TRINDEL INSURANCE FUND

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

CliftonLarsonAllen LLP

WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

TRINDEL INSURANCE FUND

Board of Directors
Year Ended June 30, 2018

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 AUDITORS' 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, 2018, 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.

Auditors' 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, 2018, 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.

Board of Directors
Trindel Insurance Fund

Report on Summarized Comparative Information

We have previously audited the 2017 financial statements of the Trindel Insurance Fund, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 4, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, 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, schedule of changes in net pension liability and related rations, schedule of pension contributions, 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.

The history of funds returned to members schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

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 January 3, 2019 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Roseville, California
January 3, 2019

MANAGEMENT'S DISCUSSION & ANALYSIS

TRINDEL INSURANCE FUND

Management Discussion and Analysis
June 30, 2018

Created by Executive Director, David Nelson, and Financial Analyst Brian Ralph, the following report provides general information on Trindel Insurance Fund and on its financial condition for the fiscal year ended June 30, 2018. 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 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 and risk 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. July 1, 2018 Trindel entered into a workers' compensation pooling arrangement for losses over $300,000 up to $1million.

The Trindel Board also employs fifteen positions. Seven of Workers' Compensation claims handling, four 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 program 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.

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

Insurance Market Conditions, Outlook and State Budget Effects

Trindel operates in an environment that is partially dependent on the insurance market and partly on the fiscal stability of its members. Historically, the insurance market has operated in cycles in which rates will swing from very high to very low and back again. The excess workers' compensation markets remains erratic, with increases in rates and retention levels for public entities due to the continuing increase in medical costs, an increase in drug/opiate abuse, and increased indemnity claim frequency and severity. Casualty insurance rates decrease this year stable for our public entities in 2017-18. Capacity remained robust and stable, creating competition and helping to stabilize rates through 2018. 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 attends some CSAC-Excess Insurance Authority board meetings and is a member of the EIA finance committee.

In 1994 the board employed its first Safety Officer followed by its second in 2011 a coordinator in 2015 and a third safety position in 2018; 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

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 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 excess premiums, claims, third party administrator fees, property appraisals, actuarial reports, etc. for the members. Trindel maintains strict accountability of each member's funds, 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. July 2018 Trindel created a WC pool from $300,000 to $1million other than that 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, catastrophic inmate medical 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, 2018 respectively. The process for reaccreditation was undertaken in August 2018 the next one will be in 2021.

Workers' Compensation Program

The Workers' Compensation Program began in 1980 as a self-insured program with excess coverage. In July 1, 1997 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. The board determined it was in the members' best interests to withdraw from the PWC effective July 1, 2008. The members are still subject to assessment for ten years after withdraw of the PWC Program. 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. 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. July 2018 members decided to create a risk sharing pool above the SIR from $300,000 to $1 million. 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 five 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).

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 recorded each year with 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 two members 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 haves similar policy with ESJPA. Alpine and Sutter does not need coverage and Plumas does not have coverage. The deductible is $50,000 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.

Leadership Training 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 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 loss prevention subsidy funds returned to their county, while say a member with a score of 50% will get half of their loss prevention subsidy funds returned to them, and the other half would be put into the Trindel Leadership Training 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 was instituted during February 2003. All members are required and do participate to varying degrees, in the LSTP during the 2017-18 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. 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.

Trindel has an Executive Director, and a Financial Analyst so 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 Alternate board member for Plumas County 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.

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 Leadership Training Fund. 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.

Financial Information
Combined Statement of Net Position

	2018	2017	% Change
ASSETS			
Current Assets:			
Members' cash and investments	$ 5,199	$ 5,169	
Total Current Assets	5,199	5,169	0.58%
Noncurrent Assets:			
Capital assets, net	765,090	794,285	
Total Noncurrent Assets	765,090	794,285	-3.68%
Total Assets	770,289	799,454	-3.65%
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension	464,358	212,657	
LIABILITIES			
Current Liabilities:			
Accounts payable	37,836	43,695	
Compensated absences	21,186	23,519	
Total Current Liabilities	59,022	67,214	-12.19%
Noncurrent Liabilities:			
Compensated absences	21,186	23,519	
Net pension liability	145,588	100,052	
Due to members	978,178	781,187	25.22%
Total Noncurrent Liabilities	1,144,952	904,758	26.55%
Total Liabilities	1,203,974	971,972	23.87%
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension	30,674	40,139	
NET POSITION			
Unrestricted	$ -	$ -	

TRINDEL INSURANCE FUND

Management Discussion and Analysis
June 30, 2018

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

	2018	2017	% Change
Operating Revenues:			
Charges for services	$ 1,616,171	$ 1,563,529	3.37%
Total Operating Revenues	1,616,171	1,563,529	
Operating Expenses:			
Trindel administration:			
Salaries and benefits	1,303,799	1,038,048	25.60%
Services and supplies	357,794	399,595	-10.46%
Loss prevention	141,012	103,563	36.16%
Pension expense	(215,628)	(15,405)	
Depreciation	29,194	37,728	
Total Operating Expenses	1,616,171	1,563,529	3.37%
Change in Net Position	--	--	
Net Position, Beginning of Year	--	--	
Net Position, End of Year	$ --	$ --	

Analysis of Financial Information:

Due to members represent the negative cash in the Admin funds that is largely influenced by Cal PERS pension adjustments.

There are significant increases in Administration and Loss Prevention both are due to planned staffing increases.

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	$ 12,677,334	$ 12,677,334	$ 12,723,167	$ 45,833
Interest income	3,500	3,500	12,871	9,371
Investment Income	150,000	150,000	236,725	86,725
Increase (Decrease) in FMV	1,000	1,000	(169,598)	(170,598)
Total Revenue	12,831,834	12,831,834	12,803,165	(28,669)
EXPENSES				
Claims Expense	-	-	(98)	98
Claims Paid	5,500,000	5,500,000	5,834,168	(334,168)
Change in Unpaid Claims Liability	3,000,000	3,000,000	3,206,999	(206,999)
Claims Refund	(40,000)	(40,000)	(3,276)	(36,724)
Claims Subrogation	(5,000)	(5,000)	(19,306)	14,306
Claims Excess Recovery	(1,000,000)	(1,000,000)	(567,896)	(432,104)
Internal Claims Administration	694,648	706,189	593,342	112,847
Excess Insurance	1,538,920	1,538,920	1,438,246	100,674
State Fees	130,000	130,000	185,105	(55,105)
Risk Management	332,154	335,468	249,648	85,820
Safety Funds	27,500	27,500	12,539	14,961
Hearing Tests	22,000	22,000	12,046	9,954
Risk Management Subsidy	55,000	55,000	55,000	-
Loss Prevention Subsidy	442,200	442,200	442,200	-
Employee Assistance Program	18,000	18,000	19,818	(1,818)
General & Administrative	314,016	318,227	375,188	(56,961)
Transfers In/Out	40,000	40,000	110,403	(70,403)
Return of Funds	1,000,000	1,000,000	--	1,000,000
Total Expenses	12,069,438	12,088,504	11,944,126	144,378
NET INCOME (LOSS)	$ 762,396	$ 743,330	$ 859,039	$ 115,709

Significant variances between original and final budget:

We incurred a significant fair market adjustment for our investments this is due to the rising of interest rates that adversely impact previously purchased bonds.

No Return of Funds were requested by the members for this program in 2017 – 2018 fiscal year.

Liability/Property Program

	Original Budget	Final Budget	Actual	Budget/ Actual Variance
REVENUE				
Member Contributions	$ 6,572,200	$ 6,572,200	$ 6,495,199	$ (77,001)
Interest Income	1,350	1,350	4,393	3,043
Investment Income	60,000	60,000	81,206	21,206
Increase (Decrease) in FMV	--	--	(98,419)	(98,419)
Total Revenue	6,633,550	6,633,550	6,482,379	(151,171)
EXPENSES				
Claims Paid	4,500,000	4,500,000	3,604,806	895,194
Change in Unpaid Claims Liability	500,000	500,000	(209,000)	709,000
Claims Refund	(2,000)	(2,000)	-	(2,000)
Claims Subrogation	(2,000)	(2,000)	(28,448)	26,448
Claims Excess Recovery	(1,500,000)	(1,500,000)	(1,612,726)	112,726
Claims Administration	50,000	50,000	60,317	(10,317)
Internal Claims Administration	119,734	121,383	95,125	26,258
Excess Insurance	3,203,738	3,203,738	3,576,173	(372,435)
Insurance Dividends	--	--	(745)	745
Risk Management	163,598	165,230	122,903	42,327
Risk Management Subsidy	55,000	55,000	55,000	--
Loss Prevention Subsidy	217,800	217,800	217,800	--
Professional Fees	70,000	70,000	13,994	56,006
General & Administrative	154,664	156,739	184,793	(28,054)
Transfers In/Out	20,000	20,000	81,873	(61,873)
Return of Funds	1,500,000	1,500,000	300,000	1,200,000
Total Expenses	9,050,534	9,055,890	6,461,865	2,594,025
NET INCOME (LOSS)	$ (2,416,984)	$ (2,422,340)	$ 20,514	$ 2,442,854

Significant variances between original and final budget:

We incurred a significant fair market adjustment for our investments this is due to the rising of interest rates that adversely impact previously purchased bonds.

This program had an overall reduction in liabilities this year and that was not expected during budget creation.

We expected members to withdraw funds (return of funds) in this program as most are funded over 90% confidence level, but only one took advantage of the excess.

Pollution Program

	Original Budget	Final Budget	Actual	Budget/ Actual Variance
REVENUE				
Member contributions	$ 96,467	$ 96,467	$ 121,467	$ 25,000
Investment Income	--	--	208	(207)
Total Revenue	96,467	96,467	121,675	24,793
EXPENSES				
Insurance expense	27,632	27,632	27,631	--
Excess insurance	62,050	62,050	66,067	(4,017)
Total Expenses	89,682	89,682	93,698	(4,017)
NET INCOME (LOSS)	$ 6,785	$ 6,785	$ 27,977	$ 28,810

Significant variances between original and final budget:

Excess insurance was higher than expected.

Medical Malpractice Program

	Original Budget	Final Budget	Actual	Budget/ Actual Variance
REVENUE				
Member contributions	$ 311,889	$ 311,889	$ 311,891	$ 2
Investment Income	--	--	202	202
Total Revenue	311,889	311,889	312,093	204
EXPENSES				
Excess insurance	311,889	311,889	317,402	(5,513)
Total Expenses	311,889	311,889	317,402	(5,513)
NET INCOME (LOSS)	$ --	$ --	$ (5,309)	$ 5,717

Significant variances between original and final budget:

There were no significant variances in the budget.

Undisbursed Loss Prevention Subsidy Fund Program

	Original Budget	Final Budget	Actual	Budget/ Actual Variance
REVENUE				
Member contributions	$ 77,000	$ 77,000	$ 77,000	$ --
Investment Income	--	--	2,179	(2,179)
Total Revenue	77,000	77,000	79,179	(2,179)
EXPENSES				
Subsidy	(30,000)	(30,000)	(65,141)	35,141
Safety Funds	--	--	(7,556)	7,556
Loss prevention subsidy	--	--	92,400	(92,400)
Training	100,000	100,000	78,666	(21,334)
Dues & subscriptions	35,000	35,000	20,816	14,184
Conferences	--	--	6,622	(6,622)
Transfers in/out	(60,000)	(60,000)	-	(60,000)
Total Expenses	45,000	45,000	125,807	(80,807)
NET INCOME (LOSS)	$ 32,000	$ 32,000	$ (46,628)	$ 78,628

Significant variances between original and final budget:

The loss prevention subsidy line shows the payout for all members attaining 80% score or higher on the Loss prevention Audit. This is a great accomplishment and the first time this has happened in the life of the program.

Trindel Administration

	Original Budget	Final Budget	Actual	Budget/ Actual Variance
EXPENSES				
Insurance Expense	$ 15,500	$ 15,500	$ 16,970	$ (1,470)
Safety Funds	--	3,000	--	3,000
Employee Assistance Program	--	--	240	(240)
Training	3,000	3,000	2,815	185
Professional Fees	3,000	3,000	2,203	797
Audit Expenses	19,330	19,330	19,330	-
Investment Advisors	20,000	20,000	22,218	(2,218)
Salaries	232,995	232,995	193,205	39,790
Employee Benefits	78,090	115,126	250,108	(134,982)
Pension Expense	--	--	(53,518)	53,518
Bank Service Charges	300	300	212	88
Dues & Subscriptions	8,261	8,261	11,229	(2,968)
Conferences	15,000	15,000	28,264	(13,264)
CAJPA	10,000	10,000	9,210	790
PARMA	10,000	10,000	10,333	(333)
Printing & Reproduction	500	500	1,791	(1,291)
Utilities & Housekeeping	3,000	3,000	2,716	284
Travel Expenses	4,000	4,000	1,899	2,101
Board Meeting Expenses	20,000	20,000	20,836	(836)
Office Materials & Supplies	3,500	3,500	2,572	928
Communications/IT	12,567	15,710	13,715	1,995
Depreciation Expense	3,637	3,637	3,637	-
Miscellaneous Expense	3,000	3,000	-	3,000
Transfer out Admin	(468,680)	(508,859)	(559,985)	51,126
Total Expenses	$ (3,000)	$ --	$ -	$ -

Significant variances between original and final budget:

Employee Benefits was over spent because the board decided to pay off our current unfunded CalPERS pension liability of $172,303.

Calpelra participation was much hirer than we planned for this year.

Loss Prevention

	Original Budget	Final Budget	Actual	Budget/ Actual Variance
EXPENSES				
Safety Funds	$ 17,000	$ 17,000	$ 17,757	$ (757)
Training	15,000	15,000	17,052	(2,052)
Law Enforcement Meeting	5,000	5,000	5,790	(790)
Loss Prevention Specialist	36,000	36,000	32,485	3,515
Road Commissioners Meeting	5,000	5,000	5,767	(767)
Dept Safety Representative Meeting	27,500	27,500	34,711	(7,211)
Professional Fees	1,000	1,000	-	1,000
Salaries	240,415	240,415	192,570	47,845
Employee Benefits	72,178	109,214	46,495	62,719
Pension Expense	--	--	(55,222)	55,222
Bank Service Charges	250	250	60	190
Dues & Subscriptions	6,000	6,000	5,717	283
Printing & Reproduction	1,000	1,000	1,839	(839)
Utilities & Housekeeping	3,000	3,000	2,189	811
Travel Expenses	38,000	38,000	30,970	7,030
Office Materials & Supplies	3,500	3,500	4,168	(668)
Communications/IT	15,129	17,602	17,142	460
Depreciation Expense	9,280	9,280	9,280	-
Miscellaneous Expense	500	500	3,657	(3,157)
Transfer out Admin	(495,752)	(540,261)	(372,427)	(167,834)
Total Expenses	$ --	$ (5,000)	$ -	$ (5,000)

Significant variances between original and final budget:

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

Claims Administration Liability & Property

	Original Budget	Final Budget	Actual	Budget/ Actual Variance
EXPENSES				
Training	$ 3,000	$ 3,000	$ 1,268	$ 1,732
Professional Fees	2,000	2,000	5,419	(3,419)
Salaries	73,348	73,348	69,573	3,775
Employee Benefits	28,439	40,784	21,146	19,638
Pension Expense	--	--	(16,848)	16,848
Bank Service Charges	100	100	93	7
Dues & Subscriptions	--	--	186	(186)
Printing & Reproduction	500	500	1,608	(1,108)
Utilities & Housekeeping	1,000	1,000	746	254
Travel Expenses	3,000	3,000	2,799	201
Office Materials & Supplies	1,000	1,000	888	112
Communications/IT	6,135	6,959	7,035	(76)
Depreciation Expense	1,212	1,212	1,212	-
Transfer out Admin	(119,734)	(132,903)	(95,125)	(37,778)
Total Expenses	-	-	-	-

Significant variances between original and final budget:

The overall budget was very close to actual.

Claims Administration Workers' Compensation

	Original Budget	Final Budget	Actual	Budget/ Actual Variance
EXPENSES				
State Fees	$ -	$ -	$ 550	$ (550)
Training	20,000	20,000	23,127	(3,127)
Professional Fees	68,000	68,000	38,888	29,112
Salaries	392,000	392,000	376,071	15,929
Employee Benefits	130,000	216,418	159,341	57,077
Pension Expense	--	--	(90,040)	90,040
Bank Service Charges	400	400	143	257
Dues & Subscriptions	2,500	2,500	3,490	(186)
Printing & Reproduction	12,000	12,000	9,421	2,579
Utilities & Housekeeping	5,800	5,800	5,474	326
Travel Expenses	5,000	5,000	3,958	1,042
Office Materials & Supplies	16,500	16,500	16,764	(264)
Communications/IT	29,761	35,531	31,091	4,440
Depreciation Expense	11,687	11,687	15,065	(3,378)
Miscellaneous Expense	1,000	1,000	--	1,000
Transfer out Admin	(694,648)	(786,836)	(593,343)	(193,493)
Total Expenses	-	-	-	-

Significant variances between original and final budget:

The overall budget was very close to actual.

Pension expense continues to be unpredictable because of CalPERS assumption changes.

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 Workers' compensation. July 2018 Trindel created a WC risk sharing pool from $300,000 to $1million to further take advantage of harder WC markets. Preliminary Excess liability premiums are looking a double digit increase for the next few years. In 2017-2018 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, 2018
(With Comparative Figures as of June 30, 2017)

	2018	2017
ASSETS		
Current Assets:		
Cash and investments	$ 5,199	$ 5,169
Total Current Assets	5,199	5,169
Noncurrent Assets:		
Capital assets:		
Nondepreciable	63,006	63,006
Depreciable, net	702,084	731,279
Total Noncurrent Assets	765,090	794,285
Total Assets	770,289	799,454
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Pension	464,358	212,657
LIABILITIES		
Current Liabilities:		
Accounts payable	37,836	43,695
Compensated absences	21,186	23,519
Total Current Liabilities	59,022	67,214
Noncurrent Liabilities:		
Compensated absences	21,186	23,519
Net pension liability	145,588	100,052
Due to members	978,178	781,187
Total Noncurrent Liabilities	1,144,952	904,758
Total Liabilities	1,203,973	971,972
DEFERRED INFLOWS OF RESOURCES		
Deferred Pension	30,674	40,139
NET POSITION		
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, 2018
(With Comparative Figures for the Year Ended June 30, 2017)

	2018	2017
Operating Revenues:		
Charges for services	$ 1,616,171	$ 1,563,529
Total Operating Revenues	1,616,171	1,563,529
Operating Expenses:		
Trindel administration:		
Salaries and benefits	1,303,799	1,038,048
Services and supplies	357,794	399,595
Loss prevention	141,012	103,563
Pension expense	(215,628)	(15,405)
Depreciation	29,194	37,728
Total Operating Expenses	1,616,171	1,563,529
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, 2018

	2018
Cash Flows from Operating Activities:	
Charges for services collected	$ 1,616,171
General & administration expenses:	
Paid to vendors	(346,133)
Paid to employees	(1,308,467)
Loss prevention expenses paid	(158,532)
Net Cash Provided (Used) by Operating Activities	(196,961)
Cash Flows from Noncapital Financing Activities:	
Change in due to members	196,991
Net Cash Provided (Used) by Noncapital Financing Activities	196,991
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	30
Beginning Trindel Cash and Investments	5,169
Ending Trindel Cash and Investments	$ 5,199

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	29,194
Increase (decrease) in:	
Accounts payable	(5,858)
Compensated absences	(4,667)
Net pension liability	45,536
Deferred inflows/outflows	(261,166)
Net Cash Provided (Used) by Operating Activities	$ (196,961)

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, 2018

	Workers' Compensation	Property & Liability	Pollution	Medical Malpractice	Undisbursed Loss Prevention Subsidy	Total
ASSETS						
Cash and investments	$ 30,409,439	$ 11,132,812	$ 111,266	$ 106,739	$ 1,086,831	$ 42,847,087
Accounts Receivable	12,909	347,080	--	--	--	359,989
Prepaid expenses	--	--	52,460	--	--	52,460
Total Assets	30,422,348	11,479,892	163,726	106,739	1,086,831	43,259,536
LIABILITIES						
Accounts payable	3,519	90,010	--	--	5,342	98,871
Claims liabilities	24,925,000	3,681,000	--	--	--	28,606,000
Total Liabilities	24,928,519	3,771,010	--	--	5,342	28,704,871
NET POSITION						
Net position held in trust for members	$ 5,493,829	$ 7,708,882	$ 163,726	$ 106,739	$ 1,081,489	$ 14,554,665

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, 2018

	Workers' Compensation	Property & Liability	Pollution	Medical Malpractice	Undisbursed Loss Prevention Subsidy	Total
Additions:						
Member contributions	$ 12,723,167	$ 6,495,199	$ 121,467	$ 311,891	$ 77,000	$ 19,728,724
Interest income	12,871	4,393	--	--	--	17,264
Investment income	67,127	(17,213)	208	202	2,179	52,503
Total Additions	12,803,165	6,482,379	121,675	312,093	79,179	19,798,491
Deductions:						
Claims expense	9,043,933	1,910,074	--	--	--	10,954,007
Insurance expense	1,438,246	3,575,428	93,698	317,402	(65,141)	5,359,633
State fees	185,105	--	--	--	--	185,105
Risk management	791,251	395,703	--	--	163,510	1,350,464
Professional fees	--	13,994	--	--	--	13,994
General & administrative	375,188	184,793	--	--	27,438	587,419
Loss prevention allocation	110,403	81,873	--	--	--	192,276
Total Deductions	11,944,126	6,161,865	93,698	317,402	125,807	18,642,898
Change in net position before return of funds to members	859,039	320,514	27,977	(5,309)	(46,628)	1,155,593
Return of funds to members	--	(300,000)	--	--	--	(300,000)
Change in net position	859,039	20,514	27,977	(5,309)	(46,628)	855,593
Net position - beginning	4,634,790	7,688,368	135,749	112,048	1,128,117	13,699,072
Net position - ending	$ 5,493,829	$ 7,708,882	$ 163,726	$ 106,739	$ 1,081,489	$ 14,554,665

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

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, 2018, 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.

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.

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, related to the 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, related to the pension, which qualifies for reporting in this category.

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

M. **Net Position**

Trindel is accounted for as a banking pool is 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.

NOTE 2: CASH AND INVESTMENTS

A. Credit Risk and Market Value Investments

At June 30, 2018, total cash and investments were as follows:

		Fair Value
Cash:		
Tri Counties Bank - General Account	$	14,574,059
Tri Counties Bank - Workers Compensation		486,095
Tri Counties Bank - Liability and Property		188,578
Tri Counties Bank - Money Market		7,142,195
Cash on hand		-
Total cash on hand		22,390,927
Investments:		
Chandler Safekeeping		20,461,359
Total Deposits from Members	$	42,852,286

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

Primary Government	$	5,199
Private Purpose Trust Funds		42,847,087
	$	42,852,286

B. Cash Deposits

The carrying amounts of Trindel's cash deposits were $22,390,927 at June 30, 2018. Bank balances before reconciling items were $22,799,869 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.

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

C. **Investments**

At June 30, 2018, Trindel had the following investments:

	Interest Rates	Maturities From	Maturities To	Par	Fair Value	WAM (Years)
Investments						
Money Market Funds	Variable	On Demand		$ 392,150	$ 392,150	-
Negotiable CD	1.57%	8/9/2018	8/9/2018	360,000	360,000	0.11
U.S. Treasury	1.00% - 2.48%	9/30/2018	3/31/2022	6,205,000	6,081,417	2.04
Commercial Paper	2.34%	10/15/2018	10/15/2018	410,000	406,749	0.29
Supranational	1.00% - 2.25%	10/5/2018	1/25/2021	775,000	769,159	1.46
Asset Backed Securities	1.04% - 3.01%	4/18/2019	5/18/2022	1,323,465	1,316,770	2.23
Federal Agency Obligations	1.125% - 2.625%	7/20/2018	6/10/2022	6,560,000	6,465,324	1.93
Medium Term Corporate Notes	1.10% - 3.00%	11/3/2018	6/28/2022	4,735,000	4,669,790	1.78
				$ 20,760,615	$ 20,461,359	

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, 2018:

Investments by fair value level	Fair Value	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Debt securities			
ABS	$ 1,316,770	$ -	$ 1,316,770
Agency	6,465,324	-	6,465,324
Commercial Paper	406,749	-	406,749
Negotiable CD	360,000	-	360,000
Supranational	769,159	-	769,159
US Corporate	4,669,790	-	4,669,790
US Treasury	6,081,417	-	6,081,417
Total investments measured at fair value	$ 20,069,209	$ -	$ 20,069,209
Investments not measured at fair value			
Money Maket Fund	392,150		
Total Investments	$ 20,461,359		

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 Al by Standards & Poor's or P-I 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	S & P	Moody's	% of Portfolio
Money Market Funds	AAA	Aaa	1.92%
Commercial Paper	A-1	P-1	1.99%
Supranational	AAA	Aaa	3.76%
Asset Backed Securities	AAA	Aaa	1.75%
Asset Backed Securities	AAA	Unrated	3.91%
Asset Backed Securities	Unrated	Aaa	0.77%
Federal Agency Obligations	AA+	Aaa	31.59%
Negotiable CD	A-1	P-1	1.75%
U.S. Corporate	AA-	A1	3.57%
U.S. Corporate	A+	A1	1.24%
U.S. Corporate	A	A1	2.38%
U.S. Corporate	AA	Aa2	1.17%
U.S. Corporate	AAA	Aaa	1.38%
U.S. Corporate	AA+	Aaa	1.22%
U.S. Corporate	A	A2	4.67%
U.S. Corporate	A+	A2	3.69%
U.S. Corporate	AA+	Aa1	1.32%
U.S. Corporate	AA-	Aa3	0.99%
U.S. Corporate	A-	A3	1.21%
U.S. Treasury	AA+	Aaa	29.72%
Total			100.00%

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.

NOTE 3: CAPITAL ASSETS

Trindel's capital assets consisted of the following:

	Balance July 1, 2017	Additions	Transfers & Adjustments	Balance June 30, 2018
Capital assets, not being depreciated:				
Land	$ 63,006	$ -	$ -	$ 63,006
Total capital assets, not being depreciated:	63,006	-	-	63,006
Capital assets, being depreciated:				
Furniture, Equipment and Vehicles	123,631	-	-	123,631
Building	709,236	-	-	709,236
Accumulated depreciation	(101,588)	(29,194)	-	(130,783)
Total capital assets, being depreciated:	731,279	(29,194)	-	702,084
Total Capital Assets (Net)	$ 794,285	$ (29,194)	$ --	$ 765,090

Depreciation expense was $29,194 for the fiscal year ended June 30, 2018.

NOTE 4: COMPENSATED ABSENCES

The following is a summary of compensated absences of Trindel for the fiscal year ended June 30, 2018:

	July 1, 2017	Current Year Activity	June 30, 2018	Current Portion
Compensated absences	$ 47,038	$ (4,666)	$ 42,372	$ 21,186

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.

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, 2018, are summarized as follows:

	Miscellaneous	
Hire Date	Prior to January 1, 2013	On or Afer January 1, 2013
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 elilgible	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

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, 2018, the contributions recognized as part of deferred outflows for each Plan were as follows:

	Miscellaneous
Contributions - employer	$ 253,139

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

As of June 30, 2018, Trindel reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	$ 145,588
Total Net Pension Liability	$ 145,588

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, 2017, 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, 2016 rolled forward to June 30, 2017 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, 2017 and 2018 was as follows:

	Miscellaneous
Proportion - June 30, 2017	0.00288%
Proportion - June 30, 2018	0.00369%
Change - Increase (Decrease)	0.00081%

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

For the year ended June 30, 2018, Trindel recognized pension expense of ($131,065). At June 30, 2018, Trindel reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	$ 46,382	$ 3,537
Differences between Expected and Actual Experience	374	5,356
Differences between Projected and Actual Investment Earnings	10,490	-
Differences between Employer's Contributions and Proportionate Share of Contributions	64,165	-
Change in Employer's Proportion	97,503	21,781
Pension Contributions Made Subsequent to Measurement Date	253,139	-
	$ 472,053	$ 30,674

Trindel reported $253,139 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, 2018. 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:	
2019	$ 93,977
2020	60,315
2021	40,177
2022	(6,229)

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2016 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.

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.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11 + (b)
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%
	100.0%		

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

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

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:

	Miscellaneous
1% Decrease	6.15%
Net Pension Liability	298,478
Current Discount Rate	7.15%
Net Pension Liability	145,588
1% Increase	8.15%
Net Pension Liability	18,962

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, 2018.

REQUIRED SUPPLEMENTARY INFORMATION

TRINDEL INSURANCE FUND

Notes to Required Supplementary Information
June 30, 2018

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

Last 10 Fiscal Years*	Miscellaneous 6/30/2017	Miscellaneous 6/30/2016	Miscellaneous 6/30/2015	Miscellaneous 6/30/2014
Plan's proportion of the net pension liability	0.00369%	0.00179%	0.00277%	0.00123%
Plan's proportionate share of the net pension liability	$ 145,588	$ 100,052	$ 75,546	$ 76,849
Plan's covered payroll	$ 770,805	$ 738,902	$ 641,077	$ 521,626
Plan's proportionate share of the net pension liability as a percentage of its covered payroll	18.89%	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	85.57%	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 6/30/2018	Miscellaneous 6/30/2017	Miscellaneous 6/30/2016	Miscellaneous 6/30/2015
Actuarially determined contribution	$ 253,139	$ 71,062	$ 60,141	$ 75,553
Contributions related to the actuarially determined contribution	253,139	71,062	60,141	75,553
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
County's covered payroll	$ 826,709	$ 770,805	$ 738,902	$ 641,077
Contributions as a percentage of covered payroll	30.62%	9.22%	8.14%	11.79%

SUPPLEMENTARY INFORMATION

TRINDEL INSURANCE FUND

Statement of Revenues, Expenses and Changes in Net Position
Workers Compensation
For the Year Ended June 30, 2018

	Alpine	Colusa	Del Norte	Lassen	Modoc
Revenues:					
Member contributions	$ 444,085	$ 761,671	$ 1,694,016	$ 1,700,709	$ 646,854
Interest income	341	866	1,190	1,665	830
Investment Income	6,245	16,110	22,144	30,788	15,222
Increase (Decrease) in FMV	(13,758)	(2,338)	(18,074)	(24,846)	(2,377)
Total Revenues	436,913	776,309	1,699,276	1,708,316	660,529
Expenses:					
Claims expense	68,429	384,325	787,138	265,453	1,266,591
Insurance expense	31,733	117,277	122,528	103,367	46,279
State fees	8,332	6,180	30,440	26,140	11,176
Risk management	72,025	70,973	74,082	75,959	68,956
General & administrative	34,108	34,108	34,108	34,108	34,108
Loss prevention allocation	10,037	10,037	10,037	10,037	10,037
Total Expenses	224,664	622,900	1,058,333	515,064	1,437,147
Total Net Income (Loss)	212,249	153,409	640,943	1,193,252	(776,618)
Return of Funds to Members	-	-	-	-	-
Change in Due to Members	212,249	153,409	640,943	1,193,252	(776,618)
Beginning Due to Members, before adjustments	(3,697)	1,059,611	(963,307)	374,566	1,177,941
Ending Due to Members	$ 208,552	$ 1,213,020	$ (322,364)	$ 1,567,818	$ 401,323

Mono	Plumas	San Benito	Sierra	Sutter	Trinity	Total
$ 1,052,224	$ 1,604,743	$ 1,320,617	$ 546,039	$ 2,180,693	$ 771,516	$ 12,723,167
1,092	2,798	1,240	294	1,180	1,375	12,871
20,056	51,124	22,860	5,573	21,475	25,128	236,725
(18,106)	(37,017)	(24,602)	(5,992)	(405)	(22,083)	(169,598)
1,055,266	1,621,648	1,320,115	545,914	2,202,943	775,936	12,803,165
683,686	(219,071)	1,491,710	777,772	2,375,612	1,162,288	9,043,933
111,106	141,853	262,489	39,047	372,509	90,058	1,438,246
15,272	21,487	31,850	9,663	13,176	11,389	185,105
72,022	69,476	73,143	72,075	68,033	74,507	791,251
34,108	34,108	34,108	34,108	34,108	34,108	375,188
10,037	10,037	10,036	10,036	10,036	10,036	110,403
926,231	57,890	1,903,336	942,701	2,873,474	1,382,386	11,944,126
129,035	1,563,758	(583,221)	(396,787)	(670,531)	(606,450)	859,039
-	-	-	-	-	-	-
129,035	1,563,758	(583,221)	(396,787)	(670,531)	(606,450)	859,039
(425,040)	25,616	(212,286)	49,533	1,730,310	1,821,543	4,634,790
$ (296,005)	$ 1,589,374	$ (795,507)	$ (347,254)	$ 1,059,779	$ 1,215,093	$ 5,493,829

TRINDEL INSURANCE FUND

Statement of Revenues, Expenses and Changes in Net Position
Property & Liability
For the Year Ended June 30, 2018

	Alpine	Colusa	Del Norte	Lassen	Modoc
Revenues:					
Member contributions	$ 264,402	$ 518,556	$ 968,803	$ 831,449	$ 461,330
Interest income	270	266	892	569	50
Investment income	4,892	5,035	16,483	10,557	1,035
Increase (Decrease) in FMV	(5,965)	(11,148)	(6,659)	(11,656)	(4,567)
Total Revenues	263,599	512,709	979,519	830,919	457,848
Expenses:					
Claims expense	218,262	324,925	162,813	134,228	(27,222)
Insurance expense	89,708	341,345	484,025	387,108	161,389
Risk management	35,973	35,973	35,973	35,973	35,973
Professional fees	-	-	-	13,994	-
General & administrative	14,032	14,414	21,577	17,184	15,942
Loss prevention allocation	7,443	7,443	7,443	7,443	7,443
Total Expenses	365,418	724,100	711,831	595,930	193,525
Total Net Income (Loss)	(101,819)	(211,391)	267,688	234,989	264,323
Return of Funds to Members	-	-	-	300,000	-
Change in Due to Members	(101,819)	(211,391)	267,688	(65,011)	264,323
Beginning Due to Members, before adjustments	429,194	602,270	1,427,975	964,994	(140,132)
Ending Due to Members	$ 327,375	$ 390,879	$ 1,695,663	$ 899,983	$ 124,191

Mono	Plumas	San Benito	Sierra	Sutter	Trinity	Total
$ 560,996	$ 518,889	$ 704,792	$ 356,869	$ 834,554	$ 474,559	$ 6,495,199
323	173	1,083	277	23	467	4,393
6,078	3,116	19,964	5,283	111	8,652	81,206
(12,492)	(7,277)	(26,495)	(2,090)	(5,280)	(4,790)	(98,419)
554,905	514,901	699,344	360,339	829,408	478,888	6,482,379
(60,591)	279,407	119,382	4,143	729,486	25,240	1,910,073
338,761	294,677	475,382	144,155	678,390	180,488	3,575,428
35,973	35,973	35,973	35,973	35,973	35,973	395,703
-	-	-	-	-	-	13,994
16,802	17,089	20,622	13,841	18,208	15,083	184,794
7,443	7,443	7,443	7,443	7,443	7,443	81,873
338,388	634,589	658,802	205,555	1,469,500	264,227	6,161,865
216,517	(119,688)	40,542	154,784	(640,092)	214,661	320,514
-	-	-	-	-	-	300,000
216,517	(119,688)	40,542	154,784	(640,092)	214,661	20,514
480,871	353,381	1,980,654	386,111	399,456	803,594	7,688,368
$ 697,388	$ 233,693	$ 2,021,196	$ 540,895	$ (240,636)	$ 1,018,255	$ 7,708,882

TRINDEL INSURANCE FUND

Statement of Revenues, Expenses and Changes in Net Position
Pollution
For the Year Ended June 30, 2018

	Alpine	Colusa	Del Norte	Lassen	Modoc
Revenues:					
Member contributions	$ 1,783	$ 12,882	$ 2,674	$ 2,674	$ 45,013
Investment Income	23	30	26	28	22
Total Revenues	1,806	12,912	2,700	2,702	45,035
Expenses:					
Insurance expense	1,783	12,988	2,674	2,674	19,648
Total Expenses	1,783	12,988	2,674	2,674	19,648
Total Net Income (Loss)	23	(76)	26	28	25,387
Change in Due to Members	23	(76)	26	28	25,387
Beginning Due to Members	11,495	15,307	13,111	13,594	7,331
Ending Due to Members	$ 11,518	$ 15,231	$ 13,137	$ 13,622	$ 32,718

Mono	Plumas	San Benito	Sierra	Sutter	Trinity	Total
$ 25,266	$ 2,674	$ 9,873	$ 9,081	$ 3,565	$ 5,982	$ 121,467
(24)	45	16	14	8	20	208
25,242	2,719	9,889	9,095	3,573	6,002	121,675
23,061	2,674	9,728	8,935	3,565	5,968	93,698
23,061	2,674	9,728	8,935	3,565	5,968	93,698
2,181	45	161	160	8	34	27,977
2,181	45	161	160	8	34	27,977
9,024	22,170	15,193	13,788	4,314	10,422	135,749
$ 11,205	$ 22,215	$ 15,354	$ 13,948	$ 4,322	$ 10,456	$ 163,726

TRINDEL INSURANCE FUND

Statement of Revenues, Expenses and Changes in Net Position
Medical Malpractice
For the Year Ended June 30, 2018

	Alpine	Colusa	Del Norte	Lassen	Modoc
Revenues:					
Member contributions	$ 11,250	$ 8,853	$ 22,419	$ 11,450	$ 10,689
Investment Income	11	33	76	4	21
Total Revenues	11,261	8,886	22,495	11,454	10,710
Expenses:					
Insurance expense	4,000	11,000	20,705	12,000	12,332
Total Expenses	4,000	11,000	20,705	12,000	12,332
Total Net Income (Loss)	7,261	(2,114)	1,790	(546)	(1,622)
Change in Due to Members	7,261	(2,114)	1,790	(546)	(1,622)
Beginning Due to Members	(376)	18,519	37,073	3,001	12,968
Ending Due to Members	$ 6,885	$ 16,405	$ 38,863	$ 2,455	$ 11,346

Mono	Plumas	San Benito	Sierra	Sutter	Trinity	Total
$ 7,413	$ 12,966	$ 15,247	$ 11,383	$ 188,086	$ 12,135	$ 311,891
58	(21)	34	42	(114)	58	202
7,471	12,945	15,281	11,425	187,972	12,193	312,093
8,196	20,791	17,000	4,108	197,850	9,420	317,402
8,196	20,791	17,000	4,108	197,850	9,420	317,402
(725)	(7,846)	(1,719)	7,317	(9,878)	2,773	(5,309)
(725)	(7,846)	(1,719)	7,317	(9,878)	2,773	(5,309)
29,915	212	18,987	13,074	(48,205)	26,880	112,048
$ 29,190	$ (7,634)	$ 17,268	$ 20,391	$ (58,083)	$ 29,653	$ 106,739

TRINDEL INSURANCE FUND

Statement of Revenues, Expenses and Changes in Net Position
Undisbursed Loss Prevention Subsidy
For the Year Ended June 30, 2018

	Trindel	Alpine	Colusa	Del Norte	Lassen	Modoc
Revenues:						
Member contributions	$ -	$ 7,000	$ 7,000	$ 7,000	$ 7,000	$ 7,000
Investment Income	-	235	293	220	192	214
Total Revenues	-	7,235	7,293	7,220	7,192	7,214
Expenses:						
Insurance expense	-	(4,852)	(6,093)	(6,556)	(6,325)	(5,245)
Risk management	84,845	1,462	5,058	13,316	8,098	5,716
General & administrative	-	-	-	209	9,113	1,045
Total Expenses	84,845	(3,390)	(1,035)	6,969	10,886	1,516
Total Net Income (Loss)	(84,845)	10,625	8,328	251	(3,694)	5,698
Change in Due to Members	(84,845)	10,625	8,328	251	(3,694)	5,698
Beginning Due to Members	120,600	103,516	133,926	103,902	96,467	97,288
Ending Due to Members	$ 35,755	$ 114,141	$ 142,254	$ 104,153	$ 92,773	$ 102,986

Mono	Plumas	San Benito	Sierra	Sutter	Trinity	Total
$ 7,000	$ 7,000	$ 7,000	$ 7,000	$ 7,000	$ 7,000	$ 77,000
171	129	185	109	320	111	2,179
7,171	7,129	7,185	7,109	7,320	7,111	79,179
(5,836)	(6,046)	(6,494)	(5,043)	(7,036)	(5,615)	(65,141)
21,529	10,869	100	4,091	3,394	5,032	163,510
6,339	3,444	1,044	-	-	6,244	27,438
22,032	8,267	(5,350)	(952)	(3,642)	5,661	125,807
(14,861)	(1,138)	12,535	8,061	10,962	1,450	(46,628)
(14,861)	(1,138)	12,535	8,061	10,962	1,450	(46,628)
93,248	61,475	76,324	44,936	144,488	51,947	1,128,117
$ 78,387	$ 60,337	$ 88,859	$ 52,997	$ 155,450	$ 53,397	$ 1,081,489

TRINDEL INSURANCE FUND

History of Funds Returned to Members
For the 8-Year Period Ending June 30, 2018

	2018	2017	2016	2015	2014	2013	2012	2011
Workers' Compensation								
Alpine	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 50,000
Colusa	-	-	-	-	-	-	21,549	32,002
Del Norte	-	-	-	-	300,000	367,857	-	-
Lassen	-	-	-	-	139,700	-	1,201,005	-
Modoc	-	-	-	-	-	-	33,713	-
Mono	-	-	-	350,000	-	-	255,446	-
Plumas	-	-	-	-	-	-	-	-
San Benito	-	-	-	-	-	246,524	-	45,000
Sierra	-	-	-	-	-	-	-	69,714
Sutter	-	500,000	-	-	-	-	-	-
Trinity	-	-	-	40,000	-	-	-	453,320
Liability								
Alpine	-	-	-	-	-	-	-	200,000
Colusa	-	-	-	748,292	116,380	272,379	215,368	60,365
Del Norte	-	-	-	-	-	-	-	3,363
Lassen	300,000	141,506	260,723	200,000	331,965	-	-	-
Modoc	-	-	103,900	228,000	308,872	-	22,108	-
Mono	-	-	-	350,000	-	-	489,951	-
Plumas	-	-	-	-	-	-	-	-
San Benito	-	-	390,814	-	-	83,951	80,000	-
Sierra	-	170,604	-	-	-	-	105,000	46,633
Sutter	-	-	-	-	-	-	-	-
Trinity	-	-	142,000	-	-	-	-	116,680
TOTAL	**$ 300,000**	**$ 812,110**	**$ 897,437**	**$ 1,916,292**	**$ 1,196,917**	**$ 970,711**	**$ 2,424,140**	**$ 1,077,077**

Total Funds Returned	
Alpine	$ 250,000
Colusa	$ 1,466,335
Del Norte	$ 671,220
Lassen	$ 2,574,899
Modoc	$ 696,593
Mono	$ 1,445,397
Plumas	$ -
San Benito	$ 846,289
Sierra	$ 391,951
Sutter	$ 500,000
Trinity	$ 752,000
Total	**$ 9,594,684**

TRINDEL INSURANCE FUND

History of Funds Returned to Members
For the 8-Year Period Ending June 30, 2018

	2018	2017	2016	2015	2014	2013	2012	2011
CLAIMS LIABILITIES	28,606,000	25,608,001	21,421,001	19,256,000	16,278,000	15,827,000	14,494,000	12,976,000
ASSETS	44,029,827	40,125,070	34,608,990	30,616,929	29,489,007	27,810,291	25,548,526	24,298,534
Debt Ratio	0.65	0.64	0.62	0.63	0.55	0.57	0.57	0.53

Debt ratio shows the ratio of total claims liability to total assets by year. For example, as of 6/30/2018, it would require 65% of total assets to cover total claims liabilities.

	2018	2017	2016	2015	2014	2013	2012	2011
PREMIUM	19,218,366	17,775,961	16,366,374	15,177,813	12,774,084	12,955,400	12,715,688	13,480,114
NET POSITION	15,532,844	14,480,258	13,100,432	11,134,710	13,087,223	11,870,367	10,852,506	11,079,460
Operating Leverage for Major Programs	1.24	1.23	1.25	1.36	0.98	1.09	1.17	1.22

The Operating Leverage above shows the ratio of annual premium for the Workers' Compensation and Liability/Property programs to net position by year.

	2018	2017	2016	2015	2014	2013	2012	2011
Total Revenue	19,798,495	18,323,424	15,738,990	13,128,146	13,292,457	13,130,540	13,666,315	16,225,458
Total Expense	18,445,909	16,131,488	16,520,211	10,714,373	11,246,245	10,933,354	10,248,140	13,922,951
Interperiod Equity	1.07	1.14	0.95	1.23	1.18	1.20	1.33	1.17

The Interperiod Equity above shows the ratio of total revenue to total expense by year.

OTHER REPORTS

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INDEPENDENT AUDITORS' 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, 2018, and the related notes to the financial statements, and have issued our report thereon dated January 3, 2019.

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.

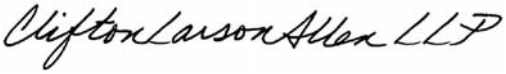
Compliance and Other Matters

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.



CliftonLarsonAllen LLP

Roseville, California
January 3, 2019