

TRINDEL INSURANCE FUND

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2013**

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TRINDEL INSURANCE FUND

Board of Directors
For the Year Ended June 30, 2013

BOARD MEMBERS

Pamela Knorr	Alpine	Member
Peggy Scroggins	Colusa	Member
Joey Young	Del Norte	Member
Richard Egan	Lassen	Member
Chester Robertson	Modoc	Member
James M. Arkens	Mono	Member
Roberta Allen	Plumas	Member
Richard Inman	San Benito	Member
Van Maddox	Sierra	Member
Wendy Tyler	Trinity	Member

TRINDEL INSURANCE FUND

Financial Statements
June 30, 2013

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Trindel Insurance Fund
Weaverille, California

Report on the Financial Statements

We have audited the accompanying financial statements of Trindel Insurance Fund, as of and for the year ended June 30, 2013, and the related notes to the financial statements, as listed in the table of contents. The prior year comparative information has been derived from Trindel Insurance Fund's 2012 financial statements and, in our report dated November 30, 2012, we expressed an unqualified opinion on the basic financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Board of Directors
Trindel Insurance Fund

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Trindel Insurance Fund as of June 30, 2013, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed in the table of contents, 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 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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The Statement of Revenues, Expenses, and Changes in Net Position by Program are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Statement of Revenues, Expenses, and Changes in Net Position by Program has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2013 on our consideration of Trindel Insurance Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Trindel Insurance Fund's internal control over financial reporting and compliance.



Roseville, California
December 12, 2013

TRINDEL INSURANCE FUND

Management Discussion and Analysis June 30, 2013

The following report provides general information on Trindel Insurance Fund and on its financial condition for the fiscal year ended June 30, 2013. It is provided in order to enhance the information in the financial audit and should be reviewed in concert with that report.

Trindel Insurance Fund Profile

Trindel Insurance Fund (Trindel) is a Joint Powers Authority established pursuant to California Government Code Section 6500 et. seq. Membership is limited to California counties. Trindel is dedicated to assisting with the insurance needs of its members by providing the most stable, cost-effective, risk-financing mechanisms; insurance program monitoring; claims handling; and loss prevention services available. Trindel was originally formed by Del Norte and Trinity counties in 1980. Trindel then expanded with the addition of five (5) counties (Alpine, Colusa, Lassen, Modoc and Sierra) during the insurance crisis of the mid- 80s. Trindel added San Benito County in 1991, Mono County in 2000 and Plumas in 2010. At Trindel's November 2010 board meeting the Board of Directors prepared for growth in services and membership through a strategic planning session. As of January 1, 2010 the members employed 2,958 FTE staff to serve a population of 200,824 .

Trindel's daily operations are managed by an Executive Director under the general direction of the Board of Directors, consisting of one voting member from each county. There is also an Executive Committee that includes the Board President, Board Vice-President and two at large members. The Trindel Board generally meets three times a year and the Executive Committee meets as needed. Due to the small number of members all policy decisions are made by the Board with implementation and initial enforcement of the policies handled by the Executive Director. Trindel was originally formed for the purpose of gaining size as leverage in the market place for the purchase of insurance/reinsurance; and, if necessary, to pool resources in hard market times. Trindel continues with this purpose today.

In concept and practice Trindel is a banking arrangement with its members wherein, over time, each member is fiscally responsible for its own losses and costs. All members share the Administration and Safety Officer costs equally. Trindel acts as the cash flow mechanism for the members. Should a member be responsible for several large losses in any given year or time period the pooled cash will pay the bills and the member will, over time, repay Trindel. Trindel uses its ability to combine the size of the members in order to obtain better insurance and pricing for selected insurance programs and the purchase of services to benefit all members.

The Trindel Board also employs three positions under the Director of Workers' Compensation, two full time Safety Officers and an Administrative Assistant, under the supervision of the Executive Director. The workers' compensation employee's provide claims handling for the members. The Safety Officer provides training, safety programs, inspections, etc. to each of the members on a regular basis (see section titled Services and Programs below for additional information on the Safety Officer). The Administrative Assistant provides clerical support for the Executive Director, the Executive Director provides risk management services for its members and directs the JPA.

Trindel is audited annually by an outside audit firm. All excess insurance coverage's are purchased through either the CSAC-Excess Insurance Authority or Alliant Insurance Services.

Members are required to participate in the workers' compensation, liability, and property programs along with a lengthy list of safety and loss prevention programs.

Insurance Market Conditions, Outlook and State Budget Effects

Trindel operates in an environment that is partially dependent on the insurance market and partly on the fiscal stability of its members. Historically, the insurance market has operated in cycles in which rates will swing from very high to very low and back again. The excess workers' compensation markets remains erratic, with increases in rates and retention levels for public entities due to the continuing increase in medical costs as well as presumptive injury claims from safety employees. Casualty insurance rates remain fairly stable for our public

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entities in 2012-13. Capacity remained robust and stable, creating some competition and helping to keep rates down. Super storm Sandy has created some challenges in keeping property insurance rates stable and we expect slight increases in next year's renewal.

As with the insurance market county governments are also impacted by similar cycles which are directly related to the overall national and state economies. Since county funding is so very dependent on State funding, county budgets tend to reflect what happens at the State level. It is expected that county budgets will again suffer at the hands of the State budget deficit.

As our members continue to realize a reduction in workforce and an aging infrastructure; Trindel is prepared to explore various options to maintain our goal of cost-effective, risk financing mechanisms (see the Workers' Compensation Program section below for a switch from a fully insured program to a self insured program). Trindel has continued to emphasize safety and loss prevention. Also by using a portion of the members' Due to Members funds are used to reduce annual insurance premiums and program costs and to help alleviate reductions in revenue from the State.

Services and Programs

Trindel's our primary services are administration of the members' insurance programs, risk management, workers' compensation claims handling, and safety/loss prevention programs. Administration (Executive Director) focuses on risk management, payment of claims, establishing appropriate reserves for each member, maintaining an accounting system that tracks each member's income and expense by program, responsibility for all financial records and reports and cash flow. Administration is also the resource person for the members' coverage and cost questions, along with supervision of contract third party administrators. In an effort to keep the cost effective, risk financing mechanisms intact, the Executive Director provides quarterly, and annual financial information; analyzes losses, both historical and current trends; and offers recommendations for changes to program structures. The Executive Director also attends CSAC-Excess Insurance Authority Board meetings and is on the finance and property committees.

Trindel has always held the belief that the best way to reduce the cost of insurance is to reduce losses. To that end the Board employed a full-time Safety Officer in 1994 and a second in 2011. The Safety Officer works with each member Risk Manager/Loss Prevention Specialist to plan, develop, implement and maintain loss prevention/safety programs. In addition, the Safety Officer provides and reviews training programs, develops policies, makes recommendations to the Trindel Board on ways that might reduce the number and magnitude of losses, updates members on changes in OSHA and Cal-OSHA, and develops and maintains boiler-plate policies and procedures for safety plans. The Safety Officer works closely with staff from each of the members to implement programs that help them reduce losses. These services include site safety inspections, training and incident/near miss reviews. Some recent training included Ergonomics, Sexual Harassment, Supervisor responsibilities, department safety representative training, ethics training, and multiple safety compliance topics. In addition, the Safety Officer frequently works with members to conduct investigations of incidents or near-miss occurrences to help isolate the cause and make suggestions to avoid a recurrence. The Safety Officer also meets three times annually, in convenient locations, with loss prevention representatives, road commissioners and occasionally with law enforcement staff from each member. Safety Officers share information, provide specific training, and provide additional resources. These meetings are in addition to the monthly and/or bi-monthly visits that the Safety Officer makes to each member's base location. As with most loss prevention programs it is difficult to quantify what losses may have been avoided as a result of the training and inspections that were done. Trindel continues to provide safety and loss prevention services to its members as its primary method of reducing costs.

As mentioned in a previous section, Trindel is a bank for the members. The members pay a premium to Trindel and Trindel pays for all premiums, claims, third party administrator fees, property appraisals, actuarial reports, etc. of the members. Trindel maintains strict accountability of each member's assets, thus ensuring that each member is solely responsible for its own losses and costs. However, each member shares equally in the cost of

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the Executive Director and the Safety Officer budgets. There is no pooling of assets except for investment purposes. In addition to the major coverage programs (workers' comp, liability, property), members also participate in some or all of the following: airport, aircraft, boiler & machinery, crime/bond, medical malpractice, pollution, and watercraft insurance coverage programs.

Trindel is well recognized in the JPA community. The California Association of Joint Powers Authorities (CAJPA) has set forth rigorous accreditation standards as a model of how a well-run Joint Powers Insurance Authority should operate. Trindel was first accredited on October 1, 1994 and reaccredited on October 31, 1997. Trindel received CAJPA's highest award—"Accreditation with Excellence" on October 31, 2000, 2003, 2006, and 2009, 2012 respectively. The process for reaccreditation will resume in August 2015.

Workers' Compensation Program

The Workers' Compensation Program began in 1980 as a self-insured program with excess coverage until July 1, 1997. With the soft market, at that time, it was decided to fully insure this program through membership in the CSAC-Excess Insurance Authority Primary Workers' Compensation Program (PWC). Trindel continually reviews the Workers' Compensation Program to see if there are more cost effective alternatives (i.e. regularly looking at the level of self-insurance). The Board determined it was in the members' best interests to withdraw from the PWC effective 7-1-2008. The members started self-insuring for the first \$125,000 of each occurrence. Starting July 1, 2012 the members are decided to self-insured at \$300,000 level of each occurrence. Excess insurance is purchased above this self-insured layer through the CSAC-Excess Insurance Authority's excess workers' compensation program. The members are still subject to assessment for all the PWC Program years. There were assessments in the PWC of \$915,044 during the 02-03 year and \$690,620 during the 04-05 year for all prior years for the Trindel members. There was an assessment by CSAC-EIA on the Excess Workers' Comp Program (EWC) in the amount of \$473,810 which the Trindel members paid in the 04-05 year. Mono and Plumas Counties are the only members that have always maintained an initial level of self-insurance, (\$125,000 per occurrence) with excess above that layer. Trindel provides for an annual actuarial study to determine the necessary annual premium and to attain a reserve for claims at the 90% confidence level. Reserves are currently booked at the expected 50% confidence level. All members are currently funded at the 90% confidence level. Starting April 1, 2012 workers' compensation program and claims are administered in house by Trindel. All members are required to participate in the Workers' Compensation Program.

The Workers' Compensation Program covers all member employees and volunteers who are injured during the course and scope of their employment.

Liability/Property Program

The Liability/Property Program began in 1985 as a self-insured program with excess coverage. The members purchase excess general liability, which includes auto, E & O and employer's liability coverage through CSAC-Excess Insurance Authority to \$15 million with a \$100,000 Self-Insured Retention (SIR). All members, except Alpine, also purchase additional excess coverage up to \$25 million through CSAC-Excess Insurance Authority.

Claims are administered by George Hills Co., Inc. George Hills also acts as a clearing house for claims that may have coverage in other areas or have overlapping coverage's or issues, i.e. aircraft, boiler & machinery, crime/bond, medical malpractice, pollution, and watercraft. George Hills directs the claim to the appropriate insurer and coordinates coverage if more than one policy is impacted. Subrogation is aggressively pursued where appropriate.

The members purchase excess property insurance through CSAC-Excess Insurance Authority with a \$25,000 SIR for real property and a \$20,000 SIR for vehicles. Coverage includes all risk, earthquake (except for San Benito and Trinity, Del Norte purchases earthquake for selected locations) and flood (earthquake and flood have higher SIRs and lower limits). San Benito and Trinity do not purchase earthquake coverage due to their locations, which makes it very expensive. The other members are in zone 2 and thus have limited earthquake coverage at

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no additional cost. The majority of the members purchase replacement cost new coverage for their vehicles and contractors equipment. Appraisals of all locations with a value in excess of \$25,000, are completed every five years. The most current appraisals were completed in July 2009. The next appraisals will be completed in the summer of 2014.

Trindel provides for an annual actuarial study to determine the necessary premium for each member to attain a reserve for claims, including unpaid and IBNR (incurred but not reported) at the 90% confidence level. Reserves are booked at expected, 50% confidence level. Overall the program is funded at the 90%. The members are charged a deductible per occurrence for all property losses. The deductible is currently \$1,000 per occurrence. There is no deductible for liability. All members are required to participate in the Liability/Property Program with Trindel simply acting as a bank as it does for all the other programs.

Medical Malpractice Program

The Medical Malpractice Program was implemented at the October 27, 1998 Board meeting as a way for the members to set aside funds for potential deductible losses. Each member is to maintain funds for one deductible payment on deposit with Trindel. All members participate in this program. The deductible is currently \$5,000 per claim. San Benito has a \$10,000 deductible. Coverage is purchased by the individual members through the CSAC-Excess Insurance Authority, with Trindel simply acting as a bank as it does for all the other programs. All members, except Lassen have accumulated at least one deductible payment on deposit with Trindel. Due to the small deductibles and negligible loss history in this program, no actuarial study is done on this program. Trindel pays any deductibles that are due and bills the member for the same amount in the ensuing fiscal year.

Pollution Programs

Landfill Program:

The Landfill Pollution Program was started on May 17, 2001 when Trindel Insurance Fund purchased a pollution policy for landfill coverage for those members that did not already have a policy. Unlike the other programs this program is purchased by Trindel and the members are named insured's. Those insured through this policy are Modoc, Mono, San Benito and Sierra Counties. The current policy is a 3 year prepaid policy expiring May 17, 2013. Colusa and Trinity counties have similar policy with ESJPA. Alpine does not need coverage and Plumas does not have coverage. The deductible is \$100,000 per claim.

Other than Landfill Program:

All members have also purchased pollution coverage, for other than landfills, from CSAC-Excess Insurance Authority with a deductible of \$100,000. Trindel is simply acting as a bank as it does for all the other programs on this part of this program.

Undisbursed Loss Prevention Subsidy Fund

On July 1, 1997 Trindel started a formal Loss Prevention Subsidy Program with each member's Board of Supervisors contracting with Trindel to participate. The Trindel Board established a Loss Prevention Evaluation review that awards points for meeting certain safety and loss prevention criteria. The Trindel Safety Officer does an evaluation annually on each member. Each member receives a subsidy amount annually depending upon the score they receive on the evaluation. The difference between what is available and amount received by the score is then placed into the Undisbursed Loss Prevention Subsidy Fund with each member being allocated an equal share. On June 30, 2013 this fund had a total balance of \$753,661. These funds are to be used for the Leadership Supervisor Training Program (LSTP). The LSTP was instituted during the month of February 2003. All members are required, and did participate to varying degrees, in the LSTP during the 2003-04, through 2012-13. This program was established to address identified risk in the area of personnel administration. There has been an increasing trend toward litigation by employees and thus it was felt that by having better trained supervisors we could reduce or avoid this type of litigation. The results of this long term program may be difficult to determine. As with most loss prevention programs it is difficult to quantify what losses may have been avoided.

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Management Discussion and Analysis June 30, 2013

Trindel continues to provide safety and loss prevention services to its members as its primary method of reducing costs. In addition to the funds noted above, most members have the subsidies from CSAC-Excess Insurance Authority deposited into this Fund.

Financial Management and Control

Trindel management is responsible for establishing and maintaining an internal control structure designed to ensure that assets are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for preparation of financial statements in conformity with generally accepted accounting principles.

Since Trindel has only an Executive Director and an administrative assistant, internal control procedures have had to be expanded to include the Board of Directors in a more active role than would normally be seen. Each year a detailed line item budget is adopted by the Board. The Bylaws include the requirement that there will be an Assistant Treasurer (the Executive Director is the Treasurer). The county auditor of the county in which the Trindel administrative office is located will be the Assistant Treasurer, currently the Sierra County Auditor. The Assistant Treasurer must approve all claims for payment and is a signatory on all bank accounts and investments. This policy has changed for the 2011/12 year. In addition the Board requires that financial, investment, and Budget vs. Actual reports be sent quarterly to each Board member. In practice quarterly financial and investment reports and the quarterly Budget vs. Actual report are posted on the Trindel web page for all Board members to review. The Bylaws also require that at each Board of Directors meeting a register of all checks issued since the last Board meeting shall be provided for review by the Board. The actual documentation for each check is also made available for review. Additionally, starting with the January 2007 report, the Assistant Treasurer certifies that the monthly Investment and Cash Balance Reports have been reviewed and/or sample checks made and that the cash balances have been verified to the bank statements. On December 1, 2009 the Trindel Board hired David Nelson as the Assistant Executive Director. Mr. Nelson became the Executive Director on July 1, 2010. Mr. Nelson previously worked for fourteen years with Trinity County, four of them as the Auditor Controller. He also served ten years on the Trindel Board of Directors. This type of experience assures the Board that finances will be managed ethically and correctly.

Trindel has adopted a conservative investment policy designed to optimize the rate of return on available assets not required for current operations while still keeping these assets readily available and safe. On June 30, 2011 40% of the total cash was invested in Mono County Treasury, 50% was held in North Valley Bank Money Market account, 2% was held with the Local Agency Investment Fund (LAIF) in Sacramento administered by the California State Treasurer's Office. Generally 8% of the total cash is kept in checking accounts for daily operations.

As noted above, budgetary control is provided by verification of budgeted amounts prior to expenditures and monthly analysis of all accounts compared to budgeted amounts. Detailed reports of the budget-to-actual comparisons are provided to the Board at least quarterly on the Trindel web page. Also, the Executive Director prepares quarterly financial statements and provides these monthly to all Board members and the public on the Trindel web page. At the November 2010 board meeting it was approved to purchase a fund accounting software. The software was implemented and in use on 11/1/2010.

Description of the Basic Financial Statements

Trindel's audited financial statements are prepared in conformity with generally accepted accounting principles and necessarily include amounts based upon reliable estimates and judgments. A Statement of Net Assets; Statement of Revenues, Expenses & Changes in Net Assets; and Statement of Cash flows are prepared along with Notes to Financial Statements to clarify unique accounting policies. Trindel's accounting system is organized so that each program for each member can be accounted for and evaluated independently. Five (5) separate funds are maintained by member: Workers' Compensation, Liability/Property, Medical Malpractice, Pollution and Undisbursed Loss Prevention Subsidy. Administration, Claims Admin, a Loss Prevention are under detailed

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Management Discussion and Analysis June 30, 2013

budgetary control. Each month 67% of the costs of the Administration (Executive Director) and Safety Officer budgets are transferred to the Workers' Compensation Program and 33% to the Liability/Property Program. Within each of these Programs each member shares equally in the costs. The Board has adopted Resolution No. 06-06 (amended Resolution No. 99-03 on 11-2-06) which sets forth the distribution method. Claims Admin expenses are distributed equally among all members. The assets, liabilities, revenues and expenses are reported on a semi accrual basis. There were no significant accounting changes during the year.

Information on Trindel's long term liabilities can be found in the Notes to the Financial Statements section of this report.

Gallina LLP, Certified Public Accountants, have performed an independent audit of Trindel's financial statements in accordance with generally accepted auditing standards. Their opinion is included in the Financial Section of this report.

Bickmore Risk Services provides the independent actuarial reviews of the Workers' Compensation Program and of the Liability/Property Program which confirms the adequacy and reasonableness of the liabilities recorded as Unpaid Claims and Claim Adjustment Expenses for those programs. Actuarially determined liabilities and claim costs are not reflected on Trindel's basic financial statements, as they represent costs and liabilities of each individual member. The supplementary information included with this report shows the liabilities of each member.

Financial Information Combined Statement of Net Position

	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>% Change</u>
<u>Assets</u>			
Current Assets:			
Cash & Equivalents	\$ 27,017,011	\$ 24,661,168	9.55%
Noncurrent Assets:			
Capital Assets, net	23,360	-	100.00%
Total Assets	<u>\$ 27,040,371</u>	<u>\$ 24,661,168</u>	9.65%
<u>Liabilities & Net Position</u>			
Current Liabilities:			
Accounts Payable	\$ 24,474	\$ 36,245	(32.48%)
Current portion of Compensated Absences	28,495	22,720	25.42%
Total Current Liabilities	<u>52,969</u>	<u>58,965</u>	(10.17%)
Noncurrent Liabilities:			
Long Term Compensated Absences	28,495	22,720	25.42%
Due to Members	26,958,907	24,579,483	9.68%
Total Noncurrent Liabilities	<u>26,987,402</u>	<u>24,602,203</u>	9.70%
Total Liabilities	27,040,371	24,661,168	9.65%
Net Position	<u>-</u>	<u>-</u>	
Total Liabilities & Net Position	<u>\$ 27,040,371</u>	<u>\$ 24,661,168</u>	9.65%

TRINDEL INSURANCE FUND

Management Discussion and Analysis June 30, 2013

Financial Information Combined Statement of Revenues, Expenses & Changes in Net Assets

	June 30, 2013	June 30, 2012	% Change
Operating Revenues:			
Charges for Services	\$ 1,446,499	\$ 1,652,722	(12.48%)
Operating Expenses:			
Claims Administration (TPAs)	260,211	463,963	(43.92%)
Trindel Admin & Safety Programs			
Salaries and Benefits	605,149	496,302	21.93%
Service and Supplies	299,702	327,748	(8.56%)
Loss Control Subsidy	100,000	100,000	0.00%
Employee Assistance Program	28,205	65,807	(57.14%)
Loss Control Services & Purchases	147,392	194,912	(24.38%)
Depreciation	5,840	3,990	46.37%
Total Operating Expenses	1,446,499	1,652,722	(12.48%)
Increase(Decrease) in Net Assets	-	-	0.00%
Net Assets, Beginning of Year	-	-	
Net Assets, End of Year	\$ -	\$ -	0.00%

Analysis of Financial Information:

Cash and Equivalents increased by 9.55% in 2012-13. The increase is attributed low loss development of within the liability / property program and the self insured retention increase for the workers' compensation program.

Capital Assets net increased due to the purchase of a vehicle in June of 2013.

Accounts payable has a reduction this year due to being current on outstand payables.

The Liability for Compensated Absences is recorded as required by GASB. Staff contracts allow for the accumulation and payoff of sick and vacation leave upon termination. This liability will be adjusted each year end to reflect the actual liability as of that date. Due to the increase of employees we will have an increased liability.

Operating Revenues for 2012-13 totaled \$ 1,446,499 for the year. This is a decrease from 2011-12 of 12.48%. This decrease is mostly due to the expenses incurred in the prior year to get the workers' compensation program up and running. This year the members are realizing the savings of claims administration there for Trindel's revenues are reduced.

Salaries and benefits increased 21.93% due to hiring 3 workers' compensation claims adjusters and one safety officer in this fiscal year.

The decrease in the employee assistance program is attributed to usage in that Colusa county is no longer in the program and the change in administering the program to be compliant with the Knox-Keene Health Care Services Plan Act.

TRINDEL INSURANCE FUND

Management Discussion and Analysis
June 30, 2013

Analysis of Significant Variations between Original Budget Amounts Final Budget Amounts and Actual Amounts

Note: The adopted budget for Trindel includes expected amounts for premium revenues, excess claim recoveries, interest and investment revenues, claims expenses, and excess premium expenses. Although these items represent cash inflows to Trindel, they are not recognizable as revenues and expenses under generally accepted accounting principles as Trindel does not assume risk for its members. Accordingly, while these items are included in the budgetary basis program analyses below, they are excluded from Trindel's Basic Financial Statements presented in accordance with generally accepted accounting principles.

Workers' Compensation Program

	Original Budget	Final Budget	Actual	Budget/ Actual Variance
REVENUE				
Member contributions	\$ 7,194,938	\$ 7,194,938	\$ 7,000,706	\$ (194,232)
Interest income	50,000	50,000	84,115	34,115
Total Revenue	<u>7,244,938</u>	<u>7,244,938</u>	<u>7,084,821</u>	<u>(160,117)</u>
EXPENSES				
Claims expense	--	--	(1,061)	1,061
Claims paid	3,200,000	3,200,000	3,288,775	(88,775)
Change in unpaid claims liability	1,233,000	1,233,000	1,316,000	(83,000)
Claims refund	(500)	(500)	(10,045)	9,545
Claims subrogation	(10,000)	(10,000)	(8,383)	(1,617)
Claims excess recovery	(40,000)	(40,000)	(222,786)	182,786
Claims administration	388,500	388,500	352,172	36,328
Workers' Comp claims administration	--	--	13,867	(13,867)
Insurance expense	--	--	(126,835)	126,835
Excess insurance	800,000	800,000	759,753	40,247
State fees	75,000	75,000	16,168	58,832
Risk management	193,921	193,921	143,643	50,278
Loss control	50,000	50,000	15,134	34,866
Hearing tests	25,000	25,000	14,275	10,725
Loss control subsidy	50,000	50,000	50,000	--
Loss prevention subsidy	--	385,250	347,686	37,564
Employee assistance program	85,000	85,000	28,205	56,795
Professional fees	3,000	3,000	41	2,959
General & administrative	195,395	195,395	187,094	8,301
Depreciation expense	--	--	5,840	(5,840)
Return of funds	1,000,000	1,000,000	614,381	385,619
Total Expenses	<u>7,248,316</u>	<u>7,633,566</u>	<u>6,783,923</u>	<u>849,643</u>
NET INCOME (LOSS)	<u>\$ (3,378)</u>	<u>\$ (388,628)</u>	<u>\$ 300,898</u>	<u>\$ (1,009,760)</u>

TRINDEL INSURANCE FUND

Management Discussion and Analysis June 30, 2013

Significant variances between original and final budget:

Claims Refunds and Excess Recoveries are both difficult to predict not know what claims will be filed in a year and I under budgeted in both areas.

State fees were allocated to the members directly this year because of the variation of fees between members.

Our loss control finished out well under the budgeted amount. I will review our usage for future budgeting cycles.

Our Employee Assistance Program (EAP) has been significantly impacted after implementing the Knox-Keene Health Care Services Plan Act.

Liability/Property Program

	Original Budget	Final Budget	Actual	Budget/ Actual Variance
REVENUE				
Member contributions	\$ 6,071,896	\$ 6,071,896	\$ 5,954,694	\$ (117,202)
Interest income	20,000	20,000	39,988	19,988
Total Revenue	<u>6,091,896</u>	<u>6,091,896</u>	<u>5,994,682</u>	<u>(97,214)</u>
EXPENSES				
Claims expense	--	--	6,384	(6,384)
Claims paid	2,910,000	2,910,000	3,629,642	(719,642)
Change in unpaid claims liability	150,000	150,000	17,000	133,000
Claims refund	--	--	(475)	475
Claims subrogation	(30,000)	(30,000)	(1,915)	(28,085)
Claims excess recovery	(750,000)	(750,000)	(1,749,115)	999,115
Claims administration	190,000	190,000	260,212	(70,212)
Workers' Comp claims administration	--	--	1,925	(1,925)
Insurance expense	150,000	150,000	18	149,983
Excess insurance	2,500,000	2,500,000	2,240,533	259,467
Risk management	95,513	95,513	71,727	23,786
Loss control subsidy	50,000	50,000	50,000	--
Loss prevention subsidy	--	189,750	171,252	18,498
Professional fees	20,000	20,000	59,376	(39,376)
General & administrative	96,239	96,239	93,128	3,111
Communications/IT	--	--	20	(20)
Return of funds	700,000	700,000	356,330	343,670
Total Expenses	<u>6,081,752</u>	<u>6,271,502</u>	<u>5,206,041</u>	<u>1,065,461</u>
NET INCOME (LOSS)	<u>\$ 10,144</u>	<u>\$ (179,606)</u>	<u>\$ 788,641</u>	<u>\$ (1,162,676)</u>

TRINDEL INSURANCE FUND

Management Discussion and Analysis June 30, 2013

Significant variances between original and final budget:

The amount of Liability claims paid was underestimated but are offset with overage in claims excess recovery.

It is difficult to predict what claims will be eligible for subrogation and we did not realize the expected income.

Claims Administration is over budget due to a change in adjusters at George Hills. We were bound by a rate contract that has been revised as of September 1 2013. The TPA has been put on notice if the invoices do not reduce to an acceptable level we will be find a better way to adjust the claims.

We had unexpected costs in professional fees due to member requests to help avoid potential losses

Several line items were exceeded in the Liability and Property budget this year. Savings in the excess insurance line item was more than the overages and made for a positive bottom line this year.

Pollution Program

	Original Budget	Final Budget	Actual	Budget/ Actual Variance
REVENUE				
Member contributions	\$ 118,860	\$ 118,860	\$ 105,829	\$ (13,031)
Total Revenue	<u>118,860</u>	<u>118,860</u>	<u>105,829</u>	<u>(13,031)</u>
EXPENSES				
Insurance expense	10,000	10,000	--	10,000
Excess insurance	100,000	100,000	86,870	13,130
Total Expenses	<u>110,000</u>	<u>110,000</u>	<u>86,870</u>	<u>23,130</u>
NET INCOME (LOSS)	<u>\$ 8,860</u>	<u>\$ 8,860</u>	<u>\$ 18,959</u>	<u>\$ (36,161)</u>

Significant variances between original and final budget:

There were no significant variances in the budget.

TRINDEL INSURANCE FUND

Management Discussion and Analysis June 30, 2013

Medical Malpractice Program

	Original Budget	Final Budget	Actual	Budget/ Actual Variance
REVENUE				
Member contributions	\$ 78,897	\$ 78,897	\$ 57,126	\$ (21,771)
Total Revenue	<u>78,897</u>	<u>78,897</u>	<u>57,126</u>	<u>(21,771)</u>
EXPENSES				
Claims refund	--	--	(21,769)	21,769
Insurance expense	78,897	78,897	93,010	(14,113)
Return of funds	--	--	57,640	(57,640)
Total Expenses	<u>78,897</u>	<u>78,897</u>	<u>128,881</u>	<u>(49,984)</u>
NET INCOME (LOSS)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ (71,755)</u>	<u>\$ 28,213</u>

Significant variances between original and final budget:

A claims refund was received by Trinity county in the amount of \$21,769. This refund was for a no claims bonus on hospital claims for the past three years.

Actual premiums had a 17% increase from budgeted amount.

Modoc county choose to take a return of funds from this program in the amount of \$57,640.

Undisbursed Loss Prevention Subsidy Fund Program

	Original Budget	Final Budget	Actual	Budget/ Actual Variance
REVENUE				
Member contributions	\$ 50,000	\$ 50,000	\$ 50,000	\$ --
Total Revenue	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>--</u>
EXPENSES				
Subsidy	(5,000)	(5,000)	(41,584)	36,584
Loss control	--	--	145	(145)
Loss prevention subsidy	606,270	31,270	--	31,270
Training	50,000	50,000	91,239	(41,239)
Professional fees	1,000	1,000	--	1,000
Dues & subscriptions	30,000	30,000	19,081	10,919
Transfers in/out	(606,270)	--	--	--
Total Expenses	<u>76,000</u>	<u>107,270</u>	<u>68,881</u>	<u>38,389</u>
NET INCOME (LOSS)	<u>\$ (26,000)</u>	<u>\$ (57,270)</u>	<u>\$ (18,881)</u>	<u>\$ (38,389)</u>

TRINDEL INSURANCE FUND

Management Discussion and Analysis
June 30, 2013

Significant variances between original and final budget:

We had more activity in members requesting training than we expected but is closer to our target spending amount.

Trindel Administration

	Original Budget	Final Budget	Actual	Budget/ Actual Variance
EXPENSES				
Excess insurance	\$ --	\$ 12,000	\$ 10,632	\$ 1,368
Training	1,000	1,000	2,107	(1,107)
Professional fees	1,200	1,200	2,050	(850)
Audit expenses	19,000	14,000	14,500	(500)
CAJPA accreditation	--	5,000	6,100	(1,100)
Legal expenses	500	500	1,128	(628)
Salaries	126,000	143,000	145,196	(2,196)
Employee benefits	53,000	55,200	45,605	9,595
Bank service charges	100	100	139	(39)
Dues & subscriptions	3,000	3,000	1,828	1,172
General insurance	12,000	--	--	--
CSOOC conference	8,000	8,000	200	7,800
CAJPA	8,000	8,000	8,466	(466)
PARMA	10,000	10,000	13,341	(3,341)
Printing & reproduction	100	100	--	100
Utilities & housekeeping	1,400	1,400	800	600
Travel expenses	5,500	5,500	4,489	1,011
Board meeting & expenses	23,000	23,000	17,474	5,526
Office materials & supplies	8,000	8,000	2,390	5,610
Communications/IT	8,834	8,834	6,830	2,004
Miscellaneous expense	--	--	(5,096)	5,096
Transfers in/out	(291,634)	--	--	--
Transfer our Admin.	--	(310,834)	(280,221)	(30,613)
Rental/lease expense	3,000	3,000	2,043	957
Total Expenses	--	--	1	(1)

Significant variances between original and final budget:

We incurred 1,850 more expenses in Training and professional fees in the past year. Salary and benefits totaled less than the budgeted amount.

Our member conference expenses CSOOC, CAJPA, PARMA was within the estimated budget but only because Trindel did not attend CSOOC this year.

TRINDEL INSURANCE FUND

Management Discussion and Analysis June 30, 2013

Loss Prevention:

	Original Budget	Final Budget	Actual	Budget/ Actual Variance
EXPENSES				
Loss control	\$ 5,600	\$ 5,600	\$ 4,703	\$ 897
Training	1,500	1,500	--	1,500
Law enforcement meeting	7,000	7,000	331	6,669
Loss prevention specialist	10,000	10,000	11,108	(1,108)
Road commissioners meeting	7,000	7,000	753	6,247
Professional fees	200	200	1,285	(1,085)
Salaries	140,000	140,000	103,595	36,405
Employee benefits	60,000	60,000	41,384	18,616
Bank services charges	--	--	202	(202)
Dues & subscriptions	1,900	1,900	7,603	(5,703)
Printing & reproduction	200	200	--	200
Utilities & housekeeping	200	200	504	(304)
Travel expenses	28,000	28,000	30,673	(2,673)
Office materials & supplies	9,000	9,000	290	8,710
Communications/IT	13,334	13,334	7,953	5,381
Transfers in/out	(289,434)	--	--	--
Transfer out Admin.	--	(289,434)	(215,370)	(74,064)
Rental/lease expense	5,500	5,500	4,986	514
Total Expenses	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

Significant variances between original and final budget:

Law enforcement and road commissioners meetings costs were difficult to separate this year so we applied them to the Loss prevention meeting line item.

The dues and subscriptions line item was over spent by additional recruitment efforts to fill our loss prevention position.

We had planned to purchase new projectors in this year for our trainings but the purchase was not made until July of the following year.

TRINDEL INSURANCE FUND

Management Discussion and Analysis June 30, 2013

Claims Administration:

	Original Budget	Final Budget	Actual	Budget/ Actual Variance
EXPENSES				
Claims expense	\$ --	\$ --	\$ (15)	\$ 15
State fees	--	--	--	--
Training	8,000	8,000	7,597	403
Professional fees	50,000	50,000	49,394	606
Salaries	188,500	213,975	197,725	16,250
Employee benefits	70,000	82,920	71,649	11,271
Bank service charges	--	--	113	(113)
Dues & subscriptions	1,500	1,500	476	1,024
Printing & reproduction	12,000	12,000	8,273	3,727
Utilities & housekeeping	1,500	1,500	1,848	(348)
Travel expenses	15,000	15,000	3,237	11,763
Office materials & supplies	16,000	16,000	12,293	3,707
Communications/IT	18,000	18,000	10,341	7,659
Miscellaneous expense	3,000	3,000	506	2,494
Transfers in/out	(388,500)	--	--	--
Transfer out Admin.	--	(426,895)	(367,964)	
Rental/lease expense	5,000	5,000	4,529	471
Total Expenses	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 2</u>	<u>\$ 58,929</u>

Significant variances between original and final budget:

There were no significant variances in the budget.

Description of Facts or Conditions that are Expected to have a Significant Effect on Financial Position or Results of Operations

There are no known facts or conditions that will have a significant effect on the financial position or results of operations of Trindel Insurance Fund for the next fiscal year. The members that were participating in the EIA Primary Workers Com Program (PWC) withdrew from this fully insured program effective 7-1-2008. They have set a self insured layer of \$125,000 per occurrence for the 08-09. This change had a positive effect in the short term as the tail claims will stayed with the prior insurer. July 2012 Trindel increased their workers' compensation self insurance layer to \$300,000. It is hoped that retaining more of the risk will have a positive effect on our members. We have been operating under the guidelines of SB899, but in January 2013 Senate bill 863 will go into effect and the impact of this bill is still undetermined. We hope that the insurance market at least stabilizes or possibly takes a turn for the better leading to a softer market in the future for liability/property. There has been significant relief from the constant increase in workers comp premiums.

The other potential condition that could have a significant effect on the financial position is the financial condition of the members. This will be dependent upon what actions the State takes in its never ending chaos to solve its own budget problems and the additional burden, if any, that they place on local governments to solve the State's fiscal problems.

TRINDEL INSURANCE FUND

Statement of Net Position
June 30, 2013
(With Comparative Figures as of June 30, 2012)

	<u>2013</u>	<u>2012</u>
<u>ASSETS</u>		
Current Assets:		
Members' cash and investments	\$ 27,017,011	\$ 24,661,168
Total Current Assets	<u>27,017,011</u>	<u>24,661,168</u>
Noncurrent Assets:		
Capital assets, net	<u>23,360</u>	<u>--</u>
Total Noncurrent Assets	<u>23,360</u>	<u>--</u>
Total Assets	<u>27,040,371</u>	<u>24,661,168</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts payable	24,474	36,245
Current portion of compensated absences	<u>28,495</u>	<u>22,720</u>
Total Current Liabilities	<u>52,969</u>	<u>58,965</u>
Noncurrent Liabilities:		
Long term portion of compensated absences	28,495	22,720
Due to members	<u>26,958,907</u>	<u>24,579,483</u>
Total Noncurrent Liabilities	<u>26,987,402</u>	<u>24,602,203</u>
Total Liabilities	<u>27,040,371</u>	<u>24,661,168</u>
<u>NET POSITION</u>		
Unrestricted	<u>\$ --</u>	<u>\$ --</u>

The accompanying notes are an integral part of these financial statements.

TRINDEL INSURANCE FUND

Statement of Revenues, Expenses and Changes in Net Position For the Year Ended June 30, 2013 (With Comparative Figures as of June 30, 2012)

	2013	2012
Operating Revenues:		
Charges for services	\$ 1,446,499	\$ 1,652,722
Total Operating Revenues	<u>1,446,499</u>	<u>1,652,722</u>
Operating Expenses:		
Claims administration (TPAs)	260,211	463,963
Trindel admin. & safety programs:		
Salaries and benefits	605,149	256,960
Services and supplies	299,702	567,090
Loss control subsidy	100,000	100,000
Employee assistance program	28,205	65,807
Loss control services & purchases	147,392	194,912
Depreciation	5,840	3,990
Total Operating Expenses	<u>1,446,499</u>	<u>1,652,722</u>
Change in Net Position	<u>--</u>	<u>--</u>
Net Position, Beginning of Year	<u>--</u>	<u>--</u>
Net Position, End of Year	<u>\$ --</u>	<u>\$ --</u>

The accompanying notes are an integral part of these financial statements.

TRINDEL INSURANCE FUND

Statement of Cash Flows For the Year Ended June 30, 2013 (With Comparative Figures as of June 30, 2012)

	2013	2012
Cash Flows from Operating Activities:		
Charges for services collected	\$ 1,446,499	\$ 1,652,722
Claims administration	(260,211)	(463,963)
General & administration expenses:		
Paid to vendors	(311,473)	(327,748)
Paid to employees	(593,599)	(475,746)
Loss prevention expenses paid	(275,597)	(360,719)
Net Cash Provided (Used) by Operating Activities	5,619	24,546
Cash Flows from Noncapital Financing Activities:		
Change in due to members	2,379,424	582,463
Net Cash Provided (Used) by Noncapital Financing Activities	2,379,424	582,463
Cash Flows from Capital and Related Financing Activities:		
Payments related to the acquisition of capital assets	(29,200)	--
Net Cash Provided (Used) by Capital and Related Financing Activities	(29,200)	--
Net Increase (Decrease) in Cash	2,355,843	607,009
Beginning Members' Cash and Investments	24,661,168	24,054,159
Ending Members' Cash and Investments	<u>\$ 27,017,011</u>	<u>\$ 24,661,168</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Cash Flows from Operating Activities:		
Operating income (loss)	\$ --	\$ --
Adjustments to Reconcile Operating Income/(Loss) to Cash Provided (Used) by Operations:		
Depreciation and amortization	5,840	3,990
Increase (decrease) in:		
Accounts payable	(11,771)	9,476
Compensated absences	11,550	11,080
Net Cash Provided (Used) by Operating Activities	<u>\$ 5,619</u>	<u>\$ 24,546</u>

The accompanying notes are an integral part of these financial statements.

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TRINDEL INSURANCE FUND

Notes to Financial Statements
June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Trindel Insurance Fund, (Trindel) was initially established by the counties of Del Norte and Trinity to provide workers' compensation benefits for their employees. Trindel was subsequently expanded to include property damage and liability insurance coverage. The counties of Alpine, Colusa, Lassen, Modoc, San Benito, Sierra and Mono were later added and Plumas County was added during the 09/10 fiscal year. Trindel is governed by a joint powers agreement between the member counties under Article I, Chapter 5, of Division 7, Title I of the *Government Code of California*. Its purpose is to provide for the creation and operation of a claims-servicing or account pool, which is where a group of governmental entities join together to administer the separate account of each entity in the payment of losses, and an insurance-purchasing pool to be used to meet the obligations of the counties to provide workers' compensation benefits for their employees and provide public liability and property damage insurance for its members. Trindel is governed by a nine-member Board of Directors composed of one member from each of the participating counties.

B. Membership

As of June 30, 2013, membership of the various funds is as follows:

<u>Members</u>	<u>Workers'</u> <u>Compensation</u>	<u>Property</u> <u>Liability</u>	<u>Public</u> <u>Liability</u>	<u>Medical</u> <u>Malpractice</u>	<u>Pollution</u>
Alpine County	X	X	X	X	X
Colusa County	X	X	X	X	X
Del Norte County	X	X	X	X	X
Lassen County	X	X	X	X	X
Modoc County	X	X	X	X	X
Mono County	X	X	X	X	X
Plumas County	X	X	X	X	X
San Benito County	X	X	X	X	X
Sierra County	X	X	X	X	X
Trinity County	X	X	X	X	X

C. Admission and Withdrawal of Members

Admission

Entities applying for membership must be approved by a unanimous vote of the Board Members.

Withdrawal

Members may withdraw from the Trindel upon advance written notice. The effect of withdrawal (or termination), does not terminate the responsibility of the member to continue paying its share of assessments or other financial obligations incurred by reason of its previous participation. No refund or repayment shall be given to any withdrawing member until approved by the Board. Trindel shall be responsible for servicing claims of members that have withdrawn, which were incurred while a member. Withdrawal does not relieve the member of the responsibility to pay special assessments or premium charges.

TRINDEL INSURANCE FUND

Notes to Financial Statements
June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Presentation and Method of Accounting

Trindel accounts for its activities as a single enterprise fund, and the financial statements are accounted for on a flow of economic resources management focus, using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the related liability is incurred, regardless of the timing of related cash flows.

Operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Accounting Standards

Pursuant to Government Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, Trindel has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements.

The presentation of the basic financial statements reflects the requirements of Governmental Accounting Standards Board Statement 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*. According to paragraph 51 of the standard, public entity pools that do not involve a transfer or pooling of risk among pool participants and each participant is responsible for their own claims, shall account like a claims services entity. The operating account should report claim servicing revenue and administrative costs.

Amounts collected or due from participants and paid or to be paid to settle claims should be reported as a net asset or liability on an accrual basis.

E. Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the reporting date and revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term are described elsewhere in this report.

F. Cash and Cash Equivalents

For purposes of the statement of cash flows, cash equivalents are investments readily convertible into known amounts of cash with original maturities at date of purchase of less than three months. Trindel also deposits funds with the State of California Local Agency Investment Fund.

G. Due To and Due From Members

Since Trindel is a banking/claims servicing pool, the net assets or liabilities for each member are shown as a due to the member or a due from the member.

TRINDEL INSURANCE FUND

Notes to Financial Statements
June 30, 2013

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

H. Investments

Trindel's investment policy is designed to achieve an optimum rate of return on available assets not required for current operating needs. Section 53601 of the California Government Code provides the legal authority for investments. Securities are selected for investment that are liquid, marketable, and high quality. Adequate diversification is applied to prevent an undue amount of investment risk with any one institution. The classes of investment that most adequately meets the above mentioned criteria shall be allowed for purchase, including United States Government, federal agencies (GNMA, FNMA, FHLB, FFCB, Freddie Mac), negotiable certificates of deposit, bankers acceptances, commercial paper and medium-term notes. The Fund also deposits investment funds with the State of California Local Agency Investment Fund.

I. Capital Assets

Furniture, equipment and vehicles are recorded at cost. Trindel defines capital assets as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of three years. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and the resulting gain or loss is recognized in income for the period. The cost of maintenance and repairs is charged to expense as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets:

3 years	Computer Equipment
5 years	Equipment and vehicles
7 years	Furniture

J. Compensated Absences

It is Trindel's policy to permit employees to accumulate earned but unused vacation and compensatory time. All vacation pay is accrued when incurred in the financial statements.

K. Net Position

Trindel is accounted for as a banking pool in accordance with GASB Statement No. 10. Accordingly net amounts of individual member net position is shown as due to or due from as applicable.

L. Revenue Recognition

Revenues are recognized as revenue when earned. Claims servicing revenues are recorded to the extent of claims servicing expenses. Net excess is recorded as due to members. Net deficits are recorded as due from members.

M. Allocated Costs

Management allocates internal administration costs to both the workers' compensation and property/liability programs. These costs are then charged to each of the members in the respective programs based on Resolution No. 06-06 as adopted by the Board of Directors.

TRINDEL INSURANCE FUND

Notes to Financial Statements
June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Self Insured Reserves and Deductible Payments

The members accumulate equity through the insurance programs for the payment of Self Insured Retention (SIR's) and deductibles. When the payments are made for claim SIRs and deductibles, the member's equity is correspondingly reduced.

O. Income Taxes

Trindel is an organization comprised of public agencies and is exempt from federal income and California franchise taxes. Accordingly, no provision for federal or state income taxes has been made in the accompanying financial statements.

P. Comparative Data and Reclassifications

Certain amounts presented in the prior year have been reclassified in order to be consistent with the current year's presentation.

NOTE 2: MEMBERS' CASH AND INVESTMENTS

A. Credit Risk, Carrying Amount and Market Value Investments

Cash was classified as follows at June 30, 2013:

	Carrying Value	Fair Value
Pooled Investments:		
California Local Agency Investment Fund	\$ 600,296	\$ 600,296
Mono County Treasury Pool	9,811,758	9,811,758
Cash Deposits	16,604,907	16,604,907
Cash on Hand	50	50
Total Cash and Equivalents	<u>\$ 27,017,011</u>	<u>\$ 27,017,011</u>

B. Cash Deposits

The carrying amounts of Trindel's cash deposits were \$16,604,907 at June 30, 2013. Bank balances before reconciling items were \$16,873,000 at that date.

Custodial credit risk for deposits is the risk that the Fund will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. This risk is mitigated in that the Fund's bank deposits are insured by the Federal Depositary Insurance Corporation (FDIC). Effective December 31, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (Act) fully guaranteed all funds in non-interest bearing transaction deposit accounts held at FDIC-insured depository institutions. As the Fund's deposits are fully insured under the Act, collateralization under Government Code Section 535652 is waived.

TRINDEL INSURANCE FUND

Notes to Financial Statements
June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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California Local Agency Investment Fund	\$ 600,296	\$ 600,296
Mono County Treasury Pool	9,811,758	9,811,758
Cash Deposits	16,604,907	16,604,907
Cash on Hand	50	50
Total Cash and Equivalent	<u>\$ 27,017,011</u>	<u>\$ 27,017,011</u>

B. Cash Deposits

The carrying amounts of Trindel's cash deposits were \$16,604,907 at June 30, 2013. Bank balances before reconciling items were \$16,873,000 at that date.

Custodial credit risk for deposits is the risk that the Fund will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. This risk is mitigated in that the Fund's bank deposits are insured by the Federal Depositary Insurance Corporation (FDIC). Effective December 31, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (Act) fully guaranteed all funds in non-interest bearing transaction deposit accounts held at FDIC-insured depository institutions. As the Fund's deposits are fully insured under the Act, collateralization under Government Code Section 535652 is waived.

TRINDEL INSURANCE FUND

Notes to Financial Statements
June 30, 2013

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

H. Investments

Trindel's investment policy is designed to achieve an optimum rate of return on available assets not required for current operating needs. Section 53601 of the California Government Code provides the legal authority for investments. Securities are selected for investment that are liquid, marketable, and high quality. Adequate diversification is applied to prevent an undue amount of investment risk with any one institution. The classes of investment that most adequately meets the above mentioned criteria shall be allowed for purchase, including United States Government, federal agencies (GNMA, FNMA, FHLB, FFCB, Freddie Mac), negotiable certificates of deposit, bankers acceptances, commercial paper and medium-term notes. The Fund also deposits investment funds with the State of California Local Agency Investment Fund.

I. Capital Assets

Furniture, equipment and vehicles are recorded at cost. Trindel defines capital assets as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of three years. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and the resulting gain or loss is recognized in income for the period. The cost of maintenance and repairs is charged to expense as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets:

3 years	Computer Equipment
5 years	Equipment and vehicles
7 years	Furniture

J. Compensated Absences

It is Trindel's policy to permit employees to accumulate earned but unused vacation and compensatory time. All vacation pay is accrued when incurred in the financial statements.

K. Net Position

Trindel is accounted for as a banking pool in accordance with GASB Statement No. 10. Accordingly net amounts of individual member net position is shown as due to or due from as applicable.

L. Revenue Recognition

Revenues are recognized as revenue when earned. Claims servicing revenues are recorded to the extent of claims servicing expenses. Net excess is recorded as due to members. Net deficits are recorded as due from members.

M. Allocated Costs

Management allocates internal administration costs to both the workers' compensation and property/liability programs. These costs are then charged to each of the members in the respective programs based on Resolution No. 06-06 as adopted by the Board of Directors.

TRINDEL INSURANCE FUND

Notes to Financial Statements
June 30, 2013

NOTE 2: CASH AND EQUIVALENTS AND INVESTMENTS (CONTINUED)

B. **Cash Deposits** (continued)

Trindel places certain funds with the Mono County Treasury. Trindel is a voluntary participant in the Mono County Treasury. Oversight is provided by the Mono County Finance Department and the Board of Supervisors. Fair value of these investments is substantially the same as carrying value. For more information on the Pool, contact the Mono County Finance Department at PO Box 495, Bridgeport, CA 95317

Trindel places certain funds with the State of California's Local Agency Investment Fund (LAIF). Trindel is a voluntary participant in LAIF, which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California and the Pooled Money Investment Board. The State Treasurer's office pools these funds with those of other governmental agencies in the state and invests the cash. The fair value of Trindel's investment in this pool is reported in the accompanying financial statements based upon Trindel's share of the pool, as determined on an amortized cost basis. The monies held in the pooled investment funds are not subject to categorization by risk category. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis, hence, fair value is essentially the same as the value of the pool shares.

Funds are accessible and transferable to the master account with twenty-four hours notice. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset backed securities, and floating rate securities issued by federal agencies, government-sponsored enterprises and corporations. LAIF is administered by the State Treasurer. LAIF investments are audited annually by the Pooled Money Investment Board and the State Controller's Office. Copies of this audit may be obtained from the State Treasurer's Office; 915 Capital Mall; Sacramento, California 95814. The Pooled Money Investment Board has established policies, goals, and objectives to make certain that their goal of safety, liquidity, and yield are not jeopardized.

NOTE 3: CAPITAL ASSETS

Trindel's capital assets consisted of the following at:

	Balance July 1, 2012	Additions	Retirements	Balance June 30, 2013
Furniture, Equipment and Vehicles	\$ 45,383	\$ 29,200	\$ -	\$ 74,583
Accumulated depreciation	(45,383)	(5,840)	-	(51,223)
Total Capital Assets (Net)	<u>\$ -</u>	<u>\$ 23,360</u>	<u>\$ -</u>	<u>\$ 23,360</u>

Depreciation expense was \$5,840 for the fiscal year ended June 30, 2013.

TRINDEL INSURANCE FUND

Notes to Financial Statements
June 30, 2013

NOTE 4: COMPENSATED ABSENCES

The following is a summary of compensated absences of Trindel for the fiscal year ended June 30, 2013:

	<u>July 1, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2013</u>	<u>Current Portion</u>
Compensated absences	<u>\$ 45,440</u>	<u>\$ 11,550</u>	<u>\$ -</u>	<u>\$ 56,990</u>	<u>\$ 28,495</u>

NOTE 5: DUE TO MEMBERS SUMMARY

Due to members represents the net assets or liabilities for the members. The proportionate share of each member's balance at June 30, 2012, not taking into consideration assets and liabilities that belong solely to the member (i.e., risk liability), is as follows:

Alpine County	\$ 1,315,909
Colusa County	2,010,214
Del Norte County	2,890,679
Lassen County	3,957,847
Modoc County	1,740,756
Mono County	3,761,536
Plumas County	4,039,447
San Benito County	3,517,046
Sierra County	546,191
Trinity County	3,146,642
Trindel - unallocated	<u>32,640</u>
	<u>\$ 26,958,907</u>

NOTE 6: JOINT POWERS AGREEMENT

Each of the members of Trindel is also a member of CSAC Excess Insurance Authority (CSAC EIA) through a joint powers agreement. The relationship between Trindel and the joint powers authority is such that CSAC EIA is not a component unit of Trindel for financial reporting purposes.

CSAC EIA arranges for and provides excess property, liability, workers' compensation and medical malpractice coverage up to \$30 million for its members. The joint venture is governed by a Board consisting of representatives from member agencies. The Board controls the operation of the joint venture, including selection of management and approval of operating budgets, independent of any influence by the member agencies beyond their representation on the Board. Each member agency pays a premium commensurate with the level of coverage requested and shares surplus and deficits proportionate to their participation in the joint venture.

TRINDEL INSURANCE FUND

Notes to Financial Statements
June 30, 2013

NOTE 7: DEFERRED COMPENSATION

The Executive Director and Safety Officer participate in a deferred compensation plan adopted under the provision of Internal Revenue Code Section 457, *Deferred Compensation Plans with Respect to Service for State and Local Governments*.

Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency.

The Executive Director and Safety Officer are also covered under a multiple-employer defined benefit pension plan maintained by the California Public Employees' Retirement System (CalPERS). The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries.

NOTE 8: FUND EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN)

A. Plan Description

The Fund contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State of California. Copies of PERS annual financial report may be obtained from their Executive Office – 400 Q Street, Sacramento, CA 95811.

B. Funding Policy

The Fund makes the contributions required of its employees on their behalf and for their account. The rates are set by statute and therefore generally remain unchanged from year to year. The present actuarially determined rates of annual covered payroll are as follows:

<u>Category</u>	<u>Member Rates as a Percentage of Wages</u>
Local miscellaneous members	8%

The contribution requirements of the plan members are established by State statutes and the employer contribution rate is established and may be amended by PERS.

Annual Pension Cost

For fiscal year 2012/2013, the Fund's annual pension cost was \$101,632 and the Fund actually contributed \$101,632. The required contribution for fiscal year 2012/201 was determined as part of the New Agency Actuarial Valuation as of June 30, 2010, actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service ranging from 3.55% to 14.45%; and (c) no cost-of-living adjustment. Both (a) and (b) included an inflation component of 3.0%. The actuarial value of the Fund's assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a two to five year period depending on the size of the investment gains and/or losses. The Fund's excess assets are being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2010 was 19 years.

TRINDEL INSURANCE FUND

Notes to Financial Statements
June 30, 2013

NOTE 8: **FUND EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN)**
(CONTINUED)

B. **Funding Policy** (continued)

Three-Year Trend Information ⁽¹⁾			
<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APL)</u>	<u>Percentage of APL Contributed</u>	<u>Net Pension Obligation</u>
6/30/11	\$ 32,263	100%	\$ -
6/30/12	84,247	100%	-
6/30/13	101,632	100%	-

The schedule of funding progress is available only on a pooled-basis only and can be obtained from CalPERS, P.O. Box 942709, Sacramento, CA 94229-2709.

SUPPLEMENTAL INFORMATION

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Trindel Insurance Fund
Statement of Revenues and Expenditures By Program
10 - Administration
From 7/1/2012 Through 6/30/2013

	Trindel	Alpine	Colusa	Del Norte	Lassen	Modoc	Mono
Expense							
Insurance Expense	10,632.00	0.00	0.00	0.00	0.00	0.00	0.00
Risk Management	2,107.12	0.00	0.00	0.00	0.00	0.00	0.00
Professional Fees	23,777.12	0.00	0.00	0.00	0.00	0.00	0.00
General & Administrative	241,662.14	0.00	0.00	0.00	0.00	0.00	0.00
Tranfers In/Out	(280,221.16)	0.00	0.00	0.00	0.00	0.00	0.00
Rental/Lease Expense	2,042.78	0.00	0.00	0.00	0.00	0.00	0.00
Total Expense	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Net Income	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Ending Fund Balance	<u><u>0.00</u></u>	<u><u>0.00</u></u>	<u><u>0.00</u></u>	<u><u>0.00</u></u>	<u><u>0.00</u></u>	<u><u>0.00</u></u>	<u><u>0.00</u></u>

Trindel Insurance Fund
Statement of Revenues and Expenditures By Program
10 - Administration
From 7/1/2012 Through 6/30/2013

	Plumas	San Benito	Sierra	Trinity	Total
Expense					
Insurance Expense	0.00	0.00	0.00	0.00	10,632.00
Risk Management	0.00	0.00	0.00	0.00	2,107.12
Professional Fees	0.00	0.00	0.00	0.00	23,777.12
General & Administrative	0.00	0.00	0.00	0.00	241,662.14
Tranfers In/Out	0.00	0.00	0.00	0.00	(280,221.16)
Rental/Lease Expense	0.00	0.00	0.00	0.00	2,042.78
Total Expense	0.00	0.00	0.00	0.00	0.00
Total Net Income	0.00	0.00	0.00	0.00	0.00
Ending Fund Balance	0.00	0.00	0.00	0.00	0.00

Trindel Insurance Fund
Statement of Revenues and Expenditures By Program
20 - Loss Prevention
From 7/1/2012 Through 6/30/2013

	Trindel	Alpine	Colusa	Del Norte	Lassen	Modoc	Mono
Expense							
Risk Management	16,895.14	0.00	0.00	0.00	0.00	0.00	0.00
Professional Fees	1,284.50	0.00	0.00	0.00	0.00	0.00	0.00
General & Administrative	192,204.10	0.00	0.00	0.00	0.00	0.00	0.00
Tranfers In/Out	(215,369.79)	0.00	0.00	0.00	0.00	0.00	0.00
Rental/Lease Expense	4,986.05	0.00	0.00	0.00	0.00	0.00	0.00
Total Expense	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Net Income	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Ending Fund Balance	<u><u>0.00</u></u>	<u><u>0.00</u></u>	<u><u>0.00</u></u>	<u><u>0.00</u></u>	<u><u>0.00</u></u>	<u><u>0.00</u></u>	<u><u>0.00</u></u>

Trindel Insurance Fund
Statement of Revenues and Expenditures By Program
20 - Loss Prevention
From 7/1/2012 Through 6/30/2013

	Plumas	San Benito	Sierra	Trinity	Total
Expense					
Risk Management	0.00	0.00	0.00	0.00	16,895.14
Professional Fees	0.00	0.00	0.00	0.00	1,284.50
General & Administrative	0.00	0.00	0.00	0.00	192,204.10
Tranfers In/Out	0.00	0.00	0.00	0.00	(215,369.79)
Rental/Lease Expense	0.00	0.00	0.00	0.00	4,986.05
Total Expense	0.00	0.00	0.00	0.00	0.00
Total Net Income	0.00	0.00	0.00	0.00	0.00
Ending Fund Balance	0.00	0.00	0.00	0.00	0.00

Trindel Insurance Fund
Statement of Revenues and Expenditures By Program
30 - Claims Administration Workers' Compensation
From 7/1/2012 Through 6/30/2013

	Trindel	Alpine	Colusa	Del Norte	Lassen	Modoc	Mono
Expense							
Claims Expense	(15.00)	0.00	0.00	0.00	0.00	0.00	0.00
State Fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Risk Management	7,596.88	0.00	0.00	0.00	0.00	0.00	0.00
Professional Fees	49,393.54	0.00	0.00	0.00	0.00	0.00	0.00
General & Administrative	306,460.35	0.00	0.00	0.00	0.00	0.00	0.00
Tranfers In/Out	(367,964.44)	0.00	0.00	0.00	0.00	0.00	0.00
Rental/Lease Expense	4,528.67	0.00	0.00	0.00	0.00	0.00	0.00
Total Expense	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Net Income	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Ending Fund Balance	<u><u>0.00</u></u>	<u><u>0.00</u></u>	<u><u>0.00</u></u>	<u><u>0.00</u></u>	<u><u>0.00</u></u>	<u><u>0.00</u></u>	<u><u>0.00</u></u>

Trindel Insurance Fund
Statement of Revenues and Expenditures By Program
30 - Claims Administration Workers' Compensation
From 7/1/2012 Through 6/30/2013

	Plumas	San Benito	Sierra	Trinity	Total
Expense					
Claims Expense	0.00	0.00	0.00	0.00	(15.00)
State Fees	0.00	0.00	0.00	0.00	0.00
Risk Management	0.00	0.00	0.00	0.00	7,596.88
Professional Fees	0.00	0.00	0.00	0.00	49,393.54
General & Administrative	0.00	0.00	0.00	0.00	306,460.35
Tranfers In/Out	0.00	0.00	0.00	0.00	(367,964.44)
Rental/Lease Expense	0.00	0.00	0.00	0.00	4,528.67
Total Expense	0.00	0.00	0.00	0.00	0.00
Total Net Income	0.00	0.00	0.00	0.00	0.00
Ending Fund Balance	0.00	0.00	0.00	0.00	0.00

Trindel Insurance Fund
Statement of Revenues and Expenditures By Program
40 - Workers Compensation
From 7/1/2012 Through 6/30/2013

	Trindel	Alpine	Colusa	Del Norte	Lassen	Modoc	Mono
Revenues							
Member Contributions	0.00	260,440.00	553,140.00	949,128.50	1,169,216.00	539,692.00	667,722.00
Interest Income	0.00	3,442.96	3,675.11	9,388.68	9,761.52	3,423.72	12,956.61
Total Revenues	0.00	263,882.96	556,815.11	958,517.18	1,178,977.52	543,115.72	680,678.61
Expense							
Claims Expense	0.00	290,414.15	416,915.42	732,995.15	716,282.94	477,646.16	405,883.76
Insurance Expense	0.00	21,934.00	54,169.00	64,681.00	58,241.00	7,130.00	83,173.00
State Fees	0.00	921.03	1,629.41	2,193.86	2,017.64	659.65	1,077.13
Risk Management	0.00	43,893.48	59,764.20	58,254.78	66,139.92	50,523.35	64,678.85
Professional Fees	0.00	0.00	0.00	0.00	0.00	0.00	41.00
General & Administrative	0.00	19,293.36	19,293.36	19,293.36	19,293.36	19,293.36	19,293.36
Return of Premium Funds	0.00	0.00	0.00	367,857.00	0.00	0.00	0.00
Total Expense	0.00	376,456.02	551,771.39	1,245,275.15	861,974.86	555,252.52	574,147.10
Total Net Income	0.00	(112,573.06)	5,043.72	(286,757.97)	317,002.66	(12,136.80)	106,531.51
Beginning Fund Balance	0.00	425,750.79	137,097.40	828,313.58	80,310.53	72,877.56	990,508.94
Ending Fund Balance	0.00	313,177.73	142,141.12	541,555.61	397,313.19	60,740.76	1,097,040.45

Trindel Insurance Fund
Statement of Revenues and Expenditures By Program
40 - Workers Compensation
From 7/1/2012 Through 6/30/2013

	<u>Plumas</u>	<u>San Benito</u>	<u>Sierra</u>	<u>Trinity</u>	<u>Total</u>
Revenues					
Member Contributions	885,781.00	945,741.00	326,142.00	703,703.00	7,000,705.50
Interest Income	<u>20,493.87</u>	<u>8,367.87</u>	<u>1,669.53</u>	<u>10,934.71</u>	<u>84,114.58</u>
Total Revenues	<u>906,274.87</u>	<u>954,108.87</u>	<u>327,811.53</u>	<u>714,637.71</u>	<u>7,084,820.08</u>
Expense					
Claims Expense	1,071,195.66	505,787.04	64,181.74	47,237.29	4,728,539.31
Insurance Expense	144,260.00	119,898.00	26,715.00	52,717.00	632,918.00
State Fees	2,791.21	2,831.50	1,380.70	665.57	16,167.70
Risk Management	59,099.32	67,646.70	59,660.33	69,281.61	598,942.54
Professional Fees	0.00	0.00	0.00	0.00	41.00
General & Administrative	19,293.36	19,293.36	19,293.36	19,293.36	192,933.60
Return of Premium Funds	<u>0.00</u>	<u>246,524.00</u>	<u>0.00</u>	<u>0.00</u>	<u>614,381.00</u>
Total Expense	<u>1,296,639.55</u>	<u>961,980.60</u>	<u>171,231.13</u>	<u>189,194.83</u>	<u>6,783,923.15</u>
Total Net Income	<u>(390,364.68)</u>	<u>(7,871.73)</u>	<u>156,580.40</u>	<u>525,442.88</u>	<u>300,896.93</u>
Beginning Fund Balance					
	<u>1,286,895.18</u>	<u>580,492.81</u>	<u>(44,758.79)</u>	<u>891,555.54</u>	<u>5,249,043.54</u>
Ending Fund Balance	<u><u>896,530.50</u></u>	<u><u>572,621.08</u></u>	<u><u>111,821.61</u></u>	<u><u>1,416,998.42</u></u>	<u><u>5,549,940.47</u></u>

Trindel Insurance Fund
Statement of Revenues and Expenditures By Program
50 - Property & Liability
From 7/1/2012 Through 6/30/2013

	Trindel	Alpine	Colusa	Del Norte	Lassen	Modoc	Mono
Revenues							
Member Contributions	0.00	187,681.00	593,930.00	1,068,108.00	1,049,492.00	251,344.00	499,714.00
Interest Income	0.00	3,599.23	3,327.70	2,334.59	6,552.00	5,058.15	6,096.65
Total Revenues	0.00	191,280.23	597,257.70	1,070,442.59	1,056,044.00	256,402.15	505,810.65
Expense							
Claims Expense	0.00	81,849.68	2,038.76	811,311.99	275,646.81	225,922.33	174,855.17
Insurance Expense	0.00	65,741.00	233,123.00	351,070.00	337,651.00	113,001.00	222,808.50
Risk Management	0.00	23,502.59	30,746.66	27,031.66	30,746.66	27,217.66	30,746.66
Professional Fees	0.00	14,560.95	428.50	0.00	27,569.95	10.00	14,536.93
General & Administrative	0.00	7,884.17	9,066.78	11,073.51	11,053.55	8,451.82	8,546.42
Return of Premium Funds	0.00	0.00	272,379.00	0.00	0.00	0.00	0.00
Total Expense	0.00	193,538.39	547,782.70	1,200,487.16	682,667.97	374,602.81	451,493.68
Total Net Income	0.00	(2,258.16)	49,475.00	(130,044.57)	373,376.03	(118,200.66)	54,316.97
Beginning Fund Balance	0.00	536,401.02	662,219.80	59,519.18	434,388.08	827,027.37	794,735.28
Ending Fund Balance	0.00	534,142.86	711,694.80	(70,525.39)	807,764.11	708,826.71	849,052.25

Trindel Insurance Fund
Statement of Revenues and Expenditures By Program
50 - Property & Liability
From 7/1/2012 Through 6/30/2013

	<u>Plumas</u>	<u>San Benito</u>	<u>Sierra</u>	<u>Trinity</u>	<u>Total</u>
Revenues					
Member Contributions	565,283.00	1,057,720.00	286,090.00	395,332.00	5,954,694.00
Interest Income	<u>2,609.42</u>	<u>6,321.16</u>	<u>262.23</u>	<u>3,826.42</u>	<u>39,987.55</u>
Total Revenues	<u>567,892.42</u>	<u>1,064,041.16</u>	<u>286,352.23</u>	<u>399,158.42</u>	<u>5,994,681.55</u>
Expense					
Claims Expense	(26,951.87)	165,731.93	235,392.80	217,860.20	2,163,657.80
Insurance Expense	272,630.00	378,935.00	101,731.00	163,860.00	2,240,550.50
Risk Management	30,746.66	30,746.66	30,746.66	30,746.72	292,978.59
Professional Fees	257.00	1,320.00	0.00	693.02	59,376.35
General & Administrative	9,397.91	10,485.92	8,215.31	8,972.19	93,147.58
Return of Premium Funds	<u>0.00</u>	<u>83,951.00</u>	<u>0.00</u>	<u>0.00</u>	<u>356,330.00</u>
Total Expense	<u>286,079.70</u>	<u>671,170.51</u>	<u>376,085.77</u>	<u>422,132.13</u>	<u>5,206,040.82</u>
Total Net Income	<u>281,812.72</u>	<u>392,870.65</u>	<u>(89,733.54)</u>	<u>(22,973.71)</u>	<u>788,640.73</u>
Beginning Fund Balance					
	<u>240,971.28</u>	<u>393,971.90</u>	<u>(70,656.95)</u>	<u>616,001.70</u>	<u>4,494,578.66</u>
Ending Fund Balance	<u><u>522,784.00</u></u>	<u><u>786,842.55</u></u>	<u><u>(160,390.49)</u></u>	<u><u>593,027.99</u></u>	<u><u>5,283,219.39</u></u>

Trindel Insurance Fund
Statement of Revenues and Expenditures By Program
60 - Pollution
From 7/1/2012 Through 6/30/2013

	Trindel	Alpine	Colusa	Del Norte	Lassen	Modoc	Mono
Revenues							
Member Contributions	0.00	4,088.00	6,117.04	6,128.25	6,130.00	19,384.00	26,705.00
Total Revenues	0.00	4,088.00	6,117.04	6,128.25	6,130.00	19,384.00	26,705.00
Expense							
Insurance Expense	0.00	2,861.67	4,291.33	4,291.33	4,291.33	18,187.42	23,692.01
Total Expense	0.00	2,861.67	4,291.33	4,291.33	4,291.33	18,187.42	23,692.01
Total Net Income	0.00	1,226.33	1,825.71	1,836.92	1,838.67	1,196.58	3,012.99
Beginning Fund Balance	0.00	8,110.29	10,917.15	8,038.79	8,520.46	6,515.13	(3,398.73)
Ending Fund Balance	0.00	9,336.62	12,742.86	9,875.71	10,359.13	7,711.71	(385.74)

Trindel Insurance Fund
Statement of Revenues and Expenditures By Program
60 - Pollution
From 7/1/2012 Through 6/30/2013

	<u>Plumas</u>	<u>San Benito</u>	<u>Sierra</u>	<u>Trinity</u>	<u>Total</u>
Revenues					
Member Contributions	<u>6,129.00</u>	<u>13,532.00</u>	<u>11,490.00</u>	<u>6,125.71</u>	<u>105,829.00</u>
Total Revenues	<u>6,129.00</u>	<u>13,532.00</u>	<u>11,490.00</u>	<u>6,125.71</u>	<u>105,829.00</u>
Expense					
Insurance Expense	<u>4,291.33</u>	<u>11,004.66</u>	<u>9,667.57</u>	<u>4,291.33</u>	<u>86,869.98</u>
Total Expense	<u>4,291.33</u>	<u>11,004.66</u>	<u>9,667.57</u>	<u>4,291.33</u>	<u>86,869.98</u>
Total Net Income	<u>1,837.67</u>	<u>2,527.34</u>	<u>1,822.43</u>	<u>1,834.38</u>	<u>18,959.02</u>
Beginning Fund Balance					
	<u>17,097.18</u>	<u>9,774.58</u>	<u>10,153.38</u>	<u>5,118.18</u>	<u>80,846.41</u>
Ending Fund Balance	<u><u>18,934.85</u></u>	<u><u>12,301.92</u></u>	<u><u>11,975.81</u></u>	<u><u>6,952.56</u></u>	<u><u>99,805.43</u></u>

Trindel Insurance Fund
Statement of Revenues and Expenditures By Program
70 - Medical Malpractice
From 7/1/2012 Through 6/30/2013

	Trindel	Alpine	Colusa	Del Norte	Lassen	Modoc	Mono
Revenues							
Member Contributions	0.00	2,155.00	4,842.00	9,764.25	5,140.00	13,520.00	5,729.00
Total Revenues	0.00	2,155.00	4,842.00	9,764.25	5,140.00	13,520.00	5,729.00
Expense							
Claims Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Insurance Expense	0.00	2,441.00	5,865.00	15,845.00	8,850.00	10,859.00	5,708.00
Return of Premium Funds	0.00	0.00	0.00	0.00	0.00	57,639.79	0.00
Total Expense	0.00	2,441.00	5,865.00	15,845.00	8,850.00	68,498.79	5,708.00
Total Net Income	0.00	(286.00)	(1,023.00)	(6,080.75)	(3,710.00)	(54,978.79)	21.00
Beginning Fund Balance	0.00	9,963.08	23,651.84	53,042.53	1,679.40	69,308.79	31,334.53
Ending Fund Balance	0.00	9,677.08	22,628.84	46,961.78	(2,030.60)	14,330.00	31,355.53

Trindel Insurance Fund
Statement of Revenues and Expenditures By Program
70 - Medical Malpractice
From 7/1/2012 Through 6/30/2013

	<u>Plumas</u>	<u>San Benito</u>	<u>Sierra</u>	<u>Trinity</u>	<u>Total</u>
Revenues					
Member Contributions	<u>10,159.00</u>	<u>14,871.00</u>	<u>7,444.00</u>	<u>(16,498.00)</u>	<u>57,126.25</u>
Total Revenues	<u>10,159.00</u>	<u>14,871.00</u>	<u>7,444.00</u>	<u>(16,498.00)</u>	<u>57,126.25</u>
Expense					
Claims Expense	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(21,769.00)</u>	<u>(21,769.00)</u>
Insurance Expense	<u>10,873.00</u>	<u>13,534.00</u>	<u>12,083.00</u>	<u>6,952.00</u>	<u>93,010.00</u>
Return of Premium Funds	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>57,639.79</u>
Total Expense	<u>10,873.00</u>	<u>13,534.00</u>	<u>12,083.00</u>	<u>(14,817.00)</u>	<u>128,880.79</u>
Total Net Income	<u>(714.00)</u>	<u>1,337.00</u>	<u>(4,639.00)</u>	<u>(1,681.00)</u>	<u>(71,754.54)</u>
Beginning Fund Balance	<u>10,261.78</u>	<u>18,354.41</u>	<u>10,944.69</u>	<u>32,826.11</u>	<u>261,367.16</u>
Ending Fund Balance	<u><u>9,547.78</u></u>	<u><u>19,691.41</u></u>	<u><u>6,305.69</u></u>	<u><u>31,145.11</u></u>	<u><u>189,612.62</u></u>

Trindel Insurance Fund
Statement of Revenues and Expenditures By Program
80 - Undisbursed Loss Prevention Subsidy
From 7/1/2012 Through 6/30/2013

	Trindel	Alpine	Colusa	Del Norte	Lassen	Modoc	Mono
Revenues							
Member Contributions	0.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00
Total Revenues	<u>0.00</u>	<u>5,000.00</u>	<u>5,000.00</u>	<u>5,000.00</u>	<u>5,000.00</u>	<u>5,000.00</u>	<u>5,000.00</u>
Expense							
Insurance Expense	0.00	(3,858.81)	0.00	(4,961.96)	(5,100.98)	(4,350.92)	(4,746.82)
Risk Management	32.14	9,229.20	3,000.00	21,386.15	2,901.64	0.00	16,573.64
General & Administrative	0.00	0.00	0.00	0.00	13,233.00	0.00	4,848.00
Tranfers In/Out	(1,586.51)	18,845.16	(3,105.85)	(3,105.85)	(3,105.85)	7,588.15	(3,105.85)
Total Expense	<u>(1,554.37)</u>	<u>24,215.55</u>	<u>(105.85)</u>	<u>13,318.34</u>	<u>7,927.81</u>	<u>3,237.23</u>	<u>13,568.97</u>
Total Net Income	<u>1,554.37</u>	<u>(19,215.55)</u>	<u>5,105.85</u>	<u>(8,318.34)</u>	<u>(2,927.81)</u>	<u>1,762.77</u>	<u>(8,568.97)</u>
Beginning Fund Balance	31,090.63	103,830.47	71,150.19	81,602.13	100,864.98	57,482.69	115,585.28
Ending Fund Balance	<u><u>32,645.00</u></u>	<u><u>84,614.92</u></u>	<u><u>76,256.04</u></u>	<u><u>73,283.79</u></u>	<u><u>97,937.17</u></u>	<u><u>59,245.46</u></u>	<u><u>107,016.31</u></u>

Trindel Insurance Fund
Statement of Revenues and Expenditures By Program
80 - Undisbursed Loss Prevention Subsidy
From 7/1/2012 Through 6/30/2013

	<u>Plumas</u>	<u>San Benito</u>	<u>Sierra</u>	<u>Trinity</u>	<u>Total</u>
Revenues					
Member Contributions	<u>5,000.00</u>	<u>5,000.00</u>	<u>5,000.00</u>	<u>5,000.00</u>	<u>50,000.00</u>
Total Revenues	<u>5,000.00</u>	<u>5,000.00</u>	<u>5,000.00</u>	<u>5,000.00</u>	<u>50,000.00</u>
Expense					
Insurance Expense	(4,895.24)	(5,367.72)	(3,913.84)	(4,387.83)	(41,584.12)
Risk Management	10,000.00	4,935.74	12,222.21	11,103.59	91,384.31
General & Administrative	0.00	0.00	0.00	1,000.00	19,081.00
Tranfers In/Out	<u>(3,105.85)</u>	<u>(3,105.85)</u>	<u>(3,105.85)</u>	<u>(3,105.85)</u>	<u>0.00</u>
Total Expense	<u>1,998.91</u>	<u>(3,537.83)</u>	<u>5,202.52</u>	<u>4,609.91</u>	<u>68,881.19</u>
Total Net Income	<u>3,001.09</u>	<u>8,537.83</u>	<u>(202.52)</u>	<u>390.09</u>	<u>(18,881.19)</u>
Beginning Fund Balance					
	<u>45,974.26</u>	<u>72,731.04</u>	<u>42,072.71</u>	<u>44,286.29</u>	<u>766,670.67</u>
Ending Fund Balance	<u><u>48,975.35</u></u>	<u><u>81,268.87</u></u>	<u><u>41,870.19</u></u>	<u><u>44,676.38</u></u>	<u><u>747,789.48</u></u>

OTHER REPORTS

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Trindel Insurance Fund
Weaverville, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of Trindel Insurance Fund, as of and for the year ended June 30, 2013, and the related notes to the financial statements, and have issued our report thereon dated December 12, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Trindel Insurance Fund's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Trindel Insurance Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of Trindel Insurance Fund'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 of this section 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Trindel Insurance Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Board of Directors
Trindel Insurance Fund

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Gallina LLP".

Roseville, California
December 12, 2013