

TRINDEL INSURANCE FUND
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



TRINDEL INSURANCE FUND

Board of Directors
Year Ended June 30, 2017

BOARD MEMBERS

| | | |
|-------------------|------------|--------|
| Carol McElroy | Alpine | Member |
| Wendy Tyler | Colusa | Member |
| Neal Lopez | Del Norte | Member |
| Richard Egan | Lassen | Member |
| Chester Robertson | Modoc | Member |
| Leslie Chapman | Mono | Member |
| Roberta Allen | Plumas | Member |
| Joe Paul Gonzalez | San Benito | Member |
| Van Maddox | Sierra | Member |
| Nathan Black | Sutter | Member |
| Angie Bickle | Trinity | Member |

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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, 2017, 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 and the aggregate remaining fund information as of June 30, 2017, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the 2016 financial statements of the Trindel Insurance Fund, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 7, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, 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 Statements 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 Statements of Revenues, Expenses, and Changes in Net Position by Program are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Statements of Revenues, Expenses, and Changes in Net Position by Program are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board of Directors
Trindel Insurance Fund

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2017 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 solely 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 the effectiveness of Trindel Insurance Fund's 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.

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

CliftonLarsonAllen LLP

Roseville, California
December 4, 2017

MANAGEMENT'S DISCUSSION & ANALYSIS

TRINDEL INSURANCE FUND

Management Discussion and Analysis
June 30, 2017

Created by Executive Director, David Nelson, Trindel staff the following report provides general information on Trindel Insurance Fund and on its financial condition for the fiscal year ended June 30, 2017. 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, 2016 the members employed 3,990 staff to serve a population of 294,078.

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 fourteen positions. Seven of Workers' Compensation claims handling, three full time Loss Prevention positions, one full time Liability/Property position, one Financial Analyst, and one Administrative Assistant, under the supervision of the Executive Director. The workers' compensation and liability/property employees provide claims handling for the members. The Loss Prevention 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 Financial Analyst provides financial analysis for the members and Executive Director. 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 by four different outside agencies. First, a financial audit is performed annually by an outside audit firm. Secondly, a claims audit is performed for both major programs every two years by CSAC EIA. Third, an accreditation audit is performed every three years by CAJPA. Lastly, an audit is performed by the Department of Industrial Relations Division of Workers' Compensation. All excess insurance coverage's are purchased through either the CSAC-Excess Insurance Authority or Alliant Insurance Services.

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Management Discussion and Analysis
June 30, 2017

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, an increase in drug/opiate abuse, and increased indemnity claim frequency and severity. Casualty insurance rates remain fairly stable for our public entities in 2016-17. Capacity remained robust and stable, creating competition and helping to stabilize rates through 2017. The property markets remained soft, but may begin to harden due to the large number of natural disasters we've experienced in the United States and throughout the world.

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.

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.

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 a coordinator in 2015 and funded a third safety position in the 16/17 budget; 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 training included customer service skills, sexual harassment, supervisor skills and responsibilities, department safety representative, teamwork, 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

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Management Discussion and Analysis June 30, 2017

meetings Safety Officers share information, provide specific training and additional resources. These meetings are in addition to the annual Department Safety Representative meeting, as well as 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.

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, 2015 respectively. The process for reaccreditation was undertaken in August 2015 the next one will be in 2018.

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. Currently there are four members funded above the 90% confidence level. Starting April 1, 2012 workers' compensation program and claims are administered in house by Trindel. On April 1, 2015 Trindel purchased a claims software from JDI to help process claims. All members participate in the Workers' Compensation Program.

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 \$25 million with a \$100,000 Self-Insured Retention (SIR).

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Management Discussion and Analysis
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Claims are administered by Trindel, who also acts as a clearing house for claims that may have coverage in other areas or have overlapping coverage or issues (i.e. aircraft, boiler & machinery, crime/bond, medical malpractice, pollution and watercraft). Trindel directs the claims 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. The coverage includes all risk, earthquake, and flood for all members except for Del Norte San Benito and Trinity Counties that just receive all risk and flood. Del Norte and San Benito both purchase additional earthquake coverage on specific locations to make up for this gap in coverage. The majority of the members purchase replacement cost 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 2014. The next appraisals will be completed in the summer of 2019. Acquisition and removal of property is done each year through Alliant Insurance.

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 participate in the Liability/Property Program with Trindel 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 years.

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 June 30, 2018. 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.

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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. In 2016-17, for the first time since the start of the program, all eleven members achieved a score of 80% or higher.

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, 2017 this fund had a total balance of \$1,128,107. All members are required and did participate to varying degrees, in the LSTP during the 2016-17 fiscal year. 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 holds the position because the Trinity Auditor was unwilling. The Assistant Treasurer is a signatory on all bank accounts and investments. As of July 2011 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.

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.

TRINDEL INSURANCE FUND

Management Discussion and Analysis
June 30, 2017

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 15-04 and 16-04 for the distribution of costs in claim handling with fixed costs being allocated evenly and variable costs being allocated on three year loss data.

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

CliftonLarsonAllen 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, 2017

Financial Information Combined Statement of Net Position

| | 2017 | 2016 | % Change |
|---------------------------------------|----------|----------|----------|
| ASSETS | | | |
| Current Assets: | | | |
| Members' cash and investments | \$ 5,169 | \$ 5,194 | |
| Total Current Assets | 5,169 | 5,194 | -0.48% |
| Noncurrent Assets: | | | |
| Capital assets, net | 794,285 | 832,014 | |
| Total Noncurrent Assets | 794,285 | 832,014 | -4.53% |
| Total Assets | 799,454 | 837,208 | -4.51% |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred Pension | 212,657 | 215,008 | |
| LIABILITIES | | | |
| Current Liabilities: | | | |
| Accounts payable | 43,695 | 28,778 | |
| Compensated absences | 23,519 | 18,981 | |
| Total Current Liabilities | 67,214 | 47,759 | 40.74% |
| Noncurrent Liabilities: | | | |
| Compensated absences | 23,519 | 18,981 | |
| Net pension liability | 100,052 | 75,548 | |
| Due to members | 781,187 | 827,529 | -5.60% |
| Total Noncurrent Liabilities | 904,758 | 922,058 | -1.88% |
| Total Liabilities | 971,972 | 969,817 | 0.22% |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred Pension | 40,139 | 82,399 | |
| NET POSITION | | | |
| Unrestricted | \$ - | \$ - | |

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Management Discussion and Analysis
June 30, 2017

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

| | <u>2017</u> | <u>2016</u> | <u>% Change</u> |
|---------------------------------|------------------|------------------|-----------------|
| Operating Revenues: | | | |
| Charges for services | \$ 1,563,529 | \$ 1,173,066 | 33.29% |
| Total Operating Revenues | <u>1,563,529</u> | <u>1,173,066</u> | |
| Operating Expenses: | | | |
| Trindel administration: | | | |
| Salaries and benefits | 1,038,048 | 867,971 | 19.59% |
| Services and supplies | 399,595 | 297,912 | 34.13% |
| Loss prevention | 103,563 | 67,331 | 53.81% |
| Pension expense | (15,405) | (98,775) | |
| Depreciation | 37,728 | 38,627 | |
| Total Operating Expenses | <u>1,563,529</u> | <u>1,173,066</u> | 33.29% |
| 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> | |

Analysis of Financial Information:

In 2017 charges for services was impacted by having a full staff and new programs.

Accounts Payable included invoices that were paid after year-end.

The variance in the Loss prevention line item is due to the addition of a new DSR Meeting as well as having a new Loss Prevention Coordinator for the full year.

TRINDEL INSURANCE FUND

Management Discussion and Analysis
June 30, 2017

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 | \$ 11,429,287 | \$ 11,429,287 | \$ 11,429,264 | \$ (23) |
| Interest income | 9,000 | 9,000 | 8,181 | (819) |
| Investment Income | 108,000 | 108,000 | 168,609 | 60,609 |
| Increase (Decrease) in FMV | 1,000 | 1,000 | (106,559) | (107,559) |
| Total Revenue | <u>11,547,287</u> | <u>11,547,287</u> | <u>11,499,495</u> | <u>(47,792)</u> |
| EXPENSES | | | | |
| Claims Expense | - | - | (34) | 34 |
| Claims Paid | 5,000,000 | 5,000,000 | 4,752,641 | 247,359 |
| Change in Unpaid Claims Liability | 1,000,000 | 1,000,000 | 4,788,000 | (3,788,000) |
| Claims Refund | (40,000) | (40,000) | (30,830) | (9,170) |
| Claims Subrogation | (5,000) | (5,000) | (3,362) | (1,638) |
| Claims Excess Recovery | (500,000) | (500,000) | (1,105,581) | 605,581 |
| Internal Claims Administration | 675,421 | 675,421 | 615,626 | 59,795 |
| Excess Insurance | 1,583,095 | 1,583,095 | 1,399,018 | 184,077 |
| State Fees | 130,000 | 130,000 | 126,084 | 3,916 |
| Risk Management | 341,978 | 341,978 | 256,894 | 85,084 |
| Loss Control | 27,500 | 27,500 | 13,775 | 13,725 |
| Hearing Tests | 22,000 | 22,000 | 15,950 | 6,050 |
| Loss Control Subsidy | 55,000 | 55,000 | 55,000 | - |
| Loss Prevention Subsidy | 442,200 | 442,200 | 380,292 | 61,908 |
| Employee Assistance Program | 15,000 | 15,000 | 18,715 | (3,715) |
| General & Administrative | 302,106 | 302,106 | 228,936 | 73,170 |
| Transfers In/Out | 43,000 | 43,000 | 61,908 | (18,908) |
| Return of Funds | 500,000 | 500,000 | 500,000 | - |
| Total Expenses | <u>9,592,300</u> | <u>9,592,300</u> | <u>12,073,032</u> | <u>(2,480,732)</u> |
| NET INCOME (LOSS) | <u>\$ 1,954,987</u> | <u>\$ 1,954,987</u> | <u>\$ (573,537)</u> | <u>\$ (2,528,524)</u> |

TRINDEL INSURANCE FUND

Management Discussion and Analysis
June 30, 2017

Significant variances between original and final budget:

The change in unpaid claims liability is determined by an annual actuary analysis and is done after the budget process.

Our claims excess recovery was larger than anticipated due to larger claims.

Investment Income performed better than expected.

Liability/Property Program

| | Original Budget | Final Budget | Actual | Budget/ Actual Variance |
|-----------------------------------|-----------------------|-----------------------|---------------------|-------------------------------|
| REVENUE | | | | |
| Member Contributions | \$ 6,767,756 | \$ 6,767,756 | \$ 6,346,697 | \$ (421,059) |
| Interest Income | 3,600 | 3,600 | 3,086 | (514) |
| Investment Income | 48,000 | 48,000 | 63,735 | 15,735 |
| Increase (Decrease) in FMV | -- | -- | (61,807) | (61,807) |
| Total Revenue | <u>6,819,356</u> | <u>6,819,356</u> | <u>6,351,711</u> | <u>(467,645)</u> |
| EXPENSES | | | | |
| Claims Expense | -- | -- | 8,328 | (8,328) |
| Claims Paid | 4,000,000 | 4,000,000 | 3,032,731 | 967,269 |
| Change in Unpaid Claims Liability | -- | -- | (601,000) | 601,000 |
| Claims Refund | (2,000) | (2,000) | (4,426) | 2,426 |
| Claims Subrogation | (2,000) | (2,000) | (32,629) | 30,629 |
| Claims Excess Recovery | (1,000,000) | (1,000,000) | (2,237,401) | 1,237,401 |
| Claims Administration | 194,347 | 194,347 | 55,808 | 138,539 |
| Internal Claims Administration | -- | -- | 158,178 | (158,178) |
| Insurance Expense | -- | -- | - | -- |
| Excess Insurance | 3,203,738 | 3,203,738 | 3,199,139 | 4,599 |
| Insurance Dividends | -- | -- | (985) | 985 |
| Risk Management | 168,437 | 168,437 | 126,522 | 41,915 |
| Loss Control Subsidy | 55,000 | 55,000 | 55,000 | -- |
| Loss Prevention Subsidy | 217,800 | 217,800 | 187,308 | 30,492 |
| Employee Assistance Program | -- | -- | - | -- |
| Professional Fees | 70,000 | 70,000 | 29,073 | 40,927 |
| General & Administrative | 148,798 | 148,798 | 127,814 | 20,984 |
| Transfers In/Out | 25,000 | 25,000 | 30,492 | (5,492) |
| Return of Funds | 1,500,000 | 1,500,000 | 312,110 | 1,187,890 |
| Total Expenses | <u>8,579,120</u> | <u>8,579,120</u> | <u>4,446,062</u> | <u>4,133,058</u> |
| NET INCOME (LOSS) | <u>\$ (1,759,764)</u> | <u>\$ (1,759,764)</u> | <u>\$ 1,905,649</u> | <u>\$ 3,665,413</u> |

Significant variances between original and final budget:

We expected members to withdraw funds (return of funds) in this program as most are funded over 90% confidence level, but that was not the case.

TRINDEL INSURANCE FUND

Management Discussion and Analysis
June 30, 2017

Pollution Program

| | Original Budget | Final Budget | Actual | Budget/ Actual Variance |
|--------------------------|--------------------|-----------------|------------------|-------------------------------|
| REVENUE | | | | |
| Member contributions | \$ 113,300 | \$ 113,300 | \$ 113,180 | \$ (120) |
| Total Revenue | <u>113,300</u> | <u>113,300</u> | <u>113,180</u> | <u>(120)</u> |
| EXPENSES | | | | |
| Insurance expense | -- | -- | 27,634 | (27,632) |
| Excess insurance | 113,300 | 113,300 | 13,516 | 99,784 |
| Total Expenses | <u>113,300</u> | <u>113,300</u> | <u>41,150</u> | <u>72,152</u> |
| NET INCOME (LOSS) | <u>\$ --</u> | <u>\$ --</u> | <u>\$ 72,030</u> | <u>\$ (72,272)</u> |

Significant variances between original and final budget:

Excess insurance was higher than expected because we did not anticipate pre-paid amounts.

Medical Malpractice Program

| | Original Budget | Final Budget | Actual | Budget/ Actual Variance |
|--------------------------|--------------------|-----------------|--------------------|-------------------------------|
| REVENUE | | | | |
| Member contributions | \$ 256,527 | \$ 256,527 | \$ 256,528 | \$ 1 |
| Other income | -- | -- | 25,509 | 25,509 |
| Total Revenue | <u>256,527</u> | <u>256,527</u> | <u>282,037</u> | <u>25,510</u> |
| EXPENSES | | | | |
| Insurance dividends | -- | -- | 25,509 | (25,509) |
| Excess insurance | 256,527 | 256,527 | 304,448 | (47,921) |
| Total Expenses | <u>256,527</u> | <u>256,527</u> | <u>329,957</u> | <u>(73,430)</u> |
| NET INCOME (LOSS) | <u>\$ --</u> | <u>\$ --</u> | <u>\$ (47,920)</u> | <u>\$ 98,940</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, 2017

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 | \$ 55,000 | \$ 55,000 | \$ 77,000 | \$ 22,000 |
| Total Revenue | <u>55,000</u> | <u>55,000</u> | <u>77,000</u> | <u>22,000</u> |
| EXPENSES | | | | |
| Subsidy | (70,000) | (70,000) | (64,850) | (5,150) |
| Loss control | -- | -- | 22,742 | (22,742) |
| Loss prevention subsidy | -- | -- | 33,000 | (33,000) |
| Training | 200,000 | 200,000 | 90,115 | (109,885) |
| Dues & subscriptions | 25,000 | 25,000 | 15,230 | 9,770 |
| Transfers in/out | <u>(60,000)</u> | <u>(60,000)</u> | <u>(92,400)</u> | <u>32,400</u> |
| Total Expenses | <u>95,000</u> | <u>95,000</u> | <u>3,837</u> | <u>91,163</u> |
| NET INCOME (LOSS) | <u>\$ (40,000)</u> | <u>\$ (40,000)</u> | <u>\$ 73,163</u> | <u>\$ (113,163)</u> |

Significant variances between original and final budget:

The Training funds were not utilized by the members as expected.

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, 2017

Trindel Administration

| | Original Budget | Final Budget | Actual | Budget/ Actual Variance |
|-----------------------------|--------------------|-----------------|-----------------|-------------------------------|
| EXPENSES | | | | |
| Insurance Expense | \$ 15,500 | \$ 15,500 | \$ 15,487 | \$ 13 |
| Training | 3,000 | 3,000 | 1,548 | 1,452 |
| Professional Fees | 3,000 | 3,000 | 2,651 | 349 |
| Audit Expenses | 22,000 | 22,000 | 19,330 | 2,670 |
| Investment Advisors | 15,000 | 15,000 | 18,608 | (3,608) |
| Salaries | 229,456 | 229,456 | 183,169 | 46,287 |
| Employee Benefits | 72,594 | 72,594 | 62,026 | 10,568 |
| Pension Expense | -- | -- | (3,819) | 3,819 |
| Bank Service Charges | 300 | 300 | 275 | 25 |
| Dues & Subscriptions | 4,000 | 4,000 | 3,226 | 774 |
| Conferences | 15,000 | 15,000 | 21,932 | (6,932) |
| CAJPA | 10,000 | 10,000 | 11,144 | (1,144) |
| PARMA | 10,000 | 10,000 | 7,576 | 2,424 |
| Printing & Reproduction | -- | -- | 939 | (939) |
| Utilities & Housekeeping | 3,000 | 3,000 | 2,436 | 564 |
| Travel Expenses | 4,000 | 4,000 | 4,061 | (61) |
| Board Meeting Expenses | 20,000 | 20,000 | 21,555 | (1,555) |
| Office Materials & Supplies | 4,000 | 4,000 | 4,943 | (943) |
| Communications/IT | 10,054 | 10,054 | 8,319 | 1,735 |
| Depreciation Expense | 4,000 | 4,000 | 3,637 | 363 |
| Miscellaneous Expense | 6,000 | 6,000 | 4,609 | 1,391 |
| Transfer out Admin | (450,904) | (450,904) | (387,206) | (63,698) |
| Total Expenses | <u>\$ --</u> | <u>\$ --</u> | <u>\$ 6,446</u> | <u>\$ (6,446)</u> |

Significant variances between original and final budget:

The overall budget was very close to actual.

Salaries and benefits were under budget due to Financial Analyst position not being filled until March, 2017.

TRINDEL INSURANCE FUND

Management Discussion and Analysis
June 30, 2017

Loss Prevention

| | Original Budget | Final Budget | Actual | Budget/ Actual Variance |
|-----------------------------|--------------------|-----------------|-----------------|-------------------------------|
| EXPENSES | | | | |
| Loss Control | \$ 17,000 | \$ 17,000 | \$ 15,595 | \$ 1,405 |
| Training | 8,000 | 8,000 | 17,666 | (9,666) |
| Law Enforcement Meeting | 5,000 | 5,000 | 3,314 | 1,686 |
| Loss Prevention Specialist | 36,000 | 36,000 | 29,241 | 6,759 |
| Road Commissioners Meeting | 25,000 | 25,000 | 25,239 | (239) |
| Professional Fees | 5,000 | 5,000 | 825 | 4,175 |
| Salaries | 249,821 | 249,821 | 180,023 | 69,798 |
| Employee Benefits | 77,444 | 77,444 | 43,412 | 34,032 |
| Pension Expense | -- | -- | (3,088) | 3,088 |
| Bank Service Charges | 250 | 250 | 458 | (208) |
| Dues & Subscriptions | 2,500 | 2,500 | 2,504 | (4) |
| Printing & Reproduction | 3,500 | 3,500 | 1,532 | 1,968 |
| Utilities & Housekeeping | 3,000 | 3,000 | 2,662 | 338 |
| Travel Expenses | 35,000 | 35,000 | 35,861 | (861) |
| Office Materials & Supplies | 5,000 | 5,000 | 3,204 | 1,796 |
| Communications/IT | 20,000 | 20,000 | 18,270 | 1,730 |
| Depreciation Expense | 15,400 | 15,400 | 15,120 | 280 |
| Miscellaneous Expense | 2,500 | 2,500 | 528 | 1,972 |
| Transfer out Admin | (510,415) | (510,415) | (383,424) | (126,991) |
| Total Expenses | <u>\$ --</u> | <u>\$ -</u> | <u>\$ 8,942</u> | <u>\$ (8,942)</u> |

Significant variances between original and final budget:

Salaries and benefits were under budget due to staff position not filled.

TRINDEL INSURANCE FUND

Management Discussion and Analysis
June 30, 2017

Claims Administration Liability & Property

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Budget/Actual Variance</u> |
|-----------------------------|----------------------------|-------------------------|----------------|-----------------------------------|
| EXPENSES | | | | |
| Claims Administration | \$ - | \$ - | \$ 4,097 | \$ (4,097) |
| Training | 3,000 | 3,000 | 570 | 2,430 |
| Professional Fees | 32,950 | 32,950 | 44,798 | (11,848) |
| Salaries | 67,000 | 67,000 | 59,438 | 7,562 |
| Employee Benefits | 21,197 | 21,197 | 19,543 | 1,654 |
| Pension Expense | -- | -- | (1,239) | 1,239 |
| Bank Service Charges | 200 | 200 | 107 | 93 |
| Dues & Subscriptions | 1,000 | 1,000 | 11 | 989 |
| Printing & Reproduction | -- | -- | 764 | (764) |
| Utilities & Housekeeping | 1,000 | 1,000 | 838 | 162 |
| Travel Expenses | 2,000 | 2,000 | 3,216 | (1,216) |
| Office Materials & Supplies | 3,000 | 3,000 | 887 | 2,113 |
| Communications/IT | 24,800 | 24,800 | 20,723 | 4,077 |
| Depreciation Expense | 2,000 | 2,000 | 1,212 | 788 |
| Miscellaneous Expense | 200 | 200 | 50 | 150 |
| Transfer out Admin | (158,347) | (158,347) | (155,056) | (3,291) |
| | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (40)</u> | <u>\$ 40</u> |

Significant variances between original and final budget:

The overall budget was very close to actual.

TRINDEL INSURANCE FUND

Management Discussion and Analysis
June 30, 2017

Claims Administration Workers' Compensation

| | Original Budget | Final Budget | Actual | Budget/ Actual Variance |
|-----------------------------|--------------------|-----------------|-----------------|-------------------------------|
| EXPENSES | | | | |
| Training | \$ 10,000 | \$ 10,772 | \$ 10,383 | \$ 389 |
| Professional Fees | 40,000 | 44,008 | 40,870 | 3,138 |
| Salaries | 409,550 | 386,094 | 348,176 | 37,918 |
| Employee Benefits | 136,064 | 136,064 | 142,261 | (6,197) |
| Pension Expense | -- | -- | (7,259) | 7,259 |
| Bank Service Charges | 400 | 400 | 388 | 12 |
| Dues & Subscriptions | 2,500 | 2,500 | 1,467 | 1,033 |
| Printing & Reproduction | 10,000 | 15,080 | 10,292 | 4,788 |
| Utilities & Housekeeping | 8,000 | 8,000 | 6,346 | 1,654 |
| Travel Expenses | 4,000 | 4,000 | 2,906 | 1,094 |
| Office Materials & Supplies | 13,000 | 15,490 | 17,218 | (1,728) |
| Communications/IT | 20,000 | 30,391 | 30,171 | 220 |
| Depreciation Expense | 21,107 | 21,107 | 17,760 | 3,347 |
| Miscellaneous Expense | 800 | 1,515 | 1,515 | - |
| Transfer out Admin | (675,421) | (675,421) | (618,787) | (56,634) |
| Total Expenses | <u>\$ --</u> | <u>\$ --</u> | <u>\$ 3,707</u> | <u>\$ (3,707)</u> |

Significant variances between original and final budget:

The overall budget was very close to actual.

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 stay with the prior insurer. July 2012 Trindel increased their workers' compensation self insurance layer to \$300,000. Retaining more of the risk has had a positive effect on our members. We have been operating under the guidelines of SB899, but in January 2013 Senate bill 863 went into effect and the impact of this bill is slightly positive to the public agencies. 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 2015-2016 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.

Request for Information

Questions concerning any of the information presented in this report or requests for additional financial information should be addressed to:

Trindel Insurance Fund
51 Arbuckle Ct.
Weaverville, CA 96093

TRINDEL INSURANCE FUND

Statement of Net Position
June 30, 2017
(With Comparative Figures as of June 30, 2016)

| | 2017 | 2016 |
|--|----------|----------|
| <u>ASSETS</u> | | |
| Current Assets: | | |
| Cash and investments | \$ 5,169 | \$ 5,194 |
| Total Current Assets | 5,169 | 5,194 |
| Noncurrent Assets: | | |
| Capital assets: | | |
| Nondepreciable | 63,006 | 63,006 |
| Depreciable, net | 731,279 | 769,008 |
| Total Noncurrent Assets | 794,285 | 832,014 |
| Total Assets | 799,454 | 837,208 |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | | |
| Deferred Pension | 212,657 | 215,008 |
| <u>LIABILITIES</u> | | |
| Current Liabilities: | | |
| Accounts payable | 43,695 | 28,778 |
| Compensated absences | 23,519 | 18,981 |
| Total Current Liabilities | 67,214 | 47,759 |
| Noncurrent Liabilities: | | |
| Compensated absences | 23,519 | 18,981 |
| Net pension liability | 100,052 | 75,548 |
| Due to members | 781,187 | 827,529 |
| Total Noncurrent Liabilities | 904,758 | 922,058 |
| Total Liabilities | 971,972 | 969,817 |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | |
| Deferred Pension | 40,139 | 82,399 |
| <u>NET POSITION</u> | | |
| Unrestricted | \$ -- | \$ -- |

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, 2017
(With Comparative Figures for the Year Ended June 30, 2016)

| | 2017 | 2016 |
|---------------------------------|--------------|--------------|
| Operating Revenues: | | |
| Charges for services | \$ 1,563,529 | \$ 1,173,066 |
| Total Operating Revenues | 1,563,529 | 1,173,066 |
| Operating Expenses: | | |
| Trindel administration: | | |
| Salaries and benefits | 1,038,048 | 867,971 |
| Services and supplies | 399,595 | 297,912 |
| Loss prevention | 103,563 | 67,331 |
| Pension expense | (15,405) | (98,775) |
| Depreciation | 37,728 | 38,627 |
| Total Operating Expenses | 1,563,529 | 1,173,066 |
| 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

Business-type Activity - Enterprise Fund Statement of Cash Flows For the Year Ended June 30, 2017

| | 2017 |
|---|-----------------|
| Cash Flows from Operating Activities: | |
| Charges for services collected | \$ 1,563,529 |
| General & administration expenses: | |
| Paid to vendors | (369,189) |
| Paid to employees | (1,044,460) |
| Loss prevention expenses paid | (103,563) |
| Net Cash Provided (Used) by Operating Activities | 46,317 |
| Cash Flows from Noncapital Financing Activities: | |
| Change in due to members | (46,342) |
| Net Cash Provided (Used) by Noncapital Financing Activities | (46,342) |
| Cash Flows from Capital and Related Financing Activities: | |
| Payments related to the acquisition of capital assets | -- |
| Net Cash Provided (Used) by Capital and Related Financing Activities | -- |
| Net Increase (Decrease) in Cash | (25) |
| Beginning Members' Cash and Investments | 5,194 |
| Ending Members' Cash and Investments | \$ 5,169 |
| 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 | 37,728 |
| Increase (decrease) in: | |
| Accounts payable | 14,918 |
| Compensated absences | 9,076 |
| Net pension liability | 24,504 |
| Deferred inflows/outflows | (39,909) |
| Net Cash Provided (Used) by Operating Activities | \$ 46,317 |

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

TRINDEL INSURANCE FUND

Private Purpose Trust Funds
Statement of Net Position by Program
As of June 30, 2017

| | <u>Workers'</u> <u>Compensation</u> | <u>Property &</u> <u>Liability</u> | <u>Pollution</u> | <u>Medical</u> <u>Malpractice</u> | <u>Undisbursed</u> <u>Loss Prevention</u> <u>Subsidy</u> | <u>Total</u> |
|--|--|---|-------------------|--------------------------------------|--|----------------------|
| <u>ASSETS</u> | | | | | | |
| Cash and investments | \$ 26,164,447 | \$ 11,420,557 | \$ 30,830 | \$ 112,048 | \$ 1,131,004 | \$ 38,858,886 |
| Accounts Receivable | 191,472 | 170,342 | -- | -- | -- | 361,814 |
| Prepaid expenses | -- | -- | 104,919 | -- | -- | 104,919 |
| Total Assets | <u>26,355,919</u> | <u>11,590,899</u> | <u>135,749</u> | <u>112,048</u> | <u>1,131,004</u> | <u>39,325,619</u> |
| <u>LIABILITIES</u> | | | | | | |
| Accounts payable | 3,128 | 12,531 | -- | -- | 2,887 | 18,546 |
| Claims liabilities | 21,718,001 | 3,890,000 | -- | -- | -- | 25,608,001 |
| Total Liabilities | <u>21,721,129</u> | <u>3,902,531</u> | <u>--</u> | <u>--</u> | <u>2,887</u> | <u>25,626,547</u> |
| <u>NET POSITION</u> | | | | | | |
| Net position held in trust for members | <u>\$ 4,634,790</u> | <u>\$ 7,688,368</u> | <u>\$ 135,749</u> | <u>\$ 112,048</u> | <u>\$ 1,128,117</u> | <u>\$ 13,699,072</u> |

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

TRINDEL INSURANCE FUND

Private Purpose Trust Funds Statement of Changes in Fiduciary Net Position by Program For the Year Ended June 30, 2017

| | Workers' Compensation | Property & Liability | Pollution | Medical Malpractice | Undisbursed Loss Prevention Subsidy | Total |
|---|--------------------------|-------------------------|-------------------|------------------------|---|----------------------|
| Additions: | | | | | | |
| Member contributions | \$ 11,429,264 | \$ 6,346,697 | \$ 113,180 | \$ 282,037 | \$ 77,000 | \$ 18,248,178 |
| Interest income | 8,181 | 3,086 | -- | -- | -- | 11,267 |
| Investment income | 62,050 | 1,928 | -- | -- | -- | 63,978 |
| Total Additions | <u>11,499,495</u> | <u>6,351,711</u> | <u>113,180</u> | <u>282,037</u> | <u>77,000</u> | <u>18,323,423</u> |
| Deductions: | | | | | | |
| Claims expense | 9,016,460 | 379,589 | -- | -- | -- | 9,396,049 |
| Insurance expense | 1,399,018 | 3,198,154 | 41,150 | 329,957 | (64,850) | 4,903,429 |
| State fees | 126,084 | -- | -- | -- | -- | 126,084 |
| Risk management | 740,626 | 368,830 | -- | -- | 145,857 | 1,255,313 |
| Professional fees | -- | 29,073 | -- | -- | -- | 29,073 |
| General & administrative | 228,936 | 127,814 | -- | -- | 15,230 | 371,980 |
| Loss prevention allocation | 61,908 | 30,492 | -- | -- | (92,400) | -- |
| Total Deductions | <u>11,573,032</u> | <u>4,133,952</u> | <u>41,150</u> | <u>329,957</u> | <u>3,837</u> | <u>16,081,928</u> |
| Change in net position before return of funds to members | (73,537) | 2,217,759 | 72,030 | (47,920) | 73,163 | 2,241,495 |
| Return of funds to members | <u>(500,000)</u> | <u>(312,110)</u> | <u>--</u> | <u>--</u> | <u>--</u> | <u>(812,110)</u> |
| Change in net position | (573,537) | 1,905,649 | 72,030 | (47,920) | 73,163 | 1,429,385 |
| Net position - beginning | <u>5,208,327</u> | <u>5,782,719</u> | <u>63,719</u> | <u>159,968</u> | <u>1,054,954</u> | <u>12,269,687</u> |
| Net position - ending | <u>\$ 4,634,790</u> | <u>\$ 7,688,368</u> | <u>\$ 135,749</u> | <u>\$ 112,048</u> | <u>\$ 1,128,117</u> | <u>\$ 13,699,072</u> |

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

TRINDEL INSURANCE FUND

Notes to Basic Financial Statements
June 30, 2017

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, Mono, Plumas and Sutter were later added. 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 11 member Board of Directors composed of one member from each of the participating counties.

B. Membership

As of June 30, 2017, membership of the various funds is as follows:

| Members | Workers' Compensation | Property Liability | Public Liability | Medical Malpractice | Pollution |
|-------------------|--------------------------|-----------------------|---------------------|------------------------|-----------|
| 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 |
| Sutter 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 Basic Financial Statements
June 30, 2017

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.

The *private-purpose trust funds* account for contributions made on behalf of the members for Trindel's various insurance programs.

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.

G. Due To and Due From Members

Since Trindel is a banking/claims servicing pool, no net position is reported for the enterprise fund. Excess is reported as due to members and deficit is shown as due from members.

TRINDEL INSURANCE FUND

Notes to Basic Financial Statements
June 30, 2017

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.

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 \$5,000 and an estimated useful life in excess of five 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:

| | |
|----------|------------------------|
| 5 years | Equipment and vehicles |
| 7 years | Furniture |
| 30 years | Buildings |

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. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Trindel's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows or resources*, represents a consumption of net position that applies to a future period and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. Trindel has one item, pension, which qualifies for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will *not* be recognized as an inflow of resources (revenue) until that time. Trindel has one item which qualifies for reporting in this category.

TRINDEL INSURANCE FUND

Notes to Basic Financial Statements
June 30, 2017

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

M. 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.

N. 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.

O. 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.

P. 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.

Q. 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.

TRINDEL INSURANCE FUND

Notes to Basic Financial Statements
June 30, 2017

NOTE 2: CASH AND INVESTMENTS

A. Credit Risk and Market Value Investments

At June 30, 2017, total cash and investments were as follows:

| | Fair Value |
|--|---------------|
| Cash: | |
| Tri Counties Bank - General Account | 8,199,742 |
| Tri Counties Bank - Workers Compensation | 88,627 |
| Tri Counties Bank - Liability and Property | 41,886 |
| Tri Counties Bank - Money Market | 10,124,901 |
| Cash on hand | 48 |
| Total cash on hand | 18,455,204 |
| Investments: | |
| Chandler Safekeeping | 20,408,852 |
| Total Deposits from Members | \$ 38,864,056 |

Cash and Investments were reported in the financial statements as follows:

| | |
|-----------------------------|---------------|
| Primary Government | \$ 5,169 |
| Private Purpose Trust Funds | 38,858,887 |
| | \$ 38,864,056 |

B. Cash Deposits

The carrying amounts of Trindel's cash deposits were \$18,455,156 at June 30, 2017. Bank balances before reconciling items were \$18,699,020 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 Basic Financial Statements
June 30, 2017

NOTE 2: **CASH AND INVESTMENTS** (CONTINUED)

C. Investments

At June 30, 2017, Trindel had the following investments:

| Investments | Interest Rates | Maturities | | Par | Fair Value | WAM (Years) |
|-----------------------------|----------------|------------|-----------|----------------------|----------------------|----------------|
| | | From | To | | | |
| Money Market Funds | Variable | On Demand | | \$ 10,330 | \$ 10,330 | - |
| U.S. Treasury | 1.00% - 1.625% | 5/31/2018 | 4/30/2021 | 5,110,000 | 5,083,453 | 2.80 |
| Commercial Paper | 1.18% | 7/7/2017 | 7/7/2017 | 405,000 | 403,380 | 0.02 |
| Supranational | 1.00% | 10/5/2018 | 10/5/2018 | 375,000 | 372,909 | 1.27 |
| Asset Backed Securities | 1.01% - 1.49% | 6/18/2018 | 4/15/2020 | 1,847,326 | 1,845,279 | 2.30 |
| Federal Agency Obligations | 0.75% - 2.25% | 7/28/2017 | 6/10/2022 | 7,880,000 | 7,882,670 | 1.83 |
| Medium Term Corporate Notes | 1.125% - 2.55% | 8/15/2017 | 9/24/2022 | 4,795,000 | 4,810,831 | 1.61 |
| | | | | <u>\$ 20,422,656</u> | <u>\$ 20,408,852</u> | |

D. Fair Value Measurements

The Fund categorizes its fair value measurements within the fair value hierarchy by generally accepted accounting principles. These principles recognize a three-tiered value hierarchy, as follows:

- Level 1: Investments reflect prices quoted in active markets;
- Level 2: Investments reflect prices that are based on a similar observable asset either directly or indirectly,
- Level 3: Investments reflect prices based upon unobservable sources.

The Pool has the following recurring fair value measurements as of June 30, 2017:

| Investments by fair value level | | Quoted Price in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) |
|---|---------------|---|---|
| Debt securities | | | |
| US Treasuries | \$ 5,083,453 | \$ 5,083,453 | \$ - |
| US Corporate | 4,810,830 | 4,810,830 | - |
| Government Agency Discount Notes | 7,882,670 | 7,882,670 | - |
| Commercial Paper | 403,380 | 403,380 | - |
| Supranational | 372,909 | - | 372,909 |
| Asset Backed Securities | 1,845,280 | - | 1,845,280 |
| Total investments measured at fair value | \$ 20,398,522 | <u>\$ 18,180,333</u> | <u>\$ 2,218,189</u> |
| Investments measured at amortized cost | | | |
| | CAMP | 10,330 | |
| Total pooled and directed investments | | <u>\$ 20,408,852</u> | |

TRINDEL INSURANCE FUND

Notes to Basic Financial Statements
June 30, 2017

NOTE 2: **CASH AND INVESTMENTS** (CONTINUED)

E. 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.

F. Credit Risk

State law and the County's Investment Policy limit investments in commercial paper to the rating of AI 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.

G. 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 Trindel Investment Pool's fair value at June 30, 2017.

| Investments | <u>S & P</u> | <u>Moody's</u> | <u>% of Portfolio</u> |
|----------------------------|------------------|----------------|---------------------------|
| Money Market Funds | AAA | Aaa | 0.05% |
| Commercial Paper | A-1 | P-1 | 1.98% |
| Supranational | AAA | Aaa | 1.83% |
| Asset Backed Securities | AAA | Aaa | 6.19% |
| Asset Backed Securities | AAA | Unrated | 1.09% |
| Asset Backed Securities | Unrated | Aaa | 1.76% |
| Federal Agency Obligations | AA+ | Aaa | 38.61% |
| U.S. Corporate | AA- | A1 | 3.69% |
| U.S. Corporate | A+ | A1 | 2.49% |
| U.S. Corporate | A | A1 | 3.64% |
| U.S. Corporate | AA- | Aa2 | 1.23% |
| U.S. Corporate | AA | Aa2 | 1.18% |
| U.S. Corporate | AAA | Aaa | 1.38% |
| U.S. Corporate | AA+ | Aaa | 1.23% |
| U.S. Corporate | A | A2 | 3.93% |
| U.S. Corporate | A+ | A2 | 1.25% |
| U.S. Corporate | AA+ | Aa1 | 1.34% |
| U.S. Corporate | AA- | Aa3 | 1.00% |
| U.S. Corporate | A- | A3 | 1.23% |
| U.S. Treasury | AA+ | Aaa | <u>24.90%</u> |
| Total | | | <u><u>100.00%</u></u> |

H. 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, Trindel's investment pool and specific investments had no securities exposed to custodial credit risk.

TRINDEL INSURANCE FUND

Notes to Basic Financial Statements
June 30, 2017

NOTE 3: CAPITAL ASSETS

Trindel's capital assets consisted of the following:

| | Balance July 1, 2016 | Additions | Transfers & Adjustments | Balance June 30, 2017 |
|--|-------------------------|------------------------|----------------------------|--------------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 63,006 | \$ - | \$ - | \$ 63,006 |
| Total capital assets, not being depreciated: | <u>63,006</u> | <u>-</u> | <u>-</u> | <u>63,006</u> |
| Capital assets, being depreciated: | | | | |
| Furniture, Equipment and Vehicles | 123,631 | - | - | 123,631 |
| Building | 709,236 | - | - | 709,236 |
| Accumulated depreciation | (63,859) | (37,728) | - | (101,588) |
| Total capital assets, being depreciated: | <u>769,008</u> | <u>(37,728)</u> | <u>-</u> | <u>731,279</u> |
| Total Capital Assets (Net) | <u>\$ 832,014</u> | <u>\$ (37,728)</u> | <u>\$ --</u> | <u>\$ 794,285</u> |

Depreciation expense was \$37,728 for the fiscal year ended June 30, 2017.

NOTE 4: COMPENSATED ABSENCES

The following is a summary of compensated absences of Trindel for the fiscal year ended June 30, 2016:

| | July 1, 2016 | Current Year Activity | June 30, 2017 | Current Portion |
|----------------------|------------------|--------------------------|------------------|--------------------|
| Compensated absences | <u>\$ 37,962</u> | <u>\$ 9,076</u> | <u>\$ 47,038</u> | <u>\$ 23,519</u> |

NOTE 5: 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 Basic Financial Statements
June 30, 2017

NOTE 6: 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 7: PENSION PLANS

A. General Information about the Pension Plans

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in Trindel's Miscellaneous Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Trindel resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2017, are summarized as follows:

| | Miscellaneous | |
|--------------------------------------|-----------------------------|-------------------------------|
| | Prior to January 1, 2013 | On or Afer January 1, 2013 |
| Hire Date | | |
| Benefit Formula | 2.5% @ 55 | 2% @ 62 |
| Benefit vesting schedule | 5 years service | 5 years service |
| Benefit Payments | monthly for life | monthly for life |
| Retirement age | 50 - 55 | 52 - 67 |
| Monthly benefits, as a % of eligible | 2.0% to 2.7% | 1.0% to 2.5% |
| Required employee contribution rates | 8% | 6% |
| Required employer contribution rates | 10.069% | 6.555% |

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and

TRINDEL INSURANCE FUND

Notes to Basic Financial Statements
June 30, 2017

NOTE 7: PENSION PLANS (CONTINUED)

A. General Information about the Pension Plans (Continued)

shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Trindel is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2017, the contributions recognized as part of deferred outflows for each Plan were as follows:

| | |
|--------------------------|----------------------|
| | <u>Miscellaneous</u> |
| Contributions - employer | \$ 71,062 |

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2017, Trindel reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

| | |
|-----------------------------|---|
| | <u>Proportionate Share of Net Pension Liability</u> |
| Miscellaneous | \$ 100,052 |
| Total Net Pension Liability | \$ 100,052 |

Trindel's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2016, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. Trindel's proportion of the net pension liability was based on a projection of Trindel's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. Trindel's proportionate share of the net pension liability for each Plan as of June 30, 2015 and 2016 was as follows:

| | |
|------------------------------|----------------------|
| | <u>Miscellaneous</u> |
| Proportion - June 30, 2015 | 0.00027% |
| Proportion - June 30, 2016 | 0.00179% |
| Change - Increase (Decrease) | 0.00152% |

For the year ended June 30, 2017, Trindel recognized pension expense of (\$15,405). At June 30, 2017, Trindel reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TRINDEL INSURANCE FUND

Notes to Basic Financial Statements
June 30, 2017

NOTE 7: PENSION PLANS (CONTINUED)

B. Pension Liabilities, Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Pension contributions subsequent to measurement date | \$ 71,062 | \$ - |
| Changes in assumptions | - | (20,525) |
| Change in proportion | - | (19,614) |
| Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions | 34,771 | - |
| Net difference between projected and actual earnings on plan investments | 106,824 | - |
| Total | \$ 212,657 | \$ (40,139) |

Trindel reported \$71,062 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

| Fiscal Year Ending June 30, | | | |
|--------------------------------|----|--------|--|
| 2016 | \$ | 25,255 | |
| 2017 | | 25,255 | |
| 2018 | | 24,240 | |
| 2019 | | 26,706 | |

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2015 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability was 7.65% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.65 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

TRINDEL INSURANCE FUND

Notes to Basic Financial Statements
June 30, 2017

NOTE 7: PENSION PLANS (CONTINUED)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

| <u>Asset Class</u> | <u>New Strategic Allocation</u> | <u>Real Return Years 1 - 10(a)</u> | <u>Real Return Years 11 + (b)</u> |
|-------------------------------|-------------------------------------|--|---------------------------------------|
| Global Equity | 51.0% | 5.25% | 5.71% |
| Global Debt Securities | 19.0% | 0.99% | 2.43% |
| Inflation Assets | 6.0% | 0.45% | 3.36% |
| Private Equity | 10.0% | 6.83% | 6.95% |
| Real Estate | 10.0% | 4.50% | 5.13% |
| Infrastructure and Forestland | 2.0% | 4.50% | 5.09% |
| Liquidity | 2.0% | -0.55% | -1.05% |
| | <u>100.0%</u> | | |

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.00% used for this period.

TRINDEL INSURANCE FUND

Notes to Basic Financial Statements
June 30, 2017

NOTE 7: **PENSION PLANS** (CONTINUED)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents Trindel's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what Trindel's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

| | <u>Miscellaneous</u> |
|-----------------------|----------------------|
| 1% Decrease | 6.65% |
| Net Pension Liability | 155,877 |
| Current Discount Rate | 7.65% |
| Net Pension Liability | 100,052 |
| 1% Increase | 8.65% |
| Net Pension Liability | 53,914 |

Pension Plan Fiduciary Net Position – Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

NOTE 8: **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 \$3,954 on behalf of the former Executive Director's spouse during the year ended June 30, 2017.

REQUIRED SUPPLEMENTARY INFORMATION

TRINDEL INSURANCE FUND

Notes to Required Supplementary Information
June 30, 2017

SCHEDULE OF THE FUND'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

| Last 10 Fiscal Years* | Miscellaneous 6/30/2016 | Miscellaneous 6/30/2015 | Miscellaneous 6/30/2014 |
|--|----------------------------|----------------------------|----------------------------|
| Plan's proportion of the net pension liability | 0.00179% | 0.00277% | 0.00123% |
| Plan's proportionate share of the net pension liability | \$ 100,052 | \$ 75,546 | \$ 76,849 |
| Plan's covered payroll | \$ 738,902 | \$ 641,077 | \$ 521,626 |
| Plan's proportionate share of the net pension liability as a percentage of its covered payroll | 13.54% | 11.78% | 14.73% |
| Plan's proportionate share of the fiduciary net position as a percentage of the plan's total pension liability | 87.34% | 87.38% | 83.03% |

*Fiscal year 2015 was the 1st year of implementation. Additional years will be presented as they become available.

SCHEDULE OF CONTRIBUTIONS

| Last 10 Fiscal Years* | Miscellaneous 6/30/2016 | Miscellaneous 6/30/2015 | Miscellaneous 6/30/2014 |
|--|----------------------------|----------------------------|----------------------------|
| Actuarially determined contribution | \$ 54,823 | \$ 60,141 | \$ 75,553 |
| Contributions related to the actuarially determined contribution | 71,062 | 60,141 | 75,553 |
| Contribution deficiency (excess) | \$ (16,239) | \$ - | \$ - |
| County's covered payroll | \$ 738,902 | \$ 641,077 | \$ 521,626 |
| Contributions as a percentage of covered payroll | 9.62% | 9.38% | 14.48% |

SUPPLEMENTARY INFORMATION

TRINDEL INSURANCE FUND

Statement of Revenues, Expenses and Changes in Net Position Workers Compensation For the Year Ended June 30, 2017

| | <u>Alpine</u> | <u>Colusa</u> | <u>Del Norte</u> | <u>Lassen</u> | <u>Modoc</u> |
|---|-------------------|---------------------|---------------------|-------------------|---------------------|
| Revenues: | | | | | |
| Member contributions | \$ 386,006 | \$ 683,234 | \$ 1,331,423 | \$ 1,428,684 | \$ 631,639 |
| Interest income | 214 | 538 | 765 | 1,115 | 546 |
| Investment Income | (4,405) | 9,607 | 4,143 | 7,974 | 9,607 |
| Total Revenues | <u>381,815</u> | <u>693,379</u> | <u>1,336,331</u> | <u>1,437,773</u> | <u>641,792</u> |
| Expenses: | | | | | |
| Claims expense | 234,097 | (232,290) | 1,738,807 | 943,325 | (332,018) |
| Insurance expense | 31,132 | 115,083 | 155,916 | 138,911 | 67,248 |
| State fees | 2,959 | 1,655 | 24,973 | 20,491 | 13,543 |
| Risk management | 70,981 | 72,002 | 74,963 | 73,923 | 55,092 |
| General & administrative | 20,812 | 20,812 | 20,812 | 20,812 | 20,812 |
| Transfers in/out | - | - | - | - | 15,276 |
| Total Expenses | <u>359,981</u> | <u>(22,738)</u> | <u>2,015,471</u> | <u>1,197,462</u> | <u>(160,047)</u> |
| Total Net Income (Loss) | <u>21,834</u> | <u>716,117</u> | <u>(679,140)</u> | <u>240,311</u> | <u>801,839</u> |
| Return of Funds to Members | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Change in Due to Members | <u>21,834</u> | <u>716,117</u> | <u>(679,140)</u> | <u>240,311</u> | <u>801,839</u> |
| Beginning Due to Members, before adjustments | <u>(25,531)</u> | <u>343,494</u> | <u>(284,167)</u> | <u>134,255</u> | <u>376,102</u> |
| Ending Due to Members | <u>\$ (3,697)</u> | <u>\$ 1,059,611</u> | <u>\$ (963,307)</u> | <u>\$ 374,566</u> | <u>\$ 1,177,941</u> |

| <u>Mono</u> | <u>Plumas</u> | <u>San Benito</u> | <u>Sierra</u> | <u>Sutter</u> | <u>Trinity</u> | <u>Total</u> |
|---------------------|--------------------|---------------------|------------------|---------------------|---------------------|---------------------|
| \$ 744,763 | \$ 1,509,111 | \$ 1,189,780 | \$ 409,487 | \$ 2,353,889 | \$ 761,248 | \$ 11,429,264 |
| 716 | 1,797 | 786 | 183 | 665 | 856 | 8,181 |
| 3,395 | 13,700 | (117) | 393 | 14,123 | 3,630 | 62,050 |
| <u>748,874</u> | <u>1,524,608</u> | <u>1,190,449</u> | <u>410,063</u> | <u>2,368,677</u> | <u>765,734</u> | <u>11,499,495</u> |
| 1,541,014 | 2,961,233 | 1,481,074 | 86,425 | 893,934 | (299,141) | 9,016,460 |
| 108,684 | 138,896 | 182,900 | 36,196 | 337,287 | 86,765 | 1,399,018 |
| 17,832 | 9,988 | 12,285 | 6,995 | 1,943 | 13,420 | 126,084 |
| 50,326 | 70,554 | 73,551 | 70,907 | 47,670 | 80,657 | 740,626 |
| 20,812 | 20,812 | 20,812 | 20,812 | 20,816 | 20,812 | 228,936 |
| 24,522 | - | - | - | 22,110 | - | 61,908 |
| <u>1,763,190</u> | <u>3,201,483</u> | <u>1,770,622</u> | <u>221,335</u> | <u>1,323,760</u> | <u>(97,487)</u> | <u>11,573,032</u> |
| <u>(1,014,316)</u> | <u>(1,676,875)</u> | <u>(580,173)</u> | <u>188,728</u> | <u>1,044,917</u> | <u>863,221</u> | <u>(73,537)</u> |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>500,000</u> | <u>-</u> | <u>500,000</u> |
| <u>(1,014,316)</u> | <u>(1,676,875)</u> | <u>(580,173)</u> | <u>188,728</u> | <u>544,917</u> | <u>863,221</u> | <u>(573,537)</u> |
| <u>589,276</u> | <u>1,702,491</u> | <u>367,887</u> | <u>(139,195)</u> | <u>1,185,393</u> | <u>958,322</u> | <u>5,208,327</u> |
| <u>\$ (425,040)</u> | <u>\$ 25,616</u> | <u>\$ (212,286)</u> | <u>\$ 49,533</u> | <u>\$ 1,730,310</u> | <u>\$ 1,821,543</u> | <u>\$ 4,634,790</u> |

TRINDEL INSURANCE FUND

Statement of Revenues, Expenses and Changes in Net Position
Property & Liability
For the Year Ended June 30, 2017

| | <u>Alpine</u> | <u>Colusa</u> | <u>Del Norte</u> | <u>Lassen</u> | <u>Modoc</u> |
|---|-------------------|-------------------|---------------------|-------------------|---------------------|
| Revenues: | | | | | |
| Member contributions | \$ 254,338 | \$ 569,848 | \$ 764,588 | \$ 888,367 | \$ 353,022 |
| Interest income | 133 | 213 | 591 | 497 | 13 |
| Investment income | (862) | (2,694) | 7,970 | 3,288 | (2,642) |
| Total Revenues | <u>253,609</u> | <u>567,367</u> | <u>773,149</u> | <u>892,152</u> | <u>350,393</u> |
| Expenses: | | | | | |
| Claims expense | (51,874) | (61,318) | (176,522) | 41,077 | 72,768 |
| Insurance expense | 80,414 | 314,482 | 438,083 | 364,491 | 155,129 |
| Risk management | 36,302 | 36,302 | 36,302 | 36,302 | 28,778 |
| Professional fees | 85 | 15 | 65 | 13,158 | 20 |
| General & administrative | 9,771 | 9,631 | 15,471 | 12,585 | 11,109 |
| Transfers in/out | - | - | - | - | 7,524 |
| Total Expenses | <u>74,698</u> | <u>299,112</u> | <u>313,399</u> | <u>467,613</u> | <u>275,328</u> |
| Total Net Income (Loss) | <u>178,911</u> | <u>268,255</u> | <u>459,750</u> | <u>424,539</u> | <u>75,065</u> |
| Return of Funds to Members | - | - | - | 141,506 | - |
| Change in Due to Members | <u>178,911</u> | <u>268,255</u> | <u>459,750</u> | <u>283,033</u> | <u>75,065</u> |
| Beginning Due to Members, before adjustments | <u>250,283</u> | <u>334,015</u> | <u>968,225</u> | <u>681,961</u> | <u>(215,197)</u> |
| Ending Due to Members | <u>\$ 429,194</u> | <u>\$ 602,270</u> | <u>\$ 1,427,975</u> | <u>\$ 964,994</u> | <u>\$ (140,132)</u> |

| <u>Mono</u> | <u>Plumas</u> | <u>San Benito</u> | <u>Sierra</u> | <u>Sutter</u> | <u>Trinity</u> | <u>Total</u> |
|-------------------|-------------------|---------------------|-------------------|-------------------|-------------------|---------------------|
| \$ 539,006 | \$ 454,947 | \$ 880,936 | \$ 359,163 | \$ 792,822 | \$ 489,660 | \$ 6,346,697 |
| 239 | 131 | 711 | 171 | 101 | 286 | 3,086 |
| (2,792) | (1,956) | (2,426) | 2,416 | (1,273) | 2,899 | 1,928 |
| <u>536,453</u> | <u>453,122</u> | <u>879,221</u> | <u>361,750</u> | <u>791,650</u> | <u>492,845</u> | <u>6,351,711</u> |
| 198,421 | 177,598 | 224,881 | (48,770) | 27,777 | (24,449) | 379,589 |
| 271,299 | 271,112 | 375,364 | 136,106 | 476,541 | 315,133 | 3,198,154 |
| 24,224 | 36,302 | 36,302 | 36,302 | 25,412 | 36,302 | 368,830 |
| 15 | 40 | 10 | - | 15,665 | - | 29,073 |
| 10,967 | 12,375 | 13,571 | 9,489 | 11,948 | 10,897 | 127,814 |
| 12,078 | - | - | - | 10,890 | - | 30,492 |
| <u>517,004</u> | <u>497,427</u> | <u>650,128</u> | <u>133,127</u> | <u>568,233</u> | <u>337,883</u> | <u>4,133,952</u> |
| <u>19,449</u> | <u>(44,305)</u> | <u>229,093</u> | <u>228,623</u> | <u>223,417</u> | <u>154,962</u> | <u>2,217,759</u> |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>170,604</u> | <u>-</u> | <u>-</u> | <u>312,110</u> |
| <u>19,449</u> | <u>(44,305)</u> | <u>229,093</u> | <u>58,019</u> | <u>223,417</u> | <u>154,962</u> | <u>1,905,649</u> |
| <u>461,422</u> | <u>397,686</u> | <u>1,751,561</u> | <u>328,092</u> | <u>176,039</u> | <u>648,632</u> | <u>5,782,719</u> |
| <u>\$ 480,871</u> | <u>\$ 353,381</u> | <u>\$ 1,980,654</u> | <u>\$ 386,111</u> | <u>\$ 399,456</u> | <u>\$ 803,594</u> | <u>\$ 7,688,368</u> |

TRINDEL INSURANCE FUND

Statement of Revenues, Expenses and Changes in Net Position
Pollution
For the Year Ended June 30, 2017

| | <u>Alpine</u> | <u>Colusa</u> | <u>Del Norte</u> | <u>Lassen</u> | <u>Modoc</u> |
|--------------------------|-------------------------|-------------------------|-------------------------|-------------------------|------------------------|
| Revenues: | | | | | |
| Member contributions | \$ 2,862 | \$ 14,499 | \$ 4,291 | \$ 4,291 | \$ 21,092 |
| Total Revenues | <u>2,862</u> | <u>14,499</u> | <u>4,291</u> | <u>4,291</u> | <u>21,092</u> |
| Expenses: | | | | | |
| Insurance expense | 1,783 | 12,882 | 2,674 | 2,674 | 1,783 |
| Total Expenses | <u>1,783</u> | <u>12,882</u> | <u>2,674</u> | <u>2,674</u> | <u>1,783</u> |
| Total Net Income (Loss) | <u>1,079</u> | <u>1,617</u> | <u>1,617</u> | <u>1,617</u> | <u>19,309</u> |
| Change in Due to Members | <u>1,079</u> | <u>1,617</u> | <u>1,617</u> | <u>1,617</u> | <u>19,309</u> |
| Beginning Due to Members | <u>10,416</u> | <u>13,690</u> | <u>11,494</u> | <u>11,977</u> | <u>(11,978)</u> |
| Ending Due to Members | <u><u>\$ 11,495</u></u> | <u><u>\$ 15,307</u></u> | <u><u>\$ 13,111</u></u> | <u><u>\$ 13,594</u></u> | <u><u>\$ 7,331</u></u> |

| <u>Mono</u> | <u>Plumas</u> | <u>San Benito</u> | <u>Sierra</u> | <u>Sutter</u> | <u>Trinity</u> | <u>Total</u> |
|------------------|------------------|-------------------|------------------|-----------------|------------------|-------------------|
| <u>\$ 26,883</u> | <u>\$ 4,291</u> | <u>\$ 11,490</u> | <u>\$ 10,160</u> | <u>\$ 5,722</u> | <u>\$ 7,599</u> | <u>\$ 113,180</u> |
| <u>26,883</u> | <u>4,291</u> | <u>11,490</u> | <u>10,160</u> | <u>5,722</u> | <u>7,599</u> | <u>113,180</u> |
| <u>2,674</u> | <u>2,674</u> | <u>2,674</u> | <u>1,783</u> | <u>3,567</u> | <u>5,982</u> | <u>41,150</u> |
| <u>2,674</u> | <u>2,674</u> | <u>2,674</u> | <u>1,783</u> | <u>3,567</u> | <u>5,982</u> | <u>41,150</u> |
| <u>24,209</u> | <u>1,617</u> | <u>8,816</u> | <u>8,377</u> | <u>2,155</u> | <u>1,617</u> | <u>72,030</u> |
| <u>24,209</u> | <u>1,617</u> | <u>8,816</u> | <u>8,377</u> | <u>2,155</u> | <u>1,617</u> | <u>72,030</u> |
| <u>(15,185)</u> | <u>20,553</u> | <u>6,378</u> | <u>5,411</u> | <u>2,159</u> | <u>8,804</u> | <u>63,719</u> |
| <u>\$ 9,024</u> | <u>\$ 22,170</u> | <u>\$ 15,194</u> | <u>\$ 13,788</u> | <u>\$ 4,314</u> | <u>\$ 10,421</u> | <u>\$ 135,749</u> |

TRINDEL INSURANCE FUND

Statement of Revenues, Expenses and Changes in Net Position
 Medical Malpractice
 For the Year Ended June 30, 2017

| | <u>Alpine</u> | <u>Colusa</u> | <u>Del Norte</u> | <u>Lassen</u> | <u>Modoc</u> |
|--------------------------|------------------------|-------------------------|-------------------------|------------------------|-------------------------|
| Revenues: | | | | | |
| Member contributions | \$ 5,137 | \$ 6,658 | \$ 23,075 | \$ 10,621 | \$ 33,654 |
| Total Revenues | <u>5,137</u> | <u>6,658</u> | <u>23,075</u> | <u>10,621</u> | <u>33,654</u> |
| Expenses: | | | | | |
| Insurance expense | 9,583 | 8,853 | 22,419 | 9,783 | 36,198 |
| Total Expenses | <u>9,583</u> | <u>8,853</u> | <u>22,419</u> | <u>9,783</u> | <u>36,198</u> |
| Total Net Income (Loss) | <u>(4,446)</u> | <u>(2,195)</u> | <u>656</u> | <u>838</u> | <u>(2,544)</u> |
| Change in Due to Members | <u>(4,446)</u> | <u>(2,195)</u> | <u>656</u> | <u>838</u> | <u>(2,544)</u> |
| Beginning Due to Members | <u>4,070</u> | <u>20,714</u> | <u>36,417</u> | <u>2,163</u> | <u>15,512</u> |
| Ending Due to Members | <u><u>\$ (376)</u></u> | <u><u>\$ 18,519</u></u> | <u><u>\$ 37,073</u></u> | <u><u>\$ 3,001</u></u> | <u><u>\$ 12,968</u></u> |

| <u>Mono</u> | <u>Plumas</u> | <u>San Benito</u> | <u>Sierra</u> | <u>Sutter</u> | <u>Trinity</u> | <u>Total</u> |
|------------------|-----------------|-------------------|------------------|--------------------|------------------|-------------------|
| <u>\$ 6,967</u> | <u>\$ 8,820</u> | <u>\$ 10,316</u> | <u>\$ 16,953</u> | <u>\$ 151,959</u> | <u>\$ 7,877</u> | <u>\$ 282,037</u> |
| <u>6,967</u> | <u>8,820</u> | <u>10,316</u> | <u>16,953</u> | <u>151,959</u> | <u>7,877</u> | <u>282,037</u> |
| <u>7,413</u> | <u>12,069</u> | <u>15,247</u> | <u>9,716</u> | <u>186,541</u> | <u>12,135</u> | <u>329,957</u> |
| <u>7,413</u> | <u>12,069</u> | <u>15,247</u> | <u>9,716</u> | <u>186,541</u> | <u>12,135</u> | <u>329,957</u> |
| <u>(446)</u> | <u>(3,249)</u> | <u>(4,931)</u> | <u>7,237</u> | <u>(34,582)</u> | <u>(4,258)</u> | <u>(47,920)</u> |
| <u>(446)</u> | <u>(3,249)</u> | <u>(4,931)</u> | <u>7,237</u> | <u>(34,582)</u> | <u>(4,258)</u> | <u>(47,920)</u> |
| <u>30,361</u> | <u>3,461</u> | <u>23,918</u> | <u>5,837</u> | <u>(13,623)</u> | <u>31,138</u> | <u>159,968</u> |
| <u>\$ 29,915</u> | <u>\$ 212</u> | <u>\$ 18,987</u> | <u>\$ 13,074</u> | <u>\$ (48,205)</u> | <u>\$ 26,880</u> | <u>\$ 112,048</u> |

TRINDEL INSURANCE FUND

Statement of Revenues, Expenses and Changes in Net Position
Undisbursed Loss Prevention Subsidy
For the Year Ended June 30, 2017

| | <u>Trindel</u> | <u>Alpine</u> | <u>Colusa</u> | <u>Del Norte</u> | <u>Lassen</u> | <u>Modoc</u> |
|--------------------------|-------------------|-------------------|-------------------|-------------------|------------------|------------------|
| Revenues: | | | | | | |
| Member contributions | \$ - | \$ 7,000 | \$ 7,000 | \$ 7,000 | \$ 7,000 | \$ 7,000 |
| Total Revenues | <u>-</u> | <u>7,000</u> | <u>7,000</u> | <u>7,000</u> | <u>7,000</u> | <u>7,000</u> |
| Expenses: | | | | | | |
| Insurance expense | - | (4,758) | (5,954) | (6,251) | (5,988) | (5,006) |
| Risk management | 33,000 | 11,680 | 2,463 | 14,301 | 3,163 | 6,391 |
| General & administrative | - | - | - | - | - | 4,685 |
| Transfers in/out | <u>(92,400)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Expenses | <u>(59,400)</u> | <u>6,922</u> | <u>(3,491)</u> | <u>8,050</u> | <u>(2,825)</u> | <u>6,070</u> |
| Total Net Income (Loss) | <u>59,400</u> | <u>78</u> | <u>10,491</u> | <u>(1,050)</u> | <u>9,825</u> | <u>930</u> |
| Change in Due to Members | <u>59,400</u> | <u>78</u> | <u>10,491</u> | <u>(1,050)</u> | <u>9,825</u> | <u>930</u> |
| Beginning Due to Members | <u>61,200</u> | <u>103,438</u> | <u>123,435</u> | <u>104,952</u> | <u>86,642</u> | <u>96,358</u> |
| Ending Due to Members | <u>\$ 120,600</u> | <u>\$ 103,516</u> | <u>\$ 133,926</u> | <u>\$ 103,902</u> | <u>\$ 96,467</u> | <u>\$ 97,288</u> |

| <u>Mono</u> | <u>Plumas</u> | <u>San Benito</u> | <u>Sierra</u> | <u>Sutter</u> | <u>Trinity</u> | <u>Total</u> |
|------------------|------------------|-------------------|------------------|-------------------|------------------|---------------------|
| <u>\$ 7,000</u> | <u>\$ 7,000</u> | <u>\$ 7,000</u> | <u>\$ 7,000</u> | <u>\$ 7,000</u> | <u>\$ 7,000</u> | <u>\$ 77,000</u> |
| <u>7,000</u> | <u>7,000</u> | <u>7,000</u> | <u>7,000</u> | <u>7,000</u> | <u>7,000</u> | <u>77,000</u> |
| (5,632) | (5,887) | (6,510) | (4,939) | (8,495) | (5,430) | (64,850) |
| 9,746 | 9,061 | 5,666 | 13,554 | 22,647 | 14,185 | 145,857 |
| 5,700 | - | 3,595 | - | - | 1,250 | 15,230 |
| - | - | - | - | - | - | (92,400) |
| <u>9,814</u> | <u>3,174</u> | <u>2,751</u> | <u>8,615</u> | <u>14,152</u> | <u>10,005</u> | <u>3,837</u> |
| <u>(2,814)</u> | <u>3,826</u> | <u>4,249</u> | <u>(1,615)</u> | <u>(7,152)</u> | <u>(3,005)</u> | <u>73,163</u> |
| <u>(2,814)</u> | <u>3,826</u> | <u>4,249</u> | <u>(1,615)</u> | <u>(7,152)</u> | <u>(3,005)</u> | <u>73,163</u> |
| <u>96,062</u> | <u>57,649</u> | <u>72,075</u> | <u>46,551</u> | <u>151,640</u> | <u>54,952</u> | <u>1,054,954</u> |
| <u>\$ 93,248</u> | <u>\$ 61,475</u> | <u>\$ 76,324</u> | <u>\$ 44,936</u> | <u>\$ 144,488</u> | <u>\$ 51,947</u> | <u>\$ 1,128,117</u> |

OTHER REPORTS



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, 2017, and the related notes to the financial statements, and have issued our report thereon dated December 4, 2017.

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 "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Roseville, California
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