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TRINDEL INSURANCE FUND

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

GALLINA LLP
CERTIFIED PUBLIC ACCOUNTANTS

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TRINDEL INSURANCE FUND

Board of Directors
For the Year Ended June 30, 2015

BOARD MEMBERS

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

TRINDEL INSURANCE FUND

Financial Statements
June 30, 2015

TABLE OF CONTENTS

Page

INDEPENDENT AUDITOR'S REPORT 1-3

MANAGEMENT DISCUSSION AND ANALYSIS 5-19

BASIC FINANCIAL STATEMENTS

Statement of Net Position 21

Statement of Revenues, Expenses, and Changes in Net Position 22

Statement of Cash Flows 23

Statement of Net Position – Private Purpose Trust Funds 24

Statement of Revenues, Expenses and Changes in Net Position
by Program - Private Purpose Trust Funds 25

Notes to Financial Statements 27-41

REQUIRED SUPPLEMENTARY INFORMATION

Cost Sharing Multiple-Employer Defined Pension Plan – Last 10 Years: 43

Schedule of Contributions: 43

SUPPLEMENTARY INFORMATION

Statements of Revenues, Expenses and Changes in Net Position
by Program 45-49

OTHER REPORTS

Independent Auditor's Report on Internal Control Over Financial Reporting
And on Compliance and Other Matters Based on an Audit of Financial
Schedule Performed in Accordance with *Government Auditing Standards* 50-51

GALLINA LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Trindel Insurance Fund
Weaverille, California

Report on the Financial Statements

We have audited the accompanying financial statements of Trindel Insurance Fund, as of and for the year ended June 30, 2015, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Trindel Insurance Fund as of June 30, 2015, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Board of Directors
Trindel Insurance Fund

Report on Summarized Comparative Information

We have previously audited the 2014 financial statements of the Trindel Insurance Fund, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 10, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Emphasis of Matter

Implementation of New Accounting Pronouncement

As disclosed in the Note 1 to the financial statements, Trindel Insurance Fund adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, during the fiscal year 2015. Our opinion is not modified with respect to this matter.

As discussed in Note 10 to the financial statements, Trindel Insurance Fund has elected to change its method of reporting members' cash and investments and other assets and liabilities at June 30, 2015. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

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

Roseville, California
{DATE}

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MANAGEMENT'S DISCUSSION & ANALYSIS

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Trindel Insurance Fund

Management Discussion and Analysis
June 30, 2015

Created by Executive Director, David Nelson, Trindel staff the following report provides general information on Trindel Insurance Fund and on its financial condition for the fiscal year ended June 30, 2014. It is provided in order to enhance the information in the financial audit and should be reviewed in concert with that report.

Trindel Insurance Fund Profile

Trindel Insurance Fund (Trindel) is a Joint Powers Authority established pursuant to California Government Code Section 6500 et. seq. Membership is limited to California counties. Trindel is dedicated to assisting the insurance needs of its members by providing the most stable, cost-effective, risk-financing mechanisms; insurance program monitoring; claims handling; and loss prevention services available. Trindel was originally formed by Del Norte and Trinity counties in 1980. Trindel has since then expanded with the addition of five (5) counties (Alpine, Colusa, Lassen, Modoc and Sierra) during the insurance crisis of the mid- 80s. Trindel added San Benito county in 1991, Mono county in 2000, Plumas county in 2010 and Sutter County as of July 1, 2014. At Trindel's January 2014 board meeting the Board of Directors prepared for growth in services and membership through a strategic planning session. As of January 1, 2015 the members employed 3,728 staff to serve a population of 296,408.

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

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

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

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

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

Trindel Insurance Fund

Management Discussion and Analysis
June 30, 2015

Insurance Market Conditions, Outlook and State Budget Effects

Trindel operates in an environment that is partially dependent on the insurance market and partly on the fiscal stability of its members. Historically, the insurance market has operated in cycles in which rates will swing from very high to very low and back again. The excess workers' compensation markets remains erratic, with increases in rates and therefore retention levels for public entities due to the continuing increase in medical costs as well as presumptive injury claims from safety employees. Casualty insurance rates remain fairly stable for our public entities in 2014-15. Capacity remained robust and stable, creating competition and helping to stabilize and even lower rates through 2015. The property markets continue to soften with rate decreases for the upcoming year.

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.

As our members continue to realize a reduction in workforce and an aging infrastructure; Trindel is prepared to explore various options to maintain our goal of cost-effective, risk financing mechanisms (see the Workers' Compensation Program section below for a switch from a fully insured program to a self insured program). Trindel has continued to emphasize safety and loss prevention.

Services and Programs

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

In 1994 the board employed its first Safety Officer followed by its second in 2011; Trindel has always held the belief that the best way to reduce the cost of insurance is to reduce losses. The Safety Officers work with each member Risk Manager/Loss Prevention Specialist to plan, develop, implement and maintain loss prevention/safety programs. In addition, the Safety Officer provides and reviews training programs, develops policies, makes recommendations to the Trindel Board on ways that might reduce the number and magnitude of losses, updates members on changes in OSHA and Cal-OSHA and develops and maintains boiler-plate policies and procedures for safety plans. The Safety Officer works closely with staff from each of the members to implement programs that help them reduce losses. In 2013 we established a Director of Loss Prevention and in February of 2014 the board created a Human Resources Consultant position. These positions frequently work with members to conduct investigations of incidents or near-miss occurrences to help isolate the cause and make suggestions to avoid a recurrence. Some recent training included ergonomics, sexual harassment, supervisor responsibilities, department safety representative, ethics training and multiple safety compliance topics. The Director of Loss Prevention and HR Consultant also meet three times annually, in convenient locations, with loss prevention representatives, road commissioners, law enforcement staff and human resources staff from each member, at these said meetings Safety Officers share information, provide specific training and additional resources. These meetings are in addition to the monthly and/or bi-monthly visits that the Safety Officer makes to each member'. As with most loss prevention programs it is difficult to quantify what losses may

have been avoided as a result of the training and inspections that were done. Trindel continues to provide safety and loss prevention services to its members as its primary method of reducing costs.

As mentioned in a previous section, Trindel is a bank for the members. The members pay a premium to Trindel and Trindel pays for all premiums, claims, third party administrator fees, property appraisals, actuarial reports, etc. for the members. Trindel maintains strict accountability of each member's assets, thus ensuring that each member is solely responsible for its own losses and costs. However, each member shares equally in the cost of the Executive Director and the Safety Officer Budgets. There is no pooling of assets, except for investment purposes. In addition to the major coverage programs (workers' comp, liability, property), members also participate in some or all of the following: airport, aircraft, boiler & machinery, crime/bond, medical malpractice, pollution and watercraft insurance coverage programs.

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

Workers' Compensation Program

The Workers' Compensation Program began in 1980 as a self-insured program with excess coverage until July 1, 1997. With the soft market, at that time, it was decided to fully insure this program through membership in the CSAC-Excess Insurance Authority Primary Workers' Compensation Program (PWC). Trindel continually reviews the Workers' Compensation Program to see if there are more cost effective alternatives (i.e. regularly looking at the level of self-insurance). The board determined it was in the members' best interests to withdraw from the PWC effective July 1, 2008. The members started self-insuring for the first $125,000 of each occurrence. July 1, 2012 the members decided to be self-insured at $300,000 level of each occurrence. Excess insurance is purchased above this self-insured layer through the CSAC-Excess Insurance Authority's excess workers' compensation program. The members are still subject to assessment for all the PWC Program years. There were assessments in the PWC of $915,044 during the 02-03 year and $690,620 during the 04-05 year for all prior years for the Trindel members. There was an assessment by CSAC-EIA on the Excess Workers' Comp Program (EWC) in the amount of $473,810 which the Trindel members paid in the 04-05 year. Mono and Plumas Counties are the only members that have always maintained an initial level of self-insurance, ($125,000 per occurrence) with excess above that layer. Trindel provides for an annual actuarial study to determine the necessary annual premium and to attain a reserve for claims at the 90% confidence level Reserves are currently booked at the expected 50% confidence level. 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 George Hills Co., Inc. George Hills also acts as a clearing house for claims that may have coverage in other areas or have overlapping coverage's or issues (i.e. aircraft, boiler & machinery, crime/bond, medical malpractice, pollution and watercraft). George Hills directs the claim to the appropriate insurer and coordinates coverage if more than one policy is impacted. Subrogation is aggressively pursued where appropriate.

The members purchase excess property insurance through CSAC-Excess Insurance Authority with a $25,000 SIR for real property and a $20,000 SIR for vehicles. Coverage includes all risk, earthquake (except for San Benito and Trinity; Del Norte purchases earthquake for selected locations) and flood (earthquake and flood have higher SIRs and lower limits). San Benito and Trinity do not purchase earthquake coverage due to their locations, which makes it very expensive. The other members are in zone 2 and thus have limited earthquake coverage at no additional cost. The majority of the members purchase replacement cost new coverage for their vehicles and contractors equipment. Appraisals of all locations with a value in excess of $25,000 are completed every five years. The most current appraisals were completed in July 2014. The next appraisals will be completed in the summer of 2019.

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

Medical Malpractice Program

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

Pollution Programs

Landfill Program:
The Landfill Pollution Program was started on May 17, 2001 when Trindel Insurance Fund purchased a pollution policy for landfill coverage for those members that did not already have a policy. Unlike the other programs, this program is purchased by Trindel and the members are named insured's. Those insured through this policy are Modoc, Mono, San Benito and Sierra Counties. The current policy is a 3 year prepaid policy expiring May 17, 2016. Colusa and Trinity counties haves similar policy with ESJPA. Alpine and Sutter does not need coverage and Plumas does not have coverage. The deductible is $100,000 per claim.

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

Undisbursed Loss Prevention Subsidy Fund

On July 1, 1997 Trindel started a formal Loss Prevention Subsidy Program. The Trindel Board established a Loss Prevention Evaluation review that allows members to get a portion of or their entire undisbursed loss prevention subsidy funds back if they meet certain safety and loss prevention criteria. The subsidy amount each member receives is dependent upon the score they receive on the annual evaluation completed by a Trindel Safety Officer. A score of 80% or higher will allow a member to get their entire undisbursed loss prevention subsidy funds returned to their county, while say a member with a score of 50% will get half of their undisbursed loss prevention subsidy funds returned to them, and the other half would be put into the Trindel Undisbursed Loss Prevention Subsidy Fund. That fund will then be equally divided among the eleven counties.

The Leadership Supervisor Training Program (LSTP) was instituted during February 2003. A portion of the Undisbursed Loss Prevention Subsidy Fund to be used for the Leadership Supervisor Training Program (LSTP); on June 30, 2015 this fund had a total balance of $1,005,695. All members are required and did participate to varying degrees, in the LSTP during the 2014-15 fiscal years. This program was established to address identified risk in the area of personnel administration. There has been an increasing trend toward litigation by employees and thus it was felt that by having better trained supervisors we could reduce or avoid this type of litigation. The results of this long term program may be difficult to determine. As with most loss prevention programs it is difficult to quantify what losses may have been avoided. Trindel continues to provide safety and loss prevention services to its members as its primary method of reducing costs. In addition to the funds noted above, most members have the subsidies from CSAC-Excess Insurance Authority deposited into this Fund.

Financial Management and Control

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

Since Trindel has only an Executive Director and an administrative assistant, internal control procedures have had to be expanded to include the Board of Directors in a more active role than would normally be seen. Each year a detailed line item budget is adopted by the board. The Bylaws include the requirement of an Assistant Treasurer (the Executive Director is the Treasurer). The county auditor of the county in which the Trindel administrative office is located will be the Assistant Treasurer, currently the Sierra County Auditor. The Assistant Treasurer 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. This type of experience assures the board that finances will be managed ethically and correctly.

Trindel has adopted a conservative investment policy designed to optimize the rate of return on available assets not required for current operations while still keeping these assets readily available and safe. Trindel contracts with Chandler Asset Management, to manage our investment portfolio with 56% of the Funds cash 27% is held in North Valley Bank Money Market account, and 17% of the total cash is kept in checking accounts for daily operations.

As noted above, budgetary control is provided by verification of budgeted amounts prior to expenditures and monthly analysis of all accounts compared to budgeted amounts. Detailed reports of the budget-to-actual comparisons are provided to the board at least quarterly on the Trindel web page. Also, the Executive Director prepares quarterly financial statements and provides these at to all board members and the public on the Trindel web page. At the November 2010 board meeting it was approved to purchase a fund accounting software. The software was implemented and in use on 11/1/2010. At a special board meeting in February, 2014 the board approved the purchase of a ½ acre plot of land at the Industrial Park in Weaverville for Trindel to build a new and larger office. The construction was completed in March 2015 and the new office resides a 51 Arbuckle court, Weaverville CA.

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 Assets; Statement of Revenues, Expenses & Changes in Net Assets; and Statement of Cash flows are prepared along with Notes to Financial Statements to clarify unique accounting policies. Trindel's accounting system is organized so that each program for each member can be accounted for and evaluated independently. Five (5) separate funds are maintained by member: Workers' Compensation, Liability/Property, Medical Malpractice, Pollution and Undisbursed Loss Prevention Subsidy. Administration, Claims Admin, and Loss Prevention are under detailed budgetary control. Each month 67% of the costs of the Administration (Executive Director) and Safety Officer Budgets are transferred to the Workers' Compensation Program and 33% to the Liability/Property Program. Within each of these Programs each member shares equally in the costs. The board has adopted Resolution No. 06-06 (amended Resolution No. 99-03 on November 2, 2006) which sets forth the distribution method. Claims Admin expenses are distributed equally among all members. The assets, liabilities, revenues and expenses are reported on a semi accrual basis.

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

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

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

Trindel Insurance Fund

Management Discussion and Analysis
June 30, 2015

Financial Information
Combined Statement of Net Position

	2015	2014	% Change
ASSETS			
Current Assets:			
Members' cash and investments	$ 61,309	$ 29,370	
Total Current Assets	61,309	29,370	108.75%
Noncurrent Assets:			
Capital assets, net	772,615	65,497	
Total Noncurrent Assets	772,615	65,497	1079.62%
Total Assets	833,924	94,867	779.05%
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension	90,748	-	
LIABILITIES			
Current Liabilities:			
Accounts payable	66,582	30,107	
Total Current Liabilities	66,582	30,107	121.15%
Noncurrent Liabilities:			
Net pension liability	76,850	-	
Due to members	725,629	64,760	1020.49%
Total Noncurrent Liabilities	802,479	64,760	1139.16%
Total Liabilities	869,061	94,867	816.08%
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension	55,611	-	
NET POSITION			
Unrestricted	$ -	$ -	

Trindel Insurance Fund

Management Discussion and Analysis
June 30, 2015

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

	2015	2014	% Change
Operating Revenues:			
Charges for services	$ 1,176,023	$ 1,006,612	16.83%
Total Operating Revenues	1,176,023	1,006,612	
Operating Expenses:			
Trindel administration:			
Salaries and benefits	861,937	715,172	20.52%
Services and supplies	320,245	248,525	28.86%
Loss prevention	39,252	42,915	-8.54%
Pension expense	(53,122)	-	
Depreciation	7,711	-	
Total Operating Expenses	1,176,023	1,006,612	16.83%
Change in Net Position	-	-	
Net Position, Beginning of Year	-	-	
Net Position, End of Year	$ -	$ -	

Analysis of Financial Information:

The most notable change from last year is the recording of the new building constructed in 2015. The building costs came in at 709,235 and the land is recorded at 63,065.

The second item is the implementation of GASBE 68 in recording pension out flows, pension liabilities and pension expense these amounts came from actuarial requested from Cal PERS.

The funds revenues increased 17.45 percent and the expenses increased 19.83 percent keep the activities with in budgeted guidelines.

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

Trindel Insurance Fund

Management Discussion and Analysis
June 30, 2015

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

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

Workers' Compensation Program

	Original Budget	Final Budget	Actual	Budget/ Actual Variance
REVENUE				
Member contributions	$ 7,598,588	$ 7,598,588	$ 9,555,622	$ 1,957,034
Interest income	10,000	10,000	23,799	13,799
Investment Income	10,000	10,000	58,871	48,871
Increase (Decrease) in FMV	-	-	16,546	16,546
Total Revenue	7,618,588	7,618,588	9,654,838	2,036,250
EXPENSES				
Claims Expense	1,000	1,000	2,472	(1,472)
Claims Paid	3,700,000	3,700,000	5,001,704	(1,301,704)
Change in Unpaid Claims	-	-	2,505,001	(2,505,001)
Claims Refund	(10,000)	(10,000)	(35,853)	25,853
Claims Subrogation	(10,000)	(10,000)	-	(10,000)
Claims Excess Recovery	(300,000)	(300,000)	(1,040,332)	740,332
Claims Administration	510,000	510,000	-	510,000
Workers' Comp Claims	-	-	616,658	(616,658)
Insurance Expense	-	-	1,263,841	(1,263,841)
Excess Insurance	878,000	878,000	1,658,298	(780,298)
State Fees	120,000	120,000	129,800	(9,800)
Risk Management	150,000	150,000	201,639	(51,639)
Loss Control	25,000	25,000	16,058	8,942
Hearing Tests	15,000	15,000	14,090	910
Loss Control Subsidy	50,000	50,000	50,000	-
Loss Prevention Subsidy	300,000	300,000	359,790	(59,790)
Employee Assistance Program	20,000	20,000	18,100	1,900
General & Administrative	190,000	190,000	218,353	(28,353)
Dues & Subscriptions	-	-	50	(50)
Depreciation Expense	5,840	5,840	5,840	-
Transfers In/Out	30,000	30,000	42,210	(12,210)
Return of Funds	3,000,000	3,000,000	390,000	2,610,000
Total Expenses	8,674,840	8,674,840	11,417,719	(2,742,879)
NET INCOME (LOSS)	$ (1,056,252)	$ (1,056,252)	$ (1,762,881)	$ 4,779,129

Trindel Insurance Fund

Management Discussion and Analysis
June 30, 2015

Significant variances between original and final budget:

Predicting actual claims paid is difficult to predict at time of budget, so I use an average from prior years. Using an average in budgeting claims paid proved to be a million three under actual. The change in unpaid claims liability has been unpredictable this year it increase the liability by two point five million.
The decision to run Sutter County premiums in this budget were made after it was revised resulting in under budgeting for insurance in the primary and excess layer.

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

Liability/Property Program

	Original Budget	Final Budget	Actual	Budget/ Actual Variance
REVENUE				
Member Contributions	$ 4,378,013	$ 4,378,013	$ 5,622,191	$ 1,244,178
Interest Income	10,000	10,000	10,612	612
Investment Income	10,000	10,000	28,886	18,886
Increase (Decrease) in FMV	-	-	9,166	9,166
Total Revenue	4,388,013	4,388,013	5,632,802	1,244,789
EXPENSES				
Claims Expense	1,000	1,000	1,000	-
Claims Paid	4,000,000	4,000,000	1,736,995	2,263,005
Change in Unpaid Claims Liability	-	-	472,999	(472,999)
Claims Refund	(1,000)	(1,000)	(1,800)	800
Claims Subrogation	(1,000)	(1,000)	(4,698)	3,698
Claims Excess Recovery	(1,000,000)	(1,000,000)	(1,383,634)	383,634
Claims Administration	189,600	189,600	207,737	(18,137)
Workers' Comp Claims Administration	-	-	1,342	(1,342)
Insurance Expense	-	-	(75,804)	75,804
Excess Insurance	2,400,000	2,400,000	3,024,425	(624,425)
Risk Management	75,000	75,000	99,996	(24,996)
Loss Control Subsidy	50,000	50,000	50,000	-
Loss Prevention Subsidy	300,000	300,000	177,210	122,790
Professional Fees	20,000	20,000	71,562	(51,562)
General & Administrative	100,000	100,000	108,228	(8,228)
Transfers In/Out	30,000	30,000	20,790	9,210
Return of Funds	3,000,000	3,000,000	1,526,292	1,473,708
Total Expenses	9,163,600	9,163,600	6,032,639	3,130,961
NET INCOME (LOSS)	$ (4,775,587)	$ (4,775,587)	$ (399,837)	$ (1,886,172)

Significant variances between original and final budget:

The amount of Liability claims paid was underestimated because of one very large settlement.
The change in unpaid claims is taken of the actuarial reports that are not received until after the budget is adjusted for the year.

The change in insurance expense is due to Sutter county premium adjustments.

Trindel Insurance Fund

Management Discussion and Analysis
June 30, 2015

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

Pollution Program

	Original Budget	Final Budget	Actual	Budget/ Actual Variance
REVENUE				
Member contributions	$ 108,719	$ 108,719	$ 114,446	$ 5,727
Total Revenue	108,719	108,719	114,446	5,727
EXPENSES				
Excess insurance	108,719	108,719	111,392	(2,673)
Total Expenses	108,719	108,719	111,392	(2,673)
NET INCOME (LOSS)	$ -	$ -	$ 3,054	$ 8,400

Significant variances between original and final budget:

There were no significant variances in the budget.

Medical Malpractice Program

	Original Budget	Final Budget	Actual	Budget/ Actual Variance
REVENUE				
Member contributions	$ 103,856	$ 103,856	$ 248,853	$ 144,997
Total Revenue	103,856	103,856	248,853	144,997
EXPENSES				
Claims refund	-	-	1,762	(1,708)
Insurance expense	103,856	103,856	244,699	140,843
Total Expenses	103,856	103,856	246,461	139,135
NET INCOME (LOSS)	$ -	$ -	$ 2,392	$ 5,862

Significant variances between original and final budget:

Added Sutter to premiums resulting in an increase of $143,350.

Trindel Insurance Fund

Management Discussion and Analysis
June 30, 2015

Undisbursed Loss Prevention Subsidy Fund Program

	Original Budget	Final Budget	Actual	Budget/ Actual Variance
REVENUE				
Member contributions	$ 50,000	$ 50,000	$ 50,000	$ -
Total Revenue	50,000	50,000	50,000	-
EXPENSES				
Subsidy	-	-	(181,016)	181,016
Loss control	-	-	-	-
Loss prevention subsidy	-	-	21,275	(21,275)
Training	100,000	100,000	99,787	(213)
Dues & subscriptions	20,000	20,000	20,618	(618)
Transfers in/out	(72,000)	(72,000)	(63,000)	(9,000)
Total Expenses	48,000	48,000	(102,335)	150,335
NET INCOME (LOSS)	$ 2,000	$ 2,000	$ 152,335	$ (150,335)

Significant variances between original and final budget:

We received unanticipated revenue in the subsidy line item in the form of a Risk Management Dividend from CSAC EIA.
The transfer line item represents the dollars that were no attained by the members last year in the loss prevention evaluation.

Trindel Insurance Fund

Management Discussion and Analysis
June 30, 2015

Trindel Administration

	Original Budget	Final Budget	Actual	Budget/ Actual Variance
EXPENSES				
Insurance Expense	$ -	$ -	$ 10,784	$ (10,784)
Excess Insurance	13,000	714	-	714
Training	1,400	1,400	-	1,400
Professional Fees	3,000	2,121	1,708	412
Audit Expenses	14,500	14,500	14,500	-
Investment Advisors	11,000	12,419	12,419	-
Legal Expenses	1,000	1,000	560	440
Salaries	175,000	175,000	164,526	10,474
Employee Benefits	61,250	61,250	54,735	6,515
Pension Expense	-	-	(9,659)	9,659
Bank Service Charges	500	500	231	269
Dues & Subscriptions	1,600	2,253	2,253	-
Conferences	-	6,120	6,120	-
CAJPA	13,000	14,365	14,365	-
PARMA	13,000	8,769	6,247	2,522
Printing & Reproduction	-	317	317	-
Utilities & Housekeeping	1,000	1,562	1,562	-
Travel Expenses	4,000	3,347	2,933	413
Board Meeting Expenses	23,000	23,000	16,875	6,125
Office Materials & Supplies	3,000	3,000	2,956	44
Communications/IT	5,500	11,666	11,666	-
Depreciation Expense	-	-	986	(986)
Miscellaneous Expense	1,500	4,366	4,366	-
Transfers In/Out	-	-	(4,928)	4,928
Transfer out Admin	(349,250)	(349,250)	(309,339)	(39,911)
Rental/Lease Expense	3,000	1,581	1,400	181
Total Expenses	$ -	$ -	$ 7,584	$ (7,584)

Significant variances between original and final budget:

We recorded pension expense this year according to the new GASB 68 standard

The overall budget was very close to actual.

Trindel Insurance Fund

Management Discussion and Analysis
June 30, 2015

Loss Prevention:

	Original Budget	Final Budget	Actual	Budget/ Actual Variance
EXPENSES				
Loss Control	$ 5,600	$ 5,900	$ 4,229	$ 1,671
Training	4,300	5,483	3,468	2,015
Law Enforcement Meeting	2,500	-	-	-
Loss Prevention Specialist	16,000	26,817	25,524	1,294
Road Commissioners Meeting	2,500	-	-	-
Professional Fees	-	5,728	5,728	-
Salaries	160,000	184,830	151,554	33,276
Employee Benefits	57,600	66,164	54,236	11,928
Pension Expense	-	-	(14,488)	14,488
Bank Service Charges	100	247	248	(2)
Dues & Subscriptions	1,000	3,556	3,556	-
Utilities & Housekeeping	650	1,033	1,288	(255)
Travel Expenses	28,000	25,872	24,504	1,368
Office Materials & Supplies	3,000	5,044	4,908	135
Communications/IT	8,000	18,370	14,433	3,937
Depreciation Expense	-	-	1,478	(1,478)
Miscellaneous Expense	-	100	100	-
Transfers In/Out	-	-	1,478	(1,478)
Transfer out Admin	(294,750)	(332,725)	(275,769)	(56,956)
Rental/Lease Expense	5,500	5,500	4,900	600
Total Expenses	$ -	$ 21,919	$ 11,377	$ 10,542

Significant variances between original and final budget:

We recorded pension expense this year according to the new GASB 68 standard.

The overall budget was very close to actual.

Trindel Insurance Fund

Management Discussion and Analysis
June 30, 2015

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

There are no known facts or conditions that will have a significant effect on the financial position or results of operations of Trindel Insurance Fund for the next fiscal year. The members that were participating in the EIA Primary Workers Com Program (PWC) withdrew from this fully insured program effective July 1, 2008. They have set a self insured layer of $125,000 per occurrence for the 08-09. This change had a positive effect in the short term as the tail claims will stayed with the prior insurer. July 2012 Trindel increased their workers' compensation self insurance layer to $300,000. Retaining more of the risk has had a positive effect on our members. We have been operating under the guidelines of SB899, but in January 2013 Senate bill 863 went into effect and the impact of this bill is slightly positive to the public agencies.. We hope that the insurance market at least stabilizes or possibly takes a turn for the better leading to a softer market in the future for liability/property. There has been significant relief from the constant increase in workers' comp premiums. In 2013 -2014 we have seen steady increases in rates with excess coverage. We continue to be concerned about the funding statues of the EWC program with CSAC - EIA.

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

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TRINDEL INSURANCE FUND

Statement of Net Position
Business-type Activity - Enterprise Fund
June 30, 2015
(With Comparative Figures as of June 30, 2014)

	2015	2014
ASSETS		
Current Assets:		
Cash and investments	$ 61,309	$ 29,370
Total Current Assets	61,309	29,370
Noncurrent Assets:		
Capital assets:		
Nondepreciable	63,006	65,497
Depreciable, net	709,609	--
Total Noncurrent Assets	772,615	65,497
Total Assets	833,924	94,867
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Pension	90,748	--
LIABILITIES		
Current Liabilities:		
Accounts payable	66,582	30,107
Total Current Liabilities	66,582	30,107
Noncurrent Liabilities:		
Net pension liability	76,850	--
Due to members	725,629	64,760
Total Noncurrent Liabilities	802,479	64,760
Total Liabilities	869,061	94,867
DEFERRED INFLOWS OF RESOURCES		
Deferred Pension	55,611	--
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
Business-type Activity - Enterprise Fund
For the Year Ended June 30, 2015
(With Comparative Figures as of June 30, 2014)

	2015	2014
Operating Revenues:		
Charges for services	$ 1,176,023	$ 1,006,612
Total Operating Revenues	1,176,023	1,006,612
Operating Expenses:		
Trindel administration:		
Salaries and benefits	861,937	715,172
Services and supplies	320,245	248,525
Loss prevention	39,252	42,915
Pension expense	(53,122)	--
Depreciation	7,711	--
Total Operating Expenses	1,176,023	1,006,612
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, 2015

		2015
Cash Flows from Operating Activities:		
Charges for services collected	$	1,176,023
General & administration expenses:		
Paid to vendors		(283,770)
Paid to employees		(872,104)
Loss prevention expenses paid		(39,252)
Net Cash Provided (Used) by Operating Activities		(19,103)
Cash Flows from Noncapital Financing Activities:		
Change in due to members		765,871
Net Cash Provided (Used) by Noncapital Financing Activities		765,871
Cash Flows from Capital and Related Financing Activities:		
Payments related to the acquisition of capital assets		(714,829)
Net Cash Provided (Used) by Capital and Related Financing Activities		(714,829)
Net Increase (Decrease) in Cash		31,939
Beginning Members' Cash and Investments		29,370
Ending Members' Cash and Investments	$	61,309
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		7,711
Increase (decrease) in:		
Accounts payable		36,475
Net pension liability		(28,152)
Deferred inflows/outflows		(35,137)
Net Cash Provided (Used) by Operating Activities	$	(19,103)

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

TRINDEL INSURANCE

Private Purpose Trust Funds
Statement of Net Position by Program
As of June 30, 2015

	Workers' Compensation	Property & Liability	Pollution	Medical Malpractice	Undisbursed Loss Prevention Subsidy	Total
ASSETS						
Cash and investments	$ 18,187,842	$ 10,242,719	$ 44,030	$ 187,711	$ 1,005,693	$ 29,667,995
Accounts receivable	--	--	--	--	--	--
Prepaid expenses	--	--	53,530	--	--	53,530
Capital assets	11,680	--	--	--	--	11,680
Total Assets	18,199,522	10,242,719	97,560	187,711	1,005,693	29,733,205
LIABILITIES						
Accounts payable	906	33,118	--	--	6,009	40,033
Payroll liabilities	38,946	38,946	--	--	--	77,892
Claims liabilities	14,944,001	4,311,999	--	--	--	19,256,000
Total Liabilities	14,983,853	4,384,063	--	--	6,009	19,373,925
Due to members	3,215,669	5,858,656	97,560	187,711	999,684	10,359,280
Liabilities and Net Position	$ 18,199,522	$ 10,242,719	$ 97,560	$ 187,711	$ 1,005,693	$ 29,733,205

TRINDEL INSURANCE

Private Purpose Trust Funds
Statement of Revenues, Expenses and Changes in Net Position by Program
For the Year Ended June 30, 2015

	Workers' Compensation	Property & Liability	Pollution	Medical Malpractice	Undisbursed Loss Prevention Subsidy	Total
Revenues:						
Member contributions	$ 9,555,622	$ 5,622,191	$ 114,446	$ 248,853	$ 50,000	$ 15,591,112
Interest income	23,799	10,612	--	--	--	34,411
Investment income	75,418	38,051	--	--	--	113,469
Other income	--	--	--	--	--	--
Total Revenues	9,654,839	5,670,854	114,446	248,853	50,000	15,738,992
Expenses:						
Claims expense	7,049,653	1,029,938	--	1,762	--	8,081,353
Insurance expense	2,922,139	2,948,621	111,394	244,700	(181,016)	6,045,838
State fees	129,799	--	--	--	--	129,799
Risk management	659,679	327,201	--	--	121,062	1,107,942
Professional fees	--	71,562	--	--	--	71,562
General & administrative	224,238	108,235	--	--	20,622	353,095
Rental/lease expense	--	--	--	--	--	--
Loss prevention allocation	42,210	20,790	--	--	(63,000)	--
Total Expenses	11,027,718	4,506,347	111,394	246,462	(102,332)	15,789,589
Net Income (Loss)	(1,372,879)	1,164,507	3,052	2,391	152,332	(50,597)
Return of Funds to Members	390,000	1,526,292	--	--	--	1,916,292
Change in Due to Members	(1,762,879)	(361,785)	3,052	2,391	152,332	(1,966,889)
Beginning Due to Members	4,978,548	6,220,441	94,508	185,320	847,352	12,326,169
Ending Due to Members	$ 3,215,669	$ 5,858,656	$ 97,560	$ 187,711	$ 999,684	$ 10,359,280

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Trindel Insurance Fund

Notes to Basic Financial Statements
June 30, 2015

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, and Plumas were later added and Sutter County was added during the 14/15 fiscal year. Trindel is governed by a joint powers agreement between the member counties under Article I, Chapter 5, of Division 7, Title I of the *Government Code of California*. Its purpose is to provide for the creation and operation of a claims-servicing or account pool, which is where a group of governmental entities join together to administer the separate account of each entity in the payment of losses, and an insurance-purchasing pool to be used to meet the obligations of the counties to provide workers' compensation benefits for their employees and provide public liability and property damage insurance for its members. Trindel is governed by a 11 member Board of Directors composed of one member from each of the participating counties.

B. Membership

As of June 30, 2015, 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.

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, the net assets or liabilities for each member are shown as a due to the member or a due from the member.

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

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

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.

R. **Comparative Data and Reclassifications**

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

S. **New Accounting Pronouncements**

Governmental Accounting Standards Board Statement No. 68

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions,* is effective for periods beginning after June 15, 2014. The principal objective of this statement is to improve the usefulness of information for decisions made by the various users of the general purpose external financial reports of governments whose employees – both active employees and inactive employees – are provided with pensions. An additional objective is to improve the information provided in government financial reports about pension-related financial support provided by certain nonemployer entities that make contributions to pension plans that are used to provide benefits to the employees of other entities.

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

S. **New Accounting Pronouncements** (continued)

Governmental Accounting Standards Board Statement No. 69

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, is effective for periods beginning after December 15, 2013. This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations.

Government Accounting Standards Board Statement No. 71

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, is effective for periods beginning after June 15, 2014. This statement addresses the application of contributions made by a state or local government employer on nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Governmental Accounting Standards Board Statement No. 72

GASB Statement No. 72, *Fair Value Measurement and Application*, is effective for periods beginning after June 15, 2015.

T. **Future Accounting Pronouncements**

Governmental Accounting Standards Board Statement No. 73

GASB Statement No. 73, *Accounting for the Financial Reporting for Pension and Related Assets That are Not Within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*, is effective for periods beginning after June 15, 2015 except those provisions that address employers and government nonemployer contributing entities for pensions that are not within the scope of GASB Statement No. 68, which are effective for fiscal years beginning after June 15, 2016.

Governmental Accounting Standards Board Statement No. 74

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, is effective for periods beginning after June 15, 2016.

Governmental Accounting Standards Board Statement No. 75

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension Plans*, is effective for periods beginning after June 15, 2017.

Governmental Accounting Standards Board Statement No. 76

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, is effective for periods beginning after June 15, 2017.

Trindel Insurance Fund

Notes to Basic Financial Statements
June 30, 2015

NOTE 2: **CASH AND INVESTMENTS**

A. **Credit Risk, Carrying Amount and Market Value Investments**

At June 30, 2015, total cash and investments were as follows:

	Carrying Value	Fair Value
Cash:		
Tri Counties Bank - General Account	$ 4,927,484	$ 4,927,484
Tri Counties Bank - Workers Compensation	497,086	497,086
Tri Counties Bank - Liability and Property	156,705	156,705
Tri Counties Bank - Money Market	7,918,228	7,918,228
Cash on hand	49	49
Total cash on hand	13,499,552	13,499,552
Investments:		
Chandler Safekeeping	16,229,752	16,229,752
Total Deposits from Members	$ 29,729,304	$ 29,729,304

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

Primary Government	$ 61,309
Private Purpose Trust Funds	29,667,995
	$ 29,729,304

B. **Cash Deposits**

The carrying amounts of Trindel's cash deposits were $13,499,501 at June 30, 2015. Bank balances before reconciling items were $13,985,294 at that date.

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

Trindel Insurance Fund

Notes to Basic Financial Statements
June 30, 2015

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

C. **Investments**

At June 30, 2015, Trindel had the following investments:

	Interest Rates	Maturities From	Maturities To	Par	Cost	Fair Value	WAM (Years)
Investments							
Money Market Funds	Variable	On Demand		$ 21,779	$ 21,779	$ 21,779	-
Negotiable Cert. of Deposit	0.45 - 2.25	9/25/2015	6/24/2018	4,325,000	4,362,526	4,358,413	1.75
U.S. Treasury	0.375 - 2.25	10/31/2015	5/31/2018	3,910,000	3,921,643	3,931,730	1.61
U.S. Gov't Agencies (FFC)	0.43 - 0.43	1/29/2016	1/29/2016	250,000	250,500	250,778	0.58
U.S. Gov't Agencies (FHLB)	1.00 - 3.125	9/11/2015	4/25/2018	2,170,000	2,206,152	2,196,400	1.60
U.S. Gov't Agencies (FNM)	0.875 - 2.375	4/11/2016	7/20/2018	2,605,000	2,620,566	2,628,400	1.99
U.S. Gov't Agencies (FHLM)	0.75 - 2.50	5/27/2016	8/1/2019	2,815,000	2,837,608	2,842,252	2.19
				$ 16,096,779	$ 16,220,774	$ 16,229,752	

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

E. **Credit Risk**

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

F. **Concentration of Credit Risk**

The following is a summary of the credit quality distribution and concentration of credit risk by investment type as a percentage of the County Investment Pool's fair value at June 30, 2015.

Investments	**S & P**	**Moody's**	**% of Portfolio**
Money Market Funds	AAA	Aaa	0.13%
Federal Farm Credits	AA+	Aaa	1.55%
Federal Home Loan Bank	AA+	Aaa	13.53%
Federal National Mortgage	AA+	Aaa	16.19%
Federal Home Loan Mortgage Corp.	AA+	Aaa	17.51%
Certificates of Deposit	AA-	A1	26.86%
U.S. Treasury	AA+	Aaa	24.23%
Total			100.00%

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

G. **Custodial Credit Risk**

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

NOTE 3: **CAPITAL ASSETS**

Trindel's capital assets consisted of the following:

	Balance July 1, 2014	Additions	Transfers & Adjustments	Balance June 30, 2015
Capital assets, not being depreciated:				
Construction in progress	$ 65,497	$ 706,745	$ (772,242)	$ -
Land	-	-	63,006	63,006
Total capital assets, not being depreciated:	65,497	706,745	(709,236)	63,006
Capital assets, being depreciated:				
Furniture, Equipment and Vehicles	74,583	8,084	-	82,667
Building	-	-	709,236	709,236
Accumulated depreciation	(57,063)	(13,551)	-	(70,614)
Total capital assets, being depreciated:	17,520	(5,467)	709,236	721,289
Total Capital Assets (Net)	$ 83,017	$ 701,278	$ -	$ 784,295

Depreciation expense was $13,551 for the fiscal year ended June 30, 2015.

NOTE 4: **COMPENSATED ABSENCES**

The following is a summary of compensated absences of Trindel for the fiscal year ended June 30, 2015:

	July 1, 2014	Additions	Retirements	June 30, 2015	Current Portion
Compensated absences	$ 69,840	$ 8,052	$ -	$ 77,892	$ 38,946

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, 2015, are summarized as follows:

	Miscellaneous	
Hire Date	Prior to January 1, 2013	On or Afer January 1, 2013
Benefit Formula	2.7% @ 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%	8%
Required employer contribution rates	9.671%	6.237%

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

A. **General Information about the Pension Plans** (continued)

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 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. The Trindel is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2015, the contributions recognized as part of pension expense for each Plan were as follows:

	Miscellaneous	Misc. - PEPRA
Contributions - employer	$ 10,159	$ 8
Contributions - employee (paid by employer)	38,963	4,762

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

As of June 30, 2015, 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	$ 76,790
Miscellaneous - PEPRA	60
Total Net Pension Liability	$ 76,850

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, 2014, 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, 2013 rolled forward to June 30, 2014 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, 2013 and 2014 was as follows:

	Miscellaneous	Misc. - PEPRA
Proportion - June 30, 2013	0.00282%	0.00%
Proportion - June 30, 2014	0.00123%	0.00%
Change - Increase (Decrease)	0.00159%	0.00%

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

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

For the year ended June 30, 2015, Trindel recognized pension expense of ($53,122). At June 30, 2015, Trindel reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 90,748	$ -
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	(29,788)
Net differences between projected and actual earnings on plan investments	-	(25,823)
Total	$ 90,748	$ (55,611)

Trindel reported $90,748 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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30,	
2016	$ (17,095)
2017	(17,095)
2018	(14,966)
2019	(6,456)

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

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

Actuarial Assumptions – The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous	Misc. - PEPRA
Valuation Date	June 30, 2013	June 30, 2013
Measurement Date	June 30, 2014	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate	7.5%	7.5%
Inflation	2.75%	2.75%
Payroll Growth	3.0%	3.0%
Projected Salary Increase	3.3% - 14.2% (1)	3.3% - 14.2% (1)
Investment Rate of Return	7.5% (2)	7.5% (2)
Mortality	Derived using CalPERS Membership Data.	
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.76% thereafter	

(1) Depending on age, service and type of employment
(2) Net of pension plan investment expenses, including inflation

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 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 7.50% 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 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 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.

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

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

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 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.

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.

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

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

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	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	100.0%		

(a) An expected inflation of 2.5% used for this period.
(b) An expected inflation of 3.0% used for this period.

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	Miscellaneous - PEPRA
1% Decrease	6.50%	6.50%
Net Pension Liability	136,814	106
Current Discount Rate	7.50%	7.50%
Net Pension Liability	76,789	60
1% Increase	8.50%	8.50%
Net Pension Liability	26,973	21

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

C. **Payable to the Pension Plan**

At June 30, 2015, Trindel reported a payable of $13,204 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

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, 2015.

NOTE 9: **IMPLEMENTATION OF NEW ACCOUNTING PRONOUNCEMENT**

Net position as of July 1, 2014, has been restated by $94,835 for the adoption of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*.

NOTE 10: **CHANGE IN REPORTING ENTITY**

Trindel Insurance Fund has elected to change its method of reporting members' cash and investments and other assets and liabilities. Beginning in fiscal year 2015, Trindel Insurance Fund elected to report the assets and liabilities of its members, including cash and investments and claims liabilities, within private purpose trust funds. Previously, Trindel Insurance Fund combined the members' assets and liabilities as one fund for reporting purposes with the all of the members' assets and liabilities, excluding cash and investments, being reported as due to members.

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REQUIRED SUPPLEMENTARY INFORMATION

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Trindel Insurance Fund

Required Supplementary Information
June 30, 2015

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

Last 10 Fiscal Years*	Miscellaneous 6/30/2015	Miscellaneous PEPRA 6/30/2015
Plan's proportion of the net pension liability	0.00123%	0.00000%
Plan's proportionate share of the net pension liability	$ 76,789	$ 60
Plan's covered-employee payroll	$ 459,826	$ 61,800
Plan's proportionate share of the net pension liability as a percentage of its covered-employee payroll	16.70%	0.10%
Plan's proportionate share of the fiduciary net position as a percentage of the plan's total pension liability	83.03%	82.86%

*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 6/30/2015	Miscellaneous PEPRA 6/30/2015
Actuarially determined contribution	$ 70,829	$ 4,724
Contributions related to the actuarially determined contribution	70,829	4,724
Contribution deficiency (excess)	$ -	$ -
County's covered-employee payroll	$ 459,826	$ 61,800
Contributions as a percentage of covered-employee payroll	15.40%	7.64%

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

Notes to schedule

Valuation date:	6/30/2013

Methods and assumptions used to determine contribution rates:

Single and Agent Employers Example	Entry Age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	15 years
Asset valuation method	3.50%
Inflation	4.5% average, including inflation of 3%
Salary increases	
Investment rate of return	7.75%, net pf pension plan investment expense, including inflation
Retirement age	57 years
Mortality	RP-2000 Healthy Annuitant Mortality Table

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SUPPLEMENTARY INFORMATION

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TRINDEL INSURANCE FUND

Statement of Revenues, Expenses and Changes in Net Position (Unaudited)
Workers Compensation
For the Year Ended June 30, 2015

	Alpine	Colusa	Del Norte	Lassen	Modoc	Mono	Plumas	San Benito	Sierra	Sutter	Trinity	Total
Revenues:												
Member contributions	$ 289,662.00	$ 595,356.00	$ 1,054,016.00	$ 1,280,427.00	$ 568,502.00	$ 629,772.00	$ 1,266,935.00	$ 927,518.00	$ 320,129.00	$ 1,981,295.00	$ 642,010.00	$ 9,555,622.00
Interest income	692.74	1,088.59	2,041.10	3,098.28	1,489.32	3,266.04	5,613.50	2,715.57	676.24	--	3,117.13	23,798.51
	2,160.51	3,818.98	6,695.97	10,398.33	4,884.21	9,759.44	17,119.11	8,924.26	2,254.41	--	9,402.14	75,417.36
Total Revenues	292,515.25	600,263.57	1,062,753.07	1,293,923.61	574,875.53	642,797.48	1,289,667.61	939,157.83	323,059.65	1,981,295.00	654,529.27	9,654,837.87
Expenses:												
Claims expense	422,858.35	501,525.86	1,035,827.08	877,668.69	432,894.15	283,649.16	1,491,640.40	807,474.32	310,247.03	121.98	885,742.80	7,049,649.82
Insurance expense	28,428.00	140,710.00	114,957.00	131,893.00	47,921.00	105,530.00	120,442.00	147,601.00	30,547.00	1,981,295.00	72,815.00	2,922,139.00
State fees	6,676.08	8,247.25	16,236.26	28,641.77	3,019.01	13,023.21	29,189.11	10,632.44	3,179.66	--	10,955.11	129,799.90
Risk management	64,935.18	67,456.12	57,725.70	69,551.45	47,750.08	68,257.53	70,006.06	56,249.56	66,038.44	19,642.19	72,065.18	659,677.49
General & administrative	22,412.16	22,412.16	22,412.16	22,412.16	22,412.16	22,412.16	22,412.16	22,412.16	22,412.16	121.98	22,412.05	224,243.47
Transfers in/out	--	--	10,854.00	--	17,688.00	--	--	13,668.00	--	--	--	42,210.00
Total Expenses	545,309.77	740,351.39	1,258,012.20	1,130,167.07	571,684.40	492,872.06	1,733,689.73	1,058,037.48	432,424.29	2,001,181.15	1,063,990.14	11,027,719.68
Total Net Income	(252,794.52)	(140,087.82)	(195,259.13)	163,756.54	3,191.13	149,925.42	(444,022.12)	(118,879.65)	(109,364.64)	(19,886.15)	(409,460.87)	(1,372,881.81)
Return of Funds to Members	--	--	--	--	--	350,000.00	--	--	--	--	40,000.00	390,000.00
Change in Due to Members	(252,794.52)	(140,087.82)	(195,259.13)	163,756.54	3,191.13	(200,074.58)	(444,022.12)	(118,879.65)	(109,364.64)	(19,886.15)	(449,460.87)	(1,762,881.81)
Beginning Due to Members	189,868.63	89,921.01	(121,447.75)	112,646.47	167,816.84	1,318,821.90	1,606,904.32	599,002.23	133,428.09	--	1,391,493.76	5,488,455.50
Ending Due to Members	$ (62,925.89)	$ (50,166.81)	$ (316,706.88)	$ 276,403.01	$ 171,007.97	$ 1,118,747.32	$ 1,162,882.20	$ 480,122.58	$ 24,063.45	$ (19,886.15)	$ 942,032.89	$ 3,725,573.69

DRAFT v2 12-26-2015

TRINDEL INSURANCE FUND

Statement of Revenues, Expenses and Changes in Net Position (Unaudited)
Property & Liability
For the Year Ended June 30, 2015

	Alpine	Colusa	Del Norte	Lassen	Modoc	Mono	Plumas	San Benito	Sierra	Sutter	Trinity	Total
Revenues:												
Member contributions	$ 186,644.00	$ 491,480.00	$ 1,076,674.50	$ 875,080.00	$ 299,938.00	$ 521,877.00	$ 104,838.00	$ 896,096.00	$ 328,225.00	$ 465,184.00	$376,154.00	$ 5,622,190.50
Interest income	674.10	359.60	996.05	1,448.01	569.26	1,211.61	1,152.41	2,560.37	402.61	222.53	1,015.18	10,611.73
Investment income	2,168.79	1,597.48	4,351.94	5,094.62	1,634.85	3,389.50	3,539.99	9,099.74	1,724.66	1,860.58	3,589.49	38,051.64
Total Revenues	189,486.89	493,437.08	1,082,022.49	881,622.63	302,142.11	526,478.11	109,530.40	907,756.11	330,352.27	467,267.11	380,758.67	5,670,853.87
Expenses:												
Claims expense	151,430.09	110,152.31	237,701.33	162,423.63	143,798.71	200,315.65	54,756.47	105,459.98	52,926.28	(313,649.27)	124,625.60	1,029,940.78
Insurance expense	80,559.00	280,022.00	420,024.00	305,137.00	124,610.00	259,516.00	274,818.00	390,768.00	126,194.00	465,184.00	221,789.00	2,948,621.00
Risk management	33,890.49	33,890.49	28,544.49	33,890.49	25,178.49	33,890.49	33,890.49	27,158.49	33,890.49	9,090.49	33,890.63	327,205.53
Professional fees	--	--	10.00	24,646.83	20.00	45,336.70	1,548.00	--	--	--	--	71,561.53
General & administrative	8,616.69	8,651.01	13,183.52	12,556.05	9,298.94	9,645.81	10,265.44	11,478.20	8,869.00	5,192.23	10,471.36	108,228.25
Transfers in/out	--	--	5,346.00	--	8,712.00	--	--	6,732.00	--	--	--	20,790.00
Total Expenses	274,496.27	432,715.81	704,809.34	538,654.00	311,618.14	548,704.65	375,278.40	541,596.67	221,879.77	165,817.45	390,776.59	4,506,347.09
Total Net Income	(85,009.38)	60,721.27	377,213.15	342,968.63	(9,476.03)	(22,226.54)	(265,748.00)	366,159.44	108,472.50	301,449.66	(10,017.92)	1,164,506.78
Return of Funds to Members	--	748,272.00	--	200,000.00	228,000.00	350,000.00	--	--	--	--	--	1,526,272.00
Change in Due to Members	(85,009.38)	(687,550.73)	377,213.15	142,968.63	(237,476.03)	(372,226.54)	(265,748.00)	366,159.44	108,472.50	301,449.66	(10,017.92)	(361,765.22)
Beginning Due to Members	469,145.73	922,365.39	244,763.77	653,087.64	352,598.49	737,613.42	833,772.35	1,404,166.84	155,342.00	--	698,733.99	6,471,589.62
Ending Due to Members	$ 384,136.35	$ 234,794.66	$ 621,976.92	$ 796,056.27	$ 115,122.46	$ 365,386.88	$ 568,024.35	$1,770,326.28	$ 263,814.50	$ 301,449.66	$688,716.07	$ 6,109,804.40

TRINDEL INSURANCE FUND

Statement of Revenues, Expenses and Changes in Net Position (Unaudited)
Pollution
For the Year Ended June 30, 2015

	Alpine	Colusa	Del Norte	Lassen	Modoc	Mono	Plumas	San Benito	Sierra	Sutter	Trinity	Total
Revenues:												
Member contributions	$ 2,862.00	$ 14,170.00	$ 4,292.00	$ 4,292.00	$ 21,092.00	$ 28,084.00	$ 4,292.00	$ 11,490.00	$ 10,160.00	$ 5,722.00	$ 7,990.00	$ 114,446.00
Total Revenues	2,862.00	14,170.00	4,292.00	4,292.00	21,092.00	28,084.00	4,292.00	11,490.00	10,160.00	5,722.00	7,990.00	114,446.00
Expenses:												
Insurance expense	2,861.67	14,498.84	4,291.33	4,291.33	21,091.60	25,094.73	4,291.33	11,490.22	10,159.63	5,722.00	7,598.89	111,391.57
Total Expenses	2,861.67	14,498.84	4,291.33	4,291.33	21,091.60	25,094.73	4,291.33	11,490.22	10,159.63	5,722.00	7,598.89	111,391.57
Total Net Income	0.33	(328.84)	0.67	0.67	0.40	2,989.27	0.67	(0.22)	0.37	--	391.11	3,054.43
Change in Due to Members	0.33	(328.84)	0.67	0.67	0.40	2,989.27	0.67	(0.22)	0.37	--	391.11	3,054.43
Beginning Due to Members	9,336.95	12,730.57	9,876.38	10,359.80	4,808.11	(1,789.47)	18,935.52	11,815.70	11,484.18	--	6,948.94	94,506.68
Ending Due to Members	$ 9,337.28	$ 12,401.73	$ 9,877.05	$ 10,360.47	$ 4,808.51	$ 1,199.80	$ 18,936.19	$ 11,815.48	$ 11,484.55	$ --	$ 7,340.05	$ 97,561.11

TRINDEL INSURANCE FUND

Statement of Revenues, Expenses and Changes in Net Position (Unaudited)
Medical Malpractice
For the Year Ended June 30, 2015

	Alpine	Colusa	Del Norte	Lassen	Modoc	Mono	Plumas	San Benito	Sierra	Sutter	Trinity	Total
Revenues:												
Member contributions	$ 4,212.00	$ 6,482.00	$ 22,155.50	$ 10,467.00	$ 7,924.00	$ 7,369.00	$ 10,373.00	$ 11,098.00	$ 15,092.00	$ 145,000.00	$ 8,680.00	$ 248,852.50
Total Revenues	4,212.00	6,482.00	22,155.50	10,467.00	7,924.00	7,369.00	10,373.00	11,098.00	15,092.00	145,000.00	8,680.00	248,852.50
Expenses:												
Claims expense	--	--	--	--	--	--	--	--	--	1,761.87	--	1,761.87
Insurance expense	5,137.00	6,658.00	23,075.00	8,954.00	8,145.00	6,967.00	8,934.00	10,316.00	15,286.00	143,350.00	7,877.00	244,699.00
Total Expenses	5,137.00	6,658.00	23,075.00	8,954.00	8,145.00	6,967.00	8,934.00	10,316.00	15,286.00	145,111.87	7,877.00	246,460.87
Total Net Income	(925.00)	(176.00)	(919.50)	1,513.00	(221.00)	402.00	1,439.00	782.00	(194.00)	(111.87)	803.00	2,391.63
Change in Due to Members	(925.00)	(176.00)	(919.50)	1,513.00	(221.00)	402.00	1,439.00	782.00	(194.00)	(111.87)	803.00	2,391.63
Beginning Due to Members	7,908.08	22,011.34	40,649.78	(313.60)	17,265.00	29,694.53	9,930.52	25,461.41	3,296.69	--	29,416.11	185,319.86
Ending Due to Members	$ 6,983.08	$ 21,835.34	$ 39,730.28	$ 1,199.40	$ 17,044.00	$ 30,096.53	$ 11,369.52	$ 26,243.41	$ 3,102.69	$ (111.87)	$ 30,219.11	$ 187,711.49

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TRINDEL INSURANCE FUND

Statement of Revenues, Expenses and Changes in Net Position (Unaudited)
Undisbursed Loss Prevention Subsidy
For the Year Ended June 30, 2015

	Trindel	Alpine	Colusa	Del Norte	Lassen	Modoc	Mono	Plumas	San Benito	Sierra	Sutter	Trinity	Total
Revenues:													
Member contributions	$ --	$ 5,000.00	$ 5,000.00	$ 5,000.00	$ 5,000.00	$ 5,000.00	$ 5,000.00	$ 5,000.00	$ 5,000.00	$ 5,000.00	$ --	$ 5,000.00	$ 50,000.00
Total Revenues	--	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	--	5,000.00	50,000.00
Expenses:													
Insurance expense	--	(3,972.00)	(4,609.00)	(4,882.00)	(4,927.00)	(4,165.00)	(4,773.00)	(5,158.00)	(5,209.00)	(4,049.00)	(134,871.60)	(4,400.00)	(181,015.60)
Risk management	21,275.00	10,160.00	8,884.04	3,682.00	5,602.15	--	24,979.79	13,605.96	22,742.72	4,225.84	504.31	5,400.31	121,062.12
General & administrative	--	--	--	--	8,762.00	--	4,848.00	--	--	--	--	7,008.00	20,618.00
Transfers in/out	26,828.00	(8,982.80)	(8,982.80)	(8,982.80)	(8,982.80)	(8,982.80)	(8,982.80)	(8,982.80)	(8,982.80)	(8,982.80)	--	(8,982.80)	(63,000.00)
Total Expenses	48,103.00	(2,794.80)	(4,707.76)	(10,182.80)	454.35	(13,147.80)	16,071.99	(534.84)	8,550.92	(8,805.96)	(134,367.29)	(974.49)	(102,335.48)
Total Net Income	(48,103.00)	7,794.80	9,707.76	15,182.80	4,545.65	18,147.80	(11,071.99)	5,534.84	(3,550.92)	13,805.96	134,367.29	5,974.49	152,335.48
Change in Due to Members	(48,103.00)	7,794.80	9,707.76	15,182.80	4,545.65	18,147.80	(11,071.99)	5,534.84	(3,550.92)	13,805.96	134,367.29	5,974.49	152,335.48
Beginning Due to Members	66,189.00	87,744.69	119,993.08	82,137.33	92,037.08	69,689.98	105,424.55	50,315.10	91,256.90	33,173.92	--	49,390.01	847,351.64
Ending Due to Members	$ 18,086.00	$ 95,539.49	$ 129,700.84	$ 97,320.13	$ 96,582.73	$ 87,837.78	$ 94,352.56	$ 55,849.94	$ 87,705.98	$ 46,979.88	$ 134,367.29	$ 55,364.50	$ 999,687.12

OTHER REPORTS

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GALLINA LLP
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Directors
Trindel Insurance Fund
Weaverville, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of Trindel Insurance Fund, as of and for the year ended June 30, 2015, and the related notes to the financial statements, and have issued our report thereon dated [DATE].

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.*

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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.

Roseville, California
[DATE].