3,800,000	\$ 6,900,000
2010	\$ 808,416	\$ 7,708,416
2011	\$ 5,265,924	\$12,974,340
2012	\$ 2,276,619	\$15,250,959
2013	\$ 1,237,581	\$16,488,540
2014	\$ 1,500,000	\$17,988,540
2015	\$ -	\$17,988,540
2016	\$ 1,488,723	\$19,477,263
2017	\$ 4,300,000	\$23,777,263
2018	\$ 5,700,000	\$29,477,263
2019	\$ -	\$29,477,263
2020	\$ -	\$29,477,263
2021	\$ -	\$29,477,263
2022	\$ -	\$29,477,263
2023	\$ -	\$29,477,263

As noted above, NPAIP has contributed \$29,477,263 to PRM in accordance with NPAIP's Capitalization Strategy Policy which allows NPAIP's Executive Committee to distribute a portion of the Net Assets to provide additional capitalization of PRM to reduce reliance on other excess or reinsurance providers. PRM increased its reinsurance capacity and thereby reduced NPAIP's retention because of the additional contributions to PRM's surplus.

Reserves for Claim Losses

Loss reserves are estimates of losses and loss development and as such will differ from the ultimate results. Therefore, one of the critical accounting estimates is the proper amount of reserves to be set aside to meet future liabilities of the current in-force business. Changes in or deviations from the assumptions used to develop the loss reserves can significantly affect NPAIP's reserve levels and related future operations. Assumptions include company methodology for underwriting and claims handling and current estimates of the legal, inflation rate, and social environment. Annually, NPAIP retains an outside independent actuary to provide a loss reserve opinion and to establish a range for NPAIP's loss reserves. NPAIP's policy is to book reserves at the 75% confidence level as recommended by the actuary. The actuarial analysis for the current fiscal year revealed an overall increase in case reserves and IBNR reserves over prior years estimated incurred losses. The current analysis for June 30, 2023, reflects that NPAIP's retention is in addition to the member deductible.

This resulted in an increased reserve for NPAIP and a lower reserve for PRM. See Note 6 Unpaid Claim Liabilities and the Supplemental Schedule of Claim Development in the financial statements for more details.

Reserves for the current portion of claims increased from \$4,917,758 to \$5,198,461 in fiscal year ending June 30, 2023. The noncurrent reserve for claims and claims loss adjustment expenses decreased from \$7,658,242 to \$6,754,539 in 2023. Total reserves decreased to \$11,953,000 from \$12,576,000, a decrease of \$623,000 or 5.0% based on claim payments and decreased claims costs and development as calculated by the actuary. The development schedule included in the financial statement provides the history of the claims reserve changes each year over 10 years included in the financial statements for more details.

Change in Net Position

NPAIP's Total Net Position increased from \$20,250,068 to \$23,037,738 during the fiscal year ending June 30, 2023, an increase of \$2,787,670 or 13.8%. This increase resulted from an overall increase in operating net position of \$2,895,733 and offset by net investment income loss of (\$108,063) for fiscal year 2023. The following is the comparative Statements of Net Position for NPAIP as of June 30, 2023, and 2022.

	<u>2023</u>	<u>2022</u>
Cash and investments	\$ 29,777,354	\$ 27,669,487
Accrued interest	110,456	84,162
Receivables	3,406,508	3,554,881
Prepaid expense	330,599	409,535
Capital assets, net	1,569,699	1,641,368
Leased assets	136,633	300,005
Total assets	<u>35,331,249</u>	<u>33,659,438</u>
Accounts payable	77,819	402,943
Risk management grants payable	126,059	130,422
Lease obligations	136,633	300,005
Reserve for claims and claims related expense	11,953,000	12,576,000
Total liabilities	<u>12,293,511</u>	<u>13,409,370</u>
Net position -unrestricted	21,468,039	18,608,700
Net position -invested in capital assets	1,569,699	1,641,368
Total net position	<u>\$ 23,037,738</u>	<u>\$ 20,250,068</u>

Total Operating Revenues

NPAIP's primary revenue source comes from premiums written. Premium written increased from \$20,536,646 to \$21,371,509 during fiscal year ending June 30, 2023, an increase of \$834,863 or 4.1%. This increase is attributable to a rate increase needed to fund increased claims, allocation of special insurance programs into the rates, changes in members deductible options and operating programs. In fiscal year 2023 and 2022, NPAIP received \$475,000 from PRM to pay for risk mitigation services to support member services.

Program Expenses

Total program expenses increased to \$17,569,968 from \$17,425,012 in Fiscal Year 2022. This reflects an increase of \$144,956 or 0.8% in the current year driven by increases in the reinsurance/excess insurance program and the bad debt expense related to the United Educators recoverable during the year. Losses and loss adjustment expenses decreased \$1,755,390 or 36.8% due to decreased claims cost during the year which factors in the loss of a member from the prior year. The reinsurance/excess insurance premiums increased \$748,810 from \$8,101,074 to \$8,849,884 because of hardening in the global reinsurance market causing increased premium rates and increased losses and loss adjustments in the prior year. Special insurance programs covering student accident and environmental coverage were \$493,655. Agent commissions increased from \$1,290,182 to \$1,336,938, an increase of \$46,756. The other changes in program expenses were insignificant.

Administration Expenses

Total administrative expenses were \$1,668,913 in Fiscal Year ending June 30, 2023, compared to \$1,286,070 in FY 2022. This represents an increase of \$382,843 or 29.8%. The management fees increased from \$642,735 to \$665,230 to account for contractual increases. Operating expenses increased from \$214,783 to \$479,445, an increase of \$264,662 due to more Cyber/Passive Network Assessments for members and increased travel because of lifting of COVID-19 restrictions. Technology services increased to \$150,846 from \$48,248 due to timing of replacements and increased software cost.

Non-operating Net Investment Income

Investments are marked to market value at the time of the financial statements, which may result in a negative or positive overall result. Restrictions imposed by law on the types of investments NPAIP may utilize are like other local governments. The investment portfolio consists of governmental type investments which, if held to maturity, will yield the respective coupon rates although interim performance may lag. NPAIP's investments are anticipated to be held to maturity. Non-operating net investment income was (\$108,063) for Fiscal Year end June 30, 2023, compared to (\$1,734,881) in 2022. The investment income was negative for NPAIP because of the mark to market value adjustment because of increasing interest rates in fiscal year 2023. See Note 3 Investment Securities for more details.

Revenues, Expenses and Changes in Net Position:

	<u>2023</u>	<u>2022</u>
Revenues	\$ 22,134,614	\$ 21,286,385
Loss fund provision and program expenses	17,569,968	17,425,012
Administration expenses	1,668,913	1,286,070
Total expenses	<u>19,238,881</u>	<u>18,711,082</u>
Increase in operating net position	2,895,733	2,575,303
Non-operating net investment loss	<u>(108,063)</u>	<u>(1,734,881)</u>
Increase in net position	2,787,670	840,422
Net position- beginning balance	20,250,068	19,409,646
Net position, end of year	<u>\$ 23,037,738</u>	<u>\$ 20,250,068</u>

Capital Assets and Debt Administration:

NPAIP owns land and the office building as the only physical assets and no borrowed funds. The capital assets of land, building and equipment net is \$1,569,699 as of June 30, 2023. This represents 4.4% of the total assets. This building generates rental income and diversifies NPAIP's investments. NPAIP remains debt free.

Subsequent Events:

There were no subsequent events that would affect the financial statements for the current fiscal year.

Requests for Information:

While the purpose of this discussion and financial report is to provide a general overview of NPAIP's financial position, address requests for additional financial information to Wayne Carlson, Executive Director, 201 S. Roop St., Suite 102, Carson City, NV 89701-4790.

NEVADA PUBLIC AGENCY INSURANCE POOL
Statements of Net Position
June 30, 2023 and 2022

ASSETS	<u>2023</u>	<u>2022</u>
Current assets:		
Cash and cash equivalents	\$ 5,700,870	\$ 4,482,628
Investments	24,076,484	23,186,859
Accrued interest	110,456	84,162
Deductibles receivable	348,772	285,189
Assessments receivable	155,561	22,248
Other Receivables	29,689	35,017
Specific and aggregate recoverables, net	2,872,486	3,212,427
Prepaid expense	<u>330,599</u>	<u>409,535</u>
Total current assets	<u>33,624,917</u>	<u>31,718,065</u>
Capital assets:		
Land, building & equipment, net	<u>1,569,699</u>	<u>1,641,368</u>
Non current assets:		
Lease assets	<u>136,633</u>	<u>300,005</u>
Total Assets	<u><u>35,331,249</u></u>	<u><u>33,659,438</u></u>
 LIABILITIES		
Other current liabilities:		
Accounts payable	77,819	402,943
Risk Management Grants payable	126,059	130,422
Current portion of lease obligations	115,901	162,165
Current portion of reserve for claims and claims adjustment expenses	<u>5,198,461</u>	<u>4,917,758</u>
Total current liabilities	<u>5,518,240</u>	<u>5,613,288</u>
Noncurrent liabilities:		
Lease obligations	20,732	137,840
Reserve for claims and claims adjustment expenses	<u>6,754,539</u>	<u>7,658,242</u>
Total non-current liabilities:	<u>6,775,271</u>	<u>7,796,082</u>
Total Liabilities	<u><u>12,293,511</u></u>	<u><u>13,409,370</u></u>
 NET POSITION		
Net Position, unrestricted	21,468,039	18,608,700
Net Position, invested in capital assets	<u>1,569,699</u>	<u>1,641,368</u>
Total Net Position	<u><u>\$ 23,037,738</u></u>	<u><u>\$ 20,250,068</u></u>

See accompanying notes

NEVADA PUBLIC AGENCY INSURANCE POOL
Statements of Revenues, Expenses and Changes in Net Position
For Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
OPERATING REVENUES		
Premiums written	\$ 21,371,509	\$ 20,536,646
Lease income	239,666	232,730
PRM risk mitigation services	475,000	475,000
Other Income	48,439	42,009
Total revenues	<u>22,134,614</u>	<u>21,286,385</u>
PROGRAM EXPENSES		
Losses and loss adjustment expenses	3,013,224	4,768,614
Excess insurance premiums	8,849,884	8,101,074
Special insurance programs	493,655	487,110
Bad debt expense	775,980	-
In-house brokering & loss control fees	505,000	505,000
Third party administrator fees	917,036	738,117
Member education and training	1,389,976	1,369,381
Loss control awards and grants	265,965	158,945
Agent commissions	1,336,938	1,290,182
Taxes written	22,310	6,589
Total program expenses	<u>17,569,968</u>	<u>17,425,012</u>
ADMINISTRATIVE EXPENSES		
Management fees	665,230	642,735
Building maintenance and utilities	91,785	81,469
Depreciation	71,669	73,985
Travel	57,961	40,830
Casualty insurance	54,504	53,677
Operating expenses	479,445	214,783
Legal expenses	2,523	2,594
Consultant appraisals	94,950	127,749
Technology services	150,846	48,248
Total pool administration expenses	<u>1,668,913</u>	<u>1,286,070</u>
Total program and administration expenses	<u>19,238,881</u>	<u>18,711,082</u>
Increase in operating net position	<u>2,895,733</u>	<u>2,575,303</u>
Non-operating net investment loss	<u>(108,063)</u>	<u>(1,734,881)</u>
Increase in net position	<u>2,787,670</u>	<u>840,422</u>
Beginning net position	<u>20,250,068</u>	<u>19,409,646</u>
Net position, end of year	<u>\$ 23,037,738</u>	<u>\$ 20,250,068</u>

See accompanying notes

NEVADA PUBLIC AGENCY INSURANCE POOL
Statements of Cash Flows
For Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Premiums written	\$ 21,179,941	\$ 18,929,877
Lease income	239,666	232,730
PRM risk mitigation services	475,000	475,000
Other revenues	48,439	42,009
Payments for claims	(3,636,224)	(3,982,614)
Payments to vendors	(16,090,892)	(13,770,293)
Net Cash Provided from Operating Activities	<u>2,215,930</u>	<u>1,926,709</u>
Cash flows from investing activities:		
Interest and dividend income, net of expenses	589,273	522,834
Purchases of investments	(5,169,953)	(4,296,446)
Proceeds from sales of investments	3,582,992	5,351,994
Net Cash (used) provided from Investing Activities	<u>(997,688)</u>	<u>1,578,382</u>
Cash flows from capital activities:		
Equipment purchases	-	(6,262)
Net Cash Used for Capital Activities	<u>-</u>	<u>(6,262)</u>
Increase in Cash Equivalents	1,218,242	3,498,829
Cash and Cash Equivalents, beginning of fiscal year	4,482,628	983,799
Cash and Cash Equivalents, year ended June 30	<u>5,700,870</u>	<u>4,482,628</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Net Income	2,895,733	2,575,303
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	71,669	73,985
(Increase) decrease in accrued interest	(26,294)	2,183
(Increase) in deductibles receivable	(63,583)	(239,065)
(Increase) in other receivables	(127,985)	(21,640)
Decrease (increase) in recoverables	339,941	(1,185,478)
Decrease (increase) in prepaid expense	78,936	(384,453)
Decrease in leased assets	163,372	160,586
(Decrease) increase in accounts payable	(325,124)	330,644
(Decrease) in Risk Management Grants liability	(4,363)	(8,770)
(Decrease) increase in lease obligations	(163,372)	(160,586)
(Decrease) increase in reserve for claims and loss adjustments	(623,000)	784,000
Net Cash Provided by Operating Activities	<u>\$ 2,215,930</u>	<u>\$ 1,926,709</u>

See accompanying notes

NEVADA PUBLIC AGENCY INSURANCE POOL
Notes to Financial Statements
June 30, 2023 and 2022

NOTE 1 - NATURE OF ORGANIZATION

The Nevada Public Agency Insurance Pool (NPAIP) is a quasi-governmental entity formed by an intergovernmental agreement between political subdivisions of the state of Nevada and organized to operate as a group self-insurer. The purpose of the organization is to seek the prevention or lessening of casualty losses to its members and injuries to persons, which might result in claims being made against such members. In addition to self-funding and excess insurance protection, the program provides risk management services with emphasis on loss control, claims administration, and management support services. The NPAIP is fully funded by member participants. Members file claims with Davies Claims Solutions, which has been contracted to perform claims adjustments for the NPAIP.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Presentation

The Nevada Public Agency Insurance Pool (NPAIP) has prepared its financial statements in accordance with accounting principles generally accepted in the United States of America. NPAIP has implemented Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.

The financial statements have been prepared on the basis of accounting principles generally accepted in the United States of America for governmental entities and insurance enterprises, where applicable, which may differ from the basis of accounting followed in statutory reporting.

Accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Measurement Focus, Basis of Accounting

The financial statements are reported using the economic resources management focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Expenditures are recorded when the related fund liability is incurred.

Cash Equivalents

For purposes of the statement of cash flows, the NPAIP considers investments with original maturity dates less than 90 days to be cash equivalents.

Investment and Interest Income

Investments are recorded at fair market value. Interest income, and realized and unrealized gains and losses are shown as net investment income.

NPAIP is authorized, by state statutes, to make investments in bonds and debentures of the United States, and bills and notes of the U.S. Treasury, the maturities of which cannot be more than 10 years from date of purchase except as permitted by law. NPAIP is also authorized to purchase negotiable certificates of deposit issued by commercial banks or insured savings and loan associations, the U.S. Postal Service, and Government National Mortgage Association securities.

Budget

A budget is prepared by management though there is no legal budgetary requirement.

Credit Risk

Credit risk is the risk that the issuer of a security will default on the principal and interest of the security. NPAIP's policy is to invest in securities with credit ratings of AAA, AA, or A as rated by a Nationally Recognized Statistically Rating Organization pursuant to statutory limitations. In addition, NPAIP's policy is to diversify the investment portfolio so that the impact of potential losses from any one type of security or from any one issuer will be minimized.

NEVADA PUBLIC AGENCY INSURANCE POOL
Notes to Financial Statements
June 30, 2023 and 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentration of Credit Risk

NPAIP limits investments in fixed income securities to 10% of the total fixed income portfolio to any one issuer. Corporate bond allocation cannot exceed 20% of the total par value of the portfolio. NPAIP will not directly invest in securities that have a weighted average life of more than ten (10) years from the date of purchase, except as permitted by law. The policy does not place a limit on the purchase of U.S. government and government backed securities.

Liquidity Risk

Liquidity risk is the risk that an investment may not be converted into cash if a need for cash arises. Management minimizes liquidity risk through planning investment maturities to ensure that funds are available to meet cash flow needs and maintain a portion of the funds in money market mutual funds which offer same-day liquidity for short-term funds.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Management seeks to minimize this risk by matching investment maturities to liability due dates. This allows NPAIP to hold investments to maturity thus mitigating losses from the sale of investments prior to their maturity date. Additionally, exposure to fair value losses arising from increasing interest rates is minimized by investing in investments with short to mid-term durations.

Deductibles and Specific Excess Recoverable Receivables

Deductibles receivable represents the portion of a claim to be collected from members. Specific excess recoverables represents amounts to be collected from excess insurers on claims made by members against the NPAIP in excess of the NPAIP's retention.

Fixed Assets

Equipment on the books is depreciated over the estimated useful lives of the assets using the straight-line method and the lives assigned to assets range from 5 years to 7 years. The capitalization policy allows for the recording as an asset and depreciation for amounts of and in excess of \$5,000. The office building cost is depreciated using the straight-line method over a period of 40 years and building improvements depreciated over 20 years with no salvage value.

Lease assets

Lease assets represent the amounts to be collected on office space that NPAIP has leased to various tenants. Lease obligation represents the obligation the Organization has to provide that leased space over the term of the contract. Leases are capitalized at a rate of 2% which is management's estimation based on the average rate of return NPAIP earned on investments at the time the lease was entered into. Interest income is recorded on the leases annually based on this rate. Lease assets and the related obligation are reduced each year as rental income is recognized.

Legal Fees

Legal fees included in administration expenses are primarily for corporate legal work only; all legal expenses associated with a particular claim are charged directly to that claim's experience. Legal work on claims affects losses incurred and loss adjustment expenses.

Losses and Loss Adjustment Expenses

Reserves for losses and allocated loss adjustment expenses are provided based on case basis estimates for losses reported and NPAIP's historical loss experience for claims incurred but not reported (IBNR). The liability for unpaid losses and loss adjustment expenses includes the estimated cost of investigating and settling all claims incurred as of the balance sheet date. Such amounts are determined based on an evaluation prepared by management and an independent consulting actuary using a 75% confidence level. Although such estimates are best estimates of the expected values, the actual results may vary from these values.

Member Loss Fund Contributions and Unearned Member Loss Fund Contributions

Member contributions are collected in advance and recognized as revenue in the period for which insurance protection is provided.

NEVADA PUBLIC AGENCY INSURANCE POOL
Notes to Financial Statements
June 30, 2023 and 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Federal Income Taxes

In accordance with Internal Revenue Service code Section 115, organizations formed, operated and funded by political subdivisions may exclude income from those activities that qualify for exclusion. Accordingly, no provision for income taxes has been provided in the accompanying financial statements.

Supplementary Development Schedule - Unaudited

The Claims Development Schedule reports claims on a reported year basis.

Reclassifications

Certain amounts in the 2022 financial statements have been reclassified to conform to the current year's presentation.

NOTE 3 – CASH AND INVESTMENTS

The carrying amount of NPAIP's deposits with financial institutions at June 30, 2023 and 2022 was \$5,700,870 and \$4,482,628 respectively. The financial institution balance at June 30, 2023 and 2022 was \$6,080,599 and \$5,055,049 respectively. The difference between the carrying amount and bank balance results from outstanding checks and/or deposits not yet reflected in the bank's records.

	<u>2023</u>	<u>2022</u>
Amounts insured by FDIC	\$ 250,000	\$ 250,000
Amounts collateralized	4,339,187	2,334,203
Amounts uninsured and uncollateralized	-	-
Cash equivalents at brokerage firm	<u>1,491,412</u>	<u>2,470,846</u>
Total deposits at financial institutions	<u>\$ 6,080,599</u>	<u>\$ 5,055,049</u>

NPAIP maintains its cash, cash equivalents and investments in a commercial bank and a brokerage institution. All amounts in the commercial bank are insured by the FDIC or collateralized. Amounts at the brokerage firm are insured through SIPC and additional amounts above SIPC coverage limits are insured by the broker through an insurance policy.

A summary of investments as of June 30, 2023 is as follows:

	<u>Fair Value</u>	<u>Investment Maturities in Years</u>			
		<u>1 year or less</u>	<u>1-5</u>	<u>5-10</u>	<u>Over 10</u>
U.S. Treasuries	\$ 4,705,803	\$ 832,756	\$ 3,566,141	\$ 306,906	\$ -
U.S. Mortgage-backed securities	13,138,795	35	620,291	10,877	12,507,592
U.S. Government backed securities	141,379	-	19,407	121,972	-
Corporate bonds	6,090,507	1,586,025	4,504,482	-	-
Total investments	<u>\$ 24,076,484</u>	<u>\$ 2,418,816</u>	<u>\$ 8,710,321</u>	<u>\$ 439,755</u>	<u>\$ 12,507,592</u>

A summary of investments as of June 30, 2022 is as follows:

	<u>Fair Value</u>	<u>Investment Maturities in Years</u>			
		<u>1 year or less</u>	<u>1-5</u>	<u>5-10</u>	<u>Over 10</u>
U.S. Treasuries	\$ 5,154,639	\$ 1,469,202	\$ 3,363,656	\$ 321,781	\$ -
U.S. Mortgage-backed securities	13,137,403	1,458	1,077,854	9,877	12,048,214
U.S. Government backed securities	188,641	-	34,438	154,203	-
Corporate bonds	4,706,176	250,909	4,455,267	-	-
Total investments	<u>\$ 23,186,859</u>	<u>\$ 1,721,569</u>	<u>\$ 8,931,215</u>	<u>\$ 485,861</u>	<u>\$ 12,048,214</u>

NEVADA PUBLIC AGENCY INSURANCE POOL
Notes to Financial Statements
June 30, 2023 and 2022

NOTE 3 – CASH AND INVESTMENTS (continued)

Actual maturities may differ from contractual maturities as some borrowers have the right to call or prepay with or without call or prepayment penalties. NPAIP categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

	June 30, 2023 Fair Value	Quoted price in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
U.S. Treasuries	\$ 4,705,803	\$ 4,705,803	\$ -	\$ -
U.S. Mortgage-backed securities	13,138,795	-	13,138,795	-
U.S. Government backed securities	141,379	-	141,379	-
Corporate bonds	6,090,507	-	6,090,507	-
Total cash and investments	<u>\$ 24,076,484</u>	<u>\$ 4,705,803</u>	<u>\$ 19,370,681</u>	<u>\$ -</u>

	June 30, 2022 Fair Value	Quoted price in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
U.S. Treasuries	\$ 5,154,639	\$ 5,154,639	\$ -	\$ -
U.S. Mortgage-backed securities	13,137,403	-	13,137,403	-
U.S. Government backed securities	188,641	-	188,641	-
Corporate bonds	4,706,176	-	4,706,176	-
Total cash and investments	<u>\$ 23,186,859</u>	<u>\$ 5,154,639</u>	<u>\$ 18,032,220</u>	<u>\$ -</u>

NEVADA PUBLIC AGENCY INSURANCE POOL
Notes to Financial Statements
June 30, 2023 and 2022

NOTE 4 – LAND, BUILDING AND EQUIPMENT

Building and equipment are reported at cost less accumulated depreciation and land at cost. Depreciation is calculated on the straight line basis over the estimated useful lives of the assets. NPAIP capitalizes equipment and building related expenditures that are greater than \$5,000. When assets are disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in operations. Activity for the years ended June 30, 2023 and 2022 was as follows:

Property and equipment activity for the year ended June 30, 2023 was as follows:

	Estimated Useful Life	June 30, 2022	Additions	Dispositions	June 30, 2023
Land	-	\$ 466,652	\$ -	\$ -	\$ 466,652
Building	40	1,783,716	-	-	1,783,716
Equipment, furniture, fixtures & vehicles	5-7	438,068	-	-	438,068
		<u>2,688,436</u>	-	-	<u>2,688,436</u>
Less accumulated depreciation		(1,047,068)	(71,669)	-	(1,118,737)
Capital assets net accumulated depreciation		<u>\$ 1,641,368</u>	<u>\$ (71,669)</u>	<u>\$ -</u>	<u>\$ 1,569,699</u>

Property and equipment activity for the year ended June 30, 2022 was as follows:

	Estimated Useful Life	June 30, 2021	Additions	Dispositions	June 30, 2022
Land	-	\$ 466,652	\$ -	\$ -	\$ 466,652
Building	40	1,783,716	-	-	1,783,716
Equipment, furniture, fixtures & vehicles	5-7	431,806	6,262	-	438,068
		<u>2,682,174</u>	<u>6,262</u>	-	<u>2,688,436</u>
Less accumulated depreciation		(973,083)	(73,985)	-	(1,047,068)
Capital assets net accumulated depreciation		<u>\$ 1,709,091</u>	<u>\$ (67,723)</u>	<u>\$ -</u>	<u>\$ 1,641,368</u>

Depreciation expense for years ended June 30, 2023 and 2022 was \$71,669 and \$73,985 respectively.

NOTE 5 – RETENTION

Nevada Public Agency Insurance Pool retains a portion of claims prior to the application of coverage provided by its reinsurance contracts. The retention amounts per event are as follows:

	2022-2023	2021-2022
Property	\$200,000	\$200,000
Liability	\$500,000	\$500,000 except \$1,000,000 for sexual abuse for school district members
Monies & Securities	\$500,000	\$500,000
Equipment Breakdown	\$50,000	\$50,000
Cyber Risk	\$250,000 except \$500,000 for school districts	\$250,000 except \$500,000 for school districts

NEVADA PUBLIC AGENCY INSURANCE POOL
Notes to Financial Statements
June 30, 2023 and 2022

NOTE 6 – UNPAID CLAIMS LIABILITIES

NPAIP estimates losses and loss adjustment expense based on historical experience and payment and reporting patterns. These estimates are based on data available at the time of the estimate and are reviewed by NPAIP’s independent consulting actuary.

Inherent in the estimates of the ultimate liability for unpaid claims are expected trends in claim severity, claim frequency, and other factors that may vary as claims are settled. The amount and uncertainty in the estimates are affected by such factors as the knowledge of the actual facts and circumstances and amount of historical claims experienced relative to the development period that has been affected by the change in premium levels and increase in closing and settlement of claims.

As discussed in Note 2, the NPAIP establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claims adjustment expenses, both allocated and unallocated. The following represents changes in those aggregate liabilities for NPAIP in the last two years:

	<u>2023</u>	<u>2022</u>
Unpaid losses and loss adjustment expenses at beginning of year or period	<u>\$ 12,576,000</u>	<u>\$ 11,792,000</u>
Incurred losses and loss adjustment expenses:		
Provision for insured events of current year	6,604,000	6,604,000
Decrease in provision for insured events of prior fiscal years	<u>(3,590,776)</u>	<u>(1,835,386)</u>
Total incurred losses and loss adjustment	3,013,224	4,768,614
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year/period	(860,000)	(1,418,000)
Claims and claims adjustment expenses attributable to insured events of prior	<u>(2,776,224)</u>	<u>(2,566,614)</u>
Total Payments	(3,636,224)	(3,984,614)
Unpaid claims and claims adjustment expenses At end of fiscal year	<u><u>\$ 11,953,000</u></u>	<u><u>\$ 12,576,000</u></u>

In 2023 the current portion of the reserve, cash expected to be paid within 12 months, is \$5,198,461 and the long-term portion is \$6,754,539. At the end of 2022 the current portion was \$4,917,758 and the long-term portion was \$7,658,242.

At June 30, 2023 and 2022, NPAIP recorded the liability for losses and loss adjustment expenses based on an estimate by its independent consulting actuary. The reserve balances were developed by an independent actuary and are management’s best estimate of reserves at June 30, 2023 and 2022.

NEVADA PUBLIC AGENCY INSURANCE POOL
Notes to Financial Statements
June 30, 2023 and 2022

NOTE 7 - RELATED PARTY TRANSACTIONS

PARMS

PARMS, a service corporation wholly owned by Mr. Wayne Carlson, leased space at 201 S. Roop St. in Carson City, Nevada from the Nevada Public Agency Insurance Pool through a lease agreement for the Executive Director’s office space. Lease payments received from PARMS for the years ending June 30, 2023 and 2022 were \$7,564 and \$7,416.

Nevada Risk Pooling

Effective July 1, 2019, Nevada Public Agency Insurance Pool (NPAIP) jointly with Public Agency Compensation Trust (PACT) provided a five-year grant to Nevada Risk Pooling, Inc. (NRP), a nonprofit organization formed by the executive director of NPAIP, Wayne Carlson, and whose directors are Josh Foli, Paul Johnson, Geof Stark, and Gina Rackley. The NRP contract allocation is for NPAIP to pay 50% and PACT 50%. NRP will manage all administrative and risk management duties for NPAIP and PACT.

Effective August 1, 2021, Nevada Risk Pooling assumed the brokering and loss control duties previously provided by Willis Pooling. The Board approved bringing these services in-house at their August 24, 2021 meeting. The contract amounts for Fiscal Year Ending June 30, 2023 and 2022 from POOL were \$505,000 for both years.

Grant costs to NPAIP for the years ending June 30, 2023 and 2022 were \$1,170,230 and \$1,147,735 of which \$665,230 and \$642,735 were recorded as management fees for fiscal years 2023 and 2022 respectively. NPAIP’s minimum future payments of the contract are as follows:

Total future grant payments	
2024	\$ 1,193,514

NRP leases office space at 201 S. Roop St. in Carson City, Nevada from the Nevada Public Agency Insurance Pool through a separate lease agreement that coincides with the term of the grant agreement.

Pooling Resources, Inc

Effective July 1, 2006, Nevada Public Agency Insurance Pool (NPAIP) jointly with Public Agency Compensation Trust (PACT) provided a grant to Pooling Resources, Inc. (PRI), a nonprofit organization formed by the executive director of NPAIP, Wayne Carlson, and whose chairman is Geof Stark with directors Paul Johnson, and Michael Giles. PRI provides human resources management services to NPAIP members. The total contract is allocated for NPAIP to pay 65% and PACT 35%. The cost of this grant for NPAIP was \$ 895,026 and \$868,958 for the years ended June 30, 2023 and 2022 respectively. The grant was renewed for five years beginning July 1, 2021 through June 30, 2025. Future grant payments are as follows:

Total future grant payments	
2024	\$ 921,877
2025	949,533
	<u>\$ 1,871,410</u>

PRI leases office space at 201 S. Roop St. in Carson City, Nevada from the Nevada Public Agency Insurance Pool through a separate lease agreement that coincides with the term of the grant agreement.

Other Related Party Transactions

NPAIP is the sole policy holder of Public Risk Mutual Company (PRM) which was formed by NPAIP as a non-profit captive mutual insurance company. PRM provided \$475,000 for both years ending June 30, 2023 and 2022 to NPAIP to provide risk management services to the membership. Since 2004, NPAIP has contributed \$29,477,263 into PRM. No contributions were made in fiscal year 2023 or 2022 to PRM.

NEVADA PUBLIC AGENCY INSURANCE POOL
Notes to Financial Statements
June 30, 2023 and 2022

NOTE 7 - RELATED PARTY TRANSACTIONS (continued)

Other Related Party Transactions

On July 1, 2017, NPAIP at no cost to NPAIP assumed ownership from PARMS of servers, computers and software and absorbed all costs related to the maintenance, replacement, and improvements for all technological needs of NPAIP, PACT, PRM, (Public Risk Mutual), PCM (Public Compensation Mutual), NRP (Nevada Risk Pooling) and PRI (Pooling Resources, Inc). The related companies of PACT, PRM, PCM, PARMS, NRP, and PRI make payments to NPAIP for use of the information technology equipment and services.

NOTE 8 – EXCESS INSURANCE OR REINSURANCE

Nevada Public Agency Insurance Pool offers limits as shown in the policy form. Highlights of some of the limits and sub-limits are shown in the table below. However, NPAIP obtains various reinsurance policies from several reinsurance companies to bear a portion of the risks not retained by the NPAIP under its retention. The limits shown below include the NPAIP retention:

COVERAGE LIMITS:

PROPERTY	2022-2023	2021-2022
Property per event	\$300,000,000	\$300,000,000
Earthquake aggregate	\$150,000,000	\$150,000,000
Flood aggregate	\$150,000,000	\$150,000,000
except flood zone A and X	\$25,000,000	\$25,000,000
Equipment breakdown	\$100,000,000	\$100,000,000

LIABILITY	2022-2023	2021-2022
Per Event and Aggregate per Member	\$10,000,000	\$10,000,000
Per Wrongful Act and Aggregate per Member	\$10,000,000	\$10,000,000
Law Enforcement per Event and Aggregate per Member	\$10,000,000	\$10,000,000
Emergency Response to Pollution Sublimit Aggregate	\$1,000,000	\$1,000,000
Sexual Abuse Sublimit per Event and Aggregate per Member	\$2,500,000	\$2,500,000

CYBER RISK COVERAGE	2022-2023	2021-2022
Per Private or Security Liability Event	\$3,000,000	\$3,000,000
Aggregate all members combined	\$15,000,000	N/A

REINSURANCE:

Property	2022-2023	2021-2022
Public Risk Mutual	\$300,000 excess of retention plus 4% of \$100,000,000 excess of \$50,000,000	\$300,000 excess of retention plus 4% of \$100,000,000 excess of \$50,000,000
Travelers Boiler Re	\$100,000,000 excess of retention	\$100,000,000 excess of retention
Lloyds of London various syndicates	\$300,000,000 excess of retention, excluding equipment breakdown and monies and securities	\$300,000,000 excess of retention, excluding equipment breakdown and monies and securities

NEVADA PUBLIC AGENCY INSURANCE POOL
Notes to Financial Statements
June 30, 2023 and 2022

NOTE 8 – EXCESS INSURANCE OR REINSURANCE (continued)

REINSURANCE:

Liability	2022-2023	2021-2022
Public Risk Mutual	30% of \$2,500,000 excess of retention excluding school districts; 25% of \$7,000,000 excess of \$3,000,000 for all Members	30% of \$2,500,000 excess of retention excluding school districts; for Member School Districts Sexual Abuse and Molestation Coverage only, \$500,000 excess of retention plus up to \$2,500,000 Aggregate per Member Excess of United Educators \$12,500,000 Aggregate combined for all Member School Districts; 25% of \$7,000,000 excess of \$3,000,000 for all Members
County Reinsurance, Ltd.	70% of \$2,500,000 excess of retention excluding school districts	70% of \$2,500,000 excess of retention excluding school districts
United Educators	N/A	\$2,500,000 excess of retention for all school districts
Old Republic	\$2,500,000 excess of retention for all school districts	N/A
Government Entities Mutual, Inc.	\$7,000,000 excess of \$3,000,000 for all Members	35% of \$7,000,000 excess of \$3,000,000 for all Members
Lloyds of London Brit Syndicates, Ltd	N/A	40% of \$7,000,000 excess of \$3,000,000 for all Members

Cyber Risk	2022-2023	2021-2022
Public Risk Mutual	\$1,000,000 excess of \$2,000,000 per Event	\$1,000,000 excess of \$2,000,000 per Event plus \$250,000 excess of \$250,000 for school districts only
County Reinsurance, Ltd.	\$2,000,000 excess of retention per Event	\$2,000,000 excess of retention per Event excluding school districts
United Educators	N/A	\$1,500,000 excess of retention for school districts

NOTE 9 – LEASES

NPAIP has long-term lease agreements with six organizations to rent office space in the building it owns at 201 S. Roop Street, Carson City, Nevada. Three of the rental agreements are with organizations related to NPAIP and are discussed in Related Parties Note 7. All long-term leases are classified as operating leases. One of those leases is a short-term lease and as a practical expedient management has elected to simply include the lease payments on the income statement and not create a related lease asset and lease liability.

NEVADA PUBLIC AGENCY INSURANCE POOL
Notes to Financial Statements
June 30, 2023 and 2022

NOTE 9 – LEASES (continued)

The following table shows the gross value of leases and the net lease asset balances on June 30, 2023.

<u>Lease description by tenant</u>	<u>Gross asset balance</u>	<u>Recognized lease income</u>	<u>Net Asset balance</u>
PARMS	\$ 37,092	\$ 29,460	\$ 7,632
Nevada Risk Pooling	269,220	213,825	55,395
State of Nevada - Sagebrush Ecosystem	55,050	55,050	-
CCMSI, Inc	113,400	94,613	18,787
State of Nevada, Risk Management Division	170,598	115,779	54,819
	<u>\$ 645,360</u>	<u>\$ 508,727</u>	<u>\$ 136,633</u>

PARMS rental agreement

A five-year lease with PARMS for the Executive Director’s office space was entered into for the period of July 1, 2019 to June 30, 2024 at a rate of \$7,128 per year adjusted annually by a 2% increase in subsequent years. The agreement does not have an option to renew, and termination is allowed upon mutual agreement. Payments received in years ended June 30, 2023 and 2022 were \$7,564 and 7,416. Lease payments are discounted with a present value of 2%. Future lease receipts are as follows.

Lease asset receivable	
2024	\$ 7,632

Nevada Risk Pooling agreement

A five-year lease with Nevada Risk Pooling, Inc. (NRP) for office space was entered into July 1, 2019 to June at a rate of \$51,732 per year adjusted annually by a 2% increase in subsequent years. The agreement does not have an option to renew, and termination is allowed upon mutual agreement. Payments received in years ended June 30, 2023 and 2022 were \$54,900 and \$53,832. Lease payments are discounted with a present value of 2%. Future lease receipts are as follows.

Lease asset receivable	
2024	\$ 55,395

State of Nevada, on behalf of the Sagebrush Ecosystem program

A two-year lease with the State of Nevada, Department of Administration, Public Works Division on behalf of the Department of Conservation and Natural Resources, Sagebrush Ecosystem program for office space was entered into July 1, 2022 for a rate of \$ 27,525 per year until June 30, 2023. The lease was renewed at the same rate until July 1, 2027. The lease can be terminated by the tenant for any legitimate reason related to funding from its federal or state sources. Payments received in years ended June 30, 2023 and 2022 were \$27,525 for both years.

CCMSI, Inc.

A three-year lease with CCMSI, Inc. for office space was entered into January 1, 2022 at a rate of \$37,800 per year until December 31, 2023. There is no renewal provision and the lease can be terminate at any time by mutual agreement. Payments received in years ended June 30, 2023 and 2022 were \$37,800 and \$ 37,800. Lease payments are discounted with a present value of 2%. Future lease receipts are as follows.

Lease asset receivable	
2024	\$ 18,797

NEVADA PUBLIC AGENCY INSURANCE POOL
Notes to Financial Statements
June 30, 2023 and 2022

NOTE 9 – LEASES (continued)

State of Nevada, Risk Management Division

A five-year lease was entered into with the State of Nevada, Department of Administration, Public Works Division on behalf of the Department of Administration, Risk Management Division on February 1, 2020 at a rate of \$33,195 per year for the first year, \$34,025 for each of the next two years and \$34,876 for each of the last two years of the agreement ending on January 31, 2025. There is no renewal included in the lease and the lease can be terminated by the tenant for any legitimate reason related to an impairment of funding from its federal or state sources. Payments received in the years ended June 30, 2023 and 2022 were \$34,380 and \$34,026. Lease payments are discounted with a present value of 2%. Future lease receipts are as follows.

Lease asset receivable		
2024	34,876	
2025	19,933	
	\$ 54,809	
	54,809	

Pooling Resources, Inc

A one-year rental agreement with Pooling Resources Inc. (PRI) was entered into July 1, 2022. Payments received in the years ended June 30, 2023 and 2022 were \$81,513 and \$79,919. The agreement does not have an option to renew. This is a short-term lease and a lease asset and liability was not created and all payments are shown as lease income.

NOTE 10 - SPECIFIC AND AGGREGATE RECOVERABLES

Specific and aggregate reinsurance recoverables represent amounts to be collected from reinsurers on claims made by members against NPAIP in excess of the NPAIP’s retention. The specific and aggregate recoverable at year-end June 30, 2023 is \$3,648,466 less an allowance of \$775,980 for a net recoverable of \$2,872,486. The recoverable on June 30, 2022 is \$3,212,427. These amounts include \$1,551,961 owed by United Educators on a settled Elko County School District case. United Educators is disputing coverage arising from NPAIP’s settlement. As there is a risk that the entire amount may not be collectible, management has made an allowance of \$775,980 in the current year for 50% of the recoverable.

Both parties to the coverage dispute essentially agree upon the facts although they disagree on interpretation of the facts in the underlying complaint and in defense counsel’s report with regard to the applicability of certain exclusions in the United Educator’s coverage. United Educators asserts that certain United Educator’s coverage exclusions are triggered. NPAIP asserts that the facts and language in question triggers a sublimit within the coverage, not an exclusion. The parties entered into voluntary mediation on November 16 and 17 of 2022 in an attempt to resolve the matter short of litigation. That mediation effort failed. Subsequently, NPAIP invoked the reinsurance Arbitration provision and the process is unfolding toward a resolution in July 2024. NPAIP management believes that it will prevail in Arbitration to recover the full amount owed by United Educators under the reinsurance agreement. However, as a conservative contingency measure, management is reserving an allowance of 50% of the anticipated recovery in the event that the arbitration panel does not find fully for NPAIP.

NOTE 11 –SUBSEQUENT EVENTS

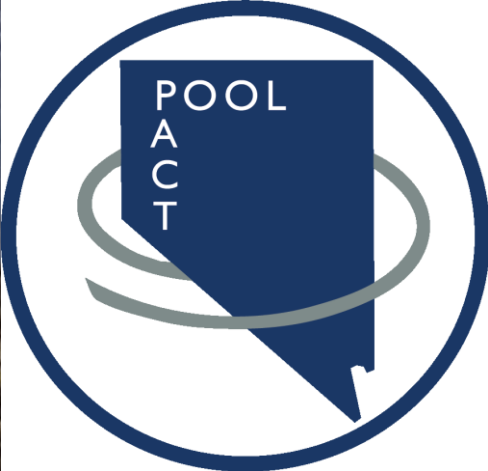
Management has evaluated the activities and transactions subsequent to June 30, 2023 to determine the need for any adjustments to, and disclosure within the financial statements for the year ended June 30, 2023. Management has evaluated subsequent events through October 6, 2023 which is the date the financial statements were available for issue.

**NEVADA PUBLIC AGENCY INSURANCE POOL
COMPARATIVE SCHEDULE OF CLAIMS DEVELOPMENT (UNAUDITED)**

EARNED ASSESSMENTS AND ALLOCATED EXPENSES FOR TEN-YEAR PERIOD - YEAR ENDED JUNE 30,

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Required Contributions & Investment Income:										
Earned	\$15,203,196	\$15,129,697	\$15,659,967	\$13,926,199	\$14,701,651	\$17,193,234	\$19,357,153	\$18,893,262	19,551,504	22,026,551
Ceded	(4,919,456)	(5,253,026)	(5,044,561)	(5,633,992)	(5,794,600)	(5,960,178)	(6,807,601)	(7,672,109)	(8,101,074)	(9,343,539)
Net earned	10,283,740	9,876,671	10,615,406	8,292,207	8,907,051	11,233,056	12,549,552	11,221,153	11,450,430	12,683,012
Unallocated Expenses	5,672,515	5,755,797	6,213,405	6,801,212	7,157,245	7,591,756	5,358,681	5,079,480	5,354,285	6,882,118
Estimated Incurred Claims & Expense End of Policy Year:										
Incurred	4,851,000	4,317,000	5,255,500	7,062,141	5,939,000	6,142,102	6,433,168	7,529,891	10,799,669	7,174,955
Ceded	-	-	(87,500)	(1,427,141)	(201,000)	(145,102)	(261,168)	(279,968)	(4,195,669)	(570,955)
Net Incurred	4,851,000	4,317,000	5,168,000	5,635,000	5,738,000	5,997,000	6,172,000	7,249,923	6,604,000	6,604,000
Paid (cumulative) as of:										
End of policy year	788,000	551,000	485,000	988,000	1,232,000	1,160,000	776,000	1,079,000	1,418,000	860,000
One Year Later	1,538,000	1,681,000	2,291,000	2,367,000	2,984,000	2,240,000	1,886,000	2,036,000	2,446,000	
Two Years Later	2,142,000	2,061,000	3,272,000	3,253,000	3,353,000	2,536,000	2,414,000	2,679,000		
Three Years Later	2,656,000	2,277,000	3,939,000	3,958,000	3,628,000	3,100,000	3,386,000			
Four Years Later	2,973,000	2,395,000	4,529,000	4,281,000	3,707,000	3,244,000				
Five Years Later	2,997,000	2,608,000	4,519,000	4,571,000	3,709,000					
Six Years Later	3,046,000	3,015,000	4,532,000	4,583,000						
Seven Years Later	3,046,000	3,015,000	4,533,000							
Eight Years Later	3,054,000	3,015,000								
Nine Years Later	3,056,000									
Re-estimated ceded claims & Expenses	2,112,138	480,478	3,069,083	4,990,281	1,781,597	2,216,454	261,168	279,968	4,195,669	570,955
Re-estimated Claims & Expense										
End of policy year	4,851,000	4,317,000	5,168,000	5,635,000	5,738,000	5,997,000	6,172,000	7,249,923	6,604,000	6,604,000
One Year Later	4,159,000	3,864,000	4,769,000	5,269,000	5,269,000	4,774,000	4,747,000	5,916,000	5,261,000	
Two Years Later	3,713,000	3,134,000	5,406,000	4,761,000	4,569,000	4,353,000	4,354,000	4,241,000		
Three Years Later	3,285,000	3,140,000	4,838,000	5,048,000	4,172,000	4,242,000	4,381,000			
Four Years Later	3,229,000	3,080,000	4,875,000	4,828,000	3,814,000	3,863,000				
Five Years Later	3,196,000	3,177,000	4,626,000	4,812,000	3,757,000					
Six Years Later	3,157,000	3,030,000	4,580,000	4,714,000						
Seven Years Later	3,055,000	3,021,000	4,558,000							
Eight Years Later	3,055,000	3,015,000								
Nine Years Later	3,056,000									
Increase (Decrease) in Estimated Incurred Claims & Expenses from End of Policy Year	(1,795,000)	(1,302,000)	(610,000)	(921,000)	(1,981,000)	(2,134,000)	(1,791,000)	(3,008,923)	(1,343,000)	-

This information is required by the Governmental Accounting Standards Board



2024 – 2025 POOL Reinsurance Renewal Presentation

April 19, 2024

State of the Market

The 2023 market impacted all lines of coverage, but there is light at the end of that tunnel. Carriers in all lines of coverage had to make hard discussions and re-evaluate their reinsurance treaties along with their pricing models. This has helped in providing a more stable marketplace in 2024. Large losses continue from law enforcement liability claims and are having nuclear vertices. Sexual assault and molestation loss remain, as many states look at revival legislation, changing the statute of limitations. Capacity has come back to the Property market and the filling of programs has become not as difficult.

For buyers, the buying challenges have lighted, though there is still potential for rate increases.

Property

- The Property market has started to level and capacity is again available. CAT losses are on the decline, but secondary losses continue to be more frequent, such as climate change loss, wind, hail and wildfire. With the flattening of the market, rates have leveled and depending on experience, Non-CAT exposed areas, such as Nevada, will have Flat to +10% increases in rate.

Liability

- Due to inflation, including social inflation, and its impact on claim cost, civil turmoil/law enforcement and continued Sexual Assault and Molestation, Liability markets are remaining conservative in pricing. For the Liability and Excess Liability, markets are remaining close to last year at a +10% to +20% increase in rate, depending on risk hazard and could be higher due to adverse loss development.

Workers Compensation

- With the continued rise in health care costs, markets will continue to look for rate increases. Depending on the hazard classes and losses, rates are expected between a Flat to +10% increase.

Cyber

- While market stabilization has continued in 2023, losses also continue. Markets want to see focus on improved cyber security hygiene. There are still reduced limits and increase retentions along with increase rates, but not as large as in the past years, +5% to +15%.

2023-2024 NPAIP Reinsurance Renewal Submission

Markets Approached

Property

- Lloyd's of London
- Public Risk Mutual (PRM)

Casualty

- Old Republic – Schools Only
- CRL – Other than Schools and Cyber for all members
- GEM – All Members
- Public Risk Mutual (PRM) – Other than Schools

Cyber

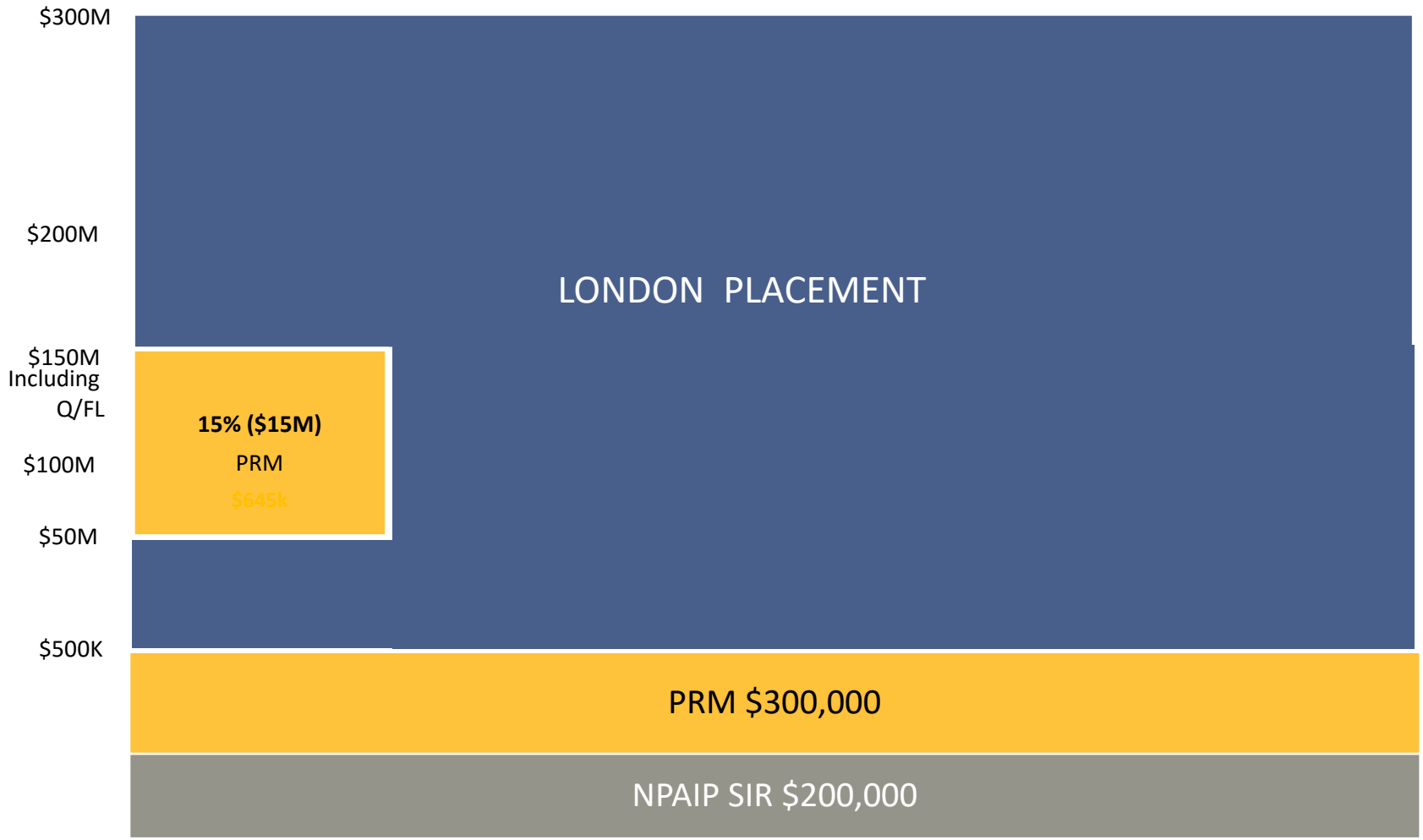
- CRL – All Members
- PRM – All Members

Joint Purchase Insurance Programs

- Travelers Boiler Re – Equipment Breakdown
- Gerber - Student Accident
- Ironshore – Environmental Liability
- Lloyd's of London – Property and Casualty Terrorism

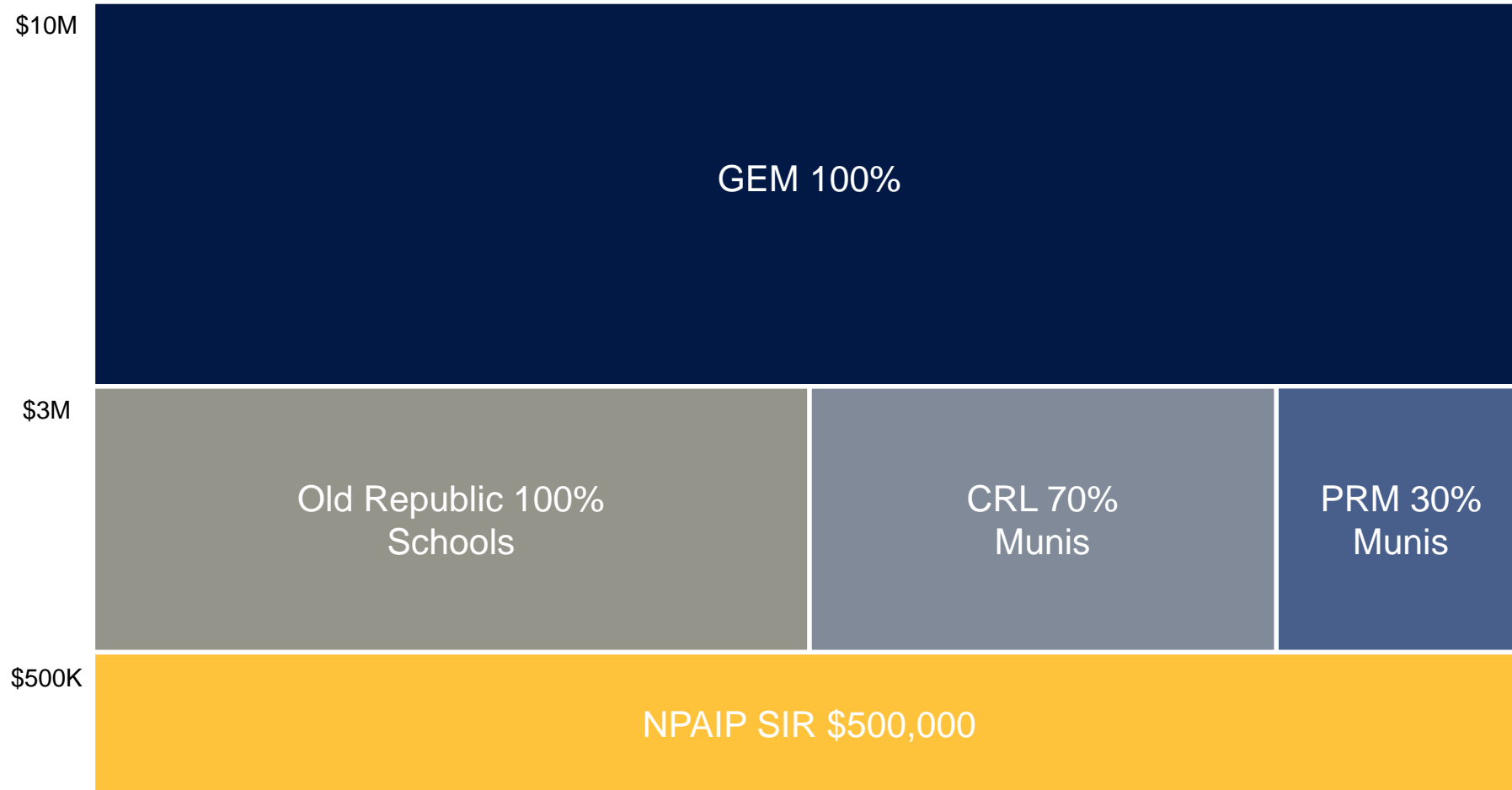
Nevada Public Agency Insurance Pool 2024-2025

Property Structure



Nevada Public Agency Insurance Pool 2024-2025

Liability Structure



Nevada Public Agency Insurance Pool 2024-2025

Cyber Liability Structure - \$1M Limit with a \$15M Pool Aggregate



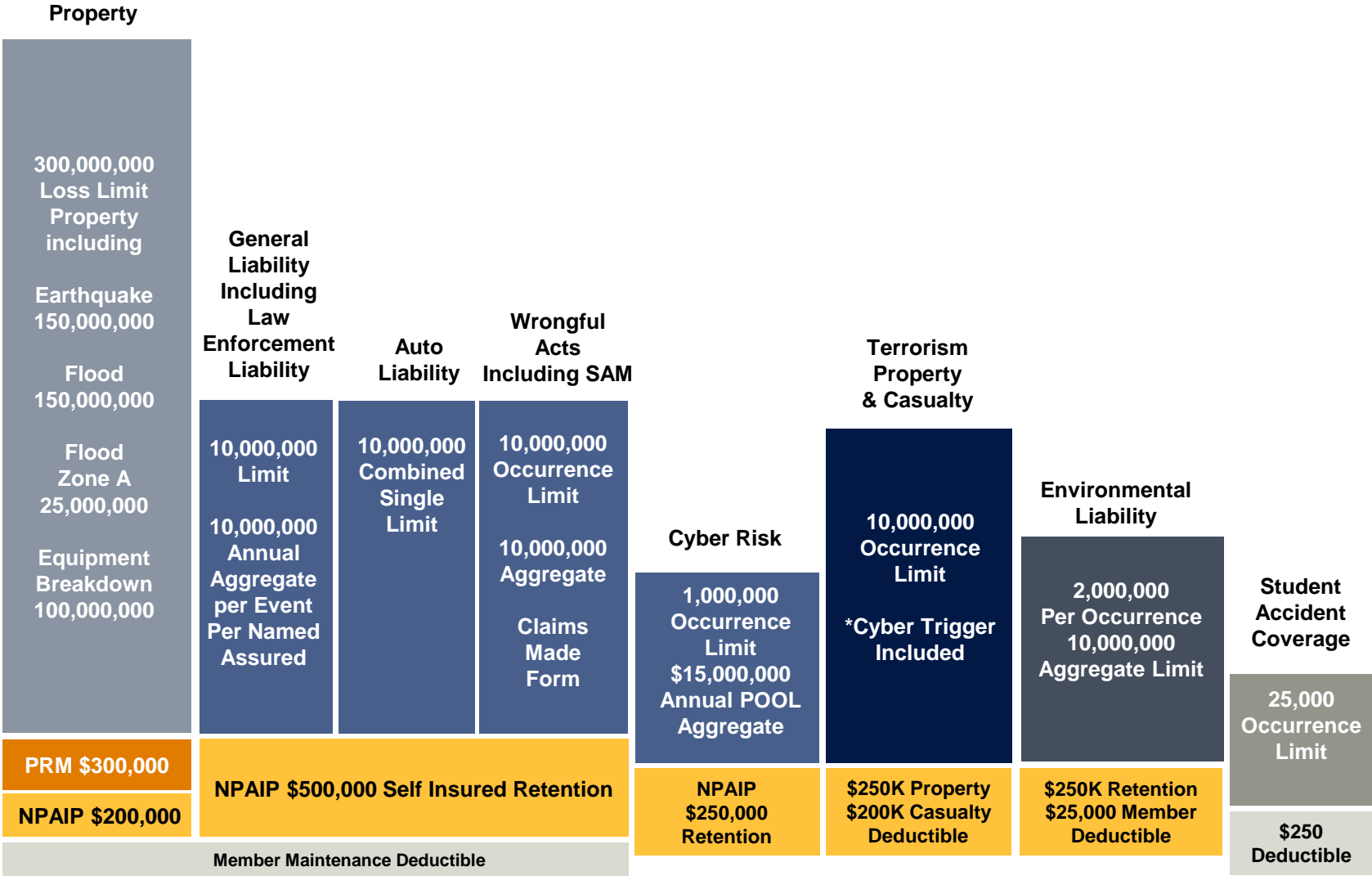
NPAIP Reinsurance Program Structure and Exposures 2023 vs. 2024

Exposure Data			
	2023 - 2024 - Expiring	2024 - 2025 - Submission	% Change
Property TIV	7,040,518,690	7,589,169,361	7.79%
EB TIV	6,353,771,402	6,874,171,051	8.19%
Liability Payroll - All Members	789,235,539	831,132,505	5.31%
Liability Payroll - NO SCHOOLS	433,437,419	458,900,507	5.87%
Number of Employees - NO SCHOOLS	6,854	6,903	0.71%
Number of Employees - SCHOOLS ONLY	6,804	7,091	4.22%
Law Enforcement Officers	723.5	742.5	2.63%
Number of Autos - All Members	5,580	6,064	8.67%
Number of Autos - NO SCHOOLS	4,216	4,715	11.84%
Number of Autos - SCHOOLS ONLY	1,364	1,349	-1.10%
ADA	46,384	45,886	-1.07%

NPAIP Renewal Reinsurance Comparison and Quotes

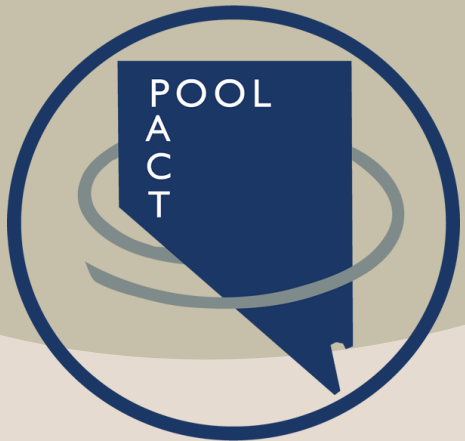
2024 - 2025 NPAIP Renewal Quotes			
	Premium with 2023 Rates applied to 2024 Exposures	Premium with 2024 Rates applied to 2024 Exposures	
Coverages	\$300 Million Property and \$150 Million Flood and Quake, EXCEPT \$25 Million Flood Zone A, \$100 Million Equipment Breakdown, \$2.5M xs \$500K Old Republic 100% (Schools), 70% CRL & 30% PRM (Non-Schools), \$7M xs \$3M GEM 100%	\$300 Million Property and \$150 Million Flood and Quake, EXCEPT \$25 Million Flood Zone A, \$100 Million Equipment Breakdown, \$2.5M xs \$500K Old Republic 100% (Schools) includes a \$7,500 RM Grant, 70% CRL & 30% PRM (Non-Schools), \$7M xs \$3M GEM 100%	Expiring % Rate Change
CRL - Casualty w/o Schools (1)	\$1,171,653	\$1,315,687	12.29%
Old Republic - Casualty Schools	\$861,455	\$871,000	1.11%
PRM Casualty (3)	\$972,075	\$1,068,147	9.88%
GEM	\$893,387	\$916,075	2.54%
Lloyds of London/Property	\$6,867,313	\$6,937,500	1.02%
PRM Property (2)	\$1,243,154	\$1,274,147	2.49%
NPAIP Cyber Liability	\$300,000	\$300,000	0.00%
Travelers Boiler Re	\$189,727	\$189,727	0.00%
Total	\$12,498,764	\$12,872,283	2.99%
Joint Purchase Insurance Programs			
Terrorism Property - Retention \$200K	\$194,283	\$176,523	-9.14%
Terrorism Liability Retention \$250K	\$44,000	\$44,000	0.00%
Student Accident - \$25,000 Limit	\$162,895	\$162,895	0.00%
Environmental Liability \$250k Ded.	\$392,769	\$373,406	-4.93%
Total	\$793,948	\$756,824	-4.68%
Grand Total	\$13,292,712	\$13,629,107	2.53%

NPAIP 2024-2025 Program Structure



POOL Budget Annual Board Presentation

April 19, 2024





Budget Elements

Assessments
Actuarial Data

Loss Fund & Insurance Expense

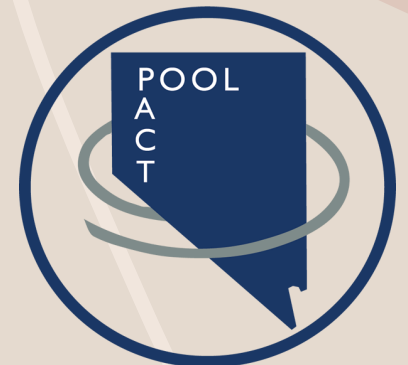
Program Expenses

Administration Expenses

SUMMARY

POOL Financial Strength & Stability

- Member Owned...Member Governed.... Members Served
- Focused on Solutions.. Members United.. Promoting Best Practices / Ideas
- Sound Risk Financing Solutions to Create Long-term Stability
Collections of Premiums to Manage Risks and Pay Claims
Challenge of Social Inflation in Claims, Nuclear Verdicts, Inflation in Building Cost
- Develop Programs and provide Human Resources and Risk Management Services to protect Members, Employees and the Member's Financial Liability
- Member Owned Program.... Member pay the Claims...
POOL – PRM – CRL - GEM Non-Profit Programs
Lloyds Property Program is the For-Profit Insurance Company in the Quilt
What's your Unfunded Liability? Nevada PERS
- Long-Term Program Commitment : Bend the Curve : Rate Stability
Support your Organization, Employees and Community
Invest in Human Resources, Risk Management, E-Learning, Cyber Security, Law Enforcement and School Safety, and Health & Wellness

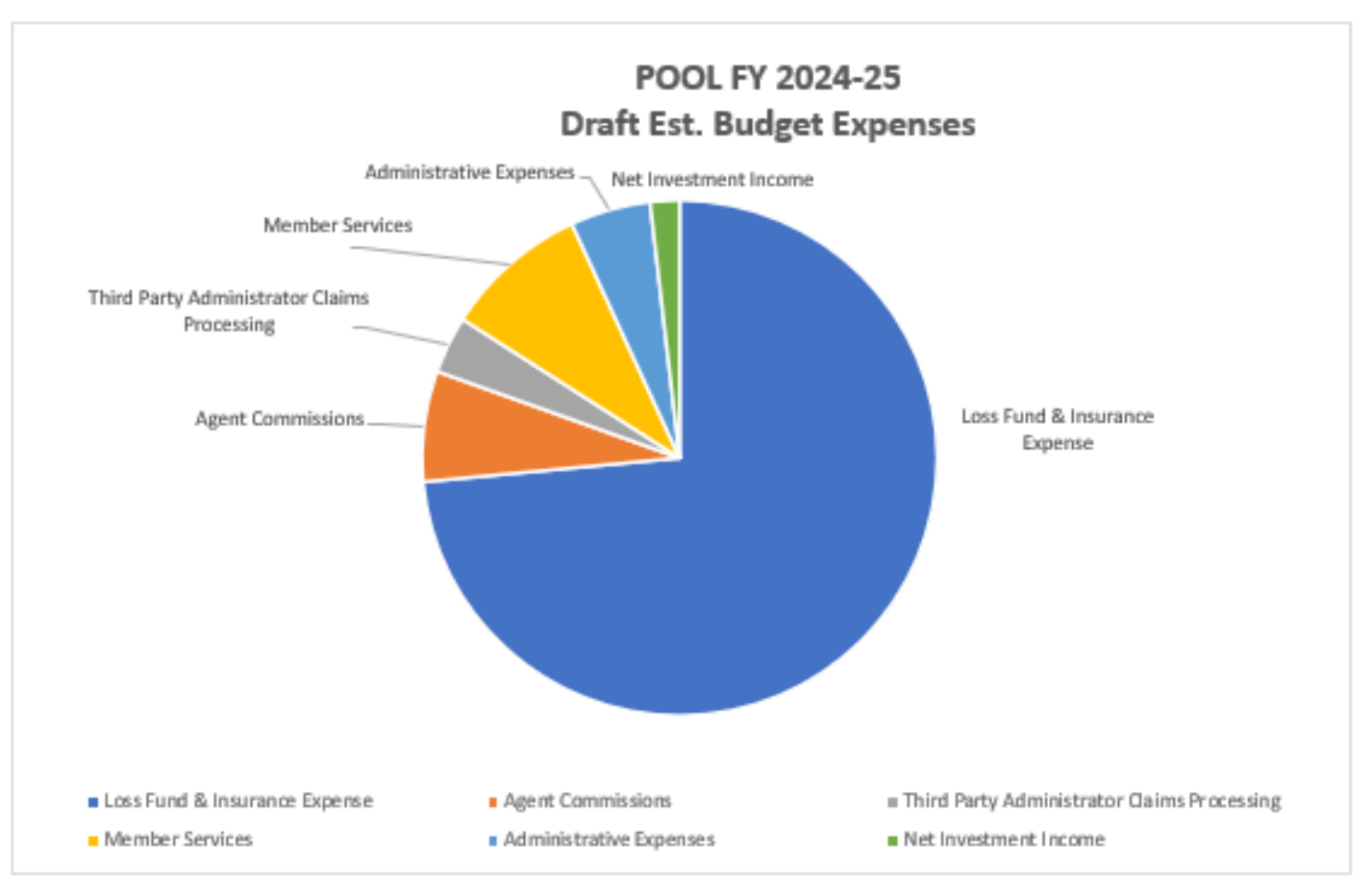
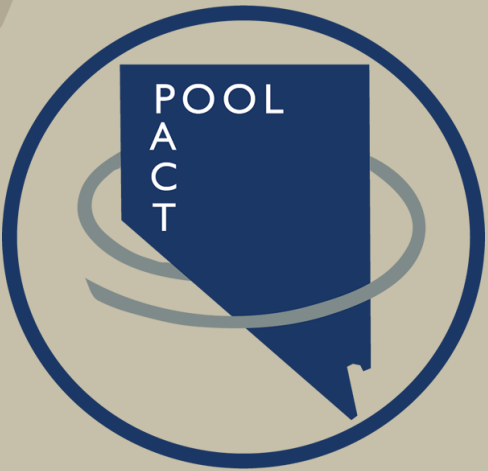


POOL BUDGET 2024-2025

	FY 2022-2023 Audit	FY 2023-2024 Budget 75% CL 100% OR GEM 100%	FY 2024-2025 Budget 75% CL 100% OR GEM 100%	Dollar Difference	Percentage Change	% of Total Revenues	Notes
Revenues							
Premiums Written	21,371,509	25,749,388	\$ 28,127,503	\$ 2,378,115	9.2%	97.3%	Estimated Required Premium
Other Income	48,439	50,000	\$ 50,000	\$ -	0.0%	0.2%	Technology reimbursement
Rental Income	239,666	260,909	\$ 268,737	\$ 7,827	3.0%	0.9%	Rent for building offices, FMV
PRM Risk Management Services Payment	475,000	475,000	\$ 475,000	\$ -	0.0%	1.6%	Fixed Amount from PRM
Total Revenues	\$ 22,134,614	\$ 26,535,298	\$ 28,921,240	\$ 2,385,942	9.0%	100%	
Loss Fund and Insurance Expenses							
Losses and loss adjustment expenses	3,013,224	\$ 7,994,837	\$ 8,644,000	\$ 649,163	8.1%	29.9%	Actuarial Amount at 75% CL
Excess Insurance Premiums	8,849,884	11,539,308	\$ 13,092,806	\$ 1,553,498	13.5%	45.3%	Property, Liability Insurance, OR, 100% GEM
Special Insurance programs	493,655	519,663	\$ 536,301	\$ 16,638	3.2%	1.9%	Environmental & Student Accident
Agent Commissions & Taxes Written	1,359,248	1,609,366	\$ 1,826,871	\$ 217,505	13.5%	6.3%	7% Board Policy ... State Tax Regs
Total Loss Fund and Insurance Costs	\$ 13,716,011	\$ 21,663,174	\$ 24,099,978	\$ 2,436,804	11.2%	83.3%	
Program Expenses							
Pooling and loss control fees	505,000	\$ 505,000	\$ 505,000	\$ -	0.0%	1.7%	Willis Broker & LC Services: NRP In-house
Third party administrator fees	917,036	\$ 800,575	\$ 840,604	\$ 40,029	5.0%	2.9%	Davies Claims Administration
Bad Debt Expense	775,980						
Loss Control Grants & Educational Incentives	265,965	\$ 425,000	\$ 425,000				
Member education and training	1,389,976	\$ 1,593,808	\$ 1,672,451	\$ 78,643	4.9%	5.8%	Members Services Dividend
Total Program Expenses	\$ 3,853,957	\$ 3,324,383	\$ 3,443,054	\$ 118,672	3.6%	11.9%	
Administrative Expenses							
Management Services	\$ 665,230	\$ 688,514	\$ 487,278	\$ (201,236)	-29.2%	1.7%	Nevada Risk Pooling Management Team
Casualty Insurance, Travel, Technology Services	\$ 263,311	174,452	177,478	\$ 3,026	1.7%	0.6%	Insurance, Travel, Technology support
Operating expenses	\$ 479,445	231,966	231,966	\$ -	0.0%	0.8%	Copier, phones, utilities, meeting costs
Legal Expenses, Consultant appraisals	\$ 97,473	141,900	162,749	\$ 20,849	14.7%	0.6%	Coverage Counsel, Asset Works Appraisals
Total pool administration expenses	\$ 1,505,459	\$ 1,236,831	\$ 1,059,471	\$ (177,361)	-14.3%	3.7%	
Total Loss Fund, Program and Administration Expenses	\$ 19,075,427	\$ 26,224,388	\$ 28,602,503	\$ 2,378,115	9.1%	98.9%	
Net Operating Income (Loss)	\$ 3,059,187	\$ 310,909	\$ 318,737	\$ 7,827	2.5%	1.1%	
Non-Operating Investment Income	\$ (108,063)	541,800	845,000	\$ 303,200	56.0%	2.9%	Earnings from investment portfolio
Net Gain (Loss)	\$ 2,951,124	\$ 852,709	\$ 1,163,737	\$ 311,027	36.5%	4.0%	
Building Cost Expenses as noted below	\$ 163,454	176,053	176,053				
Net Gain (Loss) including Loss Control Grants & Build Exp	\$ 2,787,670	\$ 676,656	\$ 987,684			3.4%	Net Margin for Contingencies/Loss Development

POOL Budget

Pool Budget FY 24-25	Proposed Budget	% Allocation
Loss Fund & Insurance Expense	\$ 22,273,107	78.6%
Agent Commissions	\$ 1,826,871	6.4%
Third Party Administrator Claims Processing	\$ 840,604	3.0%
Member Services	\$ 2,177,451	7.7%
Administrative Expenses	\$ 1,059,471	3.7%
Building Cost	\$ 176,053	0.6%
Total Budget	\$ 28,353,556	100.0%

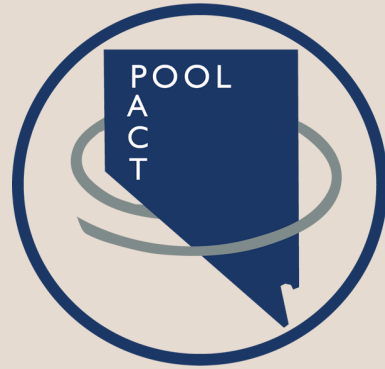


Loss Fund & Insurance

Loss and Loss Adjustment Expenses:

Historical Loss Ratios: 65% Benchmark

FY 2017-2018	90.9%
FY 2018-2019	76.0%
FY 2019-2020	65.0%
FY 2020-2021	69.0%
FY 2021-2022	68.9%
FY 2022-2023	64.2%
FY 2023-2024 Est	84.1%
FY 2024-2025 Budget	83.3%



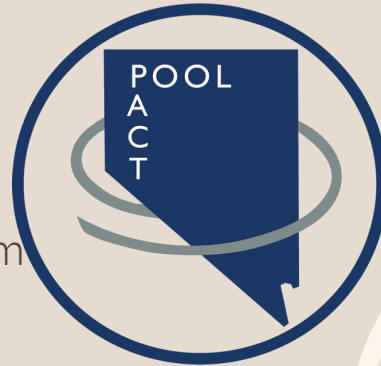
POOL BUDGET 2024-2025

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Excess Insurance Premiums	8,849,884	11,539,308	\$ 13,092,806	\$ 1,553,498	13.5%	45.3%	Property, Liability Insurance, OR, 100% GEM
Special Insurance programs	493,655	519,663	\$ 536,301	\$ 16,638	3.2%	1.9%	Environmental & Student Accident
Agent Commissions & Taxes Written	1,359,248	1,609,366	\$ 1,826,871	\$ 217,505	13.5%	6.3%	7% Board Policy ... State Tax Regs
Total Loss Fund and Insurance Costs	\$ 13,716,011	\$ 21,663,174	\$ 24,099,978	\$ 2,436,804	11.2%	83.3%	

Loss Fund & Insurance

Loss and Loss Adjustment Expenses:

Actuary Determination : 75% Confidence Level



Excess Insurance Premiums

Property: POOL, PRM, Lloyds Syndicate, Terrorism

Equipment Breakdown: Boiler Re

School Liability: POOL, Old Republic, GEM

Muni-Liability: POOL, PRM, GEM, CRL

Cyber: POOL, PRM, CRL

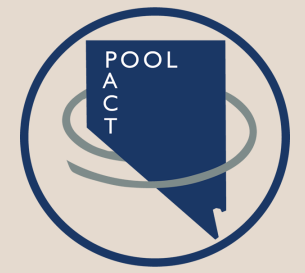
Special Insurance:

Student Accident: Gerber Life

Environmental Liability: Ironshore

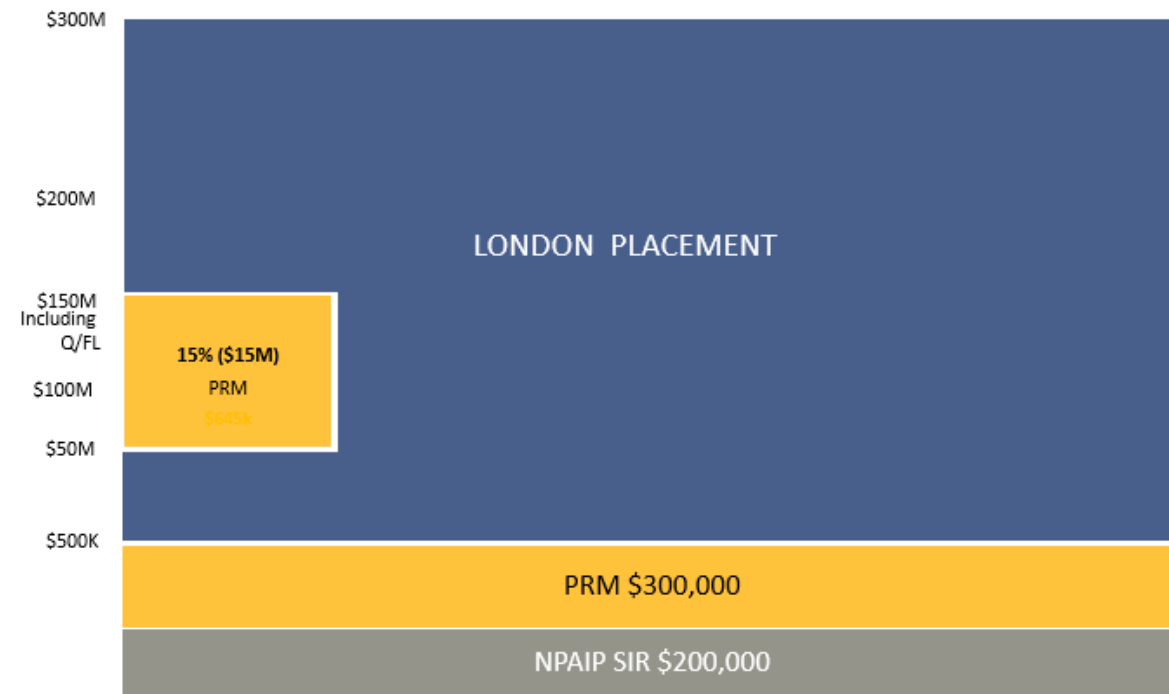
Developing Capacity and Coverage : Quilt Math

POOL Cost of Coverage FY 2024-25 Property



Nevada Public Agency Insurance Pool 2024-2025

Property Structure



POOL: \$200,000 Layer
75% CL = **\$4,014,000**
Loss Fund Contribution

PRM: \$300,000 Layer
75% CL = **\$1,274,147**
Loss Fund Contribution

Lloyds Property: \$6,937,500
Lloyd Terrorism Property: \$176,523

POOL Property Funding Actuary Projections POOL & PRM

EXECUTIVE SUMMARY

Funding Projections

The following table presents our estimates of ultimate costs for the upcoming program year.

Projected Ultimate Costs
Fiscal Year 2024-25, SIR of \$200,000

Dollars (\$000s)	Expected ¹	← Confidence Level →				
		70%	75%	80%	85%	90%
Loss & ALAE	\$3,795	\$4,386	\$4,664	\$4,994	\$5,404	\$5,950
Member Deductibles	(529)	(611)	(650)	(696)	(753)	(829)
Total Loss & ALAE	\$3,266	\$3,775	\$4,014	\$4,298	\$4,651	\$5,121
Total Funding Rate ²	\$0.043	\$0.050	\$0.053	\$0.057	\$0.061	\$0.067

¹ Expected values represent the "best actuarial" or "central" estimate.

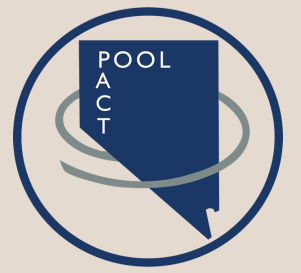
² Rate is per \$100 of Total Insured Value.

As you requested, we have completed our review of the Public Risk Mutual (PRM) self-insured property captive program. This captive became effective on September 1, 2004 and provides coverage for some of the excess layers of insurance for the primary program, known as Nevada Public Agency Insurance Pool (POOL). Currently, PRM retains the per occurrence layer between \$200,000 and \$500,000. Effective July 1, 2022, PRM also provides 15% coverage in the layer \$100,000,000 excess of \$50,000,000. The table below shows our funding recommendations for 2024-25.

Public Risk Mutual Self-Insured Property Program Funding Guidelines for 2024-25

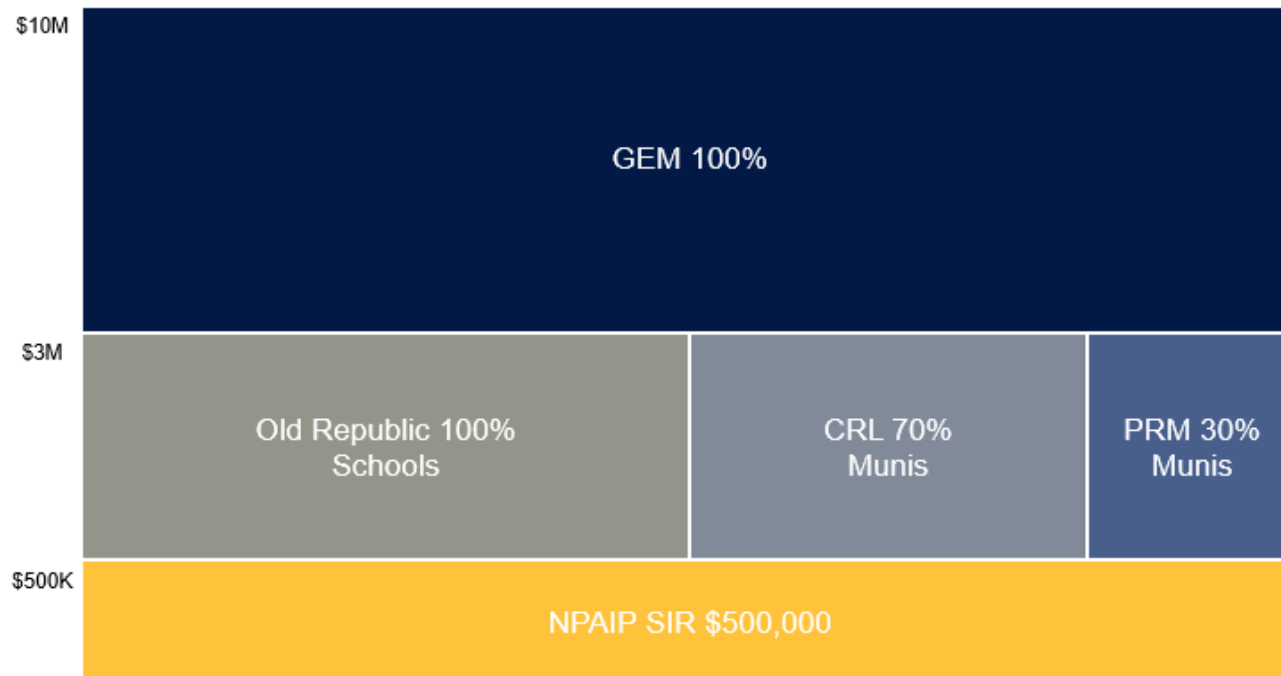
Layer	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
\$300K xs \$200K	\$1,095,000	\$1,142,000	\$1,172,000	\$1,214,000	\$1,280,000	\$1,395,000

POOL Cost of Coverage FY 2024-25 Liability



Nevada Public Agency Insurance Pool 2024-2025

Liability Structure



POOL: \$500,000 Layer
75% CL = **\$4,630,000**
Loss Fund Contribution

PRM: 30% Layer of \$2.5M
75% CL = **\$1,068,147**
Loss Fund Contribution

CRL: 70% Layer of \$2.5M \$1,315,687
Old Republic: \$2.5M \$871,000
GEM: \$7M XS \$3M \$916,075

POOL Liability Funding Actuary Projections POOL & PRM

Nevada Public Agency Insurance Pool Liability Actuarial Study

EXECUTIVE SUMMARY

Funding Projections

The following table presents our estimates of ultimate costs for the upcoming program year.

Projected Ultimate Costs
Fiscal Year 2024-25, SIR of \$500,000

Dollars (\$000s)	Expected ¹	← Confidence Level →				
		70%	75%	80%	85%	90%
Loss & ALAE	\$4,995	\$5,800	\$6,179	\$6,628	\$7,188	\$7,938
Member Deductibles	(1,252)	(1,454)	(1,549)	(1,661)	(1,802)	(1,990)
Total Loss & ALAE	\$3,743	\$4,346	\$4,630	\$4,967	\$5,386	\$5,948
Total Funding Rate ²	\$0.450	\$0.523	\$0.557	\$0.598	\$0.648	\$0.716

¹ Expected values represent the "best actuarial" or "central" estimate.

² Rate is per \$100 of payroll.

Public Risk Mutual Self-Insured Liability Program Funding Guidelines for 2024-25

Layer	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
\$500K xs \$500K (Schools) ¹	\$0					
\$500K xs \$500K (Other) ²	174,000					
\$1M xs \$1M (Schools) ¹	0					
\$1M xs \$1M (Other) ²	219,000					
\$1M xs \$2M (Schools) ^{1,3}	31,000					
\$1M xs \$2M (Other) ^{2,3}	143,000					
Total	\$567,000	\$830,000	\$966,000	\$1,125,000	\$1,327,000	\$1,594,000

¹ Full coverage by Old Republic

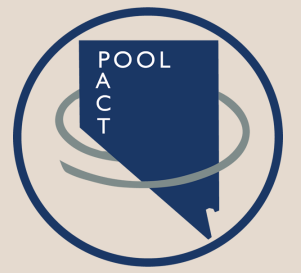
² 30% Quota Share

³ Cyber Claim Coverage

Currently, PRM retains a 30% quota share per occurrence for the layer between \$500,000 and \$3,000,000 for non-school entities. Old Republic provides full coverage for school entities in the layer between \$500,000 and \$3,000,000.

Effective July 1, 2022, PRM also retains the layer \$1,000,000 excess of \$2,000,000 for all member Cyber Liability claims, up to an annual aggregate of \$5,000,000.

POOL Cost of Coverage FY 2024-25 Cyber



Nevada Public Agency Insurance Pool 2024-2025

Cyber Liability Structure - \$1M Limit with a \$15M Pool Aggregate



Claims Happen - Large Losses

- **Property Flood Loss:** Flash flood happened over a community that included 4 of our members. Current reserved loss is \$3.58M (POOL \$200K, PRM \$300K, Market \$3.08M)
- **Property Water Damage Loss:** Faulty valve did not close and caused 500K gallons of water to fill a building. Incurred loss \$991K (POOL \$200K, PRM \$300K, Market \$491K)
- **Property Equipment Fire:** Fire to equipment, total loss and included business interruption. Incurred loss \$1.1M (POOL \$200K, PRM \$300K, Market \$600K)
- **Property Fire:** Fire to building was a total loss. Current reserved loss is \$491K (POOL \$200K, PRM \$291K)
- **Property Flood Loss:** Heavy rains came through roof and caused damage to gym floor. Current reserved loss \$350K (POOL \$200K, PRM \$150K)
- **Property Water Damage:** Frozen pipe caused water damage. Current reserved at \$277K (POOL \$200K, PRM \$77K)
- **E&O Liability:** Built houses on old landfill. Incurred loss \$2.6M (POOL \$500K, PRM \$630K, CRL \$1.47M)
- ▶ **E&O Liability (School):** Sexual Molestation. Incurred loss \$2.6M (POOL \$500K, UE/Old Republic \$2.1M)
- ▶ **E&O Liability (School):** Violation of ADA. Incurred loss \$2.3M (POOL \$500K, UE/Old Republic \$1.8M)
- ▶ **Police Liability:** In Custody Death. Incurred loss \$2M (POOL \$500K, PRM \$450K, CRL \$1.05M)
- ▶ **Liability:** Alleged negligence with connection to flooding of property. Incurred loss \$1.7M (POOL \$500K, PRM \$360K, CRL \$840K)
- ▶ **Liability:** Alleged negligence due to flooding. Incurred loss \$1.64M (POOL \$500K, PRM \$342K, CRL \$798K)
- ▶ **Police Liability:** Release of motorist that was DUI and subsequently caused fatal auto accident. Current reserve of \$1.2M (POOL \$500K, PRM \$210K, CRL \$490K)
- ▶ **Police Liability:** Officer shot and killed individual. Incurred loss \$1.1M (POOL \$500K, PRM \$180K, CRL \$420K)

Claims and Insurance Summary

POOL has reached the 65% Benchmark for amount spent on Loss Fund and Claims expense only once in the past 8 years....

Best Rate was in FY 2020 at 65.0%....
Worse Rate FY 2018 at 90.0%
Eight Year Average is 74.21%

Claims and related insurance cost are driving the increases
Proposed Budget **83.3%** of Costs



POOL Program and Administrative Expenses

POOL BUDGET 2024-2025						
Program Expenses						
Pooling and loss control fees	505,000	\$ 505,000	\$ 505,000	\$ -	0.0%	1.7% Willis Broker & LC Services: NRP In-house
Third party administrator fees	917,036	\$ 800,575	\$ 840,604	\$ 40,029	5.0%	2.9% Davies Claims Administration
Bad Debt Expense	775,980					
Loss Control Grants & Educational Incentives	265,965	\$ 425,000	\$ 425,000			
Member education and training	1,389,976	\$ 1,593,808	\$ 1,672,451	\$ 78,643	4.9%	5.8% Members Services Dividend
Total Program Expenses	\$ 3,853,957	\$ 3,324,383	\$ 3,443,054	\$ 118,672	3.6%	11.9%
Administrative Expenses						
Management Services	\$ 665,230	\$ 688,514	\$ 487,278	\$ (201,236)	-29.2%	1.7% Nevada Risk Pooling Management Team
Casualty Insurance, Travel, Technology Services	\$ 263,311	174,452	177,478	\$ 3,026	1.7%	0.6% Insurance, Travel, Technology support
Operating expenses	\$ 479,445	231,966	231,966	\$ -	0.0%	0.8% Copier, phones, utilities, meeting costs
Legal Expenses, Consultant appraisals	\$ 97,473	141,900	162,749	\$ 20,849	14.7%	0.6% Coverage Counsel, Asset Works Appraisals
Total pool administration expenses	\$ 1,505,459	\$ 1,236,831	\$ 1,059,471	\$ (177,361)	-14.3%	3.7%

Summary

- POOL and PRM Loss Fund contribution based on 75% Confidence Level
- Growth in Total Insured Values
- Coverage and Capacity Remain Strong
- Human Resource & Risk Management Services to address Member's Needs
- Claims Management : Proactive
- E-Learner: Member Development

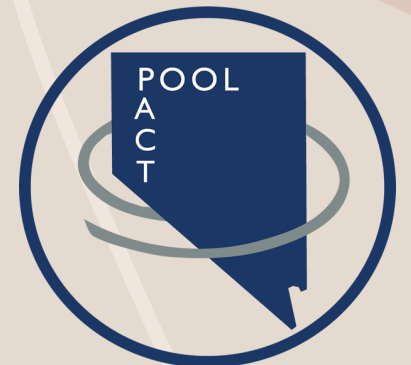
ACCOUNTABILITY

It is not only what we do,
but also what we do not do,
for which we are accountable.

[Moliere]

POOL Financial Strength & Stability

- Member Owned...Member Governed.... Members Served
- Focused on Solutions.. Members United.. Promoting Best Practices / Ideas
- Sound Risk Financing Solutions to Create Long-term Stability
Collections of Premiums to Manage Risks and Pay Claims
Challenge of Social Inflation in Claims, Nuclear Verdicts, Inflation in Building Cost
- Develop Programs and provide Human Resources and Risk Management Services to protect Members, Employees and the Member's Financial Liability
- Member Owned Program.... Member pay the Claims...
POOL – PRM – CRL - GEM Non-Profit Programs
Lloyds Property Program is the For-Profit Insurance Company in the Quilt
What's your Unfunded Liability? Nevada PERS
- Long-Term Program Commitment : Bend the Curve : Rate Stability
Support your Organization, Employees and Community
Invest in Human Resources, Risk Management, E-Learning, Cyber Security, Law Enforcement and School Safety, and Health & Wellness



“

Continuing the Conversation...
Working Together We Achieve More

”

QUESTIONS AND ANSWERS



*Thank You for Your Membership &
Service to your Organization & Community*

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NEVADA PUBLIC AGENCY INSURANCE POOL (POOL) COVERAGE FORM

All terms or phrases in **bold print** in the body of the Coverage Form are defined terms.

Section I. Named Assured: The **Named Assured** means each member listed on Attachment A of this Coverage Form and all Boards, Departments, Divisions, Commissions, and Authorities under the supervision or control of the **Named Assured** whether now or hereafter constituted.

It is agreed that the unqualified word **Assured** wherever used within this coverage includes not only the **Named Assured** but also:

1. (a) any official, trustee, director, officer, volunteer or employee of the **Named Assured** while acting within the course and scope of their duties as such, and

(b) a student intern participating in any supervised student work-based program, field work experience, clinical training, or internship program that satisfies an educational curriculum requirement of the student intern.

A supervised student work-based program means an educational activity, approved by any **Named Assured** and designed to give students supervised practical application of previously studied theory, performed under the direction and control of a **Named Assured**.

- (c) unless otherwise excluded under this Coverage Form, any person, organization, trustee or estate to whom the **Named Assured** is obligated by written contract or agreement to provide insurance or coverage such as is offered by this coverage, but only with respect to operations by or on behalf of the **Named Assured**; such coverage does not apply to any **Event** that takes place prior to the execution of such contract or agreement,
2. as respects Section VI. Liability Coverage and subject to the Definitions and Conditions therein, any person or organization specified in a written contract or agreement to be named an additional assured and who leases equipment to the **Named Assured** or whose land or premises is used by the **Named Assured**, but only with respect to liability for the use of the leased equipment, land or premises by the **Named Assured**, and not to exceed the limits of liability required in the written contract or agreement nor in any case to exceed the sublimit shown in the Declarations per **Event**, such sublimit applying as part of and not in addition to the Section VI Limits of Liability available to the **Named Assured**.

Such coverage does not apply:
 - (a) to any **Event** that takes place prior to the execution of such contract or agreement,
 - (b) to any **Event** which takes place after the equipment lease expires or use of the land or premises ceases;
 - (c) to any **Wrongful Act** or **Law Enforcement Activities**;
 - (d) to any **Event** arising out of the sole negligence of such person or organization;
 - (e) to structural alterations or new construction performed by or on behalf of such person or organization;
3. any person while using an owned **automobile** or a hired **automobile**, and any person or organization legally responsible for the use thereof, provided the actual use of the **automobile** is by the **Named Assured** or with its permission, and any **Assured** with respect to the use of non-owned **automobiles** in the business of the **Named Assured**. This Coverage with respect to any person or organization other than the **Named Assured** does not apply:
 - (a) to any person or organization, or to any agent or employee thereof, operating an **automobile** sales agency, repair shop, service station, storage garage or public parking place, with respect to any accident arising out of the operation thereof;

- (b) to any employee with respect to injury to or sickness, disease or death of another employee of the same employer injured while such employment in an accident arising out of the maintenance or use of the **automobile** in the business of such employer;
 - (c) with respect to any hired **automobile**, to the owner or a lessor thereof, other than the **Named Assured**, nor to any agent or employee of such owner or lessor;
4. the interest of the **Named Assured** in any joint venture or interlocal cooperation agreement to which the **Named Assured** is a party and any activities under the supervision or control of the **Named Assured** whether now or hereafter constituted, provided no separate independent legal entity is formed and subject to the Other Insurance or Coverage provisions contained herein.

Section II. Property Limits, Liability Limits and Maintenance Deductible

1. PROPERTY LIMITS

- A. The Limit per Loss shown in the Declarations applies to all Covered Property of all Assureds combined as described in the Schedule of Locations.
- B. POOL's maximum Limit per Loss for direct physical loss or damage to Covered Property resulting from any one loss shall not exceed the Limit per Loss set forth in the Property Declarations, subject to any coverage extensions, sublimits, exclusions, restrictions or limitations.
- C. All sublimits apply as part of and not in addition to the Limit per Loss.

2. LIABILITY LIMITS

- A. The Limit of Liability applies separately to each **Named Assured** listed on Attachment A.
- B. POOL's maximum Limit of Liability for all loss resulting from any one **Event** shall not exceed the Per **Event** Limit of Liability set forth in the Liability Declarations nor the Annual Aggregate Limit of Liability, regardless of the number of persons, Boards, Departments, Divisions, Commissions, and Authorities under the supervision or control of the **Named Assured**.
- C. The inclusion hereunder of more than one **Assured** shall not operate to increase the Pool's Limit of Liability for the **Named Assured**.
- D. All sublimits apply as part of and not in addition to the Limit of Liability
- E. All expenses including related medical and legal costs are included when calculating appropriate deductible amounts and limits of liability within this coverage section.
- F. All defense costs, including attorney's fees, incurred by NPAIP in defense of an Assured reduce the deductible amounts and limits of liability within this coverage section.

3. MAINTENANCE DEDUCTIBLE

Pool will not be liable for loss or damage in any one loss/**Event** until the amount of loss or damage exceeds the Maintenance Deductible amount shown on the declarations page of this Coverage Form. If two or more Maintenance Deductibles apply to a single loss/**Event**, then the largest Maintenance Deductible amount will apply. However, this Coverage Form allows for application of (a) separate and distinct Maintenance Deductibles; and (b) Maintenance Deductibles for specific loss categories; as shown in the Declarations.

Section III. General Conditions – All Sections

1. SALVAGE AND RECOVERY CLAUSE: All salvages, recoveries and payments recovered or received subsequent to a loss settlement under this coverage shall be applied as if recovered or received prior to the settlement and all necessary adjustments shall be made by the parties hereto.
2. CANCELLATION/NONRENEWAL: If the **Named Assured** fails to pay the Contribution by the date specified by the POOL in its written invoice, 30 days written notice of cancellation will be given. This Coverage is otherwise cancelable only at the end of a coverage period. Either of the parties may cancel by giving written notice to the other party, provided notice is issued at least 120 days prior to the end of the current coverage period.
3. BANKRUPTCY AND INSOLVENCY: In case of bankruptcy or insolvency of the **Named Assured** or any entity comprising the **Named Assured**, POOL shall not be relieved of the payment of any claim to the **Assured** or its liquidator, receiver or statutory successor under this Coverage Form without diminution because of the insolvency of the **Named Assured**.
4. OTHER INSURANCE OR COVERAGE: If any other coverage, bond or insurance is available that covers a loss covered herein, except for coverage, bond or insurance purchased to apply specifically in excess of this coverage, then this coverage will apply in excess of the other valid and collectable coverage, bond or insurance. When this coverage is excess over other coverage, bond or insurance, POOL will pay only the amount of loss, if any, that exceeds the sum of all deductibles (and self-funded amounts) and the amount all such other coverage, bond or insurance would pay for the loss in the absence of this coverage.
5. MORTGAGE CLAUSE: The interest of any creditor, lien holder or mortgagor on property covered hereunder is included as if a separate endorsement were attached hereto to the extent of the amount of the debt, lien or mortgage as of the date of loss subject to the limits of liability set forth in this coverage.
6. SUBROGATION AND RECOVERIES: POOL shall be subrogated to all rights which the **Assured** has against any person or other entity in respect to any claim or payment made under this coverage, and the **Assured** shall cooperate with POOL to secure the rights of POOL. In case any reimbursement is obtained or recovery made, the net amount of such reimbursement or recovery, after deducting the actual cost incurred by the **Assured** and/or POOL in obtaining or making the same, shall be applied in the following order: (a) to reduce the amount of loss which exceeds the applicable limit of liability; (b) to reduce POOL loss until POOL is fully reimbursed; (c) to reduce the **Assured's** loss because of the application of the deductible.
7. WAIVER OF SUBROGATION: This coverage shall not be invalidated if the **Assured** by written agreement has waived or shall waive its right of recovery from any party for loss or damage covered hereunder; provided that any such waiver is made prior to the occurrence of said loss or damage.
8. ASSIGNMENT/TRANSFER OF RIGHTS AND DUTIES: The **Assured's** rights, interests, benefits and/or duties (both pre-loss and post loss) under this Coverage Form may not be transferred or assigned without POOL's prior written consent. Any such transfer or assignment without POOL's prior written consent is void and invalid.
9. CHANGES: By acceptance of this coverage, the **Assured** agrees that it embodies all agreements existing between the **Assured** and POOL relating to this coverage. None of the provisions, conditions or other terms of this coverage shall be waived or altered except by written endorsement; nor shall notice to any agent or knowledge possessed by any agent or other person be held to be a waiver or change in any part of this coverage.
10. CONCEALMENT, MISREPRESENTATION OR FRAUD: POOL will not pay for any loss or damage in any case of intentional concealment or misrepresentation or fraud committed by the **Assured** at any time and relating to a claim under this coverage.

11. LIMITATION ON RIGHT TO SUE. An **Assured** shall not sue or maintain any litigation or lawsuit for damages against POOL. By acceptance of this coverage, the **Assured** specifically agrees to waive any right to sue or maintain any litigation or lawsuit for damages against POOL. However, this Section does not prohibit any declaratory relief action seeking to interpret wording of this Coverage Form. Carson City County, Nevada shall be the sole venue for any and all disputes or declaratory relief litigation brought by an **Assured** relating to this Coverage Form or the POOL.

Section IV. General Exclusions – All Sections

1. WAR AND TERRORISM EXCLUSION: Coverage does not apply herein for loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the loss:

- (A) war, invasion, acts of foreign enemies, hostilities or warlike operations, (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or
- (B) any act of terrorism.

For the purpose of this exclusion an act of terrorism means an act, including but not limited to an act by any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s), government(s), power(s), authority(ies) or military force(s),

- (i) that:
- a. involves the use of force or violence and/or the threat thereof against human life or property;
 - b. is dangerous to human life or property; or
 - c. interferes with or disrupts an electronic or communication system; and
- (ii) the purpose or effect of which is to
- a. intimidate, coerce or harm a government or the civilian population of a country, state or community;
 - b. disrupt the economy of a country, state or community; or
 - c. influence or affect the policy or conduct of the government of a country, state or community.

An act of terrorism includes but is not limited to an “act of terrorism” as defined by the Terrorism Risk Insurance Act of 2002, as amended, (“TRIA”) or any law enacted to reauthorize or succeed TRIA.

Coverage does not apply to loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to (A.) and/or (B.) above.

2. NUCLEAR INCIDENT EXCLUSION:

DEFINITIONS - As used in this exclusion, “hazardous properties” include radioactive, toxic or explosive properties; “nuclear material” means source material, special nuclear material or by-product material; “source material”, “special nuclear material”, and “by-product material” have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof; “spent fuel” means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a nuclear reactor; “waste” means any waste material (1) containing by-product material and (2) resulting from the operation by any person or organization of any nuclear facility included within the definition of nuclear facility; “nuclear facility” means (a) any nuclear reactor, (b) any equipment or device designed or used for separating the isotopes of uranium or plutonium, processing or utilizing spent fuel, or handling, processing or packaging waste, (c) any equipment or device used for the processing, fabrication or alloying of special nuclear material if at any time the total amount of such material in the custody of the **Assured** at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any

combination thereof, or more than 250 grams of uranium 235, or (d) any structure, basin, excavation, premises or place prepared or used for the storage or disposal of waste, and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations; "nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material.

PROPERTY- This coverage does not apply to any loss or damage arising directly or indirectly from nuclear reaction, nuclear radiation or radioactive contamination however caused. But if Fire is covered and a Fire arises directly or indirectly from nuclear reaction, nuclear radiation or radioactive contamination any loss or damage arising directly from that Fire shall (subject to the provisions of this Coverage Form) be covered. **LIABILITY-** This coverage does not apply under any Liability Coverage, to injury, sickness, disease, death or destruction:

- (A) with respect to which an **Assured** under the coverage is also an **Assured** under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an **Assured** under any such policy but for its termination upon exhaustion of its limit of liability; or
- (B) resulting from the hazardous properties of nuclear material and with respect to which (1) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (2) the **Assured** is, or had this coverage not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization; or
- (C) resulting from the hazardous properties of nuclear material if
 - (1) the nuclear material (a) is at any nuclear facility owned by, or operated by or on behalf of, an **Assured** or (b) has been discharged or dispersed therefrom;
 - (2) the nuclear material is contained in spent fuel or waste at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an **Assured**; or
 - (3) the injury, sickness, disease, death or destruction arises out of the furnishing by an **Assured** of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any nuclear facility, but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion- 2 (C) (3) - applies only to injury to or destruction of property at such nuclear facility.

With respect to injury to or destruction of property, the words "injury" or "destruction" include all forms of radioactive contamination of property.

3. **POLLUTION HAZARD** - It is agreed that this coverage does not apply to:

- A) any loss or damages which would not have occurred in whole or in part but for the actual, alleged or threatened existence, discharge, dispersal, seepage, migration, release or escape of pollutants, irritants or hazardous substances at any time; "Pollutant" means any solid, liquid, gaseous or thermal irritant, corrosive or contaminant, including but not limited to smoke, vapors, soot, fumes, acids or alkalis, chemicals, metals and waste. Waste also includes materials to be recycled, reconditioned or reclaimed.
- B) any loss, cost or expense arising out of any:
 - (1) request, demand or order that any **Assured** or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize or in any other way respond to, or assess the effects of pollutants; or
 - (2) claim or suit by or on behalf of a governmental authority or others for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to or assessing the effects of pollutants.

However, coverage does apply to any loss or damage arising out of:

- i) Heat, smoke or fumes from a hostile fire;
 - ii) Backup or overflow of any sewer;
 - iii) Use of teargas, mace, or similar substance by any public safety officer within the scope of employment for the **Named Assured**;
 - iv) Collision, upset or overturn of any vehicle;
 - v) Loss or damage caused by an employee or official of the **Named Assured** (but only while acting within the scope of duty and on behalf of the **Named Assured**) and where property or persons are in danger because of sudden and unexpected discharge, dispersal, release or escape of any pollutant. The onset of the discharge, dispersal, release or escape of pollutants must have occurred no more than 72 hours prior to any **Assured's** arrival at the site or location of the **Event**. POOL's Limit of Liability for all such loss will not exceed the sublimit shown in the Declarations for any one **Event** or in the aggregate annually.
 - vi) Water intended for sale or use by an **Assured**, provided the damages arise out of pollution that was accidental, demonstrated as having commenced during the term of the Coverage Form, became known to the **Assured** within 120 hours, was reported by the **Named Assured** within 14 calendar days from the start of the **Event**, and efforts to terminate the **Event** were expended as soon as reasonably possible;
 - vii) Use of chemicals approved by the U.S. Environmental Protection Agency to disinfect or purify a swimming pool owned or operated by the **Assured**;
 - viii) Cost of cleanup at the premises of the **Assured** made necessary as a result of covered loss or damage to Covered Property.
 - ix) Weed spraying operations by or on behalf of any **Assured**; coverage is extended only for **Property Damage** liability; damage must manifest itself and be reported to POOL within 180 days of the spraying; POOL's Limit of Liability for all such loss will not exceed the limit of liability shown in the Declarations page for any one **Event** or in the aggregate annually.
4. LEAD: This coverage does not apply to: any loss or damages arising out of lead or the hazardous properties of lead; any loss or damages for remedial investigations or feasibility studies or the costs of testing, monitoring, abatement, mitigation, cleaning, removal or disposal of lead or any item(s) containing lead; any loss or damages arising out of any supervision, instructions, recommendations, warnings or advice given or which should have been given in connection with the above; or any obligation to share damages with or repay someone else who must pay damages in connection with the above.
5. SILICA DUST OR ASBESTOS: This coverage does not apply to any loss or damages arising out of Asbestosis, Silicosis, Mesothelioma, Emphysema, Pneumoconiosis, Pulmonary Fibrosis, Pleuritis, Endothelioma or any lung disease or any ailment caused by or aggravated by asbestos in any form or by silica dust; any loss or damages arising out of the existence of asbestos in any form or of silica dust, including the costs of investigations or feasibility studies, or to the costs of testing, monitoring, abatement, mitigation, cleaning, removal or disposal of any property or substance; any loss or damages arising out of any supervision, instructions, recommendations, warnings or advice given or which should have been given in connection with the above; or any obligation to share damages with or repay someone else who must pay damages in connection with the above.
6. MOLD, MILDEW AND FUNGUS CLAUSE AND MICROORGANISM EXCLUSION (MAP)
(Time Limit and Sublimit)
- A) This Coverage Form only covers physical loss or damage to **Assured** property by mold, mildew or fungus when directly caused by a peril covered by this Coverage Form occurring during the policy period.

This coverage is subject to all limitations in the Coverage Form and, in addition, to each of the following specific limitations:

- (1) Said property must otherwise be covered under this Coverage Form for physical loss or damage by that peril.
- (2) The **Assured** must report to the Pool the existence and cost of the physical loss or damage by mold, mildew or fungus as soon as practicable, but no later than twelve (12) months after the peril first caused any physical loss or damage to covered property during the coverage period. This Coverage Form does not cover any physical loss or damage by mold, mildew or fungus first reported to the Pool after that twelve (12) month period.

Regardless of circumstance or other Coverage Form provisions, the maximum amount covered and payable under this Coverage Form for all mold, mildew or fungus caused by or resulting from such peril is the sublimit shown in the Declarations for all parts of any claim and in total (the aggregate sublimit) for the Coverage period. This sublimit applies to all sections or extensions of the Coverage Form combined under which any claim arises or is made.

- B) Except as set forth in the foregoing Section A, this Coverage Form does not cover any loss, damage, claim, cost, expense or other sum directly or indirectly arising out of or relating to:

mold, mildew, fungus, spores or other microorganism of any type, nature, or description, including but not limited to any substance whose presence poses an actual or potential threat to human health.

This exclusion applies regardless whether there is (i) any physical loss or damage to covered property; (ii) any covered peril or cause, whether or not contributing concurrently or in any sequence; (iii) any loss of use, occupancy, or functionality; or (iv) any action required, including but not limited to repair, replacement, removal, cleanup, abatement, disposal, relocation, or steps taken to address medical or legal concerns.

7. COMMUNICABLE DISEASE EXCLUSION

This Coverage Form, subject to all applicable terms, conditions and exclusions, covers losses attributable to direct physical loss or physical damage occurring during the period of coverage. Consequently and notwithstanding any other provision of this Coverage Form to the contrary, this Coverage Form does not cover any loss, damage, claim, cost, expense or other sum, directly or indirectly arising out of, attributable to, or occurring concurrently or in any sequence with a Communicable Disease or the fear or threat (whether actual or perceived) of a Communicable Disease.

1. For the purposes of this endorsement, loss, damage, claim, cost, expense or other sum, includes, but is not limited to, any cost to clean-up, detoxify, remove, monitor or test:
 - 1.1. for a Communicable Disease, or
 - 1.2. any property covered hereunder that is affected by such Communicable Disease.
2. As used herein, a Communicable Disease means any disease which can be transmitted by means of any substance or agent from any organism to another organism where:
 - 2.1. the substance or agent includes, but is not limited to, a virus, bacterium, parasite or other organism or any variation thereof, whether deemed living or not, and
 - 2.2. the method of transmission, whether direct or indirect, includes but is not limited to, airborne transmission, bodily fluid transmission, transmission from or to any surface or object, solid, liquid or gas or between organisms, and
 - 2.3. the disease, substance or agent can cause or threaten damage to human health or human welfare or can cause or threaten damage to, deterioration of, loss of value of, marketability of or loss of use of property covered hereunder.

3. This exclusion applies to all coverage extensions, additional coverages, exceptions to any exclusion and other coverage grant(s).

8. PROPERTY CYBER AND DATA EXCLUSION

1. Notwithstanding any provision to the contrary within this Coverage Form or any endorsement thereto this Coverage Form excludes any:
 - 1.1 **Cyber Loss**, unless subject to the provisions of paragraph 2;
 - 1.2 loss, damage, liability, claim, cost, expense of whatsoever nature directly or indirectly caused by, contributed to by, resulting from, arising out of or in connection with any loss of use, reduction in functionality, repair, replacement, restoration or reproduction of any **Data**, including any amount pertaining to the value of such **Data**, unless subject to the provisions of paragraph 3;

regardless of any cause or event contributing concurrently or in any other sequence thereto.

2. Subject to all the terms, conditions, limitations and exclusions of this Coverage Form or any endorsement thereto, this Coverage Form covers physical loss or physical damage to property covered under this Coverage Form caused by any ensuing fire or explosion which directly results from a **Cyber Incident**, unless that **Cyber Incident** is caused by, contributed to by, resulting from, arising out of or in connection with a **Cyber Act** including, but not limited to, any action taken in controlling, preventing, suppressing or remediating any **Cyber Act**.
3. Subject to all the terms, conditions, limitations and exclusions of this Coverage Form or any endorsement thereto, should **Data Processing Media** owned or operated by the **Assured** suffer physical loss or physical damage covered by this Coverage Form then this Coverage Form will cover the cost to repair or replace the **Data Processing Media** itself plus the costs of copying the **Data** from back-up or from originals of a previous generation. These costs will not include research and engineering nor any costs of recreating, gathering or assembling the **Data**. If such media is not repaired, replaced or restored the basis of valuation shall be the cost of the blank **Data Processing Media**. However, this Coverage Form excludes any amount pertaining to the value of such **Data**, to the **Assured** or any other party, even if such **Data** cannot be recreated, gathered or assembled.
4. In the event any portion of this exclusion is found to be invalid or unenforceable, the remainder shall remain in full force and effect.
5. This exclusion supersedes and, if in conflict with any other wording in the Coverage Form or any endorsement thereto having a bearing on **Cyber Loss**, **Data** or **Data Processing Media**, replaces that wording.

Definitions

6. **Cyber Loss** means any loss, damage, liability, claim, cost or expense of whatsoever nature directly or indirectly caused by, contributed to by, resulting from, arising out of or in connection with any **Cyber Act** or **Cyber Incident** including, but not limited to, any action taken in controlling, preventing, suppressing or remediating any **Cyber Act** or **Cyber Incident**.
7. **Cyber Act** means an unauthorized, malicious or criminal act or series of related unauthorized, malicious or criminal acts, regardless of time and place, or the threat or

hoax thereof involving access to, processing of, use of or operation of any **Computer System**.

8. **Cyber Incident** means:

- 8.1. any error or omission or series of related errors or omissions involving access to, processing of, use of or operation of any **Computer System**; or
- 8.2. any partial or total unavailability or failure or series of related partial or total unavailability or failures to access, process, use or operate any **Computer System**.

9. **Computer System** means:

- 9.1. any computer, hardware, software, communications system, electronic device (including, but not limited to, smart phone, laptop, tablet, wearable device), server, cloud or microcontroller including any similar system or any configuration of the aforementioned and including any associated input, output, data storage device, networking equipment or back up facility, owned or operated by the **Assured** or any other party.

10. **Data** means information, facts, concepts, code or any other information of any kind that is recorded or transmitted in a form to be used, accessed, processed, transmitted or stored by a **Computer System**.

11. **Data Processing Media** means any property covered by this Coverage Form on which **Data** can be stored but not the **Data** itself.

9. CYBER RISK COVERAGE EXCLUSION.

All cyber risk, threat, loss, security and data privacy coverage, however described and by whatever name called, is excluded from this Coverage Form. Any cyber risk coverage is exclusively contained within the separate Pool Cyber Risk Coverage Form and is specifically and entirely excluded from this Coverage Form.

Section V. PROPERTY COVERAGE

A. Property Coverage Agreement

POOL agrees subject to the limits, exclusions, conditions and other terms of this Coverage Form to pay on behalf of the **Assured** for direct physical loss or damage to Covered Property except as excluded or limited in this Coverage Form.

B. Covered Property

This Property Coverage Section covers property, unless excluded, as described in the Schedule of Locations, wherever located, agreed to and kept on file by POOL or its designees that the **Assured**:

- Owns;
- Operates;
- Controls;
- or Contractually agrees to cover for physical loss or damage, to the extent of such contractual obligation.

Covered Property shall also include:

1. New construction, including property while in the course of construction;
2. Additions under construction;
3. Alterations and repairs to any building or structure;

4. Improvements and Betterments in which the **Assured** has a legal interest;
5. Materials, equipment and supplies for new construction, additions, buildings or structures;
6. Temporary structures;
7. **Electronic Data Processing Equipment** as defined in this Coverage Form;
8. Machinery, equipment, and fixtures that are permanently attached to the building;
9. **Automobiles** and mobile equipment as per schedule agreed to and kept on file by POOL or its designees;
10. Covered Property in transit;
11. Personal property of officers and employees of the **Named Assured**, while at a location described in the Schedule of Locations;
12. The **Assured's** interest in and legal liability for property of others, while at a location described in the Schedule of Locations; and
13. **Valuable Papers and Records** as defined in this Coverage Form.

C. Coverage Extensions

This Property Coverage Section includes the following Coverage:

- i. are subject to the applicable limit of liability;
- ii. will not increase the POOL limit of liability; and
- iii. are subject to POOL coverage provisions, including applicable exclusions, definitions and deductibles, all as shown in this section and elsewhere in the POOL Coverage Form.

1. Accounts Receivable

This Coverage Form is extended to cover all amounts due the **Named Assured** from customers, which the **Named Assured** is unable to collect, as a result of direct physical loss or damage to accounts receivable records up to the sublimit of liability shown in the Property Declarations.

Coverage includes:

- a. Interest charges on any loan to offset impaired collections pending repayment of sums that cannot be collected.
- b. Collection expenses in excess of normal collection costs.
- c. Other reasonable expenses incurred by the **Named Assured** in recreating records of accounts receivable.

However, there shall be no coverage under this extension for bookkeeping, accounting, or billing error or omission; or alteration, falsification, manipulation, concealment, destruction or disposal of accounts or records of accounts receivable committed to conceal the wrongful giving, taking, obtaining or withholding of money, **securities** or other property.

2. Arson Reward

This Coverage Form is extended to cover payment of any reward offered on the **Named Assured's** behalf for information that leads to conviction of the perpetrator(s) of arson or vandalism to Covered Property that sustains direct physical loss or damage covered by this agreement.

POOL's total liability for any one award is ten percent (10%) of the physical loss or damage to Covered Property up to the sublimit of liability shown in the Property Declarations.

POOL's payment of this reward will not increase regardless of the number of informants providing information that leads to a conviction.

3. Debris Removal:

POOL shall pay for the reasonable and necessary expense incurred to remove debris from a described location that remains as a result of direct physical loss or damage to Covered Property for which there is

coverage under this Property Coverage Section. Subject to the Debris Removal – Mold/Asbestos/Lead sublimit shown in the Property Declarations, Debris Removal shall also include removal of mold, asbestos or lead containing materials necessitated as a result of direct physical loss or damage to Covered Property caused by a covered loss including the costs of an environmental consultant.

4. Earthquake and Flood:

Earthquake and **Flood** are covered perils, as defined in this Coverage Form subject to the sublimit shown in the Property Declarations.

5. Equipment Breakdown

POOL shall pay for direct damage to Covered Property caused by a **Breakdown to Covered Equipment** located as described in the Schedule of Locations.

A. As respects this Coverage Extension, Section V. F. Perils Excluded, items 4, 5 and 6 are deleted.

B. As respects this Coverage Extension, Section V. F. Perils Excluded, items 5 and 14 are deleted in their entirety with respect to **Electronic Data Processing Equipment, Electronic Data Processing Media and Electronic Data Processing Data**.

C. The following is added to Section V. G. Property Conditions, item 4 Basis of Valuation:

New Generation:

If Covered Property damaged under this coverage extension is valued at replacement cost, cannot be repaired and requires replacement, the damaged Covered Property may be replaced with newer generation Covered Property of the same capacity which improves the environment, increases efficiency or enhances safety. POOL will pay up to an additional 50% of the damage amount for the Covered Property. This additional amount is included in, not in addition to, the applicable Equipment Breakdown coverage limit.

D. This Coverage Extension is subject to the following limitations of coverage and sublimits shown in the Property Declarations:

1. Loss of Income and Extra Expense:

Coverage is extended to pay for actual **Loss of Income** and **Extra Expense** as defined in this Coverage Form sustained due to a loss covered by this coverage extension.

2. Hazardous Substance Coverage:

Coverage is extended to clean, repair, replace, or dispose of Covered Property that is damaged, contaminated or polluted by a substance declared to be hazardous by a governmental agency as a result of direct physical loss or damage covered by this extension of coverage. The coverage provided by this extension of coverage does not include loss to perishable goods due to contamination from the release of a refrigerant, including but not limited to ammonia.

3. Spoilage Coverage:

Coverage is provided for covered perishable goods due to spoilage resulting from direct physical loss or damage covered by this coverage extension, including damage to perishable goods due to contamination from the release of refrigerant, including but not limited to ammonia. Perishable goods are defined as Covered Property that is subject to deterioration or impairment as a result of a change of conditions, including but not limited to temperature, humidity or pressure.

4. Cost to Restore **Electronic Data Processing Data** and any **Electronic Data Processing Media**:

Coverage is extended to pay for the **Named Assured's** reasonable and necessary cost to research, replace or restore lost **Electronic Data Processing Data** and any **Electronic Data Processing Media** upon which it is stored. However, there shall be no coverage for a loss to media or data that results from any error in machine programming or machine instructions, media or data that results from any error in machine programming or machine instructions.

5. Electrical Risk Improvements:

When Covered Property sustains direct physical loss or damage under this coverage extension resulting from artificially generated electrical current (including arcing) that necessitates its repair or replacement, POOL will pay up to an additional 10% of the amount actually paid for all loss or damage covered by this coverage extension, not to exceed the sublimit shown in the Property Declarations, for costs the **Named Assured** incurs to make material improvements to the electrical system at the location of the loss.

This coverage extension does not pay for:

- a. Stock, work in process, raw materials, finished goods or merchandise.
- b. Any personal property of the **Named Assured's** employees or officers.
- c. Any Covered Property that is repaired or replaced due to direct physical loss or damage as covered by this coverage extension.
- d. Any **Loss of Income** or **Extra Expense**.

These expenses must be reported in writing within 180 days of direct physical loss or damage covered by this coverage extension.

6. Expediting Expenses:

Subject to the sublimits shown in the Property Declarations, POOL shall pay for reasonable and necessary extra costs to expedite:

- a. Temporary repairs to; and
- b. Permanent repairs to or replacement of

Covered Property sustaining direct physical loss or damage covered by this Coverage Section.

Expediting Expenses do not include:

- a. Expenses payable elsewhere in the Property Coverage Section.
- b. The cost of permanent repair or replacement.

E. Definitions

1. Breakdown

Breakdown means the following direct physical loss that causes physical damage to **Covered Equipment** and necessitates its repair or replacement:

- a. Failure of pressure or vacuum equipment;
- b. Mechanical failure including rupture or bursting caused by centrifugal force; or
- c. electrical failure including arcing.

Breakdown does not mean:

- a. Cracking of any part of an internal combustion gas turbine exposed to the products of combustion;
- b. Damage to any vacuum tube, gas tube, or brush;
- c. Damage to any structure or foundation supporting the **Covered Equipment** or any of its parts;
- d. Defects, erasures, errors, limitations or viruses in **Electronic Data Processing Equipment, Electronic Data Processing Data, Electronic Data Processing Media** and/or programs including the inability to recognize and process any date or time or provide instructions to **Covered Equipment**;
- e. Functioning of any safety or protective device;
- f. Leakage at any valve, fitting, shaft seal, gland packing, joint or connection;
- g. Malfunction including but not limited to adjustment, alignment, calibration, cleaning or modification; or

- h. Any loss or damage to any boiler, fired vessel, electric steam generator, or electrical or electronic equipment while undergoing a test which subjects such equipment to greater than maximum allowable operating conditions as identified by the manufacturer of such equipment.

2. Covered Equipment

Covered Equipment means any:

- a. Equipment designed and built to operate under internal pressure or vacuum other than weight of contents. However, for any boiler or fired vessel, the furnace of the **Covered Equipment** and the gas passages from there to the atmosphere will be considered as outside the **Covered Equipment**;
- b. Communication equipment and **Electronic Data Processing Equipment**;
- c. Fiber optic cable; or
- d. Any other electrical or mechanical equipment that is used in the generation, transmission or utilization of energy.

Covered Equipment does not mean any:

- a. Equipment designed and built to operate under internal pressure or vacuum other than weight of contents. However, for any boiler or fired vessel, the furnace of the **Covered Equipment** and the gas passages from there to the atmosphere will be considered as outside the **Covered Equipment**;
- b. Communication equipment and **Electronic Data Processing Equipment**;
- c. Fiber optic cable;
- d. Any other electrical or mechanical equipment that is used in the generation, transmission or utilization of energy;
- e. Equipment or any part of equipment manufactured by you for sale;
- f. Felt, wire, screen, mold, form, pattern, die, extrusion plate, swing hammer, grinding disc, cutting blade, non-electrical cable, chain, belt, rope, clutch plate, brake pad, non-metal part or any part or tool subject to periodic replacement;
- g. Insulating or refractory material;
- h. **Electronic Data Processing Media**;
- i. Non-metallic pressure or vacuum equipment, unless it is constructed and used in accordance with the American Society of Mechanical Engineers (A.S.M.E.) code or a code that has been accepted by the National Board of Boiler and Pressure Vessel Inspectors;
- j. Part of pressure or vacuum equipment that is not under internal pressure of its contents or internal vacuum;
- k. Sewer piping, fire protection piping, or water piping; except piping solely supplying boiler feed water or boiler condensate;
- l. Pressure vessels and piping that are buried below ground and require the excavation of materials to inspect, remove, repair or replace;
- m. Structure, foundation, cabinet or compartment supporting or containing the **Covered Equipment** or part of the **Covered Equipment** including penstock, draft tube or well casing;
- n. **Automobile**, aircraft, self-propelled equipment or floating vessel, including any **Covered Equipment** mounted on or used solely with any **Automobile**, aircraft, self-propelled equipment or floating vessel; or
- o. Products manufactured by the **Named Assured** unless permanently installed.

6. Unintentional Errors and Omissions:

Subject to an additional Maintenance Deductible of 10% of amount of the loss, POOL accepts as covered property and/or location subject to the applicable sublimit shown in the Property Declarations for each loss, provided the property and/or location is the same in form and substance as other real and personal property which are scheduled.

The **Named Assured** agrees to report such errors or omissions as soon as reasonably possible after discovery of such, and to schedule the proper locations and values then and thereafter.

7. Money and Securities

Money and securities of the **Named Assured** only are Covered Property with respect to this coverage extension subject to the sublimit shown in the Property Declarations.

Under Section V. F., Perils Excluded, item 2 is deleted in its entirety but only for this coverage extension. This coverage extension shall apply to direct physical loss or damage resulting from:

- a. Dishonest or fraudulent acts including theft and forgery committed by an official, trustee, director, officer, volunteer or employee of the **Named Assured** acting alone or in collusion with others while in the **Named Assured's** service and who the **Named Assured** compensates directly with salary, wages or commissions; or who are furnished to the **Named Assured** by an employment agency or service and under the **Named Assured's** direct control while performing such services in substituting for a permanent employee on leave, or meeting seasonal or short-term workload conditions.

For purposes of this extension, direct physical loss or damage means loss or damage to tangible property, and does not include consequential, detrimental economic impact or a diminution of value to covered property. Tangible property means property that has physical form and characteristics.

- b. The actual destruction or disappearance of such property.
- c. A peril covered by this Property Coverage Section.

The following are added to Section V. F., Perils Excluded, but only for this coverage extension:

17. Misappropriation, conversion, infidelity, dishonest or fraudulent acts committed by any:

- a. Agent, broker, consignee, independent contractor, subcontractor or similar representatives;
- b. Employee of the **Named Assured** who has previously committed dishonest or fraudulent acts resulting in direct physical loss or damage to **money and securities**; or
- c. Person (excluding employees) to whom the property may be entrusted; Whether committed alone or in collusion with others at any time, on the part of the **Named Assured** or any additional interest.

18. The **Named Assured's** inability to realize income that would have been earned had there been no loss of **money or securities**; Loss or damage when the only proof of such loss or damage is an inventory computation, or a profit and loss computation.

19. Loss or damage to **money or securities** while in transit or at an unnamed location except for:

- a) Robbery while such property is in the care and custody of an employee of the **Named Assured**, or
- b) Actual destruction or disappearance while at a banking institution or similar safe depository.

20. Accounting or arithmetical errors or omissions.

8. Protection and Preservation of Property:

POOL shall pay for the reasonable and necessary costs incurred to temporarily protect or preserve Covered Property at a described location in order to avoid or prevent immediately impending physical loss or damage from a peril covered by this Property Coverage Section.

9. Ordinance or Law:

If at the time of direct physical loss or damage covered by this Coverage Form, there is in force any law or ordinance regulating the demolition, construction, repair, replacement or use of buildings or structures, POOL

shall pay for increased costs that are the result of enforcement of such law or ordinance as a direct result of such loss or damage, including:

- a.) the cost to demolish any physically undamaged portion of the buildings or structures and:
- b.) the cost incurred to actually rebuild the physically damaged and the demolished portions of such buildings or structures with materials and in a manner to comply with the law or ordinance, or
- c.) at the Member's option, the cost to repair, replace or reconstruct such damaged or destroyed property with material of like kind and quality that qualifies under the Leadership in Energy and Environmental Design (LEED) Green Building Rating System of the U.S, but only up to the sublimits shown in the Property Declarations.

10. Loss of Income and Extra Expense:

POOL shall pay for actual **Loss of Income** and **Extra Expense** sustained by the **Named Assured** due to the necessary suspension of the **Named Assured's** operations during the **Period of Restoration** as defined in this Coverage Form. The suspension must be caused by direct physical loss of or damage to Covered Property at premises that are described in the Schedule of Locations agreed to and kept on file by POOL or its designees, such loss being caused by a covered peril.

Coverage shall also be provided for actual **Loss of Income** sustained and **Extra Expense** caused when access to the described location is prohibited by order of civil authority. This order must be given as a direct result of physical loss or damage from a peril of the type covered by this Property Coverage Section. POOL will be liable for the actual amount of loss sustained at such location for a period of up to 30 consecutive days from the date of this action.

In order to determine any **Loss of Income** and/or **Extra Expense** loss payable, POOL shall give consideration to the experience of the **Named Assured** before and the probable experience after the **Period of Restoration** and continuation of only those normal charges and expenses that would have existed had no interruption of or suspension of business operations or services occurred.

POOL will not be liable for any loss payable under this coverage extension to the extent that it can be reduced by the **Named Assured** through use of any suitable property or service owned or controlled by the **Named Assured**, or obtainable from other sources.

Any salvage value of such property remaining at the end of the period of interruption for property obtained above will be taken into consideration in the adjustment of any loss.

For purposes of determining the loss payable under this Coverage Extension, **Loss of Income** and **Extra Expense** will not include:

- a. Any loss during any period in which goods would not have been produced.
- b. Any loss during any period in which business operations or services would not have been maintained.
- c. Any increase in loss due to the suspension, cancellation, or lapse of any lease, contract, license, or order.
- d. Any loss due to:
 - 1.) Fines or damages for breach of contract.
 - 2.) Late or non-compliance of orders or penalties of any nature whatsoever.
 - 3.) Any other consequential or remote loss.
- e. Any loss resulting from physical loss or damage to property in transit.

11. Transmission Facilities:

This Coverage Form is extended to cover direct physical loss or damage covered by this Property Coverage Section to electrical and telecommunication equipment; electrical, telecommunication, fuel, water, steam, and refrigeration transmission lines; all situated on or within 1000 feet of the described location.

Coverage is excluded for loss resulting from:

- a) The lack of incoming services described above; or
- b) Physical loss or damage to transmission facilities providing these services; that occurs beyond 1000 feet of the described location.

D. Property Definitions

Actual Cash Value is the replacement value of the property, at the time and place of the loss or damage, less proper deduction for depreciation.

Automobile means any land motor vehicle or trailer/semi-trailer) or mobile equipment owned by the **Named Assured** or for which the **Assured** has an obligation to provide coverage.

Earthquake shall mean earthquake, volcanic eruption, subterranean fire, landslide, subsidence, earth sinking, rising, shifting or any such convulsion of nature including a resulting tsunami. If more than one earthquake shock shall occur within one hundred sixty-eight (168) hours during the term of this coverage, such shocks shall be deemed to be a single earthquake.

Electronic Data Processing Data is defined as all information stored on media devices, including facts, concepts, or computer programs converted to a form usable in a data processing operation, which are legally required to be stored.

Electronic Data Processing Equipment is defined as data processing systems, component parts and related peripheral equipment including air conditioning and fire protection equipment used solely for data processing operations. Electronic data processing equipment does not include electronic systems that control production machinery or the production machinery itself or any memory bank attached to the production machinery. Electronic data processing equipment does not mean property in the course of manufacture or property you hold for sale or demonstration.

Electronic Data Processing Media is defined as all materials on which data is recorded including magnetic tapes, disc packs, paper tapes, and cards used in data processing equipment. **Electronic Data Processing Media** does not include any memory bank attached to production machinery or any property you hold for sale or demonstration.

Extra Expense means necessary expenses incurred by the **Named Assured** during the **Period of Restoration** that would not have incurred if there had been no direct physical loss or damage to property caused by or resulting from a covered loss.

Flood shall mean surface waters, tide and tidal water, the rising, overflowing or breaking of boundaries of natural or man-made bodies of water or spray, whether wind driven or not, from any of the foregoing or by water which backs up through sewers or drains; or mudslide.

Loss of Income means the Net Income (net profit or loss before income taxes) that would have been earned or incurred and continuing normal operating expenses incurred, including payroll.

Money means physically tangible currency and coin used by the United States of America government.

Period of Restoration is defined as the period from the time of direct physical damage covered by this Property Coverage Section to the time when, with due diligence and dispatch, physically damaged property could be repaired or replaced and made ready for operations under the same or equivalent physical and operating conditions that existed prior to such damage.

Securities mean physically tangible negotiable and nonnegotiable instruments representing money.

Total Loss means complete physical destruction of the tangible property and/or its function.

Valuable Papers and Records are inscribed, printed or written: documents; manuscripts or records including abstracts; and, books, deeds, drawings, films, maps, or mortgages. Valuable Papers are not: money, securities and stamps; converted data programs or instructions used in the **Named Assured's** data processing operations; or, materials on which data is recorded.

E. Property Excluded

There shall be no coverage for loss or damage to the following property unless coverage is specifically included in Section V. C. Coverage Extensions, or elsewhere in this Property Coverage Section:

1. Land, water, or any substance in or on land, pavement and roadways, sidewalks, curbs, gutters, drains, trees, shrubs, plants and lawns, growing crops or standing timber, and animals.
2. Underground mines and mining property located below the surface of the ground.
3. Bridges and tunnels used for vehicular traffic, reservoirs, canals and dams.

4. Docks, piers, and wharves which are not a structural part of the building.
5. Furs and fur garments, jewels, jewelry, watches, pearls, precious and semi-precious stones, gold, silver, platinum and other precious metals and alloys for loss caused by theft.
6. **Money, securities**, accounts, bills, tickets, tokens, evidences of debt, **Electronic Data Processing Media and Data**.
7. Satellites, property undergoing insulation tests, aircraft, and watercraft over fifty (50) feet in length. For purposes of this exclusion, "aircraft" includes but is not limited to both manned aircraft and unmanned aerial vehicles. "Unmanned aerial vehicle" means an aircraft that is not designed, manufactured or modified to be controlled directly by a person from within or on the aircraft, including drones. This exclusion does not apply to "unmanned aerial vehicles" under 55 pounds in weight as equipped and as per the schedule agreed to and kept on file by POOL.
8. Personal property in the custody of the **Assured** acting as a warehouseman, bailee for hire, or carrier for hire.

F. Perils Excluded

There shall be no coverage for loss or damage caused by any of the following perils, unless coverage is specifically included in **Section V. C. Coverage Extensions**, or elsewhere in this Property Coverage Section; however, if loss or damage not excluded results, then that resulting loss or damage is covered.

1. Loss of market; loss of use; damage or deterioration arising from any delay, whether such delay is caused by a covered peril or otherwise; loss caused by any legal proceeding.
2. Misappropriation, conversion, infidelity or any dishonest act; whether committed alone or in collusion with others at any time, on the part of the **Assured** or any additional interest, employees, directors, officers, or agents of the **Assured**, or any person to whom the property may be entrusted (bailees for hire excepted). A willful act of destruction committed by employees of the **Assured**, without the knowledge of the **Assured**, resulting in physical damage, is covered.
3. Unexplained loss, mysterious disappearance, or loss or shortage disclosed on taking inventory; except that this exclusion will not apply to property while in the custody of any bailee. There will be no coverage for the voluntary parting with title or possession of property if induced by any fraudulent act or by false pretense.
4. Explosion, rupture, bursting, cracking, burning or bulging of steam boilers, steam turbines, gas turbines and steam engines; rupture, bursting, cracking, burning or, bulging of: pressure vessels, or piping or apparatus; attached to any steam boilers, steam turbines, gas turbines and steam engines; while all such property is owned, operated or controlled by the **Assured** or under the **Assured's** obligation to cover. This Coverage Form will cover physical loss or damage resulting from: the explosion of accumulated combustible gases or unconsumed fuel within the furnace of a boiler or pressure vessel, other than combustion gas turbines; or within the flues or passages which conduct the gases of combustion therefrom. Loss by fire ensuing from any of the above is covered by this Property Coverage Section.
5. Centrifugal force on rotating or moving parts of machinery; electrical, mechanical, or structural breakdown of machinery or equipment, including moving or stationary parts within or forming an integral part of such machinery or equipment.
6. The lack of power or other incoming service supplied from off the described location, however caused. If physical loss or damage covered herein results to Covered Property at a location described in the Schedule of Locations, the resulting damage is covered.
7. **Earthquake** as defined in this Property Coverage Section.

8. **Flood** as defined in this Property Coverage Section.
9. Wear and tear, gradual deterioration, inherent vice, latent defect, vermin or insects.
10. Defects in materials, faulty workmanship (whether the product or process), faulty construction or faulty design.
11. Dampness or dryness of atmosphere; changes of temperature; freezing, except damage to fire protective equipment caused by freezing; heating; shrinkage; evaporation; depletion; erosion; loss of weight; change in color, flavor, texture or finish; rust; corrosion.
12. Settling, cracking, shrinkage, bulging, or expansion of foundations, walls, floors, roofs, or ceilings. This exclusion will not apply to loss or damage resulting from collapse of a building or structure or of a material part of a building or structure.
13. Exposure to rain, sleet, snow, sand or dust to personal property in the open.
14. Electronic or magnetic injury or disturbance of any kind.
15. Loss arising from errors in machine or systems programming or instructions to machines or systems, unless physical damage not excluded by this coverage results, and then only for direct loss or damage caused by such covered peril.
16. Direct physical loss or damage to tangible Covered Property resulting from seizure or destruction of property by order of governmental authority

G. Property Conditions

1. Notice to POOL:

The **Assured** will:

- a) give immediate notice to the POOL of any loss involving Covered Property via the POOL's designated claims service organization.
- b) protect the property from further loss or damage
- c) promptly separate the damaged and undamaged property; put it in the best possible order; and furnish a complete inventory of the lost, destroyed, damaged and undamaged property showing in detail the quantities, costs, **Actual Cash Value**, replacement value and amount of loss claimed.
- d) as often as may be reasonably required, permit the POOL to inspect the property proving the loss or damage and examine the books and records of the **Assured**.
- e) cooperate as requested by POOL in the POOL's investigation, adjustment, and valuation of any claim for loss or damage to Covered Property.

2. No Benefit to Bailee:

No person or organization, other than the **Assured**, having custody of **Assured** property will benefit from this coverage.

3. Vacant and Unoccupied Locations:

Permission is given to cease operations and for locations to be vacant or unoccupied for:

- a. Sixty (60) consecutive days; or
- b. Up to (120) consecutive days for seasonally operated facilities; or
- c. More than sixty (60) consecutive days with the written consent of POOL;

Provided that the **Assured** maintains the same degree of:

- 1) Fire protection; and
- 2) Watch and alarm service;

3) Winterizing measures;
as existed prior to the discontinuance of operations. POOL shall reduce the loss payable by 15% on any vacant or unoccupied building. Buildings under construction or renovation are not considered vacant.

4. Loss Payment:

POOL has the sole right to adjust, value, evaluate and pay claims for loss or damage to covered property on behalf of the **Assured**.

a. In the event of loss or damage to Covered Property, POOL, at its option, will either:

- 1) Pay the value of lost or damaged property;
- 2) Pay the cost of repairing or replacing the lost or damaged property;
- 3) Take all or any part of the property at an agreed or appraised value; or
- 4) Repair, rebuild or replace the property with other property of like kind and quality.

POOL will determine the value of lost or damaged property, or the cost of repair or replacement, in accordance with the applicable terms of paragraph 5, entitled "Basis of Valuation" or any applicable provision of this Coverage Form which amends or supersedes these valuation conditions.

b. POOL will give notice under paragraph 3.a within a reasonable time after receiving written notice of loss from the **Assured**.

5. Basis of Valuation:

Adjustment of loss amount(s) under this Property Coverage Section will be determined based on the cost of repairing or replacing (whichever is the lesser), at the time of loss, with materials or equipment of like kind and quality without deduction for depreciation, except as provided in this valuation section.

The following property, unless endorsed, will be valued at the time of loss as follows:

- a. On property of others: the amount for which the **Assured** is legally liable, but not exceeding the replacement cost.
- b. Fine Arts are valued at the lesser of:
 - 1.) The cost to repair or restore the article to the condition that existed immediately prior to the loss;
 - 2.) The cost to replace the article; or
 - 3.) The value designated for the article on the schedule of fine arts on file with POOL.In case of physical loss or damage to an article that is part of a pair or a set, POOL will pay the full amount of the value of such pair or set only if the damaged article cannot be repaired or restored to its condition before the loss and the **Assured** surrenders the remaining article or articles of the pair or set to POOL.
- c. Accounts receivable is valued at the sum due which the **Assured** is unable to collect from customers, and includes:
 - 1.) Interest charges on any loan to offset impaired collections pending repayment of such sums that cannot be collected;
 - 2.) Collection expenses in excess of normal collection cost; and
 - 3.) Other reasonable expenses incurred by the **Assured** in recreating records of accounts receivable.

If the **Assured** is unable to accurately determine the amount of outstanding accounts receivable at the time of loss, the following method will be used:

- i. Determine the total average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which loss occurs; and
- ii. Adjust that total for any fluctuations in the month in which loss occurs, or for any demonstrated variance for that month.

Unearned interest charges and service charges on deferred payment accounts and normal credit losses on bad debts will be deducted. After payment of loss by POOL, all amounts recovered by the **Assured** on accounts receivable for which the **Assured** has been indemnified will belong to

and be paid to the POOL by the **Assured** up to the total amount of loss paid by the POOL. All recoveries in excess of such amounts will belong to the **Assured**.

- d. **Automobiles** and mobile equipment are valued at the cost to repair or the market value for like kind and quality at the time of loss.
- e. **Specialized Operations Vehicles (Fire, Ambulance, School Buses or other Specialized Vehicles):** If such vehicles are listed on the schedule of vehicles on file with the POOL with an Agreed Value and:
 - 1) at the time of loss, a vehicle is determined to be a **Total Loss**, or
 - 2) a physically damaged vehicle is inspected and cannot be certified by a professional mechanic, certified in evaluating emergency vehicles, to be in safe operating condition as an emergency vehicle, then the **Assured** will be paid the Agreed Value.
- f. **Valuable Papers and Records** is valued at: the cost to replace or restore the property with other of like kind and quality including the cost of researching, gathering and/or assembling information. If the information is not replaced or restored with other of like kind or quality, POOL will pay the blank value of such **Valuable Papers and Records**.
- g. Property while in transit is valued as follows:
 - 1) For property shipped to or for account of the **Assured**: the actual invoice to the **Assured**, together with such costs and charges (including the commission of the **Assured** as selling agent) as may have accrued and become legally due on such property.
 - 2) For property that has been sold by the **Assured** and shipped to or for account of the purchaser (if covered by this Property Coverage Section): the amount of the **Assured's** selling invoice, including prepaid or advanced freight.
 - 3) For property not under invoice: the actual cash market value at point of destination on the date of disaster, less any charges saved which would have become due and payable upon delivery at destination.
- h. **Money and Securities** are valued as follows:

Money is valued in United States of America currency for all locations, unless specified otherwise. **Money** issued in currencies other than United States of America currency will be valued in United States dollar equivalent determined by the last rate of exchange quoted in the Wall Street Journal on the date of loss.

Securities are valued at:

 - 1) The cost to replace or restore the security with other of like kind or quality including the cost of issuing duplicate **securities**, if replaced; or
 - 2) The value of each security as of the close of business on the date of loss, if the **securities** cannot be replaced or restored with other of like kind or quality; provided the **Assured** must assign all rights, titles, and interest in such **securities** to POOL.
- i. Valuation for real property reported under the Unintentional Errors or Omissions Extension shall be on a replacement cost basis and valuation for all other property shall be on actual cash value.
- j. The **Named Assured** may:
 - 1) Rebuild or have the property rebuilt at another site, provided that such rebuilding does not increase the amount of loss or damage which would otherwise be payable to rebuild at the current site.
 - 2) Give notice of claim to be calculated on **Actual Cash Value** of the property lost or damaged until repair or replacement has been completed.
- k. Replacement cost is subject to all the terms, conditions and limitations of the POOL Coverage Form (including any endorsements) and the following additional provisions:
 - 1) In no event will payment exceed the actual repairs, replacement, or the limit of liability stated in this Coverage Form, whichever is the lesser.

2) If during the term of this Coverage Form, any **Assured** real property is offered for sale, the value of loss or damage will not exceed the lesser of:

- a. The price of the offer for sale while the property is offered for sale (with proper deduction for the value of any land); or
- b. The cost to repair or replace. If the **Assured** fails to comply with any of the valuation provisions or does not elect replacement cost within two (2) years from the date of loss, the basis of valuation will be limited to the **Actual Cash Value** as defined in this Coverage Form.

I. Scheduled Property with an Agreed Value:

The POOL will pay the Agreed Value for property listed on the Named **Assured's** Agreed Value Schedule of Property, as agreed upon by the Assured and POOL, in the event of a **Total Loss** of the property which cannot be repaired or replaced. If the property can be repaired or replaced, the maximum liability shall not exceed the least of:

1. the cost to repair or restore the property to the condition that existed immediately before the loss; or
2. the cost to replace the property; or
3. the Agreed Value.

6. Appraisal:

If the **Assured** and POOL are unable to agree as to the amount necessary to rebuild, repair or replace the damaged or destroyed property or the actual value of loss, each party shall name a competent and disinterested appraiser and the two so chosen shall, before proceeding further, appoint a competent and disinterested umpire. The appraisers together shall obtain repair or replacement estimates, calculate the value of loss, and failing to agree shall submit their differences to the umpire. The award, in writing, duly verified by any two shall determine the points in question. Both parties shall pay the cost of their own appraisers and equally pro rate the cost of the umpire.

7. Suspension:

Upon discovery of a dangerous condition, POOL may immediately suspend the coverage with respect to any Covered Property by giving written notice to the **Assured**. The coverage that is suspended may be reinstated by POOL. If coverage is suspended, it will also be immediately suspended for any mortgagee, lender or additional named interest by written notice of suspension.

8. Conditions Applicable to Property Extension 8. Monies and Securities:

a. Cancellation as to Any Employee

1). This coverage is cancelled as to act of any employee immediately upon notice to or discovery by the **Named Assured** or any official or employee of the **Named Assured** authorized to manage, govern or control employees (who is not in collusion with the employee) of theft or any other dishonest act committed by that employee whether before or after becoming employed by the **Named Assured**.

b. Discovery

1) Coverage applies for **loss** sustained through acts committed or events occurring at any time and discovered by the **Named Assured**

- a) during the coverage period; or
- b) one year after the date of cancellation, termination or expiration of this coverage period.

2) Discovery of loss occurs when the **Named Assured** or any official or employee of the **Named Assured** authorized to manage, govern or control employees (who is not in collusion with the employee) first becomes aware of facts from which a reasonable person would know or should know that a loss covered by this coverage has been or will be incurred even though the exact amount or details of loss may not then be known. Discovery also occurs when the **Named Assured** or any official or employee of the **Named Assured** authorized to manage, govern or control employees (who is not in collusion with the employee) receives notice of an actual or potential claim against the **Named Assured** alleging facts that if true would constitute a covered loss under this Coverage Form.

Section VI. LIABILITY COVERAGE

A. Liability Coverage Agreement (Note: Claims-Made for Wrongful Acts)

In consideration of the payment of the Contribution and subject to the Limits of Liability, exclusions, conditions and other terms of coverage, POOL agrees with the **Assured** to pay on behalf of the **Assured** the total sum of damages which the **Assured** becomes legally obligated to pay as damages resulting from an **Event**, such sum (including related medical and legal costs) being reached either through adjudication or compromise after proper deductions for all recoveries and salvages.

Coverage applies to damages due to an **Event** taking place anywhere in the world, provided that the **Assured's** responsibility to pay damages arising out of such **Event** is determined in a suit on the merits in the United States of America or in a settlement of such suit agreed to by the POOL.

B. Liability Definitions

1. **Automobile** means any land motor vehicle, mobile equipment, trailer/semi-trailer, and attached equipment.
2. **Bodily Injury** means physical injury to any person, including death, sickness, disease or any mental anguish, shock or disability associated with or arising from such physical injury.
3. **Employment-based Benefit Plan Administration** means giving counsel or coverage interpretation to active or prospective benefit plan participants, handling of related records, or effecting enrollment, notification, revision, termination or cancellation of coverage under any employment-based benefit plan. Employment-based benefit plan includes life insurance, accident or health insurance, profit sharing plans, pension plans, stock subscription plans, workers' compensation, unemployment insurance, social security, disability benefits, vacation plans and any other similar employment-based benefit plans.
4. **Event** means one or more of the following:
 - a. an accident that causes **Bodily Injury** or **Property Damage** during this coverage period, excluding consequential **Bodily Injury** that arises out of a **Personal Injury**;
 - b. **Personal Injury** caused by an offense committed during this coverage period;
 - c. **Law Enforcement Activities** during this coverage period which cause **Bodily Injury**, **Property Damage**, **Personal Injury** or the violation of civil rights of a third party;
 - d. any injury caused by errors or omissions arising out of **Employment-based Benefit Plan Administration** committed during this coverage period;
 - e. a **Wrongful Act** taking place during this coverage period or on or after the retroactive date shown in the declarations page of this Coverage Form and reported to POOL during this coverage period or reported to POOL during any extended reporting period added to this coverage by endorsement, but a **Wrongful Act** does not include damages arising out of an **Event** as defined in a., b., c. or d. above.
5. **Law Enforcement Activities** means performance while acting within the scope of duty, including policy making, supervisory and executive functions relating to law enforcement, (a) as a law enforcement officer or reserve officer, (b) as an officer of a jail, (c) as any **Assured** representing a law enforcement agency, and (d) including activities performed for other than the **Named Assured** which are approved in advance by an authorized representative of the **Named Assured**.

6. **Personal Injury** means injury, including consequential **Bodily Injury**, arising out of one or more of the following offenses: False arrest, detention, or imprisonment; malicious prosecution; false or improper service of process; publication or utterance of libel or slander or disparaging material or a publication or utterance in violation of an individual's right to privacy; violation of right of public occupancy; wrongful eviction, wrongful entry, or invasion of premises; assault and/or battery; discrimination; piracy and infringement of copyright of property.
7. **Property Damage** means physical injury to or loss of use of tangible property of others including damage to structures or portions thereof rented to or leased to the **Assured**, including fixtures permanently attached thereto.
8. **Wrongful Act** means any actual or alleged error or misstatement, omission, act of neglect or breach of duty including misfeasance, malfeasance, and nonfeasance by the **Assured**. **Wrongful Act** includes actual or alleged violations of the United States Constitution or any State constitution, or any law affording protection for civil rights, provided coverage is otherwise afforded hereunder for such **Wrongful Act**.

Any damages arising out of employment practices of the **Named Assured** (including discrimination related to recruitment, hiring, evaluation, training, promotion, demotion, discipline or termination of an employee) will be considered a **Wrongful Act**.

9. The term **Sexual Abuse** as used hereunder shall mean any actual, attempted or alleged sexual conduct towards or to another person or persons, whether intentional, expected or unintentional, which causes physical and/or mental injuries. **Sexual Abuse** includes, but is not limited to, sexual molestation, sexual assault, sexual contact or touching and/or sexual exploitation or sexual injury.

Sexual Abuse does NOT include **Sexual Harassment** as defined in this Coverage Form.

10. The term **Sexual Harassment** as used hereunder shall mean any actual, attempted or alleged unwelcome sexual advances, requests for sexual favors or other conduct of a sexual nature towards or to another person or persons, which causes physical and/or mental injuries. **Sexual Harassment** includes:
 - a. The above conduct when submission to or rejection of such conduct is made either explicitly or implicitly a condition of a person's employment, or a basis for employment decisions affecting a person; or
 - b. The above conduct when such conduct has the purpose or effect of unreasonably interfering with a person's work performance or creating an intimidating, hostile or offensive work environment.

Sexual Harassment does NOT include **Sexual Abuse** as defined in this Coverage Form.

C. **Liability Exclusions**

1. Coverage does not apply to any claim for damages, whether direct or consequential, which is covered under any other Section of this Coverage Form. Coverage does not apply to property owned by the **Assured**, or to loss of use of tangible property owned by the **Assured**.
2. Coverage does not apply to any claim brought about or contributed to by acts intended or expected by the **Assured** to cause **Bodily Injury** or **Property Damage**. Any act of any one **Assured** will not be imputed to any other **Assured** for the purpose of determining the application of this exclusion.
3. Coverage does not apply to any claim made against any **Assured** flowing from or originating out of the **Assured** gaining any profit or advantage to which the **Assured** was not legally entitled including, but not limited to, any wrongful or erroneous collection of taxes, fees or other charges, by whatever name called.

4. Coverage does not apply to any claim arising out of any criminal, dishonest, fraudulent or malicious act, error or omission of any **Assured**, committed with actual, criminal, dishonest, fraudulent or malicious purpose or intent. However, notwithstanding the foregoing, the **Assured** will be reimbursed up to the aggregate limit shown in the Liability Declarations for reasonable attorney fees and costs when incurred in the defense of any criminal proceeding arising out of what would otherwise be within the scope of the **Assured's** employment, provided the **Assured** is exonerated from all charges or all charges are subsequently withdrawn or dismissed. When an **Assured** is a defendant represented by the same attorney or law firm representing other defendants in the same criminal proceeding who are not an **Assured** under this Coverage Form, payment hereunder shall be limited to the **Assured's** proportionate share of the total of the reasonable attorney fees.

If the **Named Assured** is required by law to provide for an employee's legal defense in a criminal proceeding, this coverage will reimburse the **Assured** in accordance with such law.

Whenever coverage under this Coverage Form would be excluded, suspended or lost because of any exclusion relating to criminal, dishonest, fraudulent or malicious conduct by any person covered hereunder, it is agreed that coverage as would otherwise be afforded herein shall be applicable with respect to an **Assured** who did not personally participate or personally acquiesce in or remain passive (including failure to give timely notice) after having knowledge of such conduct.

5. Coverage does not apply to liability arising out of the ownership, maintenance, loading or unloading, use, operation or entrustment to others of any aircraft, airfields, runways, hangers, buildings, or other properties in connection with aviation activities. For purposes of this exclusion, "aircraft" includes but is not limited to both manned aircraft and any "unmanned aerial vehicles." "Unmanned aerial vehicle" means an aircraft that is not designed, manufactured or modified to be controlled directly by a person from within or on the aircraft including drones.

However, this exclusion does not apply to liability arising out of the use of **automobiles** of the **Assured** used in connection with the operation of an airport and on the premises of an airport owned, maintained, or operated by the **Assured**.

Also, this exclusion does not apply to **Wrongful Acts** arising out of airport ownership.

This exclusion does not apply to "unmanned aerial vehicles" under 55 pounds in weight as equipped and as per the schedule agreed to and kept on file by POOL.

6. Coverage does not apply to any obligation for which the **Assured** may be held liable: (a) to any employee under the Fair Labor Standards Act (FLSA) or under any similar laws, however, coverage is extended for costs of defense of actions alleging violation of such laws; (b) under any workers' compensation, unemployment compensation, disability benefits, uninsured or underinsured motorists law, or under any similar laws; or (c) for bodily injuries to any employee of an **Assured** arising out of and in the course of employment by the **Assured** or arising out of performing duties related to the conduct of the **Assured's** business or **Bodily Injury** to any family member of an employee arising out of such activities. The exclusion under (c) applies whether the **Assured** may be liable as an employer or in any other capacity and to any liability for indemnity or contribution brought by any party for **Bodily Injury**.

7. Coverage does not apply to any liability arising out of or in any way connected with the operation of the principles of eminent domain, condemnation, inverse condemnation, or taking of any property interest, by whatever name(s) called, whether such liability accrues directly against the **Assured** or by any agreement entered into by or on behalf of the **Assured**.

This exclusion also applies to any liability arising out of or connected with allegations that the **Assured's** actions constitute a taking of any property interest in violation of substantive due process, including but not limited to any allegations that the **Assured's** actions lack any substantial relation to the public health, safety or general welfare and/or that the **Assured's** actions are arbitrary, capricious, irrational or unreasonable and/or not related to any legitimate governmental purpose.

8. Coverage does not apply to any liability arising out of the rendering of or failure to render the following professional services (including furnishing of food or beverages in connection therewith):
- a. medical, surgical, dental, radiological or nursing service or treatment except by forensic medical examiners or coroners;
 - b. furnishing or dispensing of drugs or medical, dental or surgical supplies;
 - c. services by any person as a member of a formal accreditation or similar professional board of the **Assured**, or as a person charged with the duty of executing directives of any such board or committee, except the administrative, certification, and training duties of an ambulance services medical director (including law enforcement and firefighting agencies as required by law) and medical supplies approving authority.

Further, coverage does not apply in any way to liability arising out of the ownership, operation, management or oversight of any hospital.

This exclusion does not apply to incidental malpractice liability arising out of the rendering of, or failure to render, professional health care services by ambulance crews, emergency medical technicians, paramedics, firefighters or police officers, or nurses including those providing forensic blood draw services in connection with a variety of law enforcement investigational activities, allowed or required by Nevada law. The scene of such medical services may be outside the scope of employment or outside the **Assured's** jurisdiction. However, this coverage will not apply if the individuals rendering medical services are doing so on behalf of and while working or volunteering for another medical services organization not an **Assured** under this coverage.

This exclusion does not apply to services by a public health official arising out of their official duties to protect the health and safety of the general public.

9. Coverage does not apply to any liability arising out of any breach of or failure to perform a contractual obligation including warranties of any kind and including labor agreements. However, this exclusion does not apply to employment related contracts other than labor agreements.

This exclusion does not apply to any statutory implied agreement between law enforcement agencies, in the absence of interlocal or cooperative agreement, to defend, hold harmless, and indemnify claims or liability arising out of the act or omission of the **Assured's** employee while participating in a request for assistance, under NRS 277.035 or Nevada law.

10. Coverage does not apply to any claim based upon or attributable to the rendering or failure to render any opinion, treatment, consultation or service if such opinion, treatment, consultation or service was rendered or failed to have been rendered while the **Assured** was engaged in any activity for which they received compensation from any source other than the **Named Assured**.

11. Coverage does not apply to any claim arising out of estimates of probable costs or cost estimates being exceeded or for faulty preparation of bid specifications or plans.

12. Coverage does not apply to any claim for a **Wrongful Act** arising out of failure to supply a specific amount of electrical power or fuel due to interruption of the electrical power or fuel supply or transmission thereof.

However, an **Event** (other than a **Wrongful Act**) arising from interruption of the electrical power or fuel supply or transmission thereof is covered.

13. Coverage does not apply to any claim based upon or arising out of:
- a. the issuance, modification or cancellation of debt instruments, including, but not limited to, loans or transfers, and interest payable, whether legal or illegal; the collection or payment of taxes, fees or other charges or the collection of or payment of taxes, fees or other charges, to or for

- any other entity, including, but not limited to, hospitals, schools, commissions, joint commissions, boards, agencies, internal or external funds, districts and authorities;
- b. the failure or alleged failure to comply with any regulatory act or statute such as those governing Medicare or similar Federal programs, the Nevada State Indigent Accident Funds or similar State programs; or
 - c. any fiduciary obligation or duty imposed by the Employee Retirement Income Security Act of 1974 (ERISA), the Pension Benefit Act, the Consolidated Omnibus Budget Reconciliation Act of 1986 (COBRA), or Section 89 of the Internal Revenue Code, or any amendments thereto or similar provisions of any federal, state, local, statutory, or common law.
14. Coverage does not apply to any liability arising out of the performance or non-performance of an investment.
 15. Coverage does not apply to any damages, awards of interest, costs, civil fines, penalties, fees, including attorney's fees, or expenses that the **Assured** may become obligated to pay as a result of an adverse judgment for equitable, injunctive or declaratory relief.
 16. Coverage does not apply for any restitution, refund or reimbursement, whether legal or equitable relief (specifically including backpay, front pay, employment benefits, lost income, and employer payments to the Nevada Public Employees' Retirement System (PERS)), whether called damages or otherwise, or to any cost or expense in processing such restitution, refund or reimbursement.
 17. Coverage does not apply to any damages, costs, civil fines, penalties or expenses incurred by any **Assured** arising out of any complaint or enforcement action from any federal, state, or local government regulatory agency. However, defense costs related to such actions will be reimbursed for an amount not to exceed the amount shown in the Liability Declarations per **Event**.
 18. Coverage does not apply to any criminal court sanctions, fines, penalties, fees, costs, expenses or interest awarded against an **Assured** or to any award of attorney's fees and litigation expenses to a prevailing party in a criminal case after a finding by the court that the **Assured's** position in pursuing the criminal action was vexatious, frivolous or in bad faith under NRS Chapter 41, state, or federal law.
 19. Coverage does not apply to any liability arising out of:
 - a. Failure of performance of contract by any insurer;
 - b. Failure to procure insurance or the failure of such insurance to adequately cover risks.
 20. Coverage does not apply to any liability with respect to **Employment Based Benefit Plan Administration** arising out of:
 - a. Insufficiency of funds to meet any obligations under any plan included in the employment-based benefit plan;
 - b. Errors in providing information on past performance of investment vehicles;
 - c. Advice given to any person with respect to that person's decision to participate or not participate in any plan included in the employment-based benefit plan;
 - d. Failure of any investment to perform as represented;
 - e. Investment or non-investment of funds or the performance or nonperformance of any investment;
 - f. Legal advice or investment advice given to an employee or beneficiary;
 - g. Any loss resulting from the termination of any plan included in the employment-based benefit plan or termination of the employment-based benefit plan;
 - h. Taxes, fines or penalties, including those imposed under the Internal Revenue Code or any similar state or local law; or
 - i. Any act or omission of a third-party administrator, or any person other than an employee, who administers an employment-based benefit plan.

21. Coverage does not apply to any damages for **Bodily Injury, Property Damage, Personal Injury**, or other injury that is continuous or progressively deteriorating, and that is first manifest prior to the effective date or after the expiration of this Coverage Form. This exclusion applies even if such injury or damage continues or deteriorates during the term of this Coverage Form.

The most POOL will pay for **Bodily Injury, Property Damage, Personal Injury** and any other injury that is continuous or progressively deteriorating, and that is first manifest during the period of this Coverage Form, is the applicable limit of coverage shown in the Declarations of this Coverage Form. This is the only limit that applies to all related **Bodily Injury, Property Damage, Personal Injury** or other injury, regardless of whether such injury or damage existed before, or continues or progressively deteriorates after, the period of this Coverage Form.

Within the meaning of this exclusion, injury or damage is manifest when appreciable harm occurs that is or should be known to the **Assured** or the person or organization harmed.

22. Coverage does not apply to any claim arising out of the act of **Sexual Abuse** by the **Assured**. Any such act pertaining to any one **Assured** will be imputed to any other **Assured** who personally participated or personally acquiesced in or remained passive (including failure to give timely notice) after having knowledge of such **Sexual Abuse**.

Coverage for any other **Assured** shall not exceed the sublimit shown in the Liability Declarations.

23. Coverage does not apply to liability of any **Assured** who, directly or indirectly, causes damages to their **Assured** employer or principal.

D. Liability Conditions

1. Duties of the **Assured** – If there is an **Event**, loss, incident, occurrence, demand, notice, summons or claim that might involve this coverage, the **Assured** shall submit written notice to POOL as soon as reasonably practicable via POOL's designated claims service organization including particulars sufficient to identify parties involved, time, place, circumstances, nature of any injury or damage, witnesses and any other pertinent information.
2. Cooperation – The POOL has no duty to defend but may at its sole discretion defend an **Assured** against any claim for damages. Where the POOL has exercised its discretion to defend an **Assured**, the POOL has the sole right to investigate, defend or settle any claim against an **Assured** for damages. The **Assured** shall cooperate with POOL, its claims representatives and investigators, and attorneys assigned by POOL to represent the **Assured**, and if requested, attend hearings and trials, assist in securing and obtaining evidence, and obtaining the attendance of witnesses. The **Assured** shall not admit to any liability, assume any obligation, voluntarily make any payment or incur any expense other than first aid to others at the time of an accident. The **Assured** agrees to comply with all terms and conditions in all sections of this Coverage Form. The **Assured** shall not waive any immunities granted to local governments.
3. Records - The records as kept by the **Assured** shall be made available to POOL or its representatives as necessary to determine the amount of loss or damage covered hereunder.
4. Appeal – If the **Assured** and POOL are unable to agree to appeal a judgment, a disinterested attorney, mutually agreeable to POOL and the **Assured**, shall be retained to render a written opinion concerning such appeal. Such written recommendation shall be binding on both the **Assured** and POOL. Fees of such retained attorney shall be borne equally by both parties.
5. Opportunity to Associate - It is understood that, when so requested, POOL may afford the **Assured** an opportunity to associate, at the **Assured's** own expense, with the POOL in the defense or control of any claim, suit or proceeding.
6. Severability of Certain Interests: If liability is incurred by reason of injury suffered by an employee of one **Assured**, which does not arise out of the injured employee's employment, for which another

Assured is liable, then this coverage shall pay on behalf of the **Assured** for such liability in the same manner as if separate coverage documents had been issued to each **Assured**. If liability is incurred because of **Property Damage** to property belonging to any **Assured** for which another **Assured** is liable, then this coverage shall pay on behalf of such **Assured** in the same manner as if separate coverage documents had been issued to each **Assured**. Nothing contained in this Condition shall operate to increase POOL limits of liability or to provide coverage for any **Assured** who, directly or indirectly, causes damages to their **Assured** employer or principal.

7. For the purpose of determining the limit of POOL's liability and the Maintenance Deductible of the **Named Assured**, all damages arising out of one or more related **Events** or arising out of a series of continuous, repeated or interrelated **Events** will be considered as arising out of one **Event**; furthermore, all such damages, whether attributable directly or indirectly to one **Event**, will be added together and the total amount of such damages shall be deemed one **Event**, regardless of the period of time or area over which the **Event** occurs.
8. If any **Event** other than a **Wrongful Act** includes allegations of and is associated with a **Wrongful Act** then all damages arising out of that **Event** and the **Wrongful Act** shall be deemed one **Event** at the time the claim is first made, and the only applicable coverage is that which is in effect at the time the claim is first made.
9. An **Event** with no associated **Wrongful Act** which takes place during more than one coverage period shall be deemed an **Event** during only one coverage period and only the most recent coverage period during which the **Event** took place shall apply.
10. If a **Wrongful Act** did not take place during this coverage period, but commenced on or after the retroactive date shown on the Liability Declarations page of this Coverage Form and prior to the beginning of this coverage period, and a claim because such **Wrongful Act** is made against the **Assured** and reported to POOL during this coverage period, this coverage is extended to damages resulting from such a **Wrongful Act**. Coverage does not apply to damages resulting from a **Wrongful Act** that commenced prior to the retroactive date.
11. Extended Reporting Periods:
 - a. POOL will provide one or more reporting periods, as described below, if this coverage is cancelled or not renewed for any reason other than nonpayment of loss fund contributions or any other amount owed to POOL.
 - b. The reporting periods do not extend the coverage period or change the scope of coverage provided. The reporting periods apply only to claims first made against an **Assured** during the applicable reporting period for damages because of a **Wrongful Act** that occurred before the end of the coverage period.
 - c. The reporting periods do not reinstate or increase the limits of liability.
 - d. A Basic Reporting Period of 30 days from the effective date of cancellation or non-renewal of this form is automatically provided without an additional charge. Subject to the terms and conditions of this coverage, the Basic Reporting Period applies to claims for damages that are first made against the **Assured** and reported in accordance with all coverage provisions no later than the end of the Basic Reporting Period.
 - e. An Optional Extended Reporting Period will take effect on the effective date of cancellation or non-renewal of this coverage and will remain in effect for a period of one to five years, depending on which Optional Extended Reporting Period is purchased. Subject to the terms and conditions of this coverage, the Optional Extended Reporting Period applies to claims for damages that are first made against the **Assured** and reported in accordance with all coverage provisions no later than the end of the Optional Extended Reporting Period. The additional Contribution for this Optional Extended Reporting Period will depend upon which option is chosen. POOL must receive a written request from the **Assured**, together with payment of Contribution due, within 60 days after the effective date of cancellation or non-renewal of this coverage if purchase of one of the Optional Extended Reporting Periods is desired. Once POOL acknowledges receipt of the additional Contribution, the Optional Extended Reporting Period may not be cancelled and the Contribution for the Optional Extended Reporting Period is fully earned.

- f. The Basic Reporting Period or the Optional Extended Reporting Period does not apply to claims covered under any other coverage purchased subsequent to or to replace this coverage.

POOL Counties

Member Name	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	5 Year Ave	3 Year Ave	
	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency			Costs
	7/1/18- 6/30/19	7/1/18- 6/30/19	7/1/19- 6/30/20	7/1/19- 6/30/20	7/1/20- 6/30/21	7/1/20- 6/30/21	7/1/21- 6/30/22	7/1/21- 6/30/22	7/1/22- 6/30/23	7/1/22- 6/30/23	TOTAL	TOTAL	2018/2019- 2022/2023	2020/2021- 2022/2023
CARSON CITY	0	\$ -	0	\$ -	0	\$ -	16	\$ 1,246,167	23	\$ 123,068	39	\$ 1,369,234	\$ 1,369,234	\$ 456,411
CHURCHILL COUNTY	8	\$ 506,413	2	\$ 582	8	\$ 33,722	10	\$ 94,940	4	\$ 15,780	32	\$ 651,437	\$ 130,287	\$ 48,147
DOUGLAS COUNTY (No Longer Member)	24	\$ 69,770	48	\$ 193,099	38	\$ 116,424	2	\$ -	5	\$ 14,929	117	\$ 394,222	\$ 78,844	\$ 43,785
ELKO COUNTY	22	\$ 233,579	22	\$ 223,782	24	\$ 99,844	23	\$ 196,309	28	\$ 215,769	119	\$ 969,283	\$ 193,857	\$ 170,641
ESMERALDA COUNTY	6	\$ 35,599	6	\$ 8,316	4	\$ 5,415	6	\$ 57,775	5	\$ 17,861	27	\$ 124,966	\$ 24,993	\$ 27,017
EUREKA COUNTY	9	\$ 78,665	9	\$ 170,219	9	\$ 19,330	5	\$ 64,281	4	\$ 58,345	36	\$ 390,840	\$ 78,168	\$ 47,319
HUMBOLDT COUNTY	11	\$ 57,818	8	\$ 26,573	8	\$ 126,935	20	\$ 207,392	12	\$ 68,830	59	\$ 487,548	\$ 97,510	\$ 134,386
LANDER COUNTY	4	\$ 61,645	7	\$ 66,679	5	\$ 4,284	6	\$ 39,990	6	\$ 444,876	28	\$ 617,474	\$ 123,495	\$ 163,050
LINCOLN COUNTY	2	\$ 121,146	8	\$ 41,313	8	\$ 335,666	8	\$ 10,608	9	\$ 138,295	35	\$ 647,028	\$ 129,406	\$ 161,523
LYON COUNTY	6	\$ 17,259	14	\$ 1,029,404	13	\$ 175,414	8	\$ 83,467	17	\$ 126,103	58	\$ 1,431,647	\$ 286,329	\$ 128,328
MINERAL COUNTY	3	\$ 41,612	9	\$ 33,370	12	\$ 37,946	8	\$ 55,234	10	\$ 58,089	42	\$ 226,252	\$ 45,250	\$ 50,423
NYE COUNTY (No Longer Member)	64	\$ 724,645	83	\$ 895,051	63	\$ 1,560,843	62	\$ 1,799,443	12	\$ 22,883	284	\$ 5,002,864	\$ 1,000,573	\$ 1,127,723
PERSHING COUNTY	4	\$ 20,190	14	\$ 1,188,439	10	\$ 15,251	4	\$ 3,778	2	\$ 6,200	34	\$ 1,233,858	\$ 246,772	\$ 8,410
STOREY COUNTY	14	\$ 44,491	13	\$ 46,734	8	\$ 33,340	9	\$ 77,975	17	\$ 260,088	61	\$ 462,628	\$ 92,526	\$ 123,801
WHITE PINE COUNTY	8	\$ 18,724	8	\$ 3,797	13	\$ 35,550	11	\$ 33,455	4	\$ 34,950	44	\$ 126,476	\$ 25,295	\$ 34,652
TOTAL	185	\$ 2,031,554	251	\$ 3,927,359	223	\$ 2,599,964	198	\$ 3,970,812	158	\$ 1,606,068	1015	\$ 14,135,757	\$ 3,922,539	\$ 2,725,615

POOL Cities

Member Name	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	TOTAL	TOTAL	5 Year Ave	3 Year Ave
	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency			Costs	Costs
	7/1/18- 6/30/19	7/1/18- 6/30/19	7/1/19- 6/30/20	7/1/19- 6/30/20	7/1/20- 6/30/21	7/1/20- 6/30/21	7/1/21- 6/30/22	7/1/21- 6/30/22	7/1/22- 6/30/23	7/1/22- 6/30/23				2018/2019- 2022/2023	2020/2021- 2022/2023
BOULDER CITY	26	\$ 59,161	24	\$ 111,141	20	\$ 766,479	11	\$ 34,537	16	\$ 159,932	97	\$ 1,131,251	\$ 226,250	\$ 320,316	
CALIENTE	2	\$ 4,500	2	\$ 7,397	0	\$ -	0	\$ -	3	\$ 228,636	7	\$ 240,532	\$ 48,106	\$ 76,212	
CARLIN CITY	1	\$ 255	3	\$ 1,350	2	\$ -	4	\$ 25,442	4	\$ 19,016	14	\$ 46,063	\$ 9,213	\$ 14,819	
CITY OF ELKO	24	\$ 89,785	30	\$ 255,315	13	\$ 161,003	22	\$ 78,118	33	\$ 247,495	122	\$ 831,717	\$ 166,343	\$ 162,205	
ELY CITY	9	\$ 87,982	7	\$ 65,347	8	\$ 27,732	11	\$ 226,358	7	\$ 31,066	42	\$ 438,485	\$ 87,697	\$ 95,052	
CITY OF FERNLEY	8	\$ 109,612	5	\$ 4,316	6	\$ 50,395	6	\$ 18,530	18	\$ 146,398	43	\$ 329,252	\$ 65,850	\$ 71,774	
CITY OF LOVELOCK	0	\$ -	2	\$ 40,006	1	\$ -	1	\$ 3,794	0	\$ -	4	\$ 43,799	\$ 8,760	\$ 1,265	
WELLS CITY	2	\$ -	1	\$ 6,234	1	\$ -	0	\$ -	2	\$ 277,500	6	\$ 283,734	\$ 56,747	\$ 92,500	
WEST WENDOVER	10	\$ 20,341	3	\$ 42,406	8	\$ 5,375	3	\$ 8,111	8	\$ 11,051	32	\$ 87,283	\$ 17,457	\$ 8,179	
CITY OF WINNEMUCCA	0	\$ -	3	\$ 2,946	13	\$ 11,106	13	\$ 82,014	15	\$ 47,047	44	\$ 143,112	\$ 28,622	\$ 46,722	
CITY OF YERINGTON	1	\$ -	2	\$ 13,080	7	\$ 106,114	6	\$ 35,977	3	\$ 4,815	19	\$ 159,986	\$ 31,997	\$ 48,969	
TOTAL	83	\$ 371,636	82	\$ 549,538	79	\$ 1,128,205	77	\$ 512,881	109	\$ 1,172,955	430	\$ 3,735,215	\$ 747,043	\$ 938,014	

POOL School Districts

Member Name	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	5 Year Ave	3 Year Ave	
	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency	Costs	Costs	Costs	
	7/1/18- 6/30/19	7/1/18- 6/30/19	7/1/19- 6/30/20	7/1/19- 6/30/20	7/1/20- 6/30/21	7/1/20- 6/30/21	7/1/21- 6/30/22	7/1/21- 6/30/22	7/1/21- 6/30/22	7/1/22- 6/30/23	7/1/22- 6/30/23	TOTAL	TOTAL	2018/2019- 2022/2023	2020/2021- 2022/2023
CARSON CITY SCHOOL DISTRICT	4	\$ 10,692	11	\$ 180,651	7	\$ 20,864	9	\$ 54,717	6	\$ 594,267	37	\$ 861,191	\$ 172,238	\$ 223,283	
CHURCHILL COUNTY SCHOOL DISTRICT	3	\$ 14,751	0	\$ -	3	\$ 8,039	1	\$ 50,000	4	\$ 16,258	11	\$ 89,049	\$ 17,810	\$ 24,766	
DOUGLAS COUNTY SCHOOL DISTRICT	176	\$ 72,587	128	\$ 46,985	118	\$ 151,675	37	\$ 389,789	24	\$ 116,311	483	\$ 777,347	\$ 155,469	\$ 219,258	
ELKO COUNTY SCHOOL DISTRICT	22	\$ 2,674,923	8	\$ 85,739	10	\$ 12,267	11	\$ 348,646	10	\$ 342,188	61	\$ 3,463,763	\$ 692,753	\$ 234,367	
ESMERALDA COUNTY SCHOOL DISTRICT	0	\$ -	2	\$ 24,954	7	\$ 7,282	0	\$ -	1	\$ 25,000	10	\$ 57,236	\$ 11,447	\$ 10,761	
EUREKA COUNTY SCHOOL DISTRICT	0	\$ -	4	\$ 776,443	2	\$ 3,790	1	\$ 243,633	3	\$ 60,000	10	\$ 1,083,865	\$ 216,773	\$ 102,474	
HUMBOLDT COUNTY SCHOOL DISTRICT	6	\$ 4,988	5	\$ 18,849	4	\$ 10,443	2	\$ 35,540	5	\$ 10,510	22	\$ 80,331	\$ 16,066	\$ 18,831	
LANDER COUNTY SCHOOL DISTRICT	31	\$ -	16	\$ -	14	\$ 9,525	12	\$ -	3	\$ 19,724	76	\$ 29,249	\$ 5,850	\$ 9,750	
LINCOLN COUNTY SCHOOL DISTRICT	3	\$ 171,667	3	\$ 12,346	4	\$ 9,490	3	\$ 6,104	2	\$ 37,465	15	\$ 237,072	\$ 47,414	\$ 17,686	
LYON COUNTY SCHOOL DISTRICT	88	\$ 398,426	120	\$ 125,260	85	\$ 185,105	42	\$ 30,693	23	\$ 25,850	358	\$ 765,335	\$ 153,067	\$ 80,549	
MINERAL COUNTY SCHOOL DISTRICT	1	\$ 21,473	4	\$ 72,420	4	\$ 30,000	7	\$ 129,037	12	\$ 316,806	28	\$ 569,736	\$ 113,947	\$ 158,614	
NYE COUNTY SCHOOL DISTRICT	14	\$ 137,332	37	\$ 120,619	4	\$ 114,982	9	\$ 1,482,131	3	\$ 14,687	67	\$ 1,869,751	\$ 373,950	\$ 537,267	
PERSHING COUNTY SCHOOL DISTRICT	1	\$ 5,967	1	\$ 324	3	\$ 7,193	1	\$ 3,186	1	\$ 1,200	7	\$ 17,870	\$ 3,574	\$ 3,860	
STOREY COUNTY SCHOOL DISTRICT	4	\$ 4,341	2	\$ 720	3	\$ 4,663	3	\$ 1,518	4	\$ 9,583	16	\$ 20,826	\$ 4,165	\$ 5,255	
WHITE PINE COUNTY SCHOOL DISTRICT	8	\$ 44,853	14	\$ 10,063	28	\$ -	52	\$ 22,001	69	\$ 11,498	171	\$ 88,415	\$ 17,683	\$ 11,166	
TOTAL	361	\$ 3,562,000	355	\$ 1,475,374	296	\$ 575,321	190	\$ 2,796,994	170	\$ 1,601,347	1178	\$ 9,883,925	\$ 2,002,207	\$ 1,657,887	

POOL Special Districts, Towns Others

Member Name	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	5 Year Ave	3 Year Ave
	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency	Costs		
	7/1/18-6/30/19	7/1/18-6/30/19	7/1/19-6/30/20	7/1/19-6/30/20	7/1/20-6/30/21	7/1/20-6/30/21	7/1/21-6/30/22	7/1/21-6/30/22	7/1/21-6/30/22	7/1/22-6/30/23	7/1/22-6/30/23	TOTAL	2018/2019-2022/2023	2020/2021-2022/2023
CARSON CITY:														
CARSON WATER SUBCONSERVANCY DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
NEVADA ASSN OF COUNTIES	0	\$ -	1	\$ 1,147	0	\$ -	0	\$ -	0	\$ -	1	\$ 1,147	\$ 229	\$ -
NEVADA COMMISSION FOR RECONSTRUCTION OF V&T	0	\$ -	1	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ -	\$ -	\$ -
NEVADA LEAGUE OF CITIES	0	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ 1,340	1	\$ 1,340	\$ 268	\$ 447
NEVADA RISKING POOLING, INC.	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
NEVADA RURAL HOUSING AUTHORITY	2	\$ -	3	\$ 383	4	\$ 12,925	1	\$ -	1	\$ 21,000	11	\$ 34,308	\$ 6,862	\$ 11,308
NEVADA PUBLIC AGENCY INSURANCE POOL	1	\$ 415	1	\$ -	1	\$ -	0	\$ -	1	\$ 25,000	4	\$ 25,415	\$ 5,083	\$ 8,333
POOLING RESOURCES, INC.	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
WESTERN NEVADA DEVELOPMENT DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
CLARK COUNTY:														
MOAPA VALLEY WATER DISTRICT	2	\$ 8,246	0	\$ -	2	\$ 17,385	1	\$ 2,007	1	\$ 11,855	6	\$ 39,493	\$ 7,899	\$ 10,416
MOAPA VALLEY FIRE PROTECTION DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	2	\$ 4,179	2	\$ 4,179	\$ 836	\$ 1,393
MOUNT CHARLESTON FIRE PROTECTION DISTRICT	0	\$ -	2	\$ 31,524	2	\$ 4,727	0	\$ -	0	\$ -	4	\$ 36,251	\$ 7,250	\$ 1,576
SOUTHERN NEVADA AREA COMMUNICATIONS COUNCIL	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
SOUTHERN NEVADA HEALTH DISTRICT	9	\$ 47,370	9	\$ 182,012	7	\$ 35,854	8	\$ 38,927	4	\$ 58,809	37	\$ 362,973	\$ 72,595	\$ 44,530
CHURCHILL COUNTY:														
CHURCHILL CO. MOSQUITO & WEED ABATEMENT DIST.	1	\$ 4,430	0	\$ -	1	\$ -	0	\$ -	0	\$ -	2	\$ 4,430	\$ 886	\$ -
DOUGLAS COUNTY:														
DOUGLAS CO. MOSQUITO ABATEMENT DISTRICT	1	\$ 2,767	0	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ 2,767	\$ 553	\$ -
DOUGLAS CO. REDEVELOPMENT AGENCY	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
DOUGLAS CO LAKE TAHOE SEWER AUTHORITY	0	\$ -	5	\$ -	2	\$ 5,331	0	\$ -	1	\$ 15,000	8	\$ 20,331	\$ 4,066	\$ 6,777
EAST FORK SWIMMING POOL DISTRICT	1	\$ -	1	\$ -	1	\$ 250	1	\$ -	1	\$ -	5	\$ 250	\$ 50	\$ 83
TOWN OF GARDNERVILLE	3	\$ 18,415	2	\$ 17,701	1	\$ 710	7	\$ 58,950	4	\$ 18,474	17	\$ 114,250	\$ 22,850	\$ 26,044
GARDNERVILLE RANCHOS GID	2	\$ 5,340	4	\$ 13,093	1	\$ -	1	\$ 1,200	3	\$ 12,886	11	\$ 32,519	\$ 6,504	\$ 4,695
TOWN OF GENOA	0	\$ -	1	\$ -	1	\$ -	2	\$ 13,588	0	\$ -	4	\$ 13,588	\$ 2,718	\$ 4,529
INDIAN HILLS GID	2	\$ 23,831	1	\$ 1,116	0	\$ -	2	\$ 2,376	2	\$ 10,391	7	\$ 37,714	\$ 7,543	\$ 4,256
KINGSBURY GID	2	\$ 32,747	2	\$ 70,348	0	\$ -	0	\$ -	0	\$ -	4	\$ 103,095	\$ 20,619	\$ -
LAKERIDGE GID	2	\$ 7,356	0	\$ -	0	\$ -	0	\$ -	0	\$ -	2	\$ 7,356	\$ 1,471	\$ -
LOGAN CREEK ESTATES GID	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
MARLA BAY GID	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
TOWN OF MINDEN	1	\$ 16,561	0	\$ -	0	\$ -	0	\$ -	2	\$ 27,380	3	\$ 43,941	\$ 8,788	\$ 9,127
MINDEN GARDNERVILLE SANITATION DISTRICT	0	\$ -	0	\$ -	1	\$ 5,016	0	\$ -	2	\$ 35,000	3	\$ 40,016	\$ 8,003	\$ 13,339
NEVADA TAHOE CONSERVATION DISTRICT	0	\$ -	0	\$ -	0	\$ -	1	\$ 37,404	0	\$ -	1	\$ 37,404	\$ 7,481	\$ 12,468
SIERRA ESTATES GID	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
SKYLAND GID	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
TAHOE DOUGLAS DISTRICT	0	\$ -	0	\$ -	1	\$ -	0	\$ -	0	\$ -	1	\$ -	\$ -	\$ -
TAHOE DOUGLAS FIRE PROTECTION DIST	2	\$ 9,589	2	\$ 2,520	1	\$ -	3	\$ 339,882	10	\$ 17,135	18	\$ 369,127	\$ 73,825	\$ 119,006
TOPAZ RANCH ESTATES GID	0	\$ -	0	\$ -	0	\$ -	0	\$ -	3	\$ 35,501	3	\$ 35,501	\$ 7,100	\$ 11,834
ZEPHYR COVE GENERAL IMPROVEMENT DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
ZEPHYR HEIGHTS GENERAL IMPROVEMENT DISTRICT	0	\$ -	3	\$ 4,586	0	\$ -	3	\$ 9,161	3	\$ 5,700	9	\$ 19,448	\$ 3,890	\$ 4,954
ELKO COUNTY:														
ELKO CENTRAL DISPATCH ADMINISTRATION	0	\$ -	0	\$ -	1	\$ -	0	\$ -	0	\$ -	1	\$ -	\$ -	\$ -
ELKO CO. AGRICULTURAL ASSOCIATION	0	\$ -	0	\$ -	1	\$ 1,140	0	\$ -	0	\$ -	1	\$ 1,140	\$ 228	\$ 380
ELKO CONVENTION & VISITORS AUTHORITY	0	\$ -	1	\$ 4,468	1	\$ -	2	\$ 10,000	4	\$ -	8	\$ 14,468	\$ 2,894	\$ 3,333
ELKO TV DISTRICT	0	\$ -	0	\$ -	1	\$ 8,059	0	\$ -	0	\$ -	1	\$ 8,059	\$ 1,612	\$ 2,686
WENDOVER ADMINISTRATIVE AUTHORITY	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
WEST WENDOVER RECREATION	2	\$ 17,786	0	\$ -	1	\$ 60,488	1	\$ 3,200	0	\$ -	4	\$ 81,474	\$ 16,295	\$ 21,229
ESMERALDA COUNTY:														
EUREKA COUNTY:														
COUNTY FISCAL OFFICERS ASSOCIATION	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
CENTRAL NEVADA REGIONAL WATER AUTHORITY	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
HUMBOLDT COUNTY:														
HUMBOLDT GENERAL HOSPITAL	0	\$ -	0	\$ -	2	\$ 256,772	0	\$ -	0	\$ -	2	\$ 256,772	\$ 51,354	\$ 85,591
HUMBOLDT RIVER BASIN WATER AUTHORITY	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
LANDER COUNTY:														
BATTLE MOUNTAIN GENERAL HOSPITAL	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
LINCOLN COUNTY:														
ALAMO SEWER AND WATER DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
LINCOLN COUNTY REGIONAL DEVELOPMENT AUTHORITY	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
LINCOLN COUNTY WATER DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -

POOL Special Districts, Towns Others

NEVADA ASSOC OF CONSERVATION DISTRICTS	0	\$ -	1	\$ -	0	\$ -	2	\$ 10,510	0	\$ -	3	\$ 10,510	\$ 2,102	\$ 3,503
PAHRANAGAT VALLEY FIRE DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ 14,843	1	\$ 14,843	\$ 2,969	\$ 4,948
LYON COUNTY:														
FERNLEY SWIMMING POOL DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
MASON VALLEY SWIMMING POOL DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
NORTH LYON FIRE PROTECTION DISTRICT	4	\$ 17,465	5	\$ 59,785	2	\$ -	2	\$ 15	5	\$ 10,651	18	\$ 87,916	\$ 17,583	\$ 3,555
SILVER SPRINGS GID	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
SILVER SPRINGS STAGECOACH HOSPITAL DISTRICT	0	\$ -	0	\$ -	1	\$ 22,155	0	\$ -	0	\$ -	1	\$ 22,155	\$ 4,431	\$ 7,385
STAGECOACH GID	1	\$ -	3	\$ 31,539	0	\$ -	3	\$ 41,547	1	\$ 2,255	8	\$ 75,340	\$ 15,068	\$ 14,601
US BOARD OF WATER COMMISSIONERS	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
WALKER BASIN CONSERVANCY	4	\$ 10,497	5	\$ 39,611	4	\$ 47,007	1	\$ 14,910	1	\$ 19,178	15	\$ 131,202	\$ 26,240	\$ 27,031
WALKER RIVER IRRIGATION DISTRICT	2	\$ 644	0	\$ -	0	\$ -	0	\$ -	0	\$ -	2	\$ 644	\$ 129	\$ -
WESTERN NEVADA REGIONAL YOUTH CENTER	3	\$ 88,863	0	\$ -	0	\$ -	0	\$ -	1	\$ 1,207	4	\$ 90,070	\$ 18,014	\$ 402
MINERAL COUNTY:														
MINERAL COUNTY HOUSING AUTHORITY	0	\$ -	1	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ -	\$ -	\$ -
NYE COUNTY:														
AMARGOSA VALLEY LIBRARY DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
BEATTY LIBRARY DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
BEATTY WATER & SANITATION	0	\$ -	2	\$ 306	0	\$ -	1	\$ 17,204	0	\$ -	3	\$ 17,510	\$ 3,502	\$ 5,735
CENTRAL NEVADA HISTORICAL SOCIETY	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
NORTHERN NYE COUNTY HOSPITAL DISTRICT	0	\$ -	1	\$ 306	1	\$ -	0	\$ -	0	\$ -	2	\$ 306	\$ 61	\$ -
TOWN OF PAHRUMP (No Longer Member)	3	\$ 276,863	6	\$ 15,123	2	\$ 13,402	7	\$ 659,478	0	\$ -	18	\$ 964,866	\$ 192,973	\$ 224,293
PAHRUMP LIBRARY DISTRICT	0	\$ -	0	\$ -	0	\$ -	1	\$ -	2	\$ 23,140	3	\$ 23,140	\$ 4,628	\$ 7,713
ROUND MOUNTAIN TOWN	0	\$ -	1	\$ 45,743	3	\$ 14,500	2	\$ 10,000	3	\$ 5,200	9	\$ 75,443	\$ 15,089	\$ 9,900
SMOKY VALLEY LIBRARY DISTRICT	0	\$ -	1	\$ 4,827	0	\$ -	0	\$ -	0	\$ -	1	\$ 4,827	\$ 965	\$ -
TOWN OF TONOPAH	2	\$ 18,523	4	\$ 8,126	1	\$ -	1	\$ -	3	\$ 30,674	11	\$ 57,323	\$ 11,465	\$ 10,225
TONOPAH LIBRARY DISTRICT	0	\$ -	1	\$ 3,161	0	\$ -	0	\$ -	0	\$ -	1	\$ 3,161	\$ 632	\$ -
PERSHING COUNTY:														
LOVELOCK MEADOWS WATER DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
PERSHING CO WATER CONSERVATION DISTRICT	0	\$ -	1	\$ 9,550	1	\$ -	0	\$ -	0	\$ -	2	\$ 9,550	\$ 1,910	\$ -
STOREY COUNTY:														
CANYON GID	0	\$ -	0	\$ -	1	\$ 41,933	0	\$ -	0	\$ -	1	\$ 41,933	\$ 8,387	\$ 13,978
TAHOE RENO INDUSTRIAL GID	1	\$ -	0	\$ -	3	\$ 70,775	2	\$ 994,988	1	\$ -	7	\$ 1,065,763	\$ 213,153	\$ 355,254
VIRGINIA CITY CONVENTION & TOURISM	0	\$ -	1	\$ 50,621	0	\$ -	0	\$ -	0	\$ -	1	\$ 50,621	\$ 10,124	\$ -
WASHOE COUNTY:														
CARSON TRUCKEE WATER CONSERVANCY DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
GERLACH GENERAL IMPROVEMENT DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
INCLINE VILLAGE GID	19	\$ 449,483	11	\$ 75,918	10	\$ 165,928	8	\$ 37,713	19	\$ 101,654	67	\$ 830,696	\$ 166,139	\$ 101,765
NEVADA ASSOC OF SCHOOL BOARDS	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
NEVADA ASSOC OF SCHOOL SUPERINTENDENTS	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
NEVADA VOLUNTEERS	0	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ 622	1	\$ 622	\$ 124	\$ 207
NEVADAWORKS	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
NORTH LAKE TAHOE FIRE PROTECTION DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
PALOMINO VALLEY GENERAL IMPROVEMENT DISTRICT	3	\$ 7,522	1	\$ -	0	\$ -	1	\$ -	0	\$ -	5	\$ 7,522	\$ 1,504	\$ -
RTC OF WASHOE COUNTY	2	\$ 18,581	6	\$ 19,677	4	\$ -	2	\$ 18,342	1	\$ 14,000	15	\$ 70,600	\$ 14,120	\$ 10,781
SUN VALLEY GID	1	\$ -	0	\$ -	2	\$ 14,253	7	\$ 45,970	2	\$ 38,021	12	\$ 98,244	\$ 19,649	\$ 32,748
TRUCKEE MEADOWS FIRE PROTECTION DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
TRUCKEE MEADOWS REGIONAL PLANNING AGENCY	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
WASHOE COUNTY FIRE SUPPRESSION	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
WASHOE CO. WATER CONSERVATION DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
WHITE PINE COUNTY														
WHITE PINE CO. FIRE PROTECTION DISTRICT	0	\$ -	0	\$ -	1	\$ -	1	\$ -	0	\$ -	2	\$ -	\$ -	\$ -
WHITE PINE CO. TOURISM & RECREATION BOARD	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
WHITE PINE CO TV DISTRICT #1	0	\$ -	0	\$ -	0	\$ -	1	\$ 10,000	0	\$ -	1	\$ 10,000	\$ 2,000	\$ 3,333
TOTAL	78	\$ 1,083,295	90	\$ 693,191	69	\$ 798,609	75	\$ 2,377,373	86	\$ 561,094	398	\$ 5,513,561	\$ 1,102,712	\$ 1,245,692

POOL Summary of All Claims
as of 6/30/23

Claims Frequency	Claims Costs	Claims Frequency	Claims Costs	Claims Frequency	Claims Costs	Claims Frequency	Claims Costs	Claims Frequency	Claims Costs	Claims Frequency	Claims Costs	5 Year Ave Costs	3 Year Ave Costs
7/1/18-6/30/19	7/1/18-6/30/19	7/1/19-6/30/20	7/1/19-6/30/20	7/1/20-6/30/21	7/1/20-6/30/21	7/1/21-6/30/22	7/1/21-6/30/22	7/1/22-6/30/23	7/1/22-6/30/23	TOTAL	TOTAL	2018/2019-2022/2023	2020/2021-2022/2023
707	\$ 7,048,486	778	\$ 6,645,462	667	\$ 5,102,098	540	\$ 9,658,060	523	\$ 4,941,463	3,215	\$ 33,395,569	\$ 6,679,114	\$ 6,567,207

POOL Executive Committee

	Re-election Term	Entity	Officers	Counties/Cities With Less Than 35,000 Population (Total 2)	Counties/Cities With 35,000 or More Population (Total 2)	School Districts (Total 2)	Special Districts (Total 1)
Amanda Osborne	2023-2025	Elko County			X		
Geof Stark	2023-2025	Churchill County	Vice Chair	X			
Josh Foli	2023-2025	Lyon County	Chair		X		
Dan Murphy	2023-2025	Pershing Co. School District				X	
Gina Rackley	2022-2024	Humboldt County	Fiscal Officer	X			
Ann Cyr	2022-2024	Carson City School District				X	
Scott Lindgren	2022-2024	Tahoe Douglas Fire Protection District					X

Voting Special Districts/Towns:

Greg Reed or Brad Newton	Gardnerville Ranchos GID	X
Susan Severt or Carmen Ortiz	Sun Valley GID	X
Joe Westerland	Town of Tonopah	X
Curtis Trujillo	Incline Village GID	X
Scott Carls or Heather Anderson-Fintak	Southern Nevada Health District	X
Scott Lindgren	Tahoe Douglas Fire Protection District	X