

TRINDEL INSURANCE FUND

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2014

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TRINDEL INSURANCE FUND

Board of Directors
For the Year Ended June 30, 2014

BOARD MEMBERS

Carol McElroy	Alpine	Member
Bob Muszar	Colusa	Member
Joey Young	Del Norte	Member
Richard Egan	Lassen	Member
Chester Robertson	Modoc	Member
Jim Leddy	Mono	Member
Roberta Allen	Plumas	Member
Joe Paul Gonzalez	San Benito	Member
Van Maddox	Sierra	Member
Wendy Tyler	Trinity	Member

TRINDEL INSURANCE FUND

Financial Statements
June 30, 2014

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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, 2014, and the related notes to the financial statements, as listed in the table of contents.

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.

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, 2014, 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.

Board of Directors
Trindel Insurance Fund

Report on Summarized Comparative Information

We have previously audited the 2013 financial statements of the Trindel Insurance Fund, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 12, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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 October 10, 2014 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
October 10, 2014

TRINDEL INSURANCE FUND

Management Discussion and Analysis June 30, 2014

Created by Executive Director, David Nelson and reviewed by Isabella Hedtke, Trindel staff the following report provides general information on Trindel Insurance Fund and on its financial condition for the fiscal year ended June 30, 2014. 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 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 has since 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,Plumas county in 2010 and Sutter County as of July 1, 2014. At Trindel's January 2014 board meeting the Board of Directors prepared for growth in services and membership through a strategic planning session. As of January 1, 2014 the members employed 2,728 FTE staff to serve a population of 201,058. (Sutter county's FTE staff/population is not included in the above numbers, for they joined July 1, 2014.)

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 and generally meets three times a year. There is also an Executive Committee that includes the Board President, Board Vice-President and two at large members, which 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 four 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 employees 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 therefore retention levels for public entities due to the continuing increase in medical costs as well as

TRINDEL INSURANCE FUND

Management Discussion and Analysis
June 30, 2014

presumptive injury claims from safety employees. Casualty insurance rates remain fairly stable for our public entities in 2013-14. Capacity remained robust and stable, creating competition and helping to stabilize and even lower rates through 2014. Super storm Sandy created challenges in keeping property insurance rates stable in 2012-13, but as expected rates have stabilized in 2013-14.

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. An improving economy has allowed for new state spending within California's 2014-15 enacted budget and has allowed for an allocation of funds to be directed towards repayment of debts that accumulated during the recession.

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 services to our members 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/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; which 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 a member on both the finance and property committees.

In 1994 the board employed its first Safety Officer followed by its second in 2011; Trindel has always held the belief that the best way to reduce the cost of insurance is to reduce losses. The Safety Officers work 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. In 2013 we established a Director of Loss Prevention and in February of 2014 the board created a Human Resources Consultant position. These positions frequently work with members to conduct investigations of incidents or near-miss occurrences to help isolate the cause and make suggestions to avoid a recurrence. Some recent trainings included ergonomics, sexual harassment, supervisor responsibilities, department safety representative, ethics training and multiple safety compliance topics. The Director of Loss Prevention and HR Consultant also meet three times annually, in convenient locations, with loss prevention representatives, road commissioners, law enforcement staff and human resources staff from each member, at these said meetings Safety Officers share information, provide specific training and additional resources. These meetings are in addition to the monthly and/or bi-monthly visits that the Safety Officer makes to each member. 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.

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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. for 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 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 July 1, 2008. The members started self-insuring for the first \$125,000 of each occurrence. July 1, 2012 the members decided to be 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. Six members currently funded at the 90% confidence level only one member is funded below the expected 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.

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Management Discussion and Analysis
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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 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% (CL) with only one member below 90%. The members are charged a deductible per occurrence for all property losses, the deductible is currently \$1,000 per occurrence, and 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. 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, 2016. Colusa and Trinity counties have similar policy with ESJPA. Alpine and Sutter 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. The Trindel Board established a Loss Prevention Evaluation review that allows members to get a portion of or their entire undisbursed loss prevention subsidy funds back if they meet certain safety and loss prevention criteria. The subsidy amount each member receives is dependent upon the score they receive on the annual evaluation completed by a Trindel Safety Officer. A score of 80% or higher will allow a member to get their entire undisbursed loss prevention subsidy funds returned to their county, while say a member with a score of 50% will get half of their undisbursed loss prevention subsidy funds returned to them, and the other half would be put into the Trindel Undisbursed Loss Prevention Subsidy Fund. That fund will then be equally divided among the eleven counties.

TRINDEL INSURANCE FUND

Management Discussion and Analysis
June 30, 2014

The Leadership Supervisor Training Program (LSTP) was instituted during February 2003. A portion of the Undisbursed Loss Prevention Subsidy Fund to be used for the Leadership Supervisor Training Program (LSTP); on June 30, 2014 this fund had a total balance of \$847,391. All members are required and did participate to varying degrees, in the LSTP during the 2003-04, through 2013-14. 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. 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 of 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 in 2011/12 going forward. 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 and approval 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, prior to that he worked for fourteen years with Trinity County, four of them as the Auditor Controller. Mr. Nelson 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, 2014 41% of the total cash was invested in Chandler Asset Management, 20% was invested in Mono County Treasury, 13% 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 and 24% 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. At a special board meeting in February, 2014 the board approved the purchase of a ½ acre plot of land at the Industrial Park in Weaverville for Trindel to build a new and larger office.

TRINDEL INSURANCE FUND

Management Discussion and Analysis
June 30, 2014

Description of the Basic Financial Statements

Trindel's audited financial statements are prepared in conformity with generally accepted accounting principles and include necessary amounts based upon reliable estimates and judgments.

A Statement of Net Position; Statement of Revenues, Expenses & Changes in Net Position; 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, and Loss Prevention are under detailed 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 November 2, 2006) 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.

In February, 2014 Trindel started an investment pool.

Information on Trindel's long term liabilities can be found in the Notes under 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.

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Management Discussion and Analysis
June 30, 2014

Financial Information Combined Statement of Net Position

	June 30, 2014	June 30, 2013	% Change
<u>Assets</u>			
Current Assets:			
Cash & Equivalents	\$ 29,260,307	\$ 27,017,011	8.30%
Noncurrent Assets:			
Capital Assets, net	83,017	23,360	100.00%
Total Assets	\$ 29,343,324	\$ 27,040,371	8.52%
<u>Liabilities & Net Position</u>			
Current Liabilities:			
Accounts Payable	\$ 30,107	\$ 24,474	23.02%
Current portion of Compensated Absences	34,920	28,495	22.55%
Total Current Liabilities	65,027	52,969	22.76%
Noncurrent Liabilities:			
Long Term Compensated Absences	34,920	28,495	22.55%
Due to Members	29,243,377	26,958,907	8.47%
Total Noncurrent Liabilities	29,278,297	26,987,402	8.49%
Total Liabilities	\$ 29,343,324	\$ 27,040,371	8.52%

TRINDEL INSURANCE FUND

Management Discussion and Analysis
June 30, 2014

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

	June 30, 2014	June 30, 2013	% Change
Operating Revenues:			
Charges for Services	\$ 1,529,730	\$ 1,446,499	5.75%
Operating Expenses:			
Claims Administration (TPAs)	210,407	260,211	(19.14%)
Trindel Admin & Safety Programs			
Salaries and Benefits	715,174	605,149	18.18%
Service and Supplies	303,173	299,702	1.16%
Loss Control Subsidy	100,000	100,000	0.00%
Employee Assistance Program	22,175	28,205	(21.38%)
Loss Control Services & Purchases	172,961	147,392	17.35%
Depreciation	5,840	5,840	0.00%
Total Operating Expenses	1,529,730	1,446,499	5.75%
Increase(Decrease) in Net Position	-	-	0.00%
Net Position, Beginning of Year	-	-	
Net Position, End of Year	\$ -	\$ -	0.00%

Analysis of Financial Information:

Cash and Equivalents increased by 8.30% in 2013-14. The increase is attributed low loss development of within the liability / property program and the self insured retention increase for the workers' compensation program. I expect the increases for the change in SIR will slowly diminish over time but the addition of a new member next year will increase this balance over time.

Capital Assets increased due to the activity in the construction in progress account for the new building construction in 2014.

Accounts payable has a increase 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 2013-14 totaled \$ 1,529,730 for the year. This is a increase from 2012-13 of 5.75%. This increase is mostly due to premium increases in the excess layers.

Salaries and benefits increased 18.18% due to hiring one workers' compensation claims adjuster and one Human Resources Consultant in this fiscal year.

The decrease of 21.38% in claims administration is mostly due to a flat fee contract established with George Hill Co. for the liability claims adjusting this last year.

The decrease in the employee assistance program is attributed to, 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, 2014

Analysis of Significant Variations between 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	7,215,335	7,215,335	7,115,332	(100,003)
Interest income	50,000	50,000	58,019	8,019
Investment Income	-	-	11,529	11,529
Increase (Decrease) in FMV	-	-	(1,144)	(1,144)
Total Revenue	7,265,335	7,265,335	7,183,736	(81,599)
EXPENSES				
Claims expense	-	-	4,331	(4,331)
Claims paid	3,200,000	3,200,000	4,201,628	(1,001,628)
Change in unpaid claims liability	-	-	1,226,000	(1,226,000)
Claims refund	(500)	(500)	(30,394)	29,894
Claims subrogation	(10,000)	(10,000)	(10,697)	697
Claims excess recovery	(40,000)	(40,000)	(760,274)	720,274
Claims administration	426,900	426,900	-	426,900
Workers' Comp claims administration	-	-	426,220	(426,220)
Excess insurance	800,000	800,000	823,420	(23,420)
State fees	20,000	20,000	111,665	(91,665)
Risk management	202,920	202,920	181,796	21,124
Loss control	50,000	50,000	30,008	19,992
Hearing tests	20,000	20,000	16,980	3,020
Loss control subsidy	50,000	50,000	50,000	-
Loss prevention subsidy	395,958	395,958	262,396	133,562
Employee assistance program	45,000	45,000	22,175	22,825
Professional fees	2,500	2,500	-	2,500
General & administrative	250,078	250,078	211,258	38,820
Bank Service Charges	-	-	73	(73)
Depreciation expense	-	-	5,840	(5,840)
Transfers In/Out	-	-	33,095	(33,095)
Return of funds	3,400,000	3,400,000	439,700	2,960,300
Total Expenses	8,812,856	8,812,856	7,245,221	1,567,635

TRINDEL INSURANCE FUND

Management Discussion and Analysis
June 30, 2014

Significant variances between final budget and actual:

This is the first year of our investment activity so we have shown the investment income and change in fair market value.

Actual claims paid and change in liability is difficult to predict at time of budget so I use an average from prior years.

Excess Recoveries are difficult to predict not knowing what claims will be recoverable and how much will be incurred above the SIR.

Our Employee Assistance Program (EAP) has been significantly impacted after implementing the Knox-Keene Health Care Services Plan Act. We will be adding services to this program next year.

We continue to see members withdraw funds (return of funds) in this program as most are funded over 90% confidence level.

TRINDEL INSURANCE FUND

Management Discussion and Analysis
June 30, 2014

Liability/Property Program

	<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUE				
Member Contributions	5,662,760	5,662,760	5,658,752	(4,009)
Interest Income	20,000	20,000	30,176	10,176
Investment Income	-	-	6,547	6,547
Increase (Decrease) in FMV	-	-	(649)	(649)
Total Revenue	<u>5,682,760</u>	<u>5,682,760</u>	<u>5,688,928</u>	<u>6,168</u>
EXPENSES				
Claims expense	-	-	478	(478)
Claims paid	2,900,000	2,900,000	7,559,371	(4,659,371)
Change in unpaid claims liability	-	-	(775,000)	775,000
Claims refund	(500)	(500)	(2,161)	1,661
Claims subrogation	(10,000)	(10,000)	(387)	(9,613)
Claims excess recovery	(750,000)	(750,000)	(6,030,512)	5,280,512
Claims administration	288,000	288,000	210,408	77,592
Workers' Comp claims administration	-	-	2,142	(2,142)
Excess insurance	2,500,000	2,500,000	2,425,572	74,428
Insurance Dividends	-	-	(212,856)	212,856
Risk management	88,110	88,110	90,628	(2,518)
Loss control subsidy	50,000	50,000	50,000	-
Loss prevention subsidy	200,000	200,000	262,395	(62,395)
Professional fees	50,000	50,000	30,918	19,082
General & administrative	108,587	108,587	105,139	3,448
Miscellaneous Expense	-	-	10	(10)
Transfers In/Out	-	-	33,095	(33,095)
Return of funds	3,400,000	3,400,000	757,217	2,642,783
Total Expenses	<u>8,824,197</u>	<u>8,824,197</u>	<u>4,506,455</u>	<u>4,317,742</u>
NET INCOME (LOSS)	<u>(3,141,437)</u>	<u>(3,141,437)</u>	<u>1,182,473</u>	<u>(4,311,574)</u>

Significant variances between final budget and actual:

The amount of Liability claims paid was underestimated because of one very large settlement. The positive side to that is the underestimated excess recovery for the money we collected from the excess carrier.

The actuarial report came back with a significant reduction in claims liability for this program.

There was a dividend declared by CSAC EIA in the GL1 program this affected all of our members including the Fund.

We continue to see members withdraw funds (return of funds) in this program as most are funded over 90% confidence level.

TRINDEL INSURANCE FUND

Management Discussion and Analysis
June 30, 2014

Pollution Program

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Budget/ Actual Variance</u>
REVENUE				
Member contributions	<u>99,883</u>	<u>99,883</u>	<u>99,889</u>	<u>6</u>
Total Revenue	<u>99,883</u>	<u>99,883</u>	<u>99,889</u>	<u>6</u>
EXPENSES				
Excess insurance	<u>99,883</u>	<u>99,883</u>	<u>105,188</u>	<u>(5,305)</u>
Total Expenses	<u>99,883</u>	<u>99,883</u>	<u>105,188</u>	<u>(5,305)</u>
NET INCOME (LOSS)	<u>-</u>	<u>-</u>	<u>(5,299)</u>	<u>5,311</u>

Significant variances between final budget and actual:

There were no significant variances in the budget.

TRINDEL INSURANCE FUND

Management Discussion and Analysis
June 30, 2014

Medical Malpractice Program

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Budget/ Actual Variance</u>
REVENUE				
Member contributions	<u>99,677</u>	<u>99,677</u>	<u>99,681</u>	<u>4</u>
Total Revenue	<u>99,677</u>	<u>99,677</u>	<u>99,681</u>	<u>4</u>
EXPENSES				
Claims refund	<u>-</u>	<u>-</u>	<u>1,708</u>	<u>(1,708)</u>
Insurance expense	<u>99,677</u>	<u>99,677</u>	<u>102,265</u>	<u>(2,588)</u>
Total Expenses	<u>99,677</u>	<u>99,677</u>	<u>103,973</u>	<u>(4,296)</u>
NET INCOME (LOSS)	<u>-</u>	<u>-</u>	<u>(4,293)</u>	<u>4,300</u>

Significant variances between final budget and actual:

We had a 2.5% increase in premium this year.

TRINDEL INSURANCE FUND

Management Discussion and Analysis
June 30, 2014

Undisbursed Loss Prevention Subsidy Fund Program

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Budget/ Actual Variance</u>
REVENUE				
Member contributions	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Total Revenue	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
EXPENSES				
Subsidy	(5,000)	(5,000)	(96,514)	91,514
Loss control	-	-	6,773	(6,773)
Loss prevention subsidy	-	-	6,432	(6,432)
Training	90,000	90,000	76,283	13,717
Dues & subscriptions	30,000	30,000	23,652	6,348
Transfers in/out	-	-	(66,189)	66,189
Total Expenses	<u>115,000</u>	<u>115,000</u>	<u>(49,562)</u>	<u>164,562</u>
NET INCOME (LOSS)	<u>\$ (65,000)</u>	<u>\$ (65,000)</u>	<u>\$ 99,562</u>	<u>\$ (164,562)</u>

Significant variances between final budget and actual:

We received unanticipated revenue in the subsidy line item in the form of a Risk Management Dividend from CSAC EIA. We also received permission from Colusa County to have their subsidy at EIA transferred to Trindel.

The transfer line item represents the dollars that were not attained by the members last year in the loss prevention evaluation.

TRINDEL INSURANCE FUND

Management Discussion and Analysis
June 30, 2014

Trindel Administration

	Original Budget	Final Budget	Actual	Actual Variance
EXPENSES				
Excess insurance	12,000	11,400	11,234	166
Insurance Dividends	-	-	(648)	648
Training	1,000	1,000	797	203
Professional fees	1,700	3,450	4,026	(576)
Audit expenses	16,000	14,500	14,500	-
Investment Advisors	-	2,700	3,624	(924)
Legal expenses	1,200	100	-	100
Salaries	162,000	162,000	154,490	7,510
Employee benefits	50,000	50,000	49,470	530
Bank service charges	50	300	313	(13)
Dues & subscriptions	1,500	1,500	1,480	20
CSOOC conference	3,000	-	-	-
CAJPA	9,000	13,440	13,394	46
PARMA	15,000	10,158	10,594	(436)
Printing & reproduction	100	100	-	100
Utilities & housekeeping	1,000	1,000	803	197
Travel expenses	5,500	5,500	4,732	768
Board meeting & expenses	23,000	34,942	35,876	(934)
Office materials & supplies	5,000	3,250	3,143	107
Communications/IT	8,000	5,110	4,983	127
Depreciation Expense	6,000	-	-	-
Miscellaneous expense	-	1,600	1,543	57
Transfer out Admin.	(324,050)	(324,050)	(316,397)	(7,653)
Rental/lease expense	3,000	2,000	2,043	(43)
Total Expenses	-	-	-	-

Significant variances between final budget and actual:

The overall budget was under spent in the amount of \$7,653.

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, 2014

Loss Prevention:

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Budget/ Actual Variance</u>
EXPENSES				
Loss control	2,000	9,518	9,330	188
Training	3,000	4,835	4,835	-
Law enforcement meeting	7,000	6,110	6,479	(369)
Loss prevention specialist	20,000	11,600	9,160	2,440
Road commissioners meeting	7,000	5,500	5,339	161
Professional fees	1,500	700	313	387
Salaries	140,000	140,000	141,556	(1,556)
Employee benefits	53,000	53,000	49,337	3,663
Bank services charges	-	100	60	40
Dues & subscriptions	1,900	1,800	1,219	581
Printing & reproduction	200	200	-	200
Utilities & housekeeping	400	1,218	792	426
Travel expenses	28,000	27,700	28,811	(1,111)
Office materials & supplies	1,000	3,519	3,097	422
Communications/IT	8,000	7,200	6,875	325
Transfer out Admin.	(278,500)	(278,500)	(272,424)	(6,076)
Rental/lease expense	5,500	5,500	5,221	279
Total Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Significant variances between final budget and actual:

This budget had over spent in the Salaries and travel expenses but was made up by the budget left in benefits and loss prevention specialists meetings.

This budget under spent their budget by \$6,076.

TRINDEL INSURANCE FUND

Management Discussion and Analysis
June 30, 2014

Claims Administration:

	Original Budget	Final Budget	Actual	Budget/ Actual Variance
EXPENSES				
Claims expense	\$ --	\$ --	\$ (15)	\$ 15
Training	13,000	6,985	6,975	10
Professional fees	51,500	51,500	49,382	2,118
Salaries	240,000	240,000	234,619	5,381
Employee benefits	81,000	81,000	85,701	(4,701)
Bank service charges	-	315	313	2
Dues & subscriptions	1,500	3,500	3,344	156
Printing & reproduction	9,800	12,500	9,341	3,159
Utilities & housekeeping	1,700	2,000	1,910	90
Travel expenses	7,000	4,300	4,346	(46)
Office materials & supplies	8,000	16,000	15,979	21
Communications/IT	14,000	14,000	11,841	2,159
Miscellaneous expense	3,000	400	290	110
Transfer out Admin.	(436,900)	(436,900)	(428,362)	(8,538)
Rental/lease expense	6,400	4,400	4,336	64
Total Expenses	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

Significant variances between final budget and actual:

This budget under spent it's budget by \$8,538.

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 July 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. In 2013 -2014 we have seen steady increases in rates with excess coverage. We continue to be concerned about the funding statues of the EWC program with CSAC - EIA.

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 fiscal problems.

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TRINDEL INSURANCE FUND

Statement of Net Position
June 30, 2014
(With Comparative Figures as of June 30, 2013)

	<u>2014</u>	<u>2013</u>
<u>ASSETS</u>		
Current Assets:		
Members' cash and investments	\$ 29,260,307	\$ 27,017,011
Total Current Assets	<u>29,260,307</u>	<u>27,017,011</u>
Noncurrent Assets:		
Capital assets, net	<u>83,017</u>	<u>23,360</u>
Total Noncurrent Assets	<u>83,017</u>	<u>23,360</u>
Total Assets	<u>29,343,324</u>	<u>27,040,371</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts payable	30,107	24,474
Current portion of compensated absences	<u>34,920</u>	<u>34,270</u>
Total Current Liabilities	<u>65,027</u>	<u>58,744</u>
Noncurrent Liabilities:		
Long term portion of compensated absences	34,920	22,720
Due to members	<u>29,243,377</u>	<u>26,958,907</u>
Total Noncurrent Liabilities	<u>29,278,297</u>	<u>26,981,627</u>
Total Liabilities	<u>29,343,324</u>	<u>27,040,371</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, 2014
(With Comparative Figures as of June 30, 2013)

	2014	2013
Operating Revenues:		
Charges for services	\$ 1,529,730	\$ 1,446,499
Total Operating Revenues	1,529,730	1,446,499
Operating Expenses:		
Claims administration (TPAs)	210,407	260,211
Trindel admin. & safety programs:		
Salaries and benefits	715,174	605,149
Services and supplies	303,173	299,702
Loss control subsidy	100,000	100,000
Employee assistance program	22,175	28,205
Loss control services & purchases	172,961	147,392
Depreciation	5,840	5,840
Total Operating Expenses	1,529,730	1,446,499
Change in Net Position	--	--
Net Position, Beginning of Year	--	--
Net Position, End of Year	\$ --	\$ --

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

TRINDEL INSURANCE FUND

Statement of Cash Flows
For the Year Ended June 30, 2014
(With Comparative Figures as of June 30, 2013)

	2014	2013
Cash Flows from Operating Activities:		
Charges for services collected	\$ 1,529,730	\$ 1,446,499
Claims administration	(210,407)	(260,211)
General & administration expenses:		
Paid to vendors	(297,540)	(311,473)
Paid to employees	(702,324)	(593,599)
Loss prevention expenses paid	(295,136)	(275,597)
Net Cash Provided (Used) by Operating Activities	24,323	5,619
Cash Flows from Noncapital Financing Activities:		
Change in due to members	2,284,470	2,379,424
Net Cash Provided (Used) by Noncapital Financing Activities	2,284,470	2,379,424
Cash Flows from Capital and Related Financing Activities:		
Payments related to the acquisition of capital assets	(65,497)	(29,200)
Net Cash Provided (Used) by Capital and Related Financing Activities	(65,497)	(29,200)
Net Increase (Decrease) in Cash	2,243,296	2,355,843
Beginning Members' Cash and Investments	27,017,011	24,661,168
Ending Members' Cash and Investments	\$ 29,260,307	\$ 27,017,011
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	5,840
Increase (decrease) in:		
Accounts payable	5,633	(11,771)
Compensated absences	12,850	11,550
Net Cash Provided (Used) by Operating Activities	\$ 24,323	\$ 5,619

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

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TRINDEL INSURANCE FUND

Notes to Financial Statements
June 30, 2014

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 10 member Board of Directors composed of one member from each of the participating counties.

B. Membership

As of June 30, 2014, membership of the various funds is as follows:

<u>Members</u>	<u>Workers' Compensation</u>	<u>Property Liability</u>	<u>Public Liability</u>	<u>Medical 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, 2014

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

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, 2014

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, 2014

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, 2014:

	<u>Cost</u>	<u>Fair Value</u>
Cash:		
Deposits	\$ 13,661,737	\$ 13,661,737
Cash on hand	50	50
Total Cash and Deposits	<u>13,661,787</u>	<u>13,661,787</u>
Investments:		
California Local Agency Investment Fund	601,743	601,743
Mono County Treasury Pool	4,880,493	4,880,493
Chandler Safekeeping	<u>10,108,255</u>	<u>10,116,284</u>
Total Investments	<u>15,590,491</u>	<u>15,598,520</u>
Total Deposits from Members (Cash and Equivalents)	<u>\$ 29,252,278</u>	<u>\$ 29,260,307</u>

B. Cash Deposits

The carrying amounts of Trindel's cash deposits were \$13,661,737 at June 30, 2014. Bank balances before reconciling items were \$13,876,769 at that date.

Cash balances held in banks are fully insured up to \$250,000 by the Federal Depository Insurance Corporation or are fully collateralized.

TRINDEL INSURANCE FUND

Notes to Financial Statements
June 30, 2014

NOTE 2: MEMBERS' CASH AND INVESTMENTS (CONTINUED)

C. Investments

At June 30, 2014, Trindel had the following investments:

Investments	Interest Rates	Maturities		Par	Cost	Fair Value	WAM (Years)
		From	To				
California LAIF	Variable	On Demand		\$ 601,743	\$ 601,743	\$ 601,743	-
Mono County Treasury Pool	Variable	On Demand		4,880,493	4,880,493	4,880,493	-
Money Market Funds	Variable	On Demand		15,614	15,614	15,614	-
Negotiable Cert. of Deposit	0.45 - 2.875	2/13/2015	6/24/2018	2,550,000	2,583,790	2,588,314	1.99
U.S. Treasury	0.25 - 2.375	8/31/2014	5/31/2017	2,400,000	2,422,190	2,424,392	1.30
U.S. Gov't Agencies (FFC)	0.08 - 0.5	8/4/2014	1/26/2016	750,000	751,440	751,443	0.88
U.S. Gov't Agencies (FHLB)	0.875 - 3.125	8/4/2014	3/9/2018	1,500,000	1,527,743	1,527,151	2.85
U.S. Gov't Agencies (FNM)	0.08 - 2.375	7/14/2014	2/8/2018	1,525,000	1,535,128	1,537,215	3.04
U.S. Gov't Agencies (FHLM)	0.65 - 2.5	5/24/2016	9/29/2017	1,250,000	1,272,350	1,272,155	2.61
				<u>\$ 15,472,850</u>	<u>\$ 15,590,491</u>	<u>\$ 15,598,520</u>	

D. Interest Rate Risk

Trindel manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to five years or less in accordance with its investment policy.

E. Credit Risk

State law and the County's Investment Policy limit investments in commercial paper to the rating of A1 by Standards & Poor's or P-1 by Moody's Investors Service. State law and the County's Investment Policy also limit investments in corporate bonds to the rating of A by Standard & Poor's and Moody's Investors Service. The County does not have minimum credit ratings for government agency securities.

F. Concentration of Credit Risk

The following is a summary of the credit quality distribution and concentration of credit risk by investment type as a percentage of the County Investment Pool's fair value at June 30, 2014.

Investments	<u>S & P</u>	<u>Moody's</u>	<u>% of Portfolio</u>
California Local Agency Investment Fund	Unrated	Unrated	3.86%
Mono County Treasury Pool	Unrated	Unrated	31.29%
Money Market Funds	AAA	Aaa	0.10%
Federal Farm Credits	A-1	P-1	4.82%
Federal Home Loan Bank	A-1	P-1	9.79%
Federal National Mortgage	A-1	P-1	9.85%
Federal Home Loan Mortgage Corp.	A-1	P-1	8.16%
Certificates of Deposit	AA-	A1	16.59%
U.S. Treasury	AA+	Aaa	15.54%
Total			<u>100.00%</u>

TRINDEL INSURANCE FUND

Notes to Financial Statements
June 30, 2014

NOTE 2: MEMBERS' CASH AND INVESTMENTS (CONTINUED)

G. Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, Trindel will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. At year end, the County's investment pool and specific investments had no securities exposed to custodial credit risk.

H. Local Agency Investment Fund

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.

I. Mono County Treasury Pool

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 INSURANCE FUND

Notes to Financial Statements
June 30, 2014

NOTE 3: CAPITAL ASSETS

Trindel's capital assets consisted of the following at:

	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2014</u>
Capital assets, not being depreciated:				
Construction in progress	\$ -	\$ 65,497	\$ -	\$ 65,497
Capital assets, being depreciated:				
Furniture, Equipment and Vehicles	74,583	-	-	74,583
Accumulated depreciation	<u>(51,223)</u>	<u>(5,840)</u>	<u>-</u>	<u>(57,063)</u>
Total capital assets, being depreciated:	<u>23,360</u>	<u>(5,840)</u>	<u>-</u>	<u>17,520</u>
 Total Capital Assets (Net)	 <u>\$ 23,360</u>	 <u>\$ 59,657</u>	 <u>\$ -</u>	 <u>\$ 83,017</u>

Depreciation expense was \$5,840 for the fiscal year ended June 30, 2014.

NOTE 4: COMPENSATED ABSENCES

The following is a summary of compensated absences of Trindel for the fiscal year ended June 30, 2014:

	<u>July 1, 2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2014</u>	<u>Current Portion</u>
Compensated absences	<u>\$ 56,990</u>	<u>\$ 12,850</u>	<u>\$ -</u>	<u>\$ 69,840</u>	<u>\$ 34,920</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, 2014, not taking into consideration assets and liabilities that belong solely to the member (i.e., risk liability), is as follows:

Alpine County	\$ 1,225,119
Colusa County	2,319,449
Del Norte County	2,839,565
Lassen County	3,843,364
Modoc County	1,642,741
Mono County	3,597,489
Plumas County	5,306,714
San Benito County	4,234,360
Sierra County	875,413
Trinity County	<u>3,359,163</u>
	 <u>\$ 29,243,377</u>

TRINDEL INSURANCE FUND

Notes to Financial Statements
June 30, 2014

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.

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 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 (hired before January 1, 2013)	8.00%
Local miscellaneous members (hired after January 1, 2013)	6.25%

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.

TRINDEL INSURANCE FUND

Notes to Financial Statements
June 30, 2014

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

B. Funding Policy (continued)

Annual Pension Cost

For fiscal year 2013/2014, the Fund's annual pension cost was \$119,324 and the Fund actually contributed \$119,324. The required contribution for fiscal year 2013/2014 was determined as part of the New Agency Actuarial Valuation as of June 30, 2011, actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service ranging from 3.30% to 14.20%; and (c) no cost-of-living adjustment. Both (a) and (b) included an inflation component of 2.75%. 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, 2011 was 21 years.

Three-Year Trend Information⁽¹⁾

Fiscal Year Ending	Annual Pension Cost (APL)	Percentage of APL Contributed	Net Pension Obligation
6/30/12	\$ 84,247	100%	\$ -
6/30/13	101,632	100%	-
6/30/14	119,324	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.

NOTE 9: COMMITMENT

When a former Executive Director of the Fund retired in 1996, the Fund's Board of Directors adopted a policy of awarding lifetime health benefits to the retired Executive Director, now deceased, and his spouse. The Fund paid health benefits of \$3,766 on behalf of the former Executive Director's spouse during the year ended June 30, 2014.

NOTE 10: SUBSEQUENT EVENT

On September 18, 2014, the Board of Directors advertised a bid to construct a new office building in Weaverville California. The Fund anticipates awarding a bid by October 6, 2014 to begin construction by the end of that month. The completion date is estimated to be January 14, 2015.

On July 1, 2014 the Fund added Sutter County as a new member. Sutter County will be the Fund's largest member with an employee base of a 1,000 FTE's.

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SUPPLEMENTAL INFORMATION

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TRINDEL INSURANCE FUND

Statement of Revenues, Expenses and Changes in Net Position (Unaudited)
Administration
For the Year Ended June 30, 2014

	Trindel	Alpine	Colusa	Del Norte	Lassen	Modoc	Mono	Plumas	San Benito	Sierra	Trinity	Total
Expenses:												
Insurance expense	\$ 10,586.00	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 10,586.00
Risk management	797.00	--	--	--	--	--	--	--	--	--	--	797.00
Professional fees	22,150.32	--	--	--	--	--	--	--	--	--	--	22,150.32
General & administrative	280,820.65	--	--	--	--	--	--	--	--	--	--	280,820.65
Transfers in/out	(316,396.75)	--	--	--	--	--	--	--	--	--	--	(316,396.75)
Rental/lease expense	2,042.78	--	--	--	--	--	--	--	--	--	--	2,042.78
Total Expenses	0.00	--	--	--	--	--	--	--	--	--	--	0.00
Total Net Income	0.00	--	--	--	--	--	--	--	--	--	--	0.00
Change in Due to Members	--	--	--	--	--	--	--	--	--	--	--	--
Beginning Due to Members	--	--	--	--	--	--	--	--	--	--	--	--
Ending Due to Members	<u>\$ 0.00</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 0.00</u>

TRINDEL INSURANCE FUND

Statement of Revenues, Expenses and Changes in Net Position (Unaudited)
Loss Prevention
For the Year Ended June 30, 2014

	Trindel	Alpine	Colusa	Del Norte	Lassen	Modoc	Mono	Plumas	San Benito	Sierra	Trinity	Total
Expenses:												
Risk management	\$ 35,143.64	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 35,143.64
Professional fees	313.50	--	--	--	--	--	--	--	--	--	--	313.50
General & administrative	231,745.62	--	--	--	--	--	--	--	--	--	--	231,745.62
Transfers in/out	(272,424.15)	--	--	--	--	--	--	--	--	--	--	(272,424.15)
Rental/lease expense	5,221.39	--	--	--	--	--	--	--	--	--	--	5,221.39
Total Expenses	0.00	--	--	--	--	--	--	--	--	--	--	0.00
Total Net Income	0.00	--	--	--	--	--	--	--	--	--	--	0.00
Change in Due to Members	--	--	--	--	--	--	--	--	--	--	--	--
Beginning Due to Members	--	--	--	--	--	--	--	--	--	--	--	--
Ending Due to Members	\$ 0.00	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 0.00

TRINDEL INSURANCE FUND

Statement of Revenues, Expenses and Changes in Net Position (Unaudited)
 Claims Administration
 For the Year Ended June 30, 2014

	Trindel	Alpine	Colusa	Del Norte	Lassen	Modoc	Mono	Plumas	San Benito	Sierra	Trinity	Total
Revenues:												
Other income	\$ 15.00	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 15.00
Total Revenues	15.00	--	--	--	--	--	--	--	--	--	--	15.00
Expenses:												
State fees	--	--	--	--	--	--	--	--	--	--	--	--
Risk management	6,975.00	--	--	--	--	--	--	--	--	--	--	6,975.00
Professional fees	49,382.00	--	--	--	--	--	--	--	--	--	--	49,382.00
General & administrative	367,684.00	--	--	--	--	--	--	--	--	--	--	367,684.00
Transfers in/out	(428,362.00)	--	--	--	--	--	--	--	--	--	--	(428,362.00)
Rental/lease expense	4,336.00	--	--	--	--	--	--	--	--	--	--	4,336.00
Total Expenses	15.00	--	--	--	--	--	--	--	--	--	--	(49,367.00)
Total Net Income	--	--	--	--	--	--	--	--	--	--	--	49,382.00
Change in Due to Members	--	--	--	--	--	--	--	--	--	--	--	--
Beginning Due to Members	--	--	--	--	--	--	--	--	--	--	--	--
Ending Due to Members	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

TRINDEL INSURANCE FUND

Statement of Revenues, Expenses and Changes in Net Position (Unaudited)
 Workers Compensation
 For the Year Ended June 30, 2014

	Trindel	Alpine	Colusa	Del Norte	Lassen	Modoc	Mono	Plumas	San Benito	Sierra	Trinity	Total
Revenues:												
Member contributions	\$ --	\$ 263,150.00	\$ 546,127.00	\$ 923,868.00	\$ 1,191,382.00	\$ 560,862.00	\$ 645,672.00	\$ 1,171,360.00	\$ 902,112.00	\$ 312,149.00	\$ 598,650.00	\$ 7,115,332.00
Interest income	--	1,891.63	2,891.56	5,747.29	7,858.50	2,909.36	8,395.67	12,492.91	6,324.08	1,615.01	7,892.62	58,018.63
Investment income	--	333.69	551.81	985.16	1,436.13	600.29	1,464.32	2,152.04	1,157.79	320.96	1,383.09	10,385.28
Total Revenues	--	265,375.32	549,570.37	930,600.45	1,200,676.63	564,371.65	655,531.99	1,186,004.95	909,593.87	314,084.97	607,925.71	7,183,735.91
Expenses:												
Claims expense	--	276,188.85	432,743.18	1,114,225.51	1,139,347.83	326,833.42	244,298.25	188,783.95	667,602.40	186,246.73	480,545.16	5,056,815.28
Insurance expense	--	26,439.00	76,767.00	79,544.00	99,941.00	40,756.00	103,187.00	190,528.00	117,209.00	27,103.00	61,946.00	823,420.00
State fees	--	10,192.06	12,360.40	14,642.27	25,216.38	6,781.76	6,238.06	17,373.48	12,761.09	2,152.95	3,946.76	111,665.21
Risk management	--	43,509.91	58,202.80	63,474.93	59,421.04	49,683.29	58,310.13	57,228.60	52,990.13	55,258.71	65,275.36	563,354.90
General & administrative	--	21,717.10	21,717.10	21,717.10	21,717.10	21,717.10	21,717.10	21,717.10	21,717.10	21,717.10	21,717.09	217,170.99
Transfers in/out	--	10,637.50	--	--	--	11,524.00	--	--	10,933.00	--	--	33,094.50
Total Expenses	--	388,684.42	601,790.48	1,293,603.81	1,345,643.35	457,295.57	433,750.54	475,631.13	883,212.72	292,478.49	633,430.37	6,805,520.88
Total Net Income	--	(123,309.10)	(52,220.11)	(363,003.36)	(144,966.72)	107,076.08	221,781.45	710,373.82	26,381.15	21,606.48	(25,504.66)	378,215.03
Return of Funds to Members	--	--	--	300,000.00	139,700.00	--	--	--	--	--	--	(378,215.03)
Change in Due to Members	--	(123,309.10)	(52,220.11)	(663,003.36)	(284,666.72)	107,076.08	221,781.45	710,373.82	26,381.15	21,606.48	(25,504.66)	(61,484.97)
Beginning Due to Members	--	313,177.73	142,141.12	541,555.61	397,313.19	60,740.76	1,097,040.45	896,530.50	572,621.08	111,821.61	1,416,998.42	5,549,940.47
Ending Due to Members	\$ --	\$ 189,868.63	\$ 89,921.01	\$ (121,447.75)	\$ 112,646.47	\$ 167,816.84	\$ 1,318,821.90	\$ 1,606,904.32	\$ 599,002.23	\$ 133,428.09	\$ 1,391,493.76	\$ 5,488,455.50

TRINDEL INSURANCE FUND

Statement of Revenues, Expenses and Changes in Net Position (Unaudited)
Property & Liability
For the Year Ended June 30, 2014

	Trindel	Alpine	Colusa	Del Norte	Lassen	Modoc	Mono	Plumas	San Benito	Sierra	Trinity	Total
Revenues:												
Member contributions	\$ --	\$ 175,312.00	\$ 525,071.50	\$ 1,095,808.00	\$ 875,546.00	\$ 257,090.00	\$ 488,353.00	\$ 526,224.00	\$ 942,948.00	\$ 325,165.00	\$ 447,234.00	\$ 5,658,751.50
Interest income	--	1,964.72	3,501.58	2,065.17	4,508.33	2,535.56	3,743.77	2,768.31	5,753.56	704.35	2,631.06	30,176.41
Investment income	--	327.96	676.75	578.64	862.37	360.73	654.13	582.75	1,146.19	208.74	499.46	5,897.72
Total Revenues	--	177,604.68	529,249.83	1,098,451.81	880,916.70	259,986.29	492,750.90	529,575.06	949,847.75	326,078.09	450,364.52	5,694,825.63
Expenses:												
Claims expense	--	105,505.16	(70,917.66)	387,359.35	327,009.72	136,879.22	310,572.03	(65,270.40)	(61,715.53)	(137,035.55)	31,951.25	964,337.59
Insurance expense	--	72,155.00	220,336.00	338,887.00	302,113.00	117,564.00	240,001.00	229,640.00	338,689.00	94,686.00	258,645.00	2,212,716.00
Risk management	--	32,973.83	43,611.83	43,611.83	43,611.83	32,087.83	43,611.83	43,611.83	32,678.83	43,611.83	43,611.73	403,023.20
Professional fees	--	12,479.97	--	20.00	18,347.88	--	10.00	40.00	--	20.00	--	30,917.85
General & administrative	--	8,850.35	9,169.07	13,284.47	12,545.74	9,287.46	9,994.87	10,565.28	11,938.16	9,063.32	10,450.54	105,149.26
Transfers in/out	--	10,637.50	--	--	--	11,524.00	--	--	10,933.00	--	--	33,094.50
Total Expenses	--	242,601.81	202,199.24	783,162.65	703,628.17	307,342.51	604,189.73	218,586.71	332,523.46	10,345.60	344,658.52	3,749,238.40
Total Net Income	--	(64,997.13)	327,050.59	315,289.16	177,288.53	(47,356.22)	(111,438.83)	310,988.35	617,324.29	315,732.49	105,706.00	1,945,587.23
Return of Funds to Members	--	--	116,380.00	--	331,965.00	308,872.00	--	--	--	--	--	(1,945,587.23)
Change in Due to Members	--	(64,997.13)	210,670.59	315,289.16	(154,676.47)	(356,228.22)	(111,438.83)	310,988.35	617,324.29	315,732.49	105,706.00	1,188,370.23
Beginning Due to Members	--	534,142.86	711,694.80	(70,525.39)	807,764.11	708,826.71	849,052.25	522,784.00	786,842.55	(160,390.49)	593,027.99	5,283,219.39
Ending Due to Members	\$ --	\$ 469,145.73	\$ 922,365.39	\$ 244,763.77	\$ 653,087.64	\$ 352,598.49	\$ 737,613.42	\$ 833,772.35	\$ 1,404,166.84	\$ 155,342.00	\$ 698,733.99	\$ 6,471,589.62

TRINDEL INSURANCE FUND

Statement of Revenues, Expenses and Changes in Net Position (Unaudited)
Pollution
For the Year Ended June 30, 2014

	Trindel	Alpine	Colusa	Del Norte	Lassen	Modoc	Mono	Plumas	San Benito	Sierra	Trinity	Total
Revenues:												
Member contributions	\$ --	\$ 2,862.00	\$ 14,158.00	\$ 4,292.00	\$ 4,292.00	\$ 18,188.00	\$ 23,691.00	\$ 4,292.00	\$ 11,004.00	\$ 9,668.00	\$ 7,442.00	\$ 99,889.00
Total Revenues	<u>--</u>	<u>2,862.00</u>	<u>14,158.00</u>	<u>4,292.00</u>	<u>4,292.00</u>	<u>18,188.00</u>	<u>23,691.00</u>	<u>4,292.00</u>	<u>11,004.00</u>	<u>9,668.00</u>	<u>7,442.00</u>	<u>99,889.00</u>
Expenses:												
Insurance expense	--	2,861.67	14,170.29	4,291.33	4,291.33	21,091.60	25,094.73	4,291.33	11,490.22	10,159.63	7,445.62	105,187.75
Total Expenses	<u>--</u>	<u>2,861.67</u>	<u>14,170.29</u>	<u>4,291.33</u>	<u>4,291.33</u>	<u>21,091.60</u>	<u>25,094.73</u>	<u>4,291.33</u>	<u>11,490.22</u>	<u>10,159.63</u>	<u>7,445.62</u>	<u>105,187.75</u>
Total Net Income	<u>--</u>	<u>0.33</u>	<u>(12.29)</u>	<u>0.67</u>	<u>0.67</u>	<u>(2,903.60)</u>	<u>(1,403.73)</u>	<u>0.67</u>	<u>(486.22)</u>	<u>(491.63)</u>	<u>(3.62)</u>	<u>(5,298.75)</u>
Change in Due to Members	<u>--</u>	<u>0.33</u>	<u>(12.29)</u>	<u>0.67</u>	<u>0.67</u>	<u>(2,903.60)</u>	<u>(1,403.73)</u>	<u>0.67</u>	<u>(486.22)</u>	<u>(491.63)</u>	<u>(3.62)</u>	<u>(5,298.75)</u>
Beginning Due to Members	<u>--</u>	<u>9,336.62</u>	<u>12,742.86</u>	<u>9,875.71</u>	<u>10,359.13</u>	<u>7,711.71</u>	<u>(385.74)</u>	<u>18,934.85</u>	<u>12,301.92</u>	<u>11,975.81</u>	<u>6,952.56</u>	<u>99,805.43</u>
Ending Due to Members	<u>\$ --</u>	<u>\$ 9,336.95</u>	<u>\$ 12,730.57</u>	<u>\$ 9,876.38</u>	<u>\$ 10,359.80</u>	<u>\$ 4,808.11</u>	<u>\$ (1,789.47)</u>	<u>\$ 18,935.52</u>	<u>\$ 11,815.70</u>	<u>\$ 11,484.18</u>	<u>\$ 6,948.94</u>	<u>\$ 94,506.68</u>

TRINDEL INSURANCE FUND

Statement of Revenues, Expenses and Changes in Net Position (Unaudited)
 Medical Malpractice
 For the Year Ended June 30, 2014

	Trindel	Alpine	Colusa	Del Norte	Lassen	Modoc	Mono	Plumas	San Benito	Sierra	Trinity	Total
Revenues:												
Member contributions	\$ --	\$ 2,442.00	\$ 5,865.50	\$ 15,844.00	\$ 10,518.00	\$ 10,860.00	\$ 5,708.00	\$ 12,540.00	\$ 16,868.00	\$ 12,083.00	\$ 6,952.00	\$ 99,680.50
Total Revenues	<u>--</u>	<u>2,442.00</u>	<u>5,865.50</u>	<u>15,844.00</u>	<u>10,518.00</u>	<u>10,860.00</u>	<u>5,708.00</u>	<u>12,540.00</u>	<u>16,868.00</u>	<u>12,083.00</u>	<u>6,952.00</u>	<u>99,680.50</u>
Expenses:												
Claims expense	--	--	--	--	--	--	--	1,708.26	--	--	--	1,708.26
Insurance expense	--	4,211.00	6,483.00	22,156.00	8,801.00	7,925.00	7,369.00	10,449.00	11,098.00	15,092.00	8,681.00	102,265.00
Total Expenses	<u>--</u>	<u>4,211.00</u>	<u>6,483.00</u>	<u>22,156.00</u>	<u>8,801.00</u>	<u>7,925.00</u>	<u>7,369.00</u>	<u>12,157.26</u>	<u>11,098.00</u>	<u>15,092.00</u>	<u>8,681.00</u>	<u>103,973.26</u>
Total Net Income	<u>--</u>	<u>(1,769.00)</u>	<u>(617.50)</u>	<u>(6,312.00)</u>	<u>1,717.00</u>	<u>2,935.00</u>	<u>(1,661.00)</u>	<u>382.74</u>	<u>5,770.00</u>	<u>(3,009.00)</u>	<u>(1,729.00)</u>	<u>(4,292.76)</u>
Change in Due to Members	--	(1,769.00)	(617.50)	(6,312.00)	1,717.00	2,935.00	(1,661.00)	382.74	5,770.00	(3,009.00)	(1,729.00)	(4,292.76)
Beginning Due to Members	--	9,677.08	22,628.84	46,961.78	(2,030.60)	14,330.00	31,355.53	9,547.78	19,691.41	6,305.69	31,145.11	189,612.62
Ending Due to Members	<u>\$ --</u>	<u>\$ 7,908.08</u>	<u>\$ 22,011.34</u>	<u>\$ 40,649.78</u>	<u>\$ (313.60)</u>	<u>\$ 17,265.00</u>	<u>\$ 29,694.53</u>	<u>\$ 9,930.52</u>	<u>\$ 25,461.41</u>	<u>\$ 3,296.69</u>	<u>\$ 29,416.11</u>	<u>\$ 185,319.86</u>

TRINDEL INSURANCE FUND

Statement of Revenues, Expenses and Changes in Net Position (Unaudited)
 Undisbursed Loss Prevention Subsidy
 For the Year Ended June 30, 2014

	Trindel	Alpine	Colusa	Del Norte	Lassen	Modoc	Mono	Plumas	San Benito	Sierra	Trinity	Total
Revenues:												
Member contributions	\$ --	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 50,000.00
Total Revenues	<u>--</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>	<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>
Expenses:												
Insurance expense	--	(5,844.00)	(39,115.79)	(6,628.00)	(6,636.00)	(6,006.00)	(6,464.00)	(6,773.00)	(6,937.00)	(5,952.00)	(6,158.00)	(96,513.79)
Risk management	6,432.48	10,335.48	3,000.00	5,395.71	7,462.34	73.68	10,829.01	13,054.50	4,570.22	22,269.52	6,065.62	89,488.56
General & administrative	--	--	--	--	12,695.00	3,109.05	4,848.00	--	--	--	3,000.00	23,652.05
Transfers in/out	(39,976.48)	(2,621.25)	(2,621.25)	(2,621.25)	(2,621.25)	(2,621.25)	(2,621.25)	(2,621.25)	(2,621.25)	(2,621.25)	(2,621.25)	(66,188.98)
Total Expenses	<u>(33,544.00)</u>	<u>1,870.23</u>	<u>(38,737.04)</u>	<u>(3,853.54)</u>	<u>10,900.09</u>	<u>(5,444.52)</u>	<u>6,591.76</u>	<u>3,660.25</u>	<u>(4,988.03)</u>	<u>13,696.27</u>	<u>286.37</u>	<u>(49,562.16)</u>
Total Net Income	<u>33,544.00</u>	<u>3,129.77</u>	<u>43,737.04</u>	<u>8,853.54</u>	<u>(5,900.09)</u>	<u>10,444.52</u>	<u>(1,591.76)</u>	<u>1,339.75</u>	<u>9,988.03</u>	<u>(8,696.27)</u>	<u>4,713.63</u>	<u>99,562.16</u>
Change in Due to Members	<u>33,544.00</u>	<u>3,129.77</u>	<u>43,737.04</u>	<u>8,853.54</u>	<u>(5,900.09)</u>	<u>10,444.52</u>	<u>(1,591.76)</u>	<u>1,339.75</u>	<u>9,988.03</u>	<u>(8,696.27)</u>	<u>4,713.63</u>	<u>99,562.16</u>
Beginning Due to Members	<u>32,645.00</u>	<u>84,614.92</u>	<u>76,256.04</u>	<u>73,283.79</u>	<u>97,937.17</u>	<u>59,245.46</u>	<u>107,016.31</u>	<u>48,975.35</u>	<u>81,268.87</u>	<u>41,870.19</u>	<u>44,676.38</u>	<u>747,789.48</u>
Ending Due to Members	<u>\$ 66,189.00</u>	<u>\$ 87,744.69</u>	<u>\$ 119,993.08</u>	<u>\$ 82,137.33</u>	<u>\$ 92,037.08</u>	<u>\$ 69,689.98</u>	<u>\$ 105,424.55</u>	<u>\$ 50,315.10</u>	<u>\$ 91,256.90</u>	<u>\$ 33,173.92</u>	<u>\$ 49,390.01</u>	<u>\$ 847,351.64</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, 2014, and the related notes to the financial statements, and have issued our report thereon dated October 10, 2014.

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
October 10, 2014