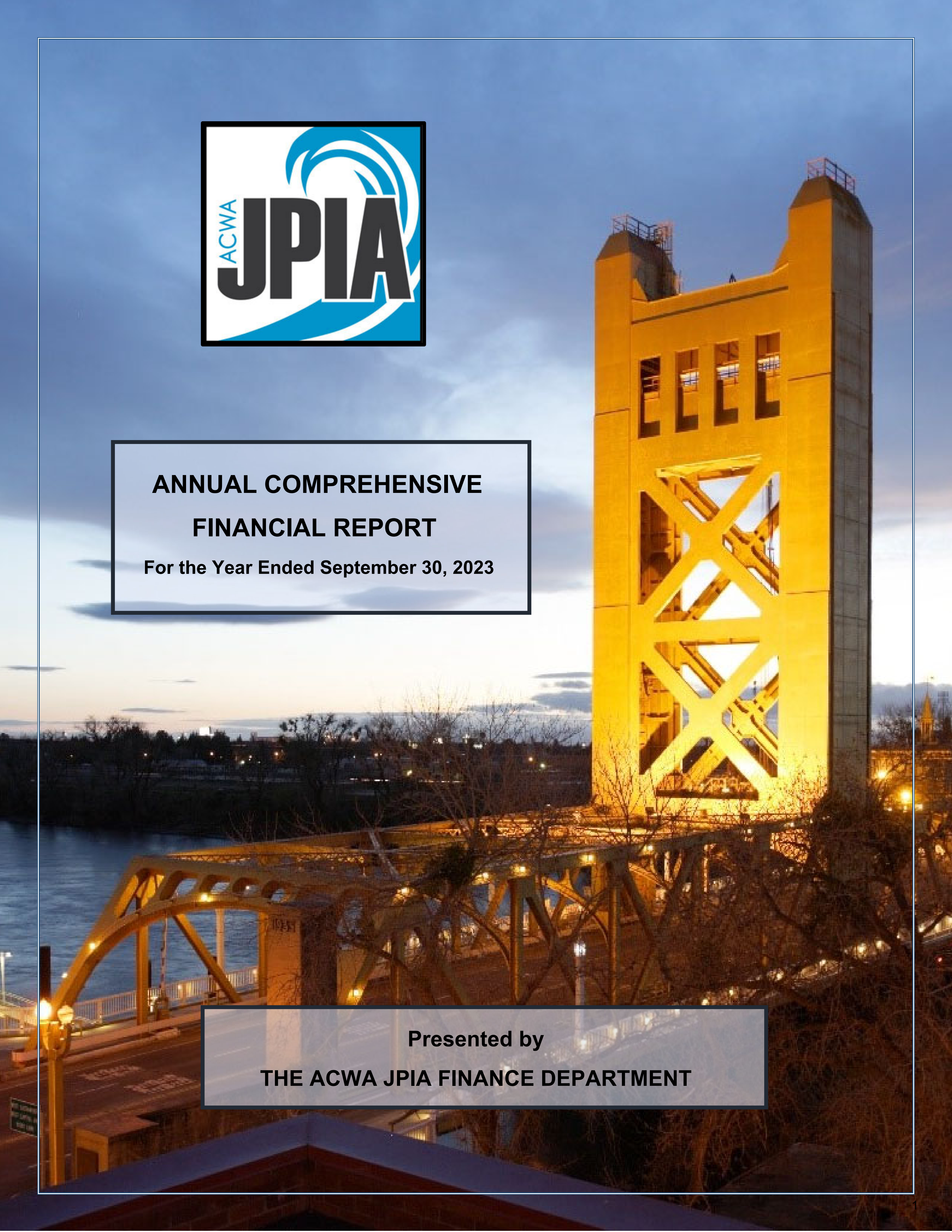

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Year Ended September 30, 2023

Presented by

THE ACWA JPIA FINANCE DEPARTMENT

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

Year Ended September 30, 2023

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YOUR BEST PROTECTION

February 29, 2024

Members, Board of Directors
Association of California Water Agencies
Joint Powers Insurance Authority

Ladies and Gentlemen:

The Comprehensive Report of the Association of California Water Agencies Joint Powers Insurance Authority (JPIA) for the year ended September 30, 2023, is hereby respectfully submitted. The JPIA Finance Department prepared this report. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the JPIA. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the JPIA as measured by the financial activity of its various programs and policy periods; and that all disclosures necessary to enable the reader to gain the maximum understanding of the JPIA's financial affairs have been included.

Gilbert CPAs, a firm of licensed certified public accountants, has audited the JPIA's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the JPIA for the fiscal year ended September 30, 2023, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Also included is an assessment of the accounting principles used, significant estimates made by management, and an evaluation of the overall financial statement presentation. The auditor concluded, based upon audit, that there was a reasonable basis for rendering an unmodified opinion that the JPIA's financial statements for the fiscal year ended September 30, 2023, are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report. The MD&A provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

ASSOCIATION OF CALIFORNIA WATER AGENCIES JOINT POWERS INSURANCE AUTHORITY PROFILE

The JPIA is a public entity formed in 1979 by 83 California water agencies. It is a special district in the state of California and its formation and operation are subject to the provisions of the California Government Code.

The JPIA is dedicated to consistently and cost effectively providing the broadest possible affordable insurance coverage and related services to its member agencies. The JPIA provides risk-sharing pools to meet the needs of its members for Liability, Property, Workers' Compensation and Employee Benefits coverage. Besides handling covered claims for its members, it provides risk management services and training programs. Additionally, the JPIA continues to provide members with a training library to help prevent losses.

As of September 30, 2023, the JPIA had 401 members. Each member selects one representative to serve as a director on the ACWA JPIA Board of Directors. From this body, eight members are elected to serve with staggered terms as members of ACWA JPIA's Executive Committee. The current vice president of the Association of California Water Agencies also serves as a voting member on the Executive Committee.

The JPIA's reporting entity includes all activities of the Board of Directors and staff considered part of and controlled by the JPIA. This includes financial activities relating to all programs and insurance pools of the JPIA.

LOCAL ECONOMY

The national economy has been battling inflation for the past year. From October 2022 through September 2023, the national unemployment rate slightly increased from 3.5% to 3.8%. Meanwhile in the State of California, the unemployment rate went from 3.8 % in October 2022, to 4.7% at the end of September 2023. The U.S.A. inflation rate has gone from 8.2% to 3.7% from October 2022 to September 2023. This data suggests the high inflation of the previous year has faded. Uncertainty seems to be the biggest question mark looking ahead as many world events threaten to dramatically change the landscape. The UCLA Anderson Forecast has suggested the both the State and national economy will border on a recession near-term. That State economy paces along thanks in part to consumers who want to spend and stimulate fiscal policy. In the City of Roseville, where the JPIA office resides, the unemployment rate has moved from 3.2% in October 2022 to 3.7% in September 2023. This change lags favorably behind the overall change in the State. Roseville continues to demonstrate better unemployment rates than the State as a whole. Investments are the areas that the JPIA operates in that are most affected by the overall economy. Staffing continues to be stable within the JPIA. The number of JPIA employees has increased from 42 to 56 from fiscal year 2012 to fiscal year 2023. The JPIA continues to experience employees retiring as the employment force ages. Market conditions for both the Liability and Property Programs have been challenging. The JPIA implemented a 10% rate increase in the Liability Program. For the Property Program the

JPIA increased rates by 20% to keep up with increased excess insurance costs. The Workers' Compensation Program has continued to see favorable loss experience. The Employee Benefits Program experienced a rebounding year from the pandemic with claim levels approximating pre-pandemic times.

LONG-TERM FINANCIAL PLANNING

In April of 2023, the ACWA JPIA Executive Committee approved a new goal for reserves in the Employee Benefits Program. This goal was set using an actuary estimate of incurred but not reported losses using a 99% confidence level. Confidence level refers to the degree of certainty the actuary has those losses will be equal to or less than the estimate provided. Based on the most recent actuarial report, the Employee Benefits Reserve Fund was targeted at $34 million. The JPIA is significantly above this goal on September 30, 2023. The JPIA management intends to budget the program accordingly in future years to bring the current reserves to the stated goal.

The JPIA regularly engages in strategic planning and long-term financial planning. The JPIA had a strategic planning meeting in March 2020 where a SWOT analysis of the JPIA was the main discussion point. A strategic planning session was held in June of 2022. In these meetings the programs in detail were reviewed. Financial considerations for funding were brought forward. The implications of the JPIA captive, CWIF, were also considered. The JPIA's Executive Committee also met in January 2024 for strategic planning. The focus of these discussions was on organization value statements.

In September 2012, the ACWA JPIA Executive Committee approved a monetary policy to cover funding for the Liability and Workers' Compensation Programs. The policy is two-fold, covering both the Rate Stabilization Fund and the Catastrophic Reserve Fund. The Rate Stabilization Fund is used to add and subtract monies from individual members' accounts as needed to true up policy years annually based on new actuarial estimates of losses. This process commences when a policy year reaches five years of history. The monies in these individual accounts, kept on behalf of the members, are capped at 70% of their basic deposit premium, or approximately $17 million in the aggregate. The Catastrophic Reserve Fund consists of funds set aside to be used in time of need. Such funds are subject to ACWA JPIA Executive Committee approval and are most likely to be used when the JPIA experiences adverse claims experience. The Catastrophic Reserve Fund is targeted using the ultimate losses estimated by the actuary for all open policy years using a 99% confidence level as a guide. The Catastrophic Fund goals are $25 million for the Liability Program and $15 million for the Workers' Compensation Program.

Management believes the above funding policy covers a great deal of scenarios that the future could hold and thus is confident these goals are best for the organization.

The JPIA owns its building and does not foresee any significant capital projects related to buildings or structures.

The JPIA created a fully owned captive in the State of Utah for purposes of housing strategically selected self-insured risks. Management believes that by housing some risks in the new captive long-term investments will be better leveraged over time.

INTERNAL ACCOUNTING CONTROLS

The JPIA's accounting system is organized so that each program can be accounted for and evaluated independently. Policy periods are also accounted for separately within each program. The assets, liabilities, revenues, and expenses of each year are reported on a full accrual basis. All transactions are accounted for in an enterprise fund.

JPIA management is responsible for establishing and maintaining internal controls designed to ensure that assets are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles, and the activities and reporting of the JPIA are following relevant laws and regulations. Internal accounting controls are designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the evaluation of costs and benefits requires estimates and judgments by management.

All internal control decisions are made within the above guidelines. Management believes that the JPIA's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

AWARDS & ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the JPIA for its comprehensive report for the fiscal year ended September 30, 2022. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The JPIA is a member of the California Association of Joint Powers Authorities (CAJPA). CAJPA sponsors the nation's first risk management accreditation program. This program establishes a model of professional standards, which serves as a guideline for all risk management pools regardless of size, scope of operation or membership structure. The accreditation process entails a detailed examination of legal and operational documents, risk management, loss control and claims programs, and statutory compliance by an independent examiner. The JPIA has received CAJPA's "Accreditation with Excellence," the highest form of accreditation, for a three-year period ending in May 2024. The JPIA is also a member of the Association of Governmental Risk Pools (AGRiP). AGRiP provides training, resources, and operational best practices to risk pools throughout the world. AGRiP provides members with Advisory Standards for its Recognition Program which also provides a model of professional standards its member pools are encouraged to follow. The JPIA has received AGRiP Recognition, for a three-year period beginning February 1, 2020. The JPIA is in the process of getting this renewed.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all staff members who assisted and contributed to the preparation of this report.

Our sincere appreciation is expressed to the members of ACWA JPIA's Finance & Audit Committee and Executive Committee for their support in maintaining the highest standards of professionalism in the management of JPIA finances.

Our appreciation is also extended to each director and alternate director of the Board of Directors and to all Committee members for their commitment to the JPIA.

We stand ready to answer any questions you may have regarding the contents of this report.

Respectfully Submitted,

Adrienne Beatty Chief Executive Officer	David deBernardi Director of Finance

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

EXECUTIVE COMMITTEE

Name	Office	District
Melody A. McDonald	President	San Bernardino Valley WCD
David A. Drake	Vice-President	Rincon del Diablo MWD
Cathy Green	Director	Orange County WD
Szu Pei Lu-Yang	Director	Rowland WD
Chris Kapheim	Director	Kings River CD
Scott Ratterman	Director	Calaveras County WD
J. Bruce Rupp	Director	Humboldt Bay Municipal WD
Randall Reed	Director	Cucamonga Valley WD
David Wheaton	Director	Citrus Heights WD
Adrienne Beatty	Chief Executive Officer	ACWA JPIA

Office Address

2100 Professional Drive
Roseville, California 95661

Report Prepared by the
JPIA Finance Department

David deBernardi, CPA, Director of Finance
Dan Steele, Finance Manager
Kyle Hutchings, Senior Accountant
Dalisay Matias, Accountant III
Lindsey Johnson, Accountant III
Cynthia Buschmann, Accountant III
Heidi Singer, Accountant II

ACWA JPIA
YOUR BEST PROTECTION

Organizational Chart

Full time employees: 55

- **Board of Directors**
  - **Executive Committee**
    - Personnel Committee
    - Finance and Audit Committee
    - Risk Management Committee
    - Liability Program Committee
    - Employee Benefits Program Committee
    - Property Program Committee
    - Workers' Comp. Program Committee
    - **Chief Executive Officer** (Adrienne Beatty)
      - Executive Assistant (Chimene Camacho)
      - Director of Member Outreach (Kevin Phillips)
        - Training Manager (Sarah Crawford)
          - Admin. Assistant III (Linda Craun)
          - Admin. Assistant II (Suzanne Wallace)
        - Risk Control Manager (Robin Flint)
          - Sr. RC Advisor (Lee Patton)
          - Sr. RC Advisor (Jesse Cota)
          - Sr. RC Advisor (Matthew Bunde)
          - Sr. RC Advisor (Andrew Corral)
          - RC Advisor II (Paul Myers)
          - RC Advisor (Jeremy Sadler)
          - Cost Est./RC Advisor (Chuck Wagenseller)
          - Admin. Assistant III (Terry Lofing)
        - Comm. & Outreach Specialist (Molly Quirk)
        - Event Planner (Laura Baryak)
        - Receptionist (Robin Hudson)
      - Director of Finance (David deBernardi)
        - Finance Manager (Daniel Steele)
          - Senior Accountant (Kyle Hutchings)
          - Accountant III (Dali Matias)
          - Accountant III (Lindsey Johnson)
          - Accountant III (Cynthia Buschmann)
          - Accountant II (Heidi Singer)
        - Lead IT Solutions Developer (Milena Neshkova)
        - IT Solutions Developer (Pete Korfhage)
        - System/Network Admin. (Erik Kowalewski)
        - IT Support Specialist (Michael Whitright)
      - HR Manager (Tony Waterford)
        - HR Specialist (Cassie Crittenden)
      - Director of Pooled Programs (Jennifer Jobe)
        - Employee Benefits Manager (Sandra Smith)
          - Lead Benefits Analyst (Ben Hayden)
          - EB Specialist (Jackie Rech)
          - Benefits Sys. Analyst II (Sonya Baker)
          - Sr. Benefits Admin. (Veronica Cobian)
          - Benefits Admin. II (Michelle Stites)
          - Admin. Assistant II (Olivia Sayad)
        - Lead Member Serv Rep (Debbie Cruz)
        - Member Services Rep. II (Nidia Watkins)
        - Business Data Analyst (Chris Light)
        - Admin. Assistant II (Kristan Brown)
      - General Counsel (Robert Greenfield)
        - Liability/Property Claims Mgr. (Jennifer Nogosek)
          - Lead Sr. Claims Adjuster (Cece Wuchter)
          - Sr. Claims Adjuster (Paula Christy)
          - Claims Adjuster (Heidi Sander)
          - Claims Assistant (Shelley Tippit)
        - WC Claims Manager (Erin Bowles)
          - Lead Sr. WC Examiner (Tandra Vaughan)
          - Sr. WC Examiner (Monica Sisco)
          - Sr. WC Examiner (Patti Rider)
          - Claims Assistant (Eugene Caruso)
          - Admin. Assistant II (Jillian Sciancalepore)

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Association of California Water Agencies Joint Powers Insurance Authority

For its Annual Comprehensive Financial Report For the Fiscal Year Ended

September 30, 2022

Christopher P. Morrill

Executive Director/CEO

CAJPA
California Association of Joint Powers Authorities

Trusted Leadership for California's Public Risk Sharing Pools

It is the purpose of this organization to give professional recognition to properly qualified self-insurance pools.

THEREFORE, the Board of Directors of the California Association of Joint Powers Authorities, has conferred upon

Association of California Water Agencies Joint Powers Insurance Authority

This

CERTIFICATE OF ACCREDITATION WITH EXCELLENCE

having fulfilled the conditions of eligibility as prescribed by the Association for Accreditation.

California Association of Joint Powers Authorities
With Excellence
ACCREDITED

Accreditation Period: May 19, 2021 – May 19, 2024

Gina Dean
President

Kimberly Dennis
Chair, Accreditation Committee

James P. Marta
Accreditation Program Manager

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Association of California Water Agencies
Joint Powers Insurance Authority
Roseville, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Association of California Water Agencies Joint Powers Insurance Authority (ACWA JPIA) as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise ACWA JPIA's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ACWA JPIA as of September 30, 2023, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ACWA JPIA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about ACWA JPIA's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 ACWA JPIA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about ACWA JPIA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, reconciliation of claims liabilities by type of contract, ten-year claims development information, schedule of changes in the net OPEB asset and related ratios, schedule of OPEB contributions, schedule of the proportionate share of the net pension liability (NPL), and schedule of contributions to the defined benefit pension plan on pages 16-30 and 61-69 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise ACWA JPIA's basic financial statements. The accompanying schedule of revenues, expenses, and change in net position by program, CWIF statement of net position, and CWIF statement of cash flows (collectively, supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections and the "comparative totals" column in the basic financial statements but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2024, on our consideration of ACWA JPIA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of ACWA JPIA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ACWA JPIA's internal control over financial reporting and compliance.

Gilbert CPAs

GILBERT CPAs
Sacramento, California

March 20, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Association of California Water Agencies Joint Powers Insurance Authority (ACWA JPIA or JPIA), we offer readers of the JPIA financial statements this narrative overview and analysis of the financial activities of the JPIA for the fiscal year ended September 30, 2023. We encourage readers to consider the information here in conjunction with the additional information that has been furnished in the letter of transmittal, which can be found on pages 3 to 7 of this report.

DESCRIPTION OF BASIC FINANCIAL STATEMENTS

The JPIA operates as an enterprise fund and utilizes an accrual basis of accounting. The report includes the basic financial statements for the JPIA in accordance with Generally Accepted Accounting Principles (GAAP). The Statement of Net Position presents a snapshot of the JPIA's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position as of September 30, 2023. The Statement of Revenues, Expenses, and Changes in Net Position reports the revenues and expenses for the fiscal year resulting in the changes to net position. The Statement of Cash Flows reports changes in net position and income accounts that affect cash and cash equivalents, and breaks the analysis down to operating, investing, and financing activities. The Notes to the Financial Statements present the reader with additional information to enhance and complement understanding of the financial statements.

Comparative financial information is often presented alongside current year information for analysis of changes from the prior year. In the following comparative tables, 2022 balances are presented as originally reported in the financial statements.

CAPTIVE

In September of 2019, the Executive Committee voted to approve the formation of a captive insurance agency. California Water Insurance Fund (CWIF), domiciled in Utah and subject to the Utah Department of Insurance regulations, began its operations.

CWIF allows the JPIA to transfer risk at competitive rates with the long-term goal of better serving member districts by investing their premiums at a more appropriate level of risk versus return. The governing body consists of Executive Committee members, members at large, and Utah counsel. The Statement of Net Position is a blended authority financial statement, shown below.

CONDENSED STATEMENTS OF NET POSITION

	9/30/2023	9/30/2022	Variance
ASSETS			
Other Assets	$ 284,772,246	$ 242,704,432	$ 42,067,814
Capital Assets	3,690,257	3,910,782	(220,525)
Total Assets	288,462,503	246,615,214	41,847,289
DEFERRED OUTFLOWS			
Related to Pensions	3,716,126	5,034,164	(1,318,038)
Related to OPEB	938,785	1,074,398	(135,613)
Total Deferred Outflows	4,654,911	6,108,562	(1,453,651)
LIABILITIES			
Current Liabilities	61,493,533	54,139,990	7,353,543
Noncurrent Liabilities	105,710,134	82,986,616	22,723,518
Total Liabilities	167,203,667	137,126,606	30,077,061
DEFERRED INFLOWS			
Related to Pensions	1,503,278	1,634,493	(131,215)
Related to OPEB	3,697,557	1,178,756	2,518,801
Total Deferred Inflows	5,200,835	2,813,249	2,387,586
NET POSITION			
Net Investment in Capital Assets	3,690,257	3,910,782	(220,525)
Unrestricted	117,022,655	108,873,139	8,149,516
TOTAL NET POSITION	$ 120,712,912	$ 112,783,921	$ 7,928,991

HARD MARKETS

California's General Liability and Property markets over the last several years have proved most challenging to the risk pool insurance industry. These markets have made pricing negotiations with excess carriers even more difficult, and the member pool saw increases in premiums as a result. The California wildfires, mudslides, and other natural disasters show few signs of subsiding and carriers have factored these unfortunate events into pricing across the industry. The winter season of 2022-2023 in California provided a surprising and much needed but above average rainfall. More rain typically means more water to sell, which translates to additional risk. Additional risk brings increases to claim severity and frequency in many cases.

Hard markets have led to some substantial retrospective premium adjustments (RPA) receivable increases in the past, and the current fiscal year was no different. Long-term RPAs are considered noncurrent on the statement of net position because they will not factor into Rate Stabilization Fund calculations for five years (upon completion of the policy year). The receivable tripled from 2022 to 2023, going from $12 million to $36 million. Upswings in RPAs like this are evidence of original pooled contributions from member districts being insufficient to cover losses over the timeline of the policy year.

CLAIM DEVELOPMENT

The most impactful changes to RPAs are related to claims expenses this year. Paid claims increased from $96 million in 2022 to a staggering $111 million in 2023. Much of the RPA receivable increase relates to claims reserves, as those numbers also tripled, reported at almost $25 million across the self-insured programs.

The programs that saw the heaviest increases regarding claims development were the Liability and Property programs. In 2022, liability claims paid totaled just over $9 million, while this year, that figure more than doubled, eclipsing $20 million for the first time in pool history. JPIA reported reserve and IBNR changes in this program last year by over $14 million, and this trend continues in 2022-2023 by increasing those amounts a further $15 million by September 30th, 2023. In the Liability Program, reserve, unallocated loss adjustment expense (ULAE) and IBNR totals now reported on the Statement of Net Position make up over $60 million of the total $101 million total.

Property claims now have a $10 million self-insured retention level, so all claims recorded on the financials relating to the 2022-2023 policy year reside in the primary level, and JPIA projects to payout over $12 million in that policy year alone. This represents the bulk of the Property Program claims liability increase from prior to the current fiscal year. Frequency and severity, especially regarding claims that involve multiple claimants, coupled with increasing inflationary costs for housing and legal claims expenses, have had a more than unfavorable impact on the RPA schedule.

RPA TIMING CHANGES

Liability and property claims activity serves as one of the main reasons the JPIA staff recommended approval of RPA calculation changes in Fall 2022. Rather than using four years from the beginning of a policy year for RPA considerations in the Rate Stabilization Fund (RSF), it was advised that five years from the end of a policy year will now be the initial starting point, and this should allow an extra year for claims to develop in the reserves and IBNRs, and pay down the ultimate loss further so that the JPIA is able to better plan for and possibly curb volatility in RSF changes for its members going forward.

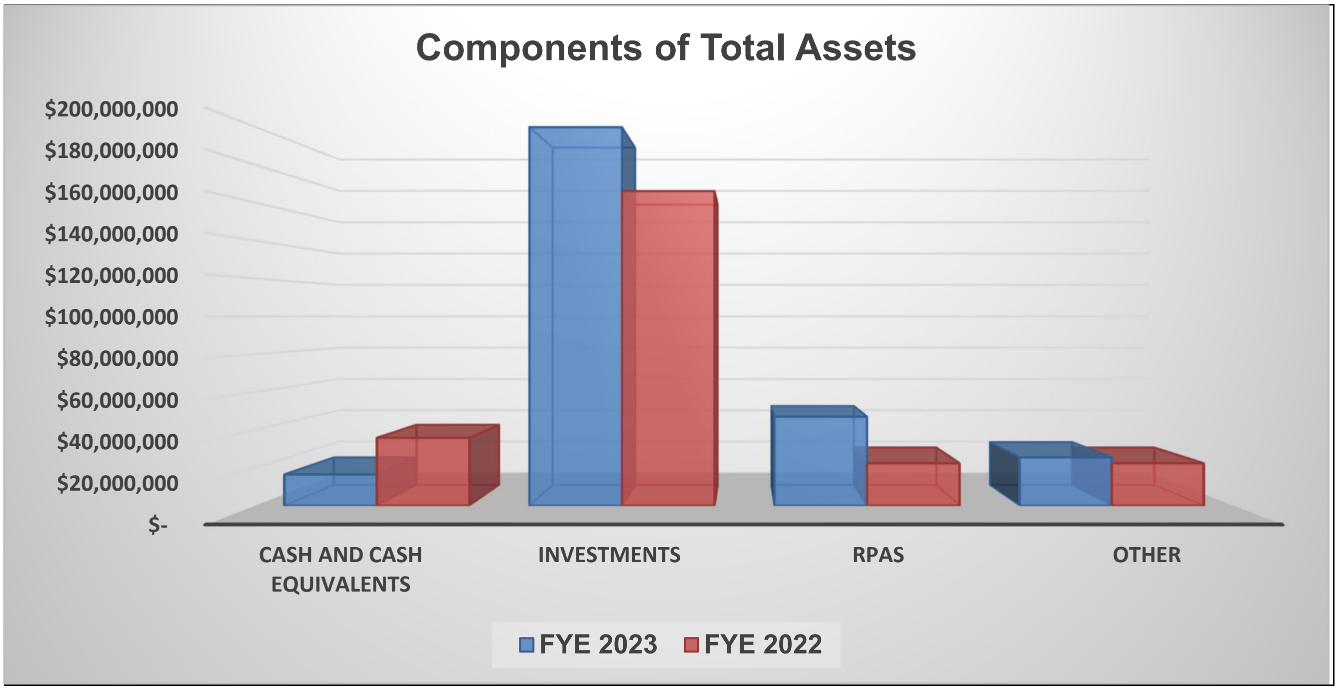
INVESTMENT FAIR MARKET ADJUSTMENT

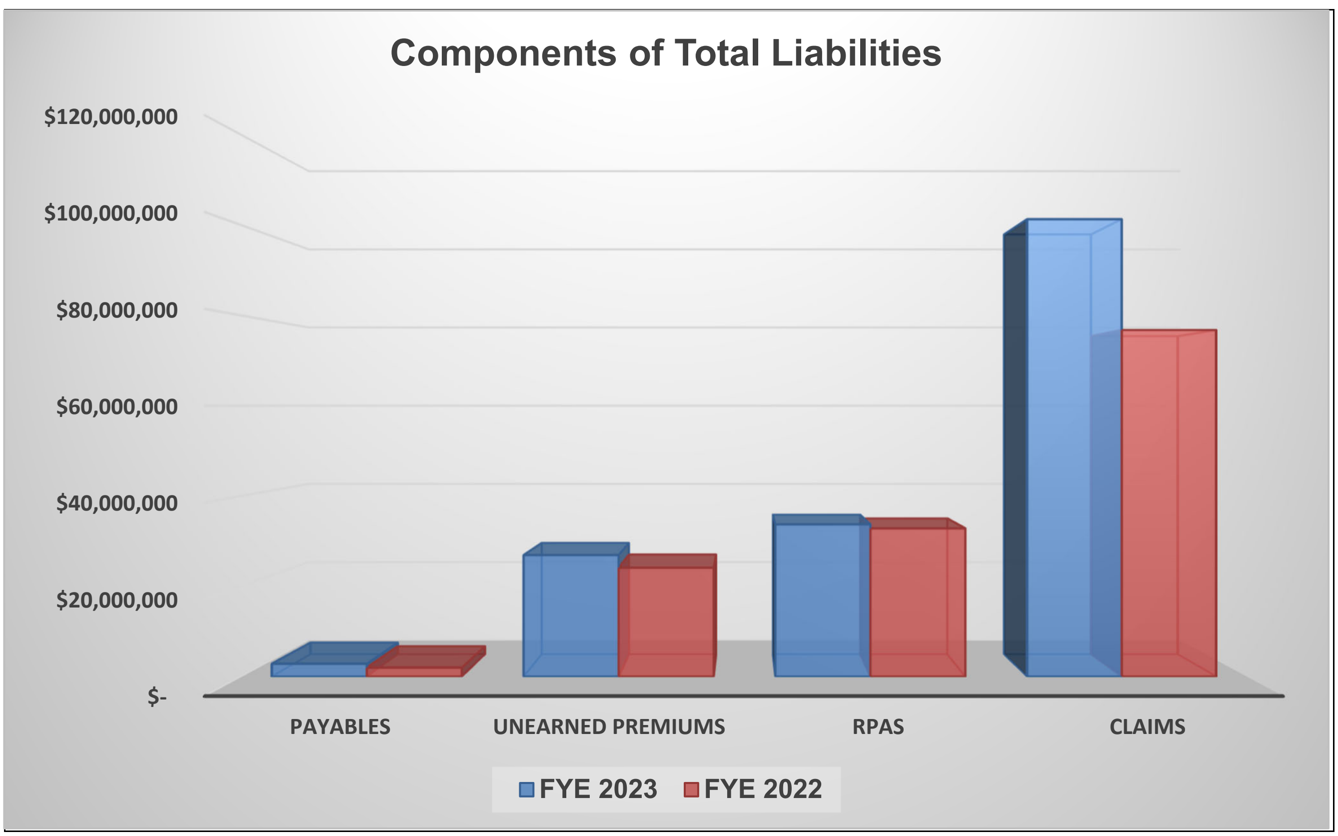
Between both the JPIA and CWIF portfolios, the positive mark to market adjustment of $16 million increased reported investments and factored in the variance between asset totals year to year and in the overall change of net position. Current market and economic conditions have impacted public entity portfolios as the stock market continues to rebound with interest rate hikes and other economic factors.

Other factors related to changes in assets and liabilities:

- OPEB Net Asset – due to actuarial projections, the Net OPEB Asset increased from $1.8 million up to $4.7 million as of the measurement date June 30, 2023. This is due to CalPERS reporting a favorable investment return over the fiscal year 2022-2023. A large factor for the pool's reduction in total OPEB liability was a $2.3 million swing in the difference between expected and realized investment returns. This data can be reviewed in the OPEB section of the Financial Notes and is in accordance with GASB 75 reporting requirements.
- Deferred outflows – OPEB – calculations related to Net OPEB Asset yielded some higher changes in the deferred outflows reported on June 30, 2023. These were due to favorable adjustments to CalPERS expected annual earnings over the payout periods over the next several years. While market volatility could impact this number going forward, it is a positive sign for the JPIA's trust fund, earmarked for future retiree post-employment benefits.
- Claims reserves – as previously mentioned, hard markets and unfavorable claims development activity have been impactful on the JPIA's net position, adding an overall change of $16 million in total claims liabilities from 2022.
- Net pension liability – JPIA's funded status continues to be approximately 100%, though the miscellaneous risk pool's fiduciary net pension falls short of meeting additional interest and benefit payment demands by over $5 billion as of June 30, 2023, measurement date. The JPIA recognizes an additional $2.3 million pension expense on this year's financial statements as part of its proportionate share of the inflated costs to the pool.

The following comparative charts highlight the key changes between the assets and liabilities reported by JPIA on September 30, 2023, against the September 30, 2022 numbers.

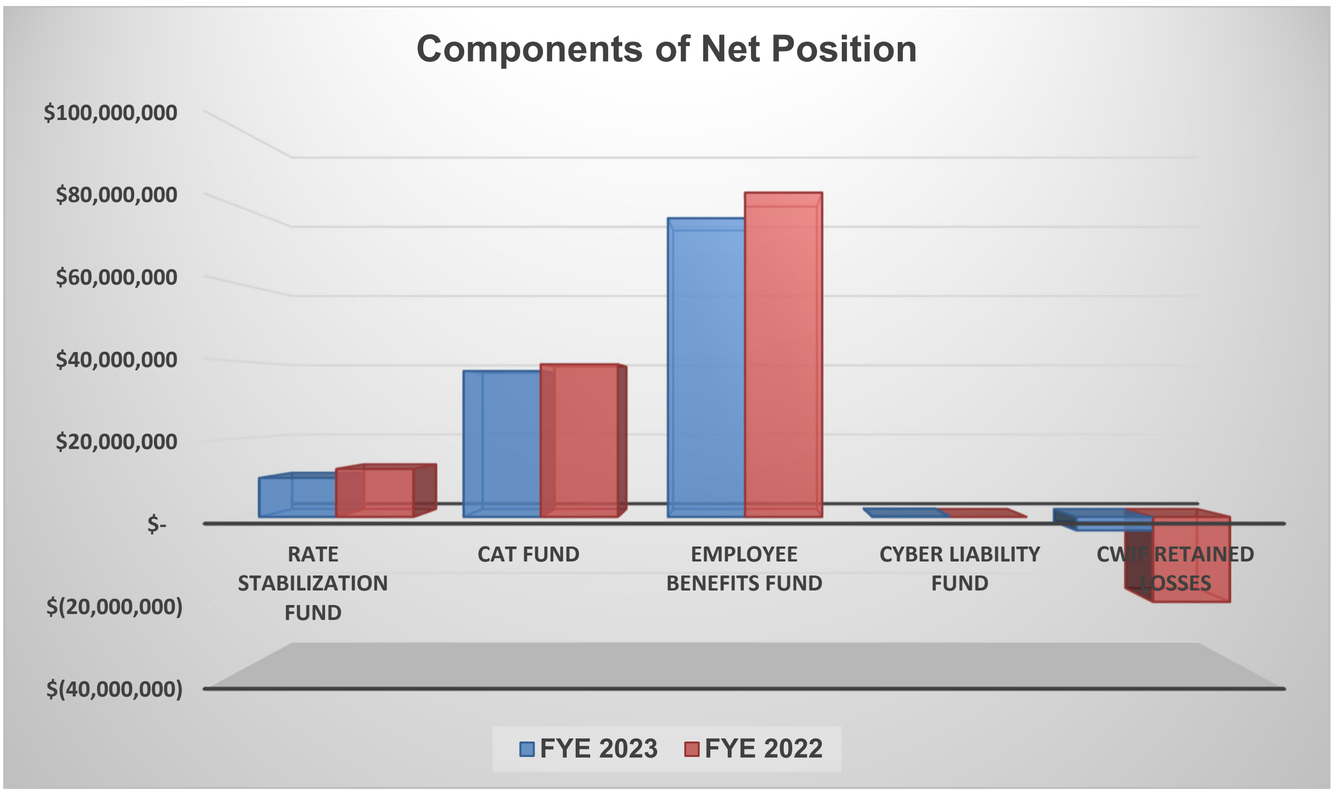




NET POSITION

The components of Net Position graph (below) illustrate the year-to-year changes in the funds that comprise JPIA's net position from 2022 to 2023 (Natural Disaster Fund included with Catastrophic Reserve). The Employee Benefits Fund includes equity that transitioned over from the Health Benefits Authority in 2012, and the annual financial performance of the program altogether year after year.

And new to fiscal year 2022-2023, the Cyber Liability Fund, a reserve set aside for the pass-through program that collects the excess of revenue collected from the member pool, less the direct expenses paid up front by JPIA. This reserve can be used in future years to help curb carrier cost increases to the members.



The Rate Stabilization Fund (RSF) was utilized in 2023 to assist members in several ways. The Liability 10% program, designed to help those members incurring premium increases exceeding more than 10% of the prior three-year premium average, used up over $1.3 million during the billing process for the 2022-2023 pricing. Refunds to member districts were smaller relative to prior years, paying out just over $250,000 to members lucky enough to have favorable RSF balances. This was a small amount compared to years past.

Retrospective premium adjustments of $484,000 for Workers' Compensation policy years helped alleviate the strain on the overall RSF put on it by the Liability program. Those program policy years needed RPA adjustments of over $1.7 million unfortunately. These changes represent most of the reduction in the JPIA's Rate Stabilization Fund. This resource continues to be a vital part of the pool's financial stability year after year, affording the JPIA staff pricing options that other pools may or may not have.

The Catastrophic (CAT) Reserve was used to help reduce the $3 million RPA that was due to be included in yearend RSF calculations. Staff recommended approval of a $1.5 million dividend out of the CAT reserve to be paid from CWIF to JPIA. The JPIA Executive Committee approved this recommendation.

JPIA maintains a surplus reserve for its Employee Benefits program as opposed to the RPA process used by Liability, Property, and Workers Compensation programs. This reserve can offer the pool some added benefits in terms of pricing flexibility and coverage options not afforded to other competitors in the market.

In the 2023 policy year, JPIA experienced PPO claim costs more in line with pre-pandemic levels, or slightly higher due to the compounding increases typically seen over time for medical expenses. Now that the policy year has had time to develop, it has become clear how the pandemic curbed claims over 2020 and 2021. In 2022, the JPIA paid out over $81 million in claims, and if the current trends continue, will pay out over $82 million in the 2023 policy year. These claims factors, along with the JPIA's commitment to assist member districts with pricing decreases over the last two years, have brought the fund down from $83 million to $76.6 million.

The final component of JPIA's net position is the captive insurance company, California Water Insurance Fund (CWIF). Originally established in September 2019, the nonprofit captive's retained earnings were reduced after posting mark to market changes this year as mentioned previously.

A CWIF dividend policy was adopted by the CWIF Board in 2021 to establish protocols designed to return funds back to the JPIA due to three main "events" as outlined below:

1. Favorable actuarial adjustments
2. Realized investment income
3. Other

The realized investment income can take the form of interest and/or dividends received during the fiscal year (less broker fees) and recognized as dividends payable (or receivable) between the two entities. This is designed to provide JPIA members with an immediate benefit of the CWIF portfolio through income allocations that impact the RPAs each year.

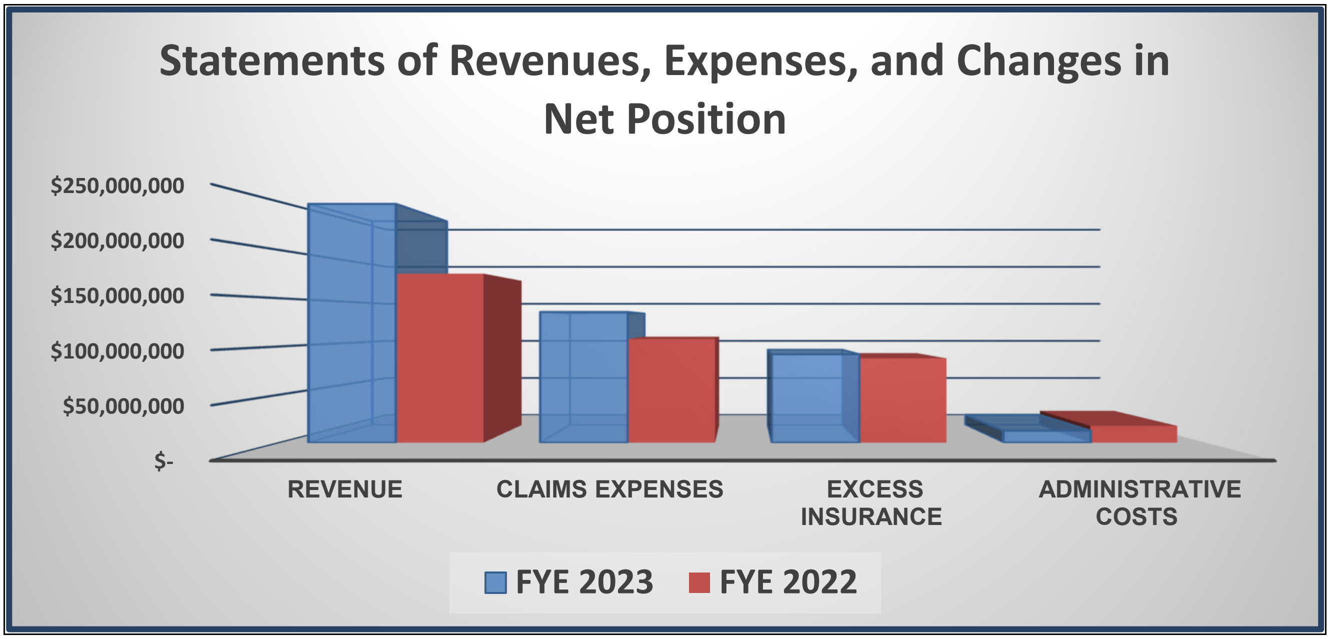
Favorable actuarial adjustments result from claims projections that become clearer as policy years develop. Should initial actuarial estimates prove claims liabilities are developing at a smaller expectation, CWIF would then declare dividends to refund JPIA those potential net "gains" after five years, since that is the benchmark the JPIA uses to begin the RPA process.

Investment reporting at market value had the biggest impact on CWIF retained earnings at year end. Factoring in a fair value adjustment of over $16.9 million, compared to a $(31) million in prior year, helped CWIF's rolling retained losses improve from $(21 million) to only $(3) million on September 30, 2023.

REVENUES, EXPENSES, & CHANGES IN NET POSITION

CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	9/30/2023	9/30/2022	Variance
OPERATING REVENUES			
Member premiums	$207,897,962	$198,914,797	$8,983,165
Retrospective premium adjustments	21,946,181	10,775,431	11,170,750
Total operating revenues	229,844,143	209,690,228	20,153,915
OPERATING EXPENSES			
Provision for claims	135,788,649	107,697,534	28,091,115
Excess insurance	17,610,144	18,206,230	(596,086)
Benefit premiums	72,078,021	69,351,776	2,726,245
Pension expense	2,575,821	7,176,498	(4,600,677)
General & administrative	12,032,038	10,213,990	1,818,048
Total operating expenses	240,084,673	212,646,028	27,438,645
OPERATING LOSS	(10,240,530)	(2,955,800)	(7,284,730)
NON-OPERATING REVENUES			
Investment income (loss)	18,169,521	(34,070,811)	52,240,332
CHANGE IN NET POSITION	7,928,991	(37,026,611)	44,955,602
NET POSITION, BEGINNING	112,783,921	149,810,532	(37,026,611)
NET POSITION, ENDING	$120,712,912	$112,783,921	$7,928,991



MEMBER PREMIUMS

To meet the demands of the hard excess markets surrounding liability and property right now, combined with the current claims environment, increases to premiums were recommended to the Executive Committee for 10% and 20% respectively. Over $26 million was collected from the members in the Liability 2022-2023 policy year, the largest premium collection for the program in JPIA's history. Along with that rate increase came additional payroll from the pool of almost $50 million. 5 additional members were added to the program as well, making the funding requirement higher than ever.

The JPIA Property Program has been a challenge ever since the fires in Northern California several years ago. The 20% increase applied to billing, along with inflationary adjustments to total insured values of 7.5% for covered buildings and 5% for personal property, was still insufficient to cover operational costs for the program in 2022-2023. The $13 million collected fell short by over $7.5 million.

While the property program continues to create strategic pricing maneuvers for the JPIA staff and its member service department, the workers compensation program saw no planned increases in pricing for the 2022-2023 policy year and helped alleviate the impact of the expenses endured by the property program while contributing over $6 million in favorable retrospective premium adjustments to the RSF. This was a positive sign, considering that the workers compensation pool grew by 4 members and added an additional $20 million in payroll.

Employee Benefits premiums make up the bulk of the premium revenue year to year, dating back to inception during the 2012 fiscal year. Staff recommended pricing decreases of 5% in 2022, and now 10% in 2023, with the goal of utilizing some of the reserve that had grown to well over $80 million, impacted by the pandemic over 2020-2021. Anthem's PPO program is a self-insured plan in which JPIA pays claims and self-insures its high dollar losses with the intent of saving the pool from growing excess medical and pharmacy rates.

Pricing out the dental and vision PPO plans has proven over the years to be very consistent with the pool's cost demands and, like the previous fiscal year, added a minimal amount back to the overall reserve. Revenues collected between these two programs are usually in the $10-12 million range and due to their consistent claims history, pricing has remained less volatile than the medical plans.

The new Cyber Liability Program collected a little more than $1 million to cover costs incurred by the pool to payout such services as KnowB4 and KYND, aiming to educate and provide safeguards in the areas of cyber liability and security to the JPIA pool. While this program used to reside within the framework of the liability program, it is now its own stand-alone pass-through program. Premiums exceeding plan years costs are designed to build the new Cyber Liability Fund. This fund, once established, can provide the JPIA flexibility in staving off future excess rate increases to the pool in general.

RETROSPECTIVE PREMIUM ADJUSTMENTS (RPA)

Changes in the RPAs this year are rolled up into operating revenues each year and can be identified by the following changes for the current fiscal year:

- $22 million net excess of costs over revenues for the fiscal year 2022-2023 versus a $10.7 million change in RPAs in the previous year.
- $2.3 million use of the Rate Stabilization Fund (RSF) to add back money to the RPAs
- $200,000 change to member's catastrophic funds versus a $65,000 reduction last year
- $1.5 million CAT fund contribution from the captive in the form of a paid dividend to reduce the liability policy year 2016-2017 RPA, a policy year that had been scheduled to reduce member RSF balances by $3 million in its first year of eligibility in RSF calculations.

These factors account for most of the $20 million operating revenues increase from fiscal year 2022 to 2023.

PROVISION FOR CLAIMS

Details of changes related to the provision for claims by program (these figures include paid claims, reserve changes, incurred but not reported changes, and changes to unallocated loss adjustment expenses):

PROGRAM	2023	2022	VARIANCE
Liability	$35,355,004	$23,630,380	$11,724,624
Property	11,822,397	2,422,697	9,399,700
Workers Comp.	7,750,603	2,411,835	5,338,768
Employee Benefits	80,860,645	79,232,622	1,628,023
Totals:	$135,788,649	$107,697,534	$28,091,115

The liability program experienced an increase of $35.3 million from the previous year. Policy years 2019-2020 and 2022-2023, between the two of them, report reserve and IBNR totals of over $28 million, making up most of the blame on the program's total liability. Actuarial projections for the current year total $20.8 million, a number high compared to years past. Actuary projections also boosted 2019-2020 policy year ultimate loss figures to almost $28 million.

To give some frame of reference of how claims development has progressed in the liability years, at the end of 2022, there were 413 open claims. That number has now jumped to 839 on September 30, 2023. Granted, many of these claims are one incident, affecting multiple claimants, but the wet weather opened the door for increased risk, and the open claims numbers reflect that very well.

Property claims have been impacted by the new 2022-2023 policy towards self-insuring all risk up to $10 million per occurrence. Without the safety net of an excess recovery system, the JPIA endeavors to take on a larger primary claim responsibility, and not surprisingly, reserves stand at over $10 million with over 100 open claims at yearend.

The workers compensation program has helped the pool immensely over the last few years, with claim experience remaining consistent with previous policy years. Currently, claims liabilities fall within the $4 to $7 million range on the actuary's ultimate loss scale. These costs have been very manageable and have helped offset some of the adverse impacts on RPAs.

The COVID impact on employee benefits claims appears to be a rebounding effect, where many appointments and/or medical procedures originally scheduled during the pandemic 2020-2021, were rescheduled and eventually billed in 2022 and 2023. This could explain why the 2022 claims costs and 2023 claims trend is projecting higher compared to the pandemic years.

The current pace in 2023 is progressing towards an expected paid total of over $80 million in total claims after the policy year is fully closed out. JPIA has not had a PPO claims experience of over $80 million since 2017, so claims costs have returned to pre-pandemic levels going forward.

EXCESS

The Property program, continuing to be affected by hard market conditions, coupled with rising total insured value of assets covered by the program, saw increases in excess costs totaling approximately $2.2 million in additional expenses for 2022-2023. The total for the 2022-23 policy year exceeded a considerable $7.5 million and brings with it a self-insured retention level of $10 million before recoveries can be obtained. The increasing costs for this program account for a large portion of the excess variance reported on September 30, 2023.

Rising excess costs also impact the liability program as well. The pool has seen these expenses hover around $5 to $6 million as soon as two years ago, where currently those premiums are approaching $8 million.

ADMINISTRATIVE

The general and administrative costs for JPIA in 2022-23 exceeded $14.6 million, with payroll and benefits costs rising due to additional staffing requirements. For the last two years, JPIA prepared for the transition of its long time Chief Executive Officer, Walter (Andy) Sells into retirement. Adrienne Beatty has served under Andy as Assistant Executive Officer and will take over the role of CEO on October 1, 2023.

To accommodate the need for both salaries, the Personnel Committee approved the budget in Spring of 2022 that allowed enough room to accommodate this extra cost, as well as new director positions, Director of Member Outreach, and Director of Pooled Programs. Upon retirement, Adrienne will no longer require the position of Assistant Executive Officer, freeing up that budget space for more support roles in the areas of administration and legal.

For presentational purposes, pension expenses have been reported separately to identify significant swings from year to year. Pension expenses were recorded as $2.5 million in 2023 versus $7.1 million in 2022, mostly because of actuarial changes to projected pool costs and larger than anticipated interest projections on total unfunded pension liabilities. Though JPIA's proportionate share of the fiduciary net position of pool assets is favorable (and sometimes yielded net pension assets in years past), the growth of the overall pension liability warrants recording a net change of 2.5 million.

CASH AND INVESTMENTS

Cash and investments make up a substantial amount of JPIA's total assets. Because they are limited to California investment standards for public entities, the expected returns of fixed income portfolios typically range from 1 – 3% and in an industry where premiums are collected up front and then paid out over time, the prudent course of action is to capitalize as much as possible on those funds for the benefit of the paying members.

The goal of the captive (CWIF) is to allow JPIA to accomplish a more appropriate rate of return considering the amount of premiums paid to finance the long-term risk of liability and workers compensation claims. Currently, there are no definitive plans to transfer property coverage to the captive as of September 30, 2023.

Over the course of the fiscal year, the CWIF investment assets expanded as premiums paid (less costs owed for claims activity) to the captive by JPIA totaled over $13.6 million were immediately invested into mutual funds within the blended portfolio. The fair value on September 30, 2023, was $162 million, up $32 million from 2022.

The CWIF portfolio is a blended portfolio comprised of open and closed-ended mutual funds. The target ratio approved by the CWIF committee is 65% equity, 35% fixed income, with a slight 5% variance allowance. This allocation mix was incorporated into the CWIF investment policy.

The following chart breaks down the blended cash and investment balances at year end:

TYPE	**2023**	**2022**	VARIANCE
JPIA Cash/Equivalents	$15,637,530	$31,603,145	$(15,965,615)
CWIF Cash/Equivalents	856,071	4,246,647	(3,390,576)
JPIA Fixed Income	37,246,752	36,058,191	1,188,561
CWIF Mutual Funds	162,390,981	129,941,005	32,449,976
Totals:	$216,131,334	$201,848,988	$14,282,346

California Asset Management Program (CAMP) has shown recent increases over the past fiscal year, most likely as a result of the challenges to the stock market conditions. The 7-day yield reported at 9/30/23 was 5.5%, so JPIA decided to move an extra $1 million to the program to capitlize on these favorable returns. Totals between CAMP and LAIF (Local Area Investment Fund) totaled approximately $3.4 million at year end compared to $19 million in the previous year. LAIF funds were used to offset the higher claims costs paid out in 2022-2023 and helped out with cash flow when needed.

CAPITAL ASSETS

The 2022-2023 fiscal year had no capital asset purchases. Depreciation of capital assets over the fiscal year totaled $220,525. Most of the depreciation expense is related to the JPIA building, located in Roseville, California.

FACTS OR CONDITIONS THAT ARE EXPECTED TO HAVE A SIGNIFICANT EFFECT ON THE FINANCIAL POSITION OR RESULT OF OPERATIONS

ACWA JPIA is consistently preparing and planning for the success of its member pool. There are always moving parts in motion that could have a financial impact, some as early as the next fiscal year (2023-2024). The following items play a role in JPIA's ongoing commitment to excellence to its members. Here are some highlights:

- External Impacts – CA Wildfires and Floods. The JPIA partners along the side of members to deliver best practices information regarding human safety, assets security, as well as serve as a resource and advisor when a disaster does strike. The Caldor Fire of August 2021 in the Tahoe Forest region had a profound impact, not only on JPIA members and their staff, but even employees of the JPIA as well. The risk management staff will take the lessons learned from this event and apply them to help other covered members prepare for risk mitigation that will come with future California wildfires.
- CWIF – Continuing on with providing coverage up to the $5 million self-insured retention level and $10 million to $20 million level in the liability program, CWIF will once again take on the risk transfer of workers' compensation as well.
- Cyber Liability – once covered under the liability program, this stand-alone pass thru program is currently offered now to members for a separate premium. Members may opt out of the program in writing. This is a growing risk to the pool, but very challenging to finance the appropriate risk. Staff recommended transforming this coverage into a pass thru program so that each individual member may assess their own budgets and risk tolerance, outside of the pooled protection.
- Employee Benefits medical pricing – the Executive Committee chose to slow down the effects of the reserve subsidy used in recent years, as inflation and higher than normal claims trends bring the risk pool back to the pre-pandemic cost expectations. The 2024 pricing for the PPO self-insured plan will include a 10% increase in premium to help accomplish this.

CONCLUSION

This financial report is designed to provide a general overview of JPIA's financial position. For further information, please visit the JPIA's website at www.acwajpia.com, which provides access to the most current approved and independently audited financial reports. Questions concerning any of the information presented can be sent to the following address:

ACWA JPIA
Attn: Finance Department
2100 Professional Drive
Roseville, CA 95661-3700

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

	2023	Comparative Totals 2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 16,493,601	$ 35,849,792
Member premiums receivable	8,344,549	7,458,541
Investment income and other receivables	277,402	218,948
Excess insurance proceeds receivable	30,325	923,332
Retrospective premium adjustment receivable	10,826,725	10,325,927
Prepaid expenses	8,416,281	7,974,842
TOTAL CURRENT ASSETS	44,388,883	62,751,382
NONCURRENT ASSETS		
Investments	199,637,733	165,999,196
Retrospective premium adjustment receivable	35,981,276	12,070,465
Net OPEB asset	4,764,354	1,883,389
Capital assets - net	3,690,257	3,910,782
TOTAL NONCURRENT ASSETS	244,073,620	183,863,832
TOTAL ASSETS	288,462,503	246,615,214
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pensions	3,716,126	5,034,164
Deferred outflows of resources related to OPEB	938,785	1,074,398
TOTAL DEFERRED OUTFLOWS	4,654,911	6,108,562
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	2,864,046	1,984,793
Unearned member premiums	26,918,323	24,115,259
Retrospective premium adjustment payables	9,051,896	11,732,709
Claims reserves	22,659,268	16,307,229
TOTAL CURRENT LIABILITIES	61,493,533	54,139,990
NONCURRENT LIABILITIES		
Retrospective premium adjustment payables	24,805,475	21,091,022
Claims reserves	42,997,248	24,576,230
Claims incurred but not reported	32,670,965	33,140,369
Net pension liability	2,277,917	1,445,119
Unallocated loss adjustment liability	2,958,529	2,733,876
TOTAL NONCURRENT LIABILITIES	105,710,134	82,986,616
TOTAL LIABILITIES	167,203,667	137,126,606
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pensions	1,503,278	1,634,493
Deferred inflows of resources related to OPEB	3,697,557	1,178,756
TOTAL DEFERRED INFLOWS	5,200,835	2,813,249
NET POSITION		
Net investment in capital assets	3,690,257	3,910,782
Unrestricted	117,022,655	108,873,139
TOTAL NET POSITION	$ 120,712,912	$ 112,783,921

See accompanying notes to financial statements.

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2023

	2023	Comparative Totals 2022
OPERATING REVENUES		
Member premiums	$ 207,897,962	$ 198,914,797
Retrospective premium adjustments	21,946,181	10,775,431
TOTAL OPERATING REVENUES	229,844,143	209,690,228
OPERATING EXPENSES		
Claims expense:		
Claims paid	111,260,343	96,142,905
Change in claims reserves	24,773,057	8,863,387
Change in claims incurred but not reported	(469,404)	3,498,215
Change in unallocated loss adjustment expense	224,653	(806,973)
Total claims expense	135,788,649	107,697,534
Excess insurance	17,610,144	18,206,230
Benefit premiums	72,078,021	69,351,776
Pension expense	2,575,821	7,176,498
General and administrative	11,811,513	9,995,412
Depreciation	220,525	218,578
TOTAL OPERATING EXPENSES	240,084,673	212,646,028
OPERATING LOSS	(10,240,530)	(2,955,800)
NONOPERATING REVENUES		
Investment income	1,193,475	4,430,587
Net increase (decrease) in investment fair value	16,976,046	(38,501,398)
TOTAL NONOPERATING REVENUES	18,169,521	(34,070,811)
CHANGE IN NET POSITION	7,928,991	(37,026,611)
NET POSITION, BEGINNING OF YEAR	112,783,921	149,810,532
NET POSITION, END OF YEAR	$ 120,712,912	$ 112,783,921

See accompanying notes to financial statements.

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2023

	2023	Comparative Totals 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from members	$ 206,655,589	$ 202,608,794
Cash received from excess/aggregate insurance	19,917,840	19,304,374
Payments for claims	(111,260,343)	(96,142,905)
Payments for excess/aggregate claims	(15,619,926)	(19,767,389)
Payments for excess insurance	(17,610,144)	(18,206,230)
Payments for benefit premiums	(72,078,021)	(69,351,776)
Payments for billings & RPA fund	(161,850)	(3,899,156)
Payments to vendors	(5,723,896)	(2,646,660)
Payments to employees	(8,724,710)	(7,906,282)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(4,605,461)	3,992,770
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	0	(25,109)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	1,969,647	4,686,543
Purchase of investments	(118,471,285)	(154,546,287)
Proceeds from maturities of investments	101,750,908	150,042,015
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(14,750,730)	182,271
Increase (decrease) in cash and cash equivalents	(19,356,191)	4,149,932
Cash and cash equivalents, beginning of year	35,849,792	31,699,860
Cash and cash equivalents, end of year	$ 16,493,601	$ 35,849,792
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating loss	$ (10,240,530)	$ (2,955,800)
Adjustments to net cash provided by operating activities:		
Depreciation of capital assets	220,525	218,578
Change in member premiums receivable	(886,008)	1,092,699
Change in excess insurance proceeds receivable	893,007	(467,189)
Change in retrospective premium adjustment receivable	(24,411,609)	(13,517,000)
Change in net pension liability	832,798	6,210,519
Change in net OPEB asset	(2,880,965)	2,022,126
Change in other receivables and prepaids	(499,893)	962,491
Changes in deferred outflows/inflows related to net pension and OPEB	3,841,237	(1,696,450)
Changes in accounts payable and other accrued expenses	160,967	(218,832)
Change in unearned member premiums	2,803,064	2,709,274
Change in retrospective premium adjustment payables	1,033,640	(1,922,274)
Change in claims liabilities	24,528,306	11,554,628
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (4,605,461)	$ 3,992,770
NON CASH ITEMS		
Change in unrealized fair value of investments	$ 16,976,046	$ (38,501,398)

See accompanying notes to financial statements.

(1) General Information

Organization and Operations – The Association of California Water Agencies Joint Powers Insurance Authority (ACWA JPIA or JPIA) was created effective July 5, 1979, by a joint powers agreement among member water districts and agencies organized and operating under the laws of the State of California. The JPIA was organized pursuant to provisions of the California Government Code for the purpose of providing insurance coverage for its member districts**.**

The JPIA currently offers five joint protection programs:

- Public Auto and General Liability
- Workers' Compensation
- Property Insurance
- Underground Storage Tank Liability
- Employee Benefits (Medical, Dental, Vision, Other)

The JPIA also purchases group insurance for dam failure, pass through insurance (including employee fidelity bonding, difference in condition, boiler and machinery stand alone, and crime), and for the period of July 1, 1995, through June 30, 1998, workers' compensation for electing member districts.

Starting in fiscal year 2022-2023, the cyber liability program was moved out of the liability program and became its own pass-through. Members are billed premiums and JPIA pays for the direct expenses that benefit the entire pooled program. Any revenues exceeding expenses will be classified as part of net position as the Cyber Liability Fund. This policy year begins July 1 and ends June 30.

The JPIA provides joint protection coverage for losses more than the member districts' individually specified self-insurance retention levels.

Reporting Entity – The reporting entity includes all activities (operations of the administrative staff, officers, executive board, and board of directors) as they relate to the JPIA considered to be part of (controlled by or dependent on) the JPIA. This includes financial activity relating to all the membership years.

In determining its reporting entity, the JPIA considered all governmental units that were members since inception. The criteria did not require the inclusion of these entities in these financial statements principally because the JPIA is not financially accountable for any members.

Captive – In September 2019, the JPIA Executive Committee approved the formation of a captive insurance company entitled California Water Insurance Fund (CWIF). CWIF incorporated as a nonprofit organization, domiciled in the state of Utah, and satisfies the requirements as a pure captive insurance company under the Captive Insurance Companies Act, Chapter 37 of Title 31A of the Utah Code of 1953, as amended.

CWIF's primary function serves as a risk financing tool for the JPIA and its member districts, designed to benefit risk pool members through a modest discount of the actuarial risk JPIA programs are assuming. Ceded risk to the captive depends on the levels of risk determined by the Executive Committee per program and may differ from program year to program year.

For financial reporting purposes, CWIF is a blended component unit and the schedules presented in this report include combined figures for both the JPIA and CWIF. CWIF prepares its own separate annual financial statements, which can be obtained by submitting a formal request in writing to ACWA JPIA, Attn: Finance Department, 2100 Professional Drive, Roseville, CA 95661.

Insurance Coverage and Deductibles – The JPIA provides the following major insurance coverage and deductibles:

a) Liability Program – The Liability Program was established to account for the payment of liability claims and administrative costs. Funding is based upon rates established by ACWA JPIA's Executive Committee. The JPIA administers claims in-house on behalf of participating members.

The JPIA provides the following insurance coverage and self-insured retention (SIR):
Member District Retrospective Allocation Point (RAP): $2,500 to $100,000
The SIRs for this program by policy year are as follows:

Years	SIR Amount
10/1/79 - 9/30/86	$ 500,000
10/1/86 - 9/30/87	1,000,000
10/1/87 - 9/30/05	500,000
10/1/05 - 9/30/11	1,000,000
10/1/11 - 9/30/16	2,000,000
10/1/16 - 9/30/19	5,000,000
10/1/19 - 9/30/23*	5,000,000

- *Excess: $1 to a total of $5,000,000 coverage by captive insurance company, California Water Insurance Fund (CWIF). CWIF is also responsible for the 10X of 10 layer ($10,000,000 – 20,000,000) for the last three policy years covering 10/1/20 - 9/30/23.
- $5,000,000 to a total of $60,000,000 coverage through various carriers. Policy Year: October 1 through September 30.

b) Property Program – The Property Program was established to account for the payment of property claims and administrative costs. Funding is based upon rates established by ACWA JPIA's Executive Committee. The JPIA administers claims in-house on behalf of participating members**.**

The JPIA provides the following insurance coverage, deductibles, and SIR:
Member District Deductible: $500 to $50,000
The SIRs for this program by policy year are as follows:

Years	SIR Amount
1/1/83 - 3/31/85	Various
4/1/85 - 3/31/86	$5,000
4/1/86 - 3/31/88	50,000
4/1/88 - 3/31/01	10,000
4/1/01 - 3/31/13	50,000
4/1/13 - 6/30/20*	100,000
7/1/20 - 6/30/22	100,000
7/1/22 - 6/30/24	10,000,000

- Excess: $100,000 up to a total of $500,000,000 coverage with various sub limits through Alliant Property Insurance Program (APIP).
- *Policy Year: April 1 through June 30 of 2019. Property Program changed policy year format to better align with APIP recommended coverage schedule. From that point on, the Property

Program policy year would run from July 1 through June 30. Beginning July 1, 2019, ACWA JPIA has an aggregate deductible under which they retain the first $1 million on claims in excess of $100,000.

c) **Workers' Compensation Program** – The Workers' Compensation Program was established to account for the payment of workers' compensation claims and administrative costs. Funding is based upon rates established by the JPIA's Executive Committee. The JPIA administers claims in-house on behalf of participating members**.**

The JPIA provides the following insurance coverage and SIR:
Member District RAP: $250 to $25,000
The SIRs for this program by policy year are as follows:

Years	SIR Amount
7/1/86 - 6/30/87	$125,000
7/1/87 - 6/30/88	150,000
7/1/88 - 6/30/89	175,000
7/1/89 - 6/30/91	200,000
7/1/91 - 6/30/92	225,000
7/1/92 - 6/30/01*	250,000
7/1/01 - 6/30/02	350,000
7/1/02 - 6/30/03	650,000
7/1/03 - 6/30/20	2,000,000
7/1/20 - 6/30/24**	2,000,000

- *From July 1, 1995, through June 30, 1998, the Workers' Compensation Program functioned as a group purchase program.
- **Excess of $1 to a total of $2,000,000 per occurrence by captive insurance company, CWIF. Policy Year: July 1 through June 30

d) **Employee Benefits Program** – In January 2012, both ACWA JPIA's Executive Committee and the Health Benefits Authority (HBA) approved the transition of the HBA program into the JPIA. In March 2012, the HBA Board of Directors voted to dissolve the HBA programs. As a result, the JPIA's Employee Benefits Program was established on July 1, 2012, to provide medical, dental and vision coverage for members' employees and dependents. The preferred provider organization plans offered in the medical and dental coverage are self-insured. The vision program also converted to self-insured starting with plan year January 1, 2015. Funding is based upon rates established by the JPIA's Executive Committee. The JPIA utilizes a third party to administer these claims on behalf of participating members**.**

The JPIA carried reinsurance through Sun Life Financial, administered by Stealth Partner Group, LLC for coverage losses in excess of the self-insured retention of $750,000 per beneficiary incurred during the policy period January 1st through December 31st 2022, and paid during the policy period and six-month period immediately following the end of the policy period in 2023. JPIA currently self-insures all claims from January 1st 2023 going forward.

(2) Significant Accounting Policies

Basis of Accounting – The accounting records of the JPIA are kept on the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Cash and Cash Equivalents – With regards to the statement of cash flows, the JPIA considers cash in banks, all money market funds, cash in Local Government Investment Pools (LGIP), and Local Agency Investment Funds (LAIF) to be cash equivalents. Investments maturing within three months from the date of purchase are also considered to be cash equivalents.

Investments in debt securities are recorded at fair value. For purposes of these financial statements, fair value is equivalent to investment market value on September 30, 2023. Changes in the fair value of investments, both realized and unrealized, are included in the Statement of Revenues, Expenses, and Changes in Net Position as a component of non-operating revenues.

Beginning with fiscal year 2019-20 and the introduction of CWIF, the Executive Committee voted to move $31.4 million for the purposes of investing pooled funds into the new captive portfolio. This amount was comprised of $19.4 million designated for the original Liability policy year 2020 premiums, plus an additional $12 million as paid-in capital.

Later during the 19-20 fiscal year, an additional $10 million paid in capital was contributed to the captive's portfolio. The CWIF portfolio consists of equity-based and fixed income-based mutual funds with a target return on investment of 7%. Equity securities comprise approximately 67% of the CWIF portfolio at the end of the fiscal year.

In fiscal year 2023, an additional $88,455 was moved from JPIA to CWIF in an effort to match dollar for dollar the catastrophic funds for both liability and workers compensation in both sets of financials.

Prepaid Expenses – Payments for the portions of excess insurance and other costs that extend into future accounting periods have been recorded as prepaid expenses.

Capital Assets are stated at cost and depreciated using the straight-line method over the estimated useful lives of three years for computer equipment, five years for office equipment and building improvements, and 30 years for the JPIA main office building in Roseville, CA.

Unearned Member Premiums – The JPIA bills its members in advance for certain programs. The amount billed represents unearned member premium revenue until earned. Any premiums collected from members before the respective program years, are recorded in the Unearned Member Premium general ledger accounts until the appropriate period, at which time premiums are then recognized as earned and allocated to the specific revenue accounts.

Premiums Receivable – These amounts represent unpaid invoices for policies written during the JPIA's fiscal year. A significant portion of premiums receivable are also recognized as unearned premiums for those policies extending into the subsequent year.

Claims Liabilities – The JPIA establishes liabilities for claims based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount, particularly for coverage such as general liability and workers' compensation. Claims liabilities are recomputed annually using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claims frequency, and other economic and social factors. A provision for inflation in the calculation is implicit in the calculation of estimated future claims costs because reliance is placed both on actual historical data that reflects past inflation and on other factors that are considered appropriate modifiers of experience. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

Unallocated Loss Adjustment Expenses (ULAE) – Amounts have been estimated for the cost of administering current and future claims. An independent actuary, in connection with other loss development information, determined these amounts.

Member Premiums are calculated based upon each member district's respective payroll (or insured values for the Property Program) and loss history. For the Employee Benefits Program, premiums are calculated based upon approved rates by the ACWA JPIA Executive Committee.

Member premiums are recognized as revenue over the periods covered by the policies. For the liability, property and workers' compensation policies, a retrospective premium adjustment for each policy year is made annually, four years after a policy year begins.

Operating and Non-operating Revenues – Operating revenues include all member premiums, which include related fees and assessments that are integral to the financing of the insurance programs. Investment income is classified as non-operating revenue.

Allocation of Indirect Expenses – Indirect expenses are allocated among insurance programs based on an internal employee survey for estimated time spent on each of the JPIA programs. In May of 2017, staff leadership conducted a new survey to update the allocation percentages for each program based on more current workflow estimates. The Liability program allocation is 30%, the Workers' Compensation program is 36%, Employee Benefits is at 20%, and the Property program is 14%.

Income Taxes – As a public agency under the State of California, the JPIA is exempt from federal and state income taxes under Internal Revenue Code Section 115 and California Revenue and Taxation Code Section 17131, respectively.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of resources that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. Conversely, deferred inflows of resources represent an acquisition of resources that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

Contributions made to the JPIA's pension and OPEB plans after the measurement date but before the fiscal year-end are recorded as deferred outflows of resources and will reduce the net pension and total OPEB liabilities in the next fiscal year.

Additional factors involved in the calculation of the JPIA's pension and OPEB expenses and liabilities include the differences between expected and actual experience, changes in assumptions, differences between projected and actual investment earnings, changes in proportion, and differences between the JPIA's contributions and proportionate share of contributions. These factors are recorded as deferred outflows and inflows of resources and amortized over various periods. See Note 9 for further details related to pension deferred outflows and inflows. See Note 10 for details related to the OPEB deferred outflows and inflows.

Pensions – For purposes of measuring the net pension asset and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the JPIA's portion of the California Public Employees' Retirement System (CalPERS) Miscellaneous plan and additions to/deductions from the Plan's 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.

OPEB – For purposes of measuring the net OPEB asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the JPIA's OPEB Plan and additions to/deductions from OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

(3) Cash and Investments

Investments Authorized by the JPIA's Investment Policy – The following table identifies the investment types authorized for the JPIA by the California Government Code Section 53601 (or the JPIA's investment policy where more restrictive). Also following are tables identifying certain provisions of the California Government Code (or the JPIA's investment policy where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

INVESTMENT TYPE	% OF INVESTMENT PORTFOLIO	% OF ISSUER REGARDLESS OF SECTOR	MAXIMUM MATURITY	MINIMUM RATING CATEGORY
US TREASURY	100%	100%	5 YEARS	
FEDERAL AGENCY	100%	50%	5 YEARS	
CALIFORNIA STATE OBLIGATIONS	100%	5%	5 YEARS	A
CALIFORNIA LOCAL GOVERNMENT OBLIGATIONS	100%	5%	5 YEARS	A
OTHER STATE OBLIGATIONS	100%	5%	5 YEARS	A
BANKERS' ACCEPTANCES	20%	5%	180 DAYS	Highest by NRSRO
COMMERCIAL PAPER	40%/25%*	5%	270 DAYS	Highest by NRSRO
MEDIUM TERM NOTES	30%	5%	5 YEARS	A
NEGOTIABLE CD'S	30%	5%	5 YEARS	A
TIME CDS	30%	FDIC/NCUA LIMITS	5 YEARS	BANKS/S&I/CU INSURED
LGIP	50%	N/A	-	AAAm
LAIF	50%	N/A	DAILY	N/A
MONEY MARKET FUNDS	20%	20%	-	TREASURY/ AGENCY ONLY
REPURCHASE AGREEMENTS	20%	20%	92 DAYS	Primary Dealer
SUPRANATIONALS	20%	20%	5 YEARS	AAA
ASSET-BACKED SECURITIES	20%	5%	5 YEARS	AA

* The limit is 25% if the Authority has less than $100 million of investment assets

CWIF Investment Policy

CWIF's investment policy identifies procedures that will foster a prudent and systematic investment program designed to seek CWIF's objectives through a diversified investment portfolio. An appropriate level of risk shall be maintained by purchasing investments within the context of a well-diversified portfolio. Adequate diversification between equities and fixed income securities shall be applied to prevent an undue amount of investment risk with any one area. CWIF strives to achieve returns and control risk by meeting certain asset allocation targets set forth in CWIF's investment policy. The classes of investments that most adequately meet the above-mentioned criteria shall be allowed for purchase. They are equities and fixed income investments of U.S. and non-U.S. issuers, and real estate investment trusts. The investment policy also lists out some prohibited transactions such as letter stock and other unregistered securities, direct commodities, derivatives, options, and futures.
Investment Credit Risk - CWIF's investments on September 30, 2023, are summarized in the following table and are broken out based on the mutual fund type with the appropriate portfolio representation:

INVESTMENTS	FAIR VALUE	PORTFOLIO %	CREDIT QUALITY RATING
Mutual Funds – Equity	$ 106,907,336	66%	None
Mutual Funds – Fixed Income	33,194,593	20%	None
Mutual Funds – Other*	22,289,052	14%	None
Total Investments	$162,390,981	100%	

***Mutual funds classified as "other" cannot be classified as strictly "equity" or "fixed income" securities.

Concentration of Credit Risk – As of September 30, 2023, no investments in any one issuer, other than U.S. Treasury Securities, LAIF and LGIP, represent 5% or more of the total ACWA JPIA portfolio.

Custodial Credit Risk is the risk that in the event of a bank failure, the JPIA's deposits may not be returned. California Law requires banks and savings and loan institutions to pledge government securities with a fair value of 110% of the JPIA's cash on deposit, or first trust deed mortgage notes with a fair value of 150% of the deposit, as collateral for these deposits. Under California Law, this collateral is held in a separate investment pool by another institution in the JPIA's name and places it ahead of general creditors of the institution.

Interest Rate Risk is the possibility that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As a means of highlighting exposure to interest rate risk, the fair value of all securities is calculated and reported monthly to the two oversight committees of the JPIA for investments. Investment fair value and duration on September 30, 2023, are as follows:

Authorized Investment Type	Fair Value	Effective Duration
U.S. Treasury Obligations	$13,120,376	2.942
Federal Agency Securities	654,677	3.264
Federal Mortgage-Backed Securities	4,159,185	0.893
Medium-Term Notes	9,608,512	2.399
Asset-Backed Securities/CMOs	5,419,443	1.862
Negotiable Certificates of Deposit	1,205,000	2.386
Municipal Bonds	3,079,559	1.407
Mutual Funds – Equity	106,907,336	N/A
Mutual Funds – Fixed Income	33,194,593	N/A
Mutual Funds – Other	22,289,052	N/A

Local Agency Investment Funds (LAIF) – The JPIA is a participant in LAIF that is regulated by the California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the JPIA's investment in this pool is reported in the accompanying financial statements at amounts based upon the JPIA's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio. Financial information can be obtained from the LAIF website: treasurer.ca.gov.

Local Government Investment Pools are managed pool accounts in which the JPIA participates. The California Asset Management Program (CAMP) invests available cash under California Government Code Section 53601 and 53635. CAMP is a joint powers authority organized under California law and is managed by participant elected trustees. The fair value of the JPIA's investment in this pool is reported in the accompanying financial statements at amounts based on the JPIA's pro-rata share of the fair value. Financial information can be obtained from 50 California Street, Suite 2300, San Francisco, CA 94111.

Investment Credit Risk – JPIA and CWIF investment securities are summarized in the following table by respective fair values as of September 30, 2023. JPIA reports credit quality ratings by Moody's, a nationally recognized rating agency.

Disclosures Relating to Credit Risk

Authorized Investment	Amount	Aaa/P-1	Aa (1-3)	A (1-3)	Not Rated
Cash	$ 200	$ 0	$ 0	$ 0	$ 200
Deposits with Financial Institutions	12,949,672				12,949,672
Asset-Backed Securities	5,419,443				5,419,443
Negotiable Certificates of Deposit	1,205,000	1,205,000			
LGIP (Managed Pool Account) *	2,382,269				2,382,269
LAIF	1,161,460				1,161,460
U.S. Treasury Obligations	13,120,376	13,120,376			
Federal Agency Securities	654,677	380,964			273,713
Federal Mortgage-Backed Secur.	4,159,185	4,158,481			704
Municipal Bonds	3,079,559	730,477	2,349,082		
Medium-Term Notes	9,608,512	526,631	1,820,460	7,261,421	
Mutual Funds – Equity**	106,907,336				106,907,336
Mutual Funds – Fixed Income**	33,194,593				33,194,593
Mutual Funds – Other**	22,289,052				22,289,052
Totals	$ 216,131,334	$20,121,929	$ 4,169,542	$ 7,261,421	$184,578,442

Information about the risk that an issuer or other counterparty to an investment will not fulfill its obligations is provided by the table above.

*The managed pool account (LGIP) is comprised of $2,382,269 in California Asset Management Program (CAMP). This investment is not rated by Moody's but is, however, rated AAAm by Standard and Poor's.

**California Water Insurance Fund (CWIF), a captive insurance company and blended component of ACWA JPIA. Investment fund managed by PFM Asset Management LLC, with custodian services provided by Bank of New York Mellon.

Fair Value - GASB Statement No. 72 (GASB 72), *Fair Value Measurement and Application*, requires the JPIA to use valuation techniques which are appropriate under the circumstances and are either a market approach, a cost approach, or an income approach. Statement No. 72 establishes a hierarchy of inputs used to measure fair value consisting of three levels. The fair value hierarchy levels are summarized below (*Source = U.S. Bank's Summary of Methodology for Assigning Fair Value to Client Assets*):

- Level 1 Inputs – Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date. An active market for the asset is one in which transactions for the asset occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

- Level 2 Inputs – Inputs to the valuation methodology that are observable for an asset/liability either directly or indirectly (other than quoted prices included within Level 1). They include quoted prices for similar assets/liabilities in active markets and quoted prices for identical or similar assets/liabilities in markets that are NOT active.

- Level 3 Inputs – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the assumptions that market participants would use in pricing the asset/liability, including assumptions about risk.

The following schedule classifies the JPIA's security assets at fair value based on hierarchy level as of September 30, 2023:

Investments by Fair Value Level		Fair Value Measurements Using	
Debt Securities:		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
U.S. Treasury Obligations	$ 13,120,376	$ 13,120,376	
Asset-Backed Securities	5,419,443		$5,419,443
Negotiable Certificates of Deposit	1,205,000		1,205,000
Medium-Term Notes	9,608,512		9,608,512
Federal Agency Securities	654,677		654,677
Federal Mortgage-Backed Sec	4,159,185		4,159,185
Municipal Bonds	3,079,559		3,079,559
Mutual Funds – Equity	106,907,336	106,907,336	
Mutual Funds – Fixed Income	33,194,593	33,194,593	
Mutual Funds – Other	22,289,052	22,289,052	
Totals	**$199,637,733**	**$175,511,357**	**$24,126,376**

Pooled investment funds, such as CAMP and LAIF, are subject to fair value measurement, but not to the fair value hierarchy. For the statement of cash flows, the JPIA considers cash in banks and deposits in LAIF to be *cash equivalents* and are not presented within the fair value disclosures.

(4) Capital Assets

The following is a schedule of changes in capital assets for the year ended September 30, 2023:

	9/30/2022	Additions	Reclasses	9/30/2023
NON-DEPRECIABLE ASSETS:				
Land	$ 590,545	$ 0	$ 0	$ 590,545
Total Non-Depreciable Assets:	590,545	0	0	590,545
DEPRECIABLE ASSETS:				
Building & Improvements	5,336,035	0	0	5,336,035
Furniture & Equipment	766,610	0	0	766,610
Software	497,983	0	0	497,983
Total Depreciable Assets	6,600,628	0	0	6,600,628
LESS ACCUMULATED DEPRECIATION:				
Building & Improvements	(2,100,941)	(177,265)	0	(2,278,206)
Furniture & Equipment	(697,214)	(34,671)	0	(731,885)
Software	(482,236)	(8,589)	0	(490,825)
Total Accumulated Depreciation	(3,280,391)	(220,525)	0	(3,500,916)
Capital Assets - Net	$3,910,782	$(220,525)	$0	$ 3,690,257

(5) Retrospective Premium Adjustments

Retrospective premium adjustments are determined for each policy year as the sum of the following:

a) Direct charge for the portion of each loss incurred within the member's allocation level.

b) Losses more than a member's allocation level are shared by the members in the same and greater allocation levels, based on each member's premiums as a percentage of all members' premiums in each allocation level.

c) Other costs, net of investment income, including unallocated claims expense, excess insurance premiums, and administrative expense are charged to each member, based on premiums.

d) The allocation for contributions to that portion of designated equity for catastrophic losses and the reserve for claims incurred but not reported is based on each member's premiums as a percentage of all members' premiums.

The retrospective premium adjustments (RPA) for all applicable policy years have been estimated based on losses and other costs, net of investment income, incurred through September 30, 2023. RPAs are subject to change as the ultimate cost of claims becomes known, investment income is realized, and the JPIA's indirect costs are allocated to each policy year. RPA's do not apply to the Employee Benefits Programs.

The initial RPA is made at the end of the fourth full year of operations of each the JPIA programs. After that, RPAs represent annual cumulative adjustments to the original premiums (net of prior RPAs, if any) previously billed and held at the JPIA. Although accrued RPA payables to and receivables from program members are calculated monthly, the accrual billing/refunding process takes place only once per year. RPAs are calculated separately for each policy and program year.

Beginning with fiscal year 1998-99, the JPIA established a Rate Stabilization Fund for the Liability Program to help stabilize future RPAs. The JPIA maintains a separate Rate Stabilization Fund for each member and future RPAs are to flow through the member's individual Rate Stabilization Fund. When the balance of a member's fund exceeds 70% of the current year's basic liability premium, any member that has a balance over this amount receives a refund for the difference. During the fiscal year 2002-03 the Rate Stabilization Fund was expanded to include the Property and Workers' Compensation Programs.

(6) Reconciliation of Claims Liabilities

As of September 30, 2023, unpaid losses of $104,317,044 are presented at the net present value of $101,286,010. These losses are discounted at a rate of approximately 1% for Liability, 1% for Workers' Compensation, 1% for Property and 0% for Employee Benefits.

The following schedule represents changes in the aggregate liabilities for all programs during the past year ended September 30, 2023:

Discounted Unpaid Claims and Claim Adjustment	**2023**	**2022**
Expenses at Beginning of Fiscal Year	$76,757,704	$65,203,075
Incurred Claims and Claim Adjustment Expenses:		
Provision for Insured Events of the Current Fiscal Year	103,811,815	91,333,267
Increase in Provision of Insured Events of Prior Fiscal Years	31,976,834	16,364,267
Total Incurred Claims and Claim Adjustment Expenses	135,788,649	107,697,534
PAYMENTS:		
Claims and Claim Adjustment Expenses Attributable to Insured Events of the Current Fiscal Year	72,929,633	70,055,301
Claims and Claim Adjustment Expenses Attributable to Insured Events of Prior Fiscal Years	38,330,710	26,087,604
Total Payments	111,260,343	96,142,905
Discounted Unpaid Claims and Claim Adjustment		
Expenses at End of Fiscal Year	**$101,286,010**	**$76,757,704**
Components of Claims Liability:		
Claims Reserves (Current)	$22,659,268	$16,307,229
Claims Reserves (Noncurrent)	42,997,248	24,576,230
Claims Incurred but Not Reported	32,670,965	33,140,369
Unallocated Loss Adjustment Liability	2,958,529	2,733,876
Total Claims Liability	**$101,286,010**	**$76,757,704**

(7) Net Position Designations

There are four categories that make up net position: the Catastrophic Reserve (CAT) Fund (includes the Natural Disaster Fund for the property program), Employee Benefits Fund, the Rate Stabilization Fund, and the retained earnings of the captive insurance company.

The CAT Fund is established to protect members from excessive losses, shared by all members in a given policy year. Contributions to the CAT Fund are typically calculated as 10% of premiums earned. Beginning with the fiscal year 2012-2013, the Liability and Workers' Compensation Programs limited the CAT Fund to 99% of the current year's actuarially determined Gross Liability for Unpaid Losses. If a member has over 99%, a refund is transferred into their Rate Stabilization Fund. If the CAT fund is underfunded, collections can be transferred from the Rate Stabilization Fund if the funds are available.

The Rate Stabilization Fund is used to smooth the member's premium billing and refund process. The Employee Benefits Fund can be used to help reduce premium increases of only that Program when approved by the Executive Committee.

The CWIF reported an excess of earnings over expenses in the amount of $18,997,659 for fiscal year 2022-23.

Net position is designated in the following manner**:**

September 30, 2023:		
Rate Stabilization Fund (RSF)	$	9,981,256
Catastrophic (CAT)/Natural Disaster Fund		37,414,591
Employee Benefits Fund		76,610,013
Cyber Liability Fund (New to FY 22-23)		155,384
Captive's Retained Earnings (CWIF)*		(3,448,332)
Net Position	$	120,712,912

**Difference of retained earnings reported on this schedule varies by $11,190,188 with the CWIF Annual Financial Report due to a portion of CWIF's retained earnings rolling into the RSF and/or the CAT fund.*

(8) Joint Venture

The JPIA participated in a joint venture under a joint powers agreement with Local Agency Workers' Compensation Excess (LAWCX) during the fiscal years 1992-93; 1993-94; and 1994-95. The relationship between The JPIA and LAWCX is such that LAWCX is not a component unit of The JPIA for financial reporting purposes. Each member agency pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to its participation in LAWCX. LAWCX prepares separate annual financial statements, which may be obtained from Sedgwick 1750 Creekside Oaks Drive, Suite 200, and Sacramento, CA 95833.

(9) Pension Plan

Plan Description

ACWA JPIA provides pension benefits to its employees through ACWA JPIA's Miscellaneous Plan (the Plan), a cost-sharing multiple-employer defined benefit pension plan maintained by CalPERS, an agency of the State of California. ACWA JPIA had less than 100 active members as of the June 30, 2023, actuarial valuation. As a result, qualified employees are covered under the Miscellaneous 2% at 55 Risk Pool. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. CalPERS issues a publicly available financial report that includes financial statements and required supplementary information for this plan. This report is available online at www.calpers.ca.gov.

The California Legislature passed, and the Governor signed the "Public Employees' Pension Reform Act of 2013" (PEPRA) on September 12, 2012. PEPRA contained several provisions intended to reduce future pension obligations. PEPRA primarily affects new pension plan members who are enrolled for the first time after December 2012. Benefit provisions and other requirements are established by State statute.

Benefits Provided

The benefits for the Plan are established by contract with CalPERS, in accordance with the provisions of the California Public Employees' Retirement Law (PERL). The benefits are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. To be eligible for service retirement, members must be at least 50 years of age and have a minimum of five years of CalPERS-credited service. Members after December 2012 must be at least 52 to be eligible for service retirement.

Contributions

Section 20814(c) of the PERL requires employer contribution rates for all public employers be determined on an annual basis by the actuary and are effective on the July 1 following notice of a change in the rate. The contributions are determined through the CalPERS' annual actuarial valuation process. The Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. ACWA JPIA is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. ACWA JPIA's required contribution rate on covered payroll for the measurement period ended June 30, 2023 (the measurement date) was 9.79% and 7.76% of annual pay for Classic and PEPRA employees, respectively. Employer contributions rates may change if plan contracts are amended. For the year ended September 30, 2023, the employer contributions to the plan were $556,198, plus no additional elective contributions due to PERS actuarial valuations calculating zero required unfunded liability payments in this fiscal year.

Pension Liabilities/Assets, Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

ACWA JPIA's Net Pension Liability (NPL) for the Plan is measured as the proportionate share of the NPL. The NPL of the Plan is measured as of June 30, 2023, for the year ended September 30, 2023. The total pension liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of June 30, 2022, rolled forward to June 30, 2023, using standard update procedures. As of September 30, 2023, ACWA JPIA's proportionate share of the Plan's net pension liability (NPL) was $2,277,917.

Using ACWA JPIA's individual employer rate plan's share of the risk pool TPL and Fiduciary Net Position (FNP), the proportionate shares of the TPL and FNP at the measurement date are determined for ACWA JPIA by the actuary. ACWA JPIA's proportionate share of the net pension liability for the Plan as of June 30, 2022, and 2023 were as follows:

	Plan
Proportion - June 30, 2022	.030884%
Proportion - June 30, 2023	.045555%
Change	.014671%

For the year ended September 30, 2023, ACWA JPIA recognized a pension expense of 2,575,821. 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
Differences between expected and actual experience	$ 116,368	$ 18,052
Changes of assumptions	137,528	
Net difference between projected and actual earnings on pension plan investments	368,815	
Changes in proportions	2,950,465	
Changes in proportionate share of contributions		1,485,226
Contributions subsequent to the measurement date	142,950	
Total	$ 3,716,126	$ 1,503,278

As of September 30, 2023, the $142,950 reported as deferred outflows of resources related to employer contributions subsequent to the measurement date will be recognized as an adjustment to the net pension liability in the year ending September 30, 2024. As of September 30, 2023, other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized as pension expense (benefit) as follows:

Year Ended September 30	
2024	$ 1,181,739
2025	712,496
2026	165,080
2027	10,583

Actuarial Methods and Assumptions

The collective TPL for the June 30, 2023, measurement period was determined by an actuarial valuation as of June 30, 2022, with update procedures used to roll forward the TPL to June 30, 2023. The collective TPL was based on the following assumptions:

Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Investment Rate of Return	**6.90%**
Inflation	**2.30%**
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table [1]	Derived using CalPERS' Membership data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

[1] *The mortality table used was developed based on CalPERS' specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.*

Changes of Assumptions

There were no assumption changes in 2023. Effective with the June 30, 2021 valuation date (June 30, 2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates June 30, 2017 through June 30, 2021, 7.65% for measurement dates June 30, 2015 through June 30, 2016, and 7.50% for measurement date June 30, 2014.

Discount Rate

The discount rate used to measure the total pension liability for PERF C was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

The table below reflects the long-term expected real rate of return by asset class.

Asset Class [1]	Assumed Asset Allocation	Real Return Years 1 – 10[1,2]
Global equity - cap-weighted	30.00%	4.54%
Global equity non-cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	(5.00%)	(0.59)%
Total	100.00%	

[1] An expected inflation of 2.30% used for this period.
[2] Figures are based on the 2021-22 Asset Liability Management study.

Sensitivity of ACWA JPIA's Proportional Share of the NPL/NPA to Changes in the Discount Rate

The following presents ACWA JPIA's Proportional Share of the NPL of the Plan as of the June 30, 2023, measurement date, calculated using the discount rate of 6.90%, as well as what ACWA JPIA's Proportional Share of the NPL would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90%) or 1 percentage-point higher (7.90%) than the current rate:

	Discount Rate – 1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate + 1% (7.90%)
ACWA JPIA's Proportionate Share of Plan's NPL (NPA)	$ 7,393,309	$ 2,277,917	$ (1,932,490)

(10) OPEB

Plan Description

The JPIA has established a retiree healthcare plan that provides other postemployment health benefits for eligible retired employees, their spouses, surviving spouses, and dependents, through the ACWA Joint Powers Insurance Authority OPEB Plan (the Plan). The JPIA, through the authorization of their Board of Directors, elected to establish an irrevocable trust for the Plan through the California Employers' Retiree Benefit Trust (CERBT) Fund, an agent multiple-employer plan, administered by CalPERS. The CERBT has pooled administrative and investment functions, while separate employer accounts are maintained to prefund and pay for health care or other postemployment benefits in accordance with the terms of the participating employers' plans. The CERBT offers three investment strategies for employers to choose from depending on their expected levels of return and volatility. Benefit provisions are established by the JPIA.

Benefits Provided

ACWA JPIA employees who retire at age 55 or older with a minimum of ten years of service with the organization are eligible to receive lifetime medical benefits. Benefits are also provided to spouses, surviving spouses and dependent children (up to age 26) of participating retirees. For employees hired after January 31, 2018, an allowance of up to $500 (up to $1,000 with spouse or domestic partner coverage; no coverage for dependent children) will be provided for use towards medical premium using the same matrix below.

The amount of benefit a retiree receives is based on the following schedule. ACWA JPIA contributes 100% of the cost of coverage for employees who retire with age plus years of service equal to 75 or more.

Age plus Years of Service	ACWA JPIA Percentage of Premium Payment
65	50%
66	55%
67	60%
68	65%
69	70%
70	75%
71	80%
72	85%
73	90%
74	95%
75+	100%

Employees Covered

As of the June 30, 2023, actuarial valuation, the following inactive and active employees were covered by the benefit terms under the OPEB Plan using a measurement date of June 30, 2023:

Inactive employees receiving benefits	6
Participating active employees	55
Total	61

Contributions

The JPIA provides benefits on a pay-as-you-go basis and makes contributions to the OPEB Trust. The JPIA's policy is to prefund their benefits by contributing the full actuarially determined contribution to the CERBT each year. The JPIA's employees are not required to contribute to the Plan.

As of the measurement date June 30, 2023, the actuarially determined contribution has been zero. Plan assets cover 120% of the Present Value of Future Benefits (PVFB). This means that if all assumptions are exactly realized, assets are sufficient to cover all future benefits for current employees and retirees. Contributions may again be recommended in future years if the funding status falls below 100% PVFB due to Plan changes, adverse experience, assumption changes or future hires.

In August 2023, the trust reimbursed JPIA $169,381 of pay as you go premiums paid out over PERS fiscal year 2022-23. Since this amount was received in August, it will be classified as a deferred inflow for JPIA in fiscal year 2022-23 and recognized as a reduction in OPEB expense in the following fiscal year 2023-24.

Net OPEB Asset

The JPIA's net OPEB asset was measured as of June 30, 2023, and was determined by an actuarial valuation based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry-Age, Level Percent of Pay
Actuarial Assumptions:	
Discount Rate	7.28%
Inflation	2.50%
Salary Increases [1]	3.50%
Investment Rate of Return [2]	7.28%
Mortality [3]	CalPERS' Membership Data
Health care cost trend rates	5.20 percent for 2023 through 2034; 5.00 percent for 2035 through 2049; 4.50 percent for 2050 through 2064; and 4.00 percent for 2065 and later years

[1] Since benefits do not depend on salary, using an aggregate payroll assumption for purposes of calculating the service costs results in negligible error.

[2] Net of OPEB plan investment expense; includes inflation.

[3] Mortality rates were based on the most recent experience study for CalPERS members.
Pre-Retirement: CalPERS Public Agency Miscellaneous and Schools Pre-Retirement Mortality, with fully generational mortality improvement using 80% of MP-2020 (2021 CalPERS Experience Study)
Post-Retirement: CalPERS Public Agency Post-Retirement Mortality with fully generational mortality improvement using 80% of MP-2020 (2021 CalPERS Experience Study)

Assumption Changes

The inflation rate changed from 2.01% per year for the first 10 years and 2.47% thereafter for the measurement period ended June 30, 2022 to 2.5% for the measurement period ended June 30, 2023.

The arithmetic long-term expected rate of return on OPEB plan investments for the next ten years was provided by JP Morgan. For years thereafter, returns were based on historical average index real returns over the last 30 years assuming a similar equity/fixed investment mix and a 2.50% inflation rate.

Discount Rate

Accounting standards for OPEB require a discount rate that reflects the following:

a) The long-term expected rate of return on OPEB plan investments – to the extent that the OPEB plan's fiduciary net position (if any) is projected to be enough to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return.

b) A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher – to the extent that the conditions in (a) are not met.

JPIA has an irrevocable trust account for prefunding OPEB liabilities. Plan assets are expected to be sufficient. The discount rate used to measure the total OPEB liability is equal to the long-term expected rate of return.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Investment Class	**Target Allocation**	**Long-Term * Expected Real Rate of Return**
Global ex-U.S. Equity	49.00%	5.90%
U.S. Fixed Income	23.00%	0.90%
Real Estate	20.00%	3.30%
TIPS	5.00%	0.40%
Commodities	3.00%	0.40%
Total	100.00%	

*JPMorgan arithmetic Long-Term Capital Market assumptions and expected inflation of 2.50%.

Changes in the Net OPEB Asset

The changes in the Net OPEB Asset for the OPEB Plan are as follows:

	Increase (Decrease)		
	Total OPEB Liability (TOL) (a)	**Plan Fiduciary Net Position (b)**	**Net OPEB Liability (Asset) (a)-(b)**
Balance as of September 30, 2022 (Measurement date June 30, 2022)	$ 7,841,813	$ 9,725,202	$ (1,883,389)
Changes recognized for the measurement period:			
Service cost	254,108		254,108
Interest	582,243		582,243
Contributions—employer		30,280	(30,280)
Net investment income		613,677	(613,677)
Differences between expected and actual experience	(2,308,540)		(2,308,540)
Change of assumptions	(944,478)		(944,478)
Benefit payments	(199,661)[a]	(374,550)[b]	174,889
Administrative expense		(4,770)	4,770
Net changes	(2,616,328)	264,637	(2,880,965)
Balance as of September 30, 2023 (Measurement date June 30, 2023)	$ 5,225,485	$ 9,989,839	$ (4,764,354)

a) Current year benefit payments
b) Sum of current year benefit payments and 21/22 benefit payment reimbursement

Sensitivity of the JPIA's Net OPEB Asset to Changes in the Discount Rate

The following presents the net OPEB asset of the JPIA, as well as what the net OPEB asset 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:

	Discount Rate –1% (6.28%)	**Current Discount Rate (7.28%)**	**Discount Rate +1% (8.28%)**
Net OPEB Liability (Asset)	$ (4,126,036)	$ (4,764,354)	$ (5,302,372)

Sensitivity of the JPIA's Net OPEB Asset to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB asset of the JPIA, as well as what the net OPEB asset would be if it were calculated using a healthcare cost trend rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	Trend Rate -1%	**Health Care Trend Rate**	**Trend Rate +1%**
Net OPEB Liability (Asset)	$ (5,373,165)	$ (4,764,354)	$ (4,027,940)

OPEB plan fiduciary net position

Detailed information about the Plan's fiduciary net position is available on CalPERS' website in an annual report titled "California Employers' Retiree Benefit Trust, Agent Multiple-Employer Other Postemployment Benefits Plan, and Schedule of Changes in Fiduciary Net Position by Employer." Additionally, CalPERS annually issues a Comprehensive Annual Financial Report which includes the CERBT fund's financial information.

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time.

Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

The recognition period differs depending on the source of the gain or loss:

Net differences between projected and actual earnings on OPEB Trust investments	6 years

OPEB Expense and Deferred Outflows/Inflows Related to OPEB

For the year ended September 30, 2023, the JPIA recognized an OPEB credit of $26,891, and reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions after the measurement date*	$ 43,467	$ 0
Changes in assumptions		1,452,742
Distributions from the OPEB trust subsequent to the measurement date**		169,381
Differences between expected and actual experience	85,548	2,075,434
Net difference between projected and actual earnings on OPEB plan investments	809,770	
Total	$ 938,785	$ 3,697,557

*The $43,467 reported as deferred outflows of resources related to contributions after the June 30, 2023, measurement date will be recognized as an increase in the net OPEB asset at fiscal year ended September 30, 2024.

**Reimbursed funds from the trust to pay JPIA for pay as you go premiums paid over PERS fiscal year 2022-23, recognized as deferred inflow due to the timing of the receipt of funds in August 2023.

Other amounts reported as deferred outflows/inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Fiscal Year Ended September 30	Recognized Deferred Outflows/(Inflows) of Resources
2024	$(518,853)
2025	(582,671)
2026	(177,315)
2027	(593,768)
2028	(510,023)
Thereafter	(250,228)
Total Deferred Resources:	$(2,632,858)

(11) Deferred Compensation Plan

The JPIA employees may defer a portion of their compensation under an employer sponsored deferred compensation plan created in accordance with Internal Revenue Code Section 457 and administered by CalPERS and Lincoln Financial Group. Under this plan, participants are not taxed on the deferred portion of their compensation until distributed to them; distributions may be made only at termination, retirement, death or in an emergency as defined by the Plan.

The laws governing deferred compensation plan assets require plan assets to be held by a Trust for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under these new plans are not the JPIA's property and are not subject to its control, they have been excluded from these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

(1) Reconciliation of Claims Liabilities by Type of Contract

These schedules represent the changes in claims liabilities in the past year for the Liability, and Workers' Compensation Programs.

(2) Claims Development Information

The table illustrates how earned revenue (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses as of the end of each of the past ten years.

The rows of the table are defined as follows:

1. This line shows the total of each fiscal year's gross earned contribution revenue and investment revenue, contribution revenue ceded to reinsurers, and net earned contribution revenue and reported investment revenue.
2. This line shows each fiscal year's other operating costs including overhead and claims expense not allocable to individual claims.
3. This line shows the gross incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred.
4. This section of ten rows shows the cumulative net amounts paid as of the net of successive years for each policy year.
5. This line shows the latest re-estimated number of claims assumed by reinsurers as of the end of the current year for each accident year.
6. This section shows the annually re-estimated results from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims not previously known.
7. This line compares the latest re-estimated net incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of net claims cost is greater or less than originally thought.

As data for individual policy years mature, the correlation between original estimates and re-estimated amounts commonly is used to evaluate the accuracy of net incurred claims currently recognized in less mature policy years. The columns of the table show data for successive policy years.

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

RECONCILIATION OF CLAIMS LIABILITIES BY TYPE OF CONTRACT

SEPTEMBER 30, 2023

	Liability Program	Property Program	Workers' Compensation Program	Employee Benefits Program	Total
Unpaid Claims and Claim Adjustment at Beginning of the Fiscal Year	$ 45,464,705	$ 3,937,837	$ 20,700,168	$ 6,654,994	$ 76,757,704
Incurred Claims and Allocated Claim Adjustment Expense:					
Provisions for Insured Events of the Current Fiscal Year	20,881,097	10,170,595	5,457,647	67,302,476	103,811,815
Increase in Provision for Incurred Events of Prior Fiscal Years	14,473,907	1,651,802	2,292,956	13,558,169	31,976,834
Total Incurred Claims and Allocated Claim Adjustment Expenses	35,355,004	11,822,397	7,750,603	80,860,645	135,788,649
Payments					
Claims and Allocated Claim Adjustment Expenses Attributable to Insured Events of the Current Fiscal Year	3,102,299	1,548,297	1,121,916	67,157,121	72,929,633
Claims and Allocated Claim Adjustment Expenses Attributable to Insured Events of Prior Fiscal Years	17,252,360	1,730,654	4,331,168	15,016,528	38,330,710
Total Payments	20,354,659	3,278,951	5,453,084	82,173,649	111,260,343
Discounted Unpaid Claims and Allocated Claim Adjustment Expense at the End of the Fiscal Year	$ 60,465,050	$ 12,481,283	$ 22,997,687	$ 5,341,990	$ 101,286,010
Components:					
Claims Reserves (Current)	$ 14,313,076	$ 3,586,622	$ 4,759,570	$ 0	$ 22,659,268
Claims Reserves (Noncurrent)	27,567,084	8,117,229	7,312,935	0	42,997,248
Claims Incurred But Not Reported	17,709,285	202,866	9,416,824	5,341,990	32,670,965
Unallocated Loss Adjustment Liability	875,605	574,566	1,508,358	0	2,958,529
Total Claims Liability	$ 60,465,050	$ 12,481,283	$ 22,997,687	$ 5,341,990	$ 101,286,010

ASSOCIATION CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

TEN YEAR CLAIMS DEVELOPMENT INFORMATION
AS OF SEPTEMBER 30, 2023

LIABILITY PROGRAM

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
1. Required contribution and investment revenue:										
Earned	$ 16,972,007	$ 15,730,767	$ 15,826,154	$ 16,850,800	$ 19,058,550	$ 19,412,620	$ 21,788,061	$ 23,284,754	$ 22,137,760	$ 26,541,268
Ceded	3,659,417	3,634,717	3,875,750	2,758,676	3,014,553	3,196,277	5,504,597	5,693,446	7,337,241	7,948,641
Net earned	13,312,590	12,096,050	11,950,404	14,092,124	16,043,997	16,216,343	16,283,464	17,591,308	14,800,519	18,592,627
2. Unallocated expenses	2,480,476	2,047,093	2,215,348	2,923,641	3,737,296	3,285,626	4,307,390	1,848,111	1,710,470	903,348
3. Estimated claims and expenses end of policy year:										
Incurred	11,992,230	14,740,360	15,010,541	12,623,498	12,521,301	14,101,240	14,992,990	15,852,797	19,045,029	23,470,446
Ceded	2,829,815	2,688,625	3,489,316	949,000	860,000	1,025,000	1,155,000	1,222,000	1,810,000	2,868,000
Net incurred	9,162,415	12,051,735	11,521,225	11,674,498	11,661,301	13,076,240	13,837,990	14,630,797	17,235,029	20,602,446
4. Net paid (cumulative) as of :										
End of policy year	2,058,691	2,355,454	2,313,638	1,702,912	1,827,061	1,622,001	2,812,515	2,909,828	2,684,900	3,102,299
One year later	3,985,953	4,630,229	5,197,925	3,375,115	3,176,237	9,430,733	6,238,788	6,932,966	6,565,613	
Two years later	5,066,762	5,405,345	9,257,380	6,537,956	5,560,989	10,866,250	7,358,677	11,052,357		
Three years later	5,883,558	7,270,381	9,148,742	6,713,185	6,826,024	11,371,388	11,215,421			
Four years later	6,077,650	7,010,514	9,158,435	6,844,171	7,396,393	12,595,360				
Five years later	6,112,400	7,283,663	9,156,252	7,179,702	7,824,146					
Six years later	7,996,565	7,284,406	9,156,252	10,825,781						
Seven years later	7,995,529	7,284,406	9,156,252							
Eight years later	7,995,529	7,284,406								
Nine years later	7,995,529									
5. Reestimated claims and expenses:	13,122,587	0	42,000	64,000	88,000	9,695,000	6,018,000	1,203,000	2,141,000	2,868,000
6. Reestimated net incurred claims and expenses:										
End of policy year	9,162,415	12,051,735	11,521,225	11,674,498	11,661,301	13,076,240	13,837,990	14,630,797	17,235,029	20,602,446
One year later	10,676,485	8,611,154	10,817,319	10,717,162	10,791,082	15,836,297	13,526,276	13,992,690	17,446,683	
Two years later	9,275,901	7,454,187	10,800,508	9,064,480	10,205,529	17,077,914	16,359,364	13,318,819		
Three years later	8,487,171	7,961,888	9,960,435	7,428,404	10,999,841	17,849,788	28,251,878			
Four years later	8,216,397	7,312,945	9,353,029	7,366,721	10,879,814	20,086,765				
Five years later	8,165,264	7,498,827	9,156,253	10,850,607	11,354,126					
Six years later	7,996,565	7,284,406	9,156,253	10,858,535						
Seven years later	7,995,529	7,284,406	9,220,224							
Eight years later	7,995,529	7,284,406								
Nine years later	7,995,529									
7. Increase (decrease) in estimated incurred claims and expense from end of policy year:	$ (1,166,886)	$ (4,767,329)	$ (2,301,001)	$ (815,963)	$ (307,175)	$ 7,010,525	$ 14,413,888	$ (1,311,978)	$ 211,654	$ 0

ASSOCIATION CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

TEN YEAR CLAIMS DEVELOPMENT INFORMATION
AS OF SEPTEMBER 30, 2023

PROPERTY PROGRAM

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
1. Required contribution and investment revenue:										
Earned	$ 5,111,733	$ 5,313,836	$ 5,062,896	$ 5,288,206	$ 5,734,725	$ 5,963,344	$ 6,958,508	$ 8,480,610	$ 10,628,975	$ 13,475,238
Ceded	2,720,489	2,318,261	1,527,000	1,523,521	1,657,369	3,042,615	4,831,663	6,464,344	8,109,461	7,103,652
Net earned	2,391,244	2,995,575	3,535,896	3,764,685	4,077,356	2,920,729	2,126,845	2,016,266	2,519,514	6,371,586
2. Unallocated expenses	421,226	1,754,005	1,668,591	1,972,002	1,274,403	1,706,960	2,238,017	1,096,299	896,283	1,556,991
3. Estimated claims and expenses end of policy year:										
Incurred	3,122,568	949,153	1,403,306	5,960,208	4,625,770	13,273,427	2,196,813	4,460,497	36,527,468	12,727,112
Ceded	1,917,000	96,880	531,733	4,226,383	3,316,000	10,419,000	455,000	1,326,000	34,019,000	425,000
Net incurred	1,205,568	852,273	871,573	1,733,825	1,309,770	2,854,427	1,741,813	3,134,497	2,508,468	12,302,112
4. Net paid (cumulative) as of :										
End of policy year	952,945	611,312	847,420	1,275,484	1,089,031	2,110,318	735,138	1,902,445	1,535,697	2,001,041
One year later	1,052,728	778,469	848,772	1,211,080	1,146,171	2,202,967	1,203,955	2,685,157	2,648,685	
Two years later	1,047,753	808,445	849,197	1,183,299	1,165,339	2,427,451	1,576,645	2,779,604		
Three years later	1,047,753	801,718	869,804	1,139,451	1,079,440	2,388,914	1,675,095			
Four years later	1,105,398	759,655	869,804	1,141,746	1,078,912	2,378,823				
Five years later	1,105,398	759,655	869,804	1,141,746	1,054,236					
Six years later	1,105,398	759,655	869,804	1,124,746						
Seven years later	1,105,398	759,655	869,264							
Eight years later	1,105,398	759,655								
Nine years later	1,105,398									
5. Reestimated claims and expenses:	359,408	0	398,104	4,771,209	2,529,516	26,332,268	1,425,000	1,593,000	33,658,000	425,000
6. Reestimated net incurred claims and expenses:										
End of policy year	1,205,568	852,273	871,573	1,733,825	1,309,770	2,854,427	1,741,813	3,134,497	2,508,468	12,302,112
One year later	1,052,729	1,039,107	870,772	1,512,876	1,148,440	2,582,914	2,318,206	3,331,348	2,826,590	
Two years later	1,047,754	809,445	871,272	1,259,393	1,167,503	2,459,948	2,439,874	2,782,378		
Three years later	1,107,754	801,718	871,272	1,253,000	1,079,441	2,397,909	1,675,769			
Four years later	1,105,399	759,655	871,272	1,153,356	1,078,913	2,386,750				
Five years later	1,105,399	759,655	871,272	1,153,356	1,054,236					
Six years later	1,105,399	759,655	871,272	1,142,726						
Seven years later	1,105,399	759,655	870,732							
Eight years later	1,105,399	759,655								
Nine years later	1,105,398									
7. Increase (decrease) in estimated incurred claims and expense from end of policy year:	$ (100,170)	$ (92,618)	$ (841)	$ (591,099)	$ (255,534)	$ (467,677)	$ (66,044)	$ (352,119)	$ 318,122	$ 0

ASSOCIATION CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

TEN YEAR CLAIMS DEVELOPMENT INFORMATION
AS OF SEPTEMBER 30, 2023

WORKERS' COMPENSATION

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
1. Required contribution and investment revenue:										
Earned	$ 12,578,707	$ 12,587,432	$ 12,620,687	$ 12,963,390	$ 13,227,398	$ 13,917,776	$ 15,146,958	$ 14,246,756	$ 14,146,913	$ 15,312,536
Ceded	523,904	431,752	506,645	556,796	499,119	507,276	534,177	549,670	606,774	623,972
Net earned	12,054,803	12,155,680	12,114,042	12,406,594	12,728,279	13,410,500	14,612,781	13,697,086	13,540,139	14,688,564
2. Unallocated expenses:	2,384,904	3,089,206	2,318,377	2,757,834	2,836,962	2,746,524	2,908,688	2,902,354	2,432,867	1,578,722
3. Estimated claims and expenses end of policy year:										
Incurred	6,196,556	5,805,056	5,698,539	7,202,203	6,645,736	6,903,658	7,513,616	6,810,448	5,521,091	6,231,494
Ceded	130,000	0	0	0	0	0	0	0	0	0
Net incurred	6,066,556	5,805,056	5,698,539	7,202,203	6,645,736	6,903,658	7,513,616	6,810,448	5,521,091	6,231,494
4. Net paid (cumulative) as of :										
End of policy year	1,472,839	1,332,057	1,151,894	1,611,621	1,365,070	1,379,721	1,908,694	1,741,263	1,336,009	1,412,292
One year later	2,499,754	2,726,529	1,666,309	2,345,827	2,248,484	2,343,026	3,104,064	2,767,921	2,579,668	
Two years later	3,207,520	3,343,412	2,086,129	2,657,368	2,579,285	3,008,537	4,258,175	3,918,710		
Three years later	3,675,577	3,828,609	2,274,301	2,995,480	2,828,582	3,324,110	4,715,610			
Four years later	4,198,011	4,131,207	2,561,481	3,149,659	3,397,262	3,442,873				
Five years later	4,452,783	4,412,425	2,635,281	3,261,608	3,705,088					
Six years later	4,527,664	4,611,577	2,684,846	3,324,793						
Seven years later	4,603,819	4,887,139	2,704,005							
Eight years later	4,645,896	4,869,169								
Nine years later	4,712,755									
5. Reestimated claims and expenses:	0	0	0	0	0	0	0	0	0	0
6. Reestimated net incurred claims and expenses:										
End of policy year	6,066,556	5,805,056	5,698,539	7,202,203	6,645,736	6,903,658	7,513,616	6,810,448	5,521,091	6,231,494
One year later	5,387,863	6,638,361	4,581,505	5,965,054	5,901,694	6,046,702	6,668,007	6,276,953	5,513,901	
Two years later	5,705,488	6,740,067	3,800,513	5,069,443	5,082,436	5,131,153	6,675,886	6,852,465		
Three years later	5,778,062	6,080,657	3,555,630	4,594,823	4,543,984	4,438,211	7,079,100			
Four years later	5,615,771	5,992,903	3,362,048	4,350,572	4,339,326	4,450,160				
Five years later	5,480,036	5,780,867	3,220,651	4,084,561	4,414,937					
Six years later	5,034,373	5,840,153	2,998,026	3,998,881						
Seven years later	4,995,580	5,514,912	3,038,512							
Eight years later	5,105,541	5,291,719								
Nine years later	5,283,891									
7. Increase (decrease) in estimated incurred claims and expense from end of policy year:	$ (782,665)	$ (513,337)	$ (2,660,027)	$ (3,203,322)	$ (2,230,799)	$ (2,453,498)	$ (434,516)	$ 42,017	$ (7,190)	$ 0

ASSOCIATION CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

TEN YEAR CLAIMS DEVELOPMENT INFORMATION
AS OF SEPTEMBER 30, 2023*

EMPLOYEE BENEFITS

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
1. Required contribution and investment revenue:										
Earned	$ 114,063,809	$ 121,694,180	$ 122,291,203	$ 128,130,500	$ 140,433,366	$ 146,479,743	$ 148,127,454	$ 152,480,559	$ 157,960,331	$ 151,417,595
Ceded	836,491	1,029,985	1,276,428	1,538,801	1,636,443	2,107,541	2,847,451	3,042,473	2,135,657	2,086,039
Net earned	113,227,318	120,664,195	121,014,775	126,591,699	138,796,923	144,372,202	145,280,003	149,438,086	155,824,674	149,331,556
2. Unallocated expenses:	1,734,193	2,878,450	3,681,387	2,994,455	2,817,544	2,443,630	2,677,795	2,635,152	2,542,562	2,463,542
3. Estimated claims and expenses end of policy year:										
Incurred	70,429,600	73,414,224	81,097,989	86,200,856	82,300,575	77,042,190	74,922,732	69,713,938	79,489,075	81,803,090
Ceded	755,783	691,553	1,908,777	4,646,895	1,220,439	2,580,695	1,199,949	1,139,603	2,394,277	713,306
Net incurred	69,673,817	72,722,671	79,189,212	81,553,961	81,080,136	74,461,495	73,722,783	68,574,335	77,094,798	81,089,784
4. Net paid (cumulative) as of :										
End of policy year	69,673,817	74,354,752	79,189,212	81,553,961	81,080,136	74,461,495	73,722,783	68,574,335	77,094,798	81,089,784
One year later	69,742,278	74,319,010	79,155,502	81,292,341	80,826,492	73,801,326	71,802,955	67,435,994	76,521,368	
Two years later	69,744,060	74,319,010	78,652,326	81,295,992	80,840,759	73,346,741	71,802,750	67,436,016		
Three years later	69,744,060	74,319,761	78,661,126	81,297,624	80,840,661	73,346,741	71,802,750			
Four years later	69,748,815	74,345,853	78,661,126	81,297,624	80,840,661	73,346,741				
Five years later	69,779,919	74,346,152	78,661,126	81,297,624	80,840,661					
Six years later	69,780,190	74,346,303	78,661,126	81,297,624						
Seven years later	69,780,190	74,346,303	78,661,126							
Eight years later	69,780,190	74,346,303								
Nine years later	69,780,190									
5. Reestimated claims and expenses:	755,783	691,553	1,908,777	4,690,073	1,218,617	2,580,839	1,201,469	1,324,308	2,394,277	713,306
6. Reestimated net incurred claims and expenses:										
End of policy year	69,673,817	72,722,671	79,189,212	81,553,961	81,080,136	74,461,495	73,722,783	68,574,335	77,094,798	81,089,784
One year later	70,594,649	74,319,010	79,155,502	81,292,341	80,826,492	73,801,326	71,802,955	67,435,994	76,521,368	
Two years later	69,744,060	74,319,010	78,652,326	81,295,992	80,840,759	73,346,741	71,802,750	67,436,016		
Three years later	69,744,060	74,319,761	78,661,126	81,297,624	80,840,661	73,346,741	71,802,750			
Four years later	69,748,815	74,345,853	78,661,126	81,297,624	80,840,661	73,346,741				
Five years later	69,779,919	74,346,152	78,661,126	81,297,624	80,840,661					
Six years later	69,780,190	74,346,303	78,661,126	81,297,624						
Seven years later	69,780,190	74,346,303	78,661,126							
Eight years later	69,780,190	74,346,303								
Nine years later	69,780,190									
7. Increase (decrease) in estimated incurred claims and expense from end of policy year:	$ 106,373	$ 1,623,632	$ (528,086)	$ (256,337)	$ (239,475)	$ (1,114,754)	$ (1,920,033)	$ (1,138,319)	$ (573,430)	$ 0

* Policy year data is through December 31 of the previous calendar year

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

SCHEDULE OF OPEB CONTRIBUTIONS
AS OF SEPTEMBER 30,
LAST 10 YEARS*

	2018	2019	2020	2021	2022	2023
Actuarial determined contribution	$ 221,901	$ 232,094	$ 278,058	$ 291,961	$ 0	$ 0
Contributions in relation to the actuarially determined contribution	(221,901)	(232,094)	(278,058)	(201,239)	(204,153)	0
Contribution deficiency (excess)	0	0	0	90,722	(204,153)	0
Covered payroll	4,524,319	4,837,414	5,158,992	5,354,008	5,594,705	6,365,520
Contributions as a percentage of covered payroll	4.90%	4.80%	5.39%	3.76%	3.65%	0.00%

Notes to Schedule:

Actuarial methods and assumptions used to set the actuarially determined contributions for all plan years were from June 30 actuarial valuations.

Methods and assumptions used to determine contributions:

The discount rate for determining the actuarially determined contribution has been set based on the assumption that assets will be sufficient to cover all future benefit payments under the plan, and that the employer will annually make contributions equal to the actuarially determined contribution.
For additional methods and assumptions refer to note 10 of the financial statements.

* Fiscal year 2018 was the 1st year of implementation, therefore only six years are presented.

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

SCHEDULE OF CHANGES IN THE NET OPEB ASSET
AND RELATED RATIOS
for the Measurement Periods Ended June 30,
LAST 10 YEARS*

	2018	2019	2020	2021	2022	2023
TOTAL OPEB LIABILITY						
Service cost	$ 269,165	$ 282,624	$ 259,189	$ 272,149	$ 242,007	$ 254,108
Interest	476,950	518,285	510,671	551,507	543,802	582,243
Differences between expected and actual experience	(11)	(178,909)	(31,073)	150,000	(67,937)	(2,308,540)
Changes of assumptions	0	(516,365)	0	(846,669)	0	(944,478)
Benefit payments	(190,988)	(192,597)	(180,755)	(201,239)	(204,153)	(199,661)
NET CHANGE IN TOTAL OPEB LIABILITY	555,116	(86,962)	558,032	(74,252)	513,719	(2,616,328)
TOTAL OPEB LIABILITY, Beginning	6,376,160	6,931,276	6,844,314	7,402,346	7,328,094	7,841,813
TOTAL OPEB LIABILITY, Ending (a)	6,931,276	6,844,314	7,402,346	7,328,094	7,841,813	5,225,485
PLAN FIDUCIARY NET POSITION						
Contributions—employer	319,185	232,094	278,058	201,239	204,153	30,280
Net investment income (loss)	483,241	488,951	297,577	2,421,291	(1,502,948)	613,677
Benefit payments	(190,988)	(192,597)	(180,755)	(201,239)	(204,153)	(374,550)
Administrative expense	(3,795)	(3,890)	(4,190)	(3,335)	(5,459)	(4,770)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	607,643	524,558	390,690	2,417,956	(1,508,407)	264,637
PLAN FIDUCIARY NET POSITION, Beginning	7,292,762	7,900,405	8,424,963	8,815,653	11,233,609	9,725,202
PLAN FIDUCIARY NET POSITION, Ending (b)	7,900,405	8,424,963	8,815,653	11,233,609	9,725,202	9,989,839
NET OPEB LIABILITY (ASSET), Ending (a) - (b)	$ (969,129)	$ (1,580,649)	$ (1,413,307)	$ (3,905,515)	$ (1,883,389)	$ (4,764,354)
Plan fiduciary net position as a percentage of the total OPEB liability	113.98%	123.09%	119.09%	153.30%	124.02%	191.18%
Covered payroll	$ 4,470,013	$ 5,092,412	$ 5,063,961	$ 5,346,015	$ 5,496,891	$ 6,365,520
Net OPEB asset as a percentage of covered payroll	-21.68%	-31.04%	-27.91%	-73.05%	-34.26%	-74.85%

Notes to Schedule:
During the measurement period ended June 30, 2018, the plan was amended to provide the coverage to surviving spouses.

Assumption Changes:
In 2019, the average per capita claims cost was updated to reflect actual 2019 premiums, the health care cost trend rate was updated to reflect 2018 industry survey data, the mortality, withdrawal, disablement, and retirement tables was updated to reflect the 2017 CalPERS studies. The population for curving and morbidity factors have also been updated to the 2017 CalPERS study.

* Fiscal year 2018 was the 1st year of implementation, therefore only six years are presented.

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

SCHEDULE OF THE PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
As Of September 30, 2023
Last 10 Years*

	Measurement Date								
	6/30/2015	**6/30/2016**	**6/30/2017**	**6/30/2018**	**6/30/2019**	**6/30/2020**	**6/30/2021**	**6/30/2022**	**6/30/2023**
The JPIA's Proportion of the Net Pension Liability (Asset)	(0.01024%)	0.038815%	0.013959%	(0.023017%)	(0.008359%)	(0.003275%)	(0.25097%)	0.030884%	0.045555%
The JPIA's Proportionate Share of the Net Pension Liability (Asset)	($280,963)	$1,348,385	$550,282	($867,450)	($334,731)	($138,133)	($4,765,400)	$1,445,119	$2,277,917
The JPIA's Covered Payroll	$3,838,778	$4,240,054	$4,411,665	$4,470,013	$4,759,677	$5,063,961	$5,549,223	$5,496,891	$5,961,012
The JPIA's Proportionate Share of the Net Pension Liability/Asset as a Percentage of its Covered Payroll	(7.32%)	31.80%	12.47%	(19.41%)	(7.03%)	(2.73%)	(85.88%)	26.29%	38.21%
The JPIA's Proportionate Share of the Fiduciary Net Position as a Percentage of the JPIA's Total Pension Liability	101.34%	78.40%	73.31%	75.26%	75.26%	75.10%	88.29%	76.68%	76.21%

* Fiscal year 2015 was the 1st year of implementation, therefore only nine years are shown.

Notes to Schedule:

Change of benefit terms - There were no changes to the benefit terms.

Changes in assumptions - Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compount (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

Miscellaneous Plan, a Cost Sharing-Employer Defined Benefit Pension Plan
As of fiscal year ending September 30, 2023
Last 10 Years*

SCHEDULE OF CONTRIBUTIONS TO THE DEFINED BENEFIT PENSION PLAN

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially determined contribution (actuarially determined)	$ 334,581	$ 352,666	$ 349,738	$ 361,115	$ 401,175	$ 437,050	$ 478,790	$ 498,192	$ 556,198
Contributions in relation to the actuarially determined contributions	334,581	352,666	1,698,126	1,431,686	410,030	850,357	482,809	557,530	556,198
Contribution deficiency (excess)	0	0	(1,348,388)	(1,070,571)	(8,855)	(413,307)	(4,019)	(59,338)	0
Covered payroll	$ 3,917,613	$ 4,519,745	$ 4,428,325	$ 4,524,319	$ 4,837,414	$ 5,158,992	$ 5,354,008	$ 5,594,705	$ 6,189,694
Contributions as a percentage of covered payroll	8.54%	7.80%	38.35%	31.64%	8.48%	16.48%	9.02%	9.97%	8.99%

* Fiscal year 2015 was the 1st year of implementation, therefore only nine years are shown.

SUPPLEMENTARY INFORMATION

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION BY PROGRAM
YEAR ENDED SEPTEMBER 30, 2023

	LIABILITY	DAM FAILURE	PROPERTY	PASS - THROUGHS	WORKERS' COMP	STORAGE TANKS	EMPLOYEE BENEFITS	CYBER LIABILITY	RPA ADJUSTMENTS	CWIF	INTER-FUND ELIMINATIONS	TOTALS
OPERATING REVENUES												
Member premiums	$ 26,382,244	$ 559,975	$ 14,346,856	$ 1,885,786	$ 15,005,033	$ 46,296	$ 148,591,866	$ 1,079,906	$ 0	$ 30,879,810	$ (30,879,810)	$ 207,897,962
Retrospective premium adjustments	19,287,980	0	6,895,613	0	(1,687,420)	(21,625)	0	0	(2,528,367)	0	0	21,946,181
TOTAL OPERATING REVENUES	45,670,224	559,975	21,242,469	1,885,786	13,317,613	24,671	148,591,866	1,079,906	(2,528,367)	30,879,810	(30,879,810)	229,844,143
OPERATING EXPENSES												
Claims expense:												
Claims paid	20,354,659	0	3,278,955	0	5,453,084	0	82,173,645	0	0	18,808,205	(18,808,205)	111,260,343
Change in claims reserves	13,053,897	0	9,060,166	0	2,658,994	0	0	0	0	7,589,564	(7,589,564)	24,773,057
Change in claims incurred but not reported	2,192,656	0	(789,455)	0	(559,605)	0	(1,313,000)	0	0	214,484	(214,484)	(469,404)
Change in unallocated loss adjustment expense	(246,209)	0	272,732	0	198,130	0	0	0	0	0	0	224,653
Total claims expense	35,355,003	0	11,822,398	0	7,750,603	0	80,860,645	0	0	26,612,253	(26,612,253)	135,788,649
Excess insurance	7,956,599	524,975	7,506,179	1,866,011	654,186	22,229	578,603	582,260	0	0	(2,080,898)	17,610,144
Benefit premiums	0	0	0	0	0	0	72,078,021	0	0	0	0	72,078,021
Pension expense	663,568	0	309,663	0	796,272		806,317	0	0	0	0	2,575,821
General, Administrative & Depreciation	3,441,645	35,000	1,656,924	19,775	4,397,782	0	2,138,650	342,263	0	2,182,311	(2,182,311)	12,032,038
TOTAL OPERATING EXPENSES	47,416,815	559,975	21,295,164	1,885,786	13,598,843	22,229	156,462,236	924,523	0	28,794,564	(30,875,462)	240,084,673
OPERATING INCOME (LOSS)	(1,746,591)	0	(52,695)	0	(281,230)	2,442	(7,870,370)	155,383	(2,528,367)	2,085,246	(4,348)	(10,240,530)
NONOPERATING REVENUES												
Investment income	246,591	0	52,695	0	281,230	2,188	610,771	0	0	678,677	(678,677)	1,193,475
Net increase in investment fair value	0	0	0	0	0	0	742,310	0	0	16,233,736	0	16,976,046
TOTAL NONOPERATING REVENUES	246,591	0	52,695	0	281,230	2,188	1,353,081		0	16,912,413	(678,677)	18,169,521
CHANGE IN NET POSITION	$ (1,500,000)	$ 0	$ 0	$ 0	$ 0	$ 4,630	$ (6,517,289)	$ 155,383	$ (2,528,367)	$ 18,997,659	$ (683,025)	$ 7,928,991

CALIFORNIA WATER INSURANCE FUND

SCHEDULE OF NET POSITION
SEPTEMBER 30, 2023

	2023	Memo Only 2022
ASSETS:		
CURRENT ASSETS		
Cash and cash equivalents	$ 856,071	$ 4,246,647
Premiums receivable	15,072,950	18,838,051
TOTAL CURRENT ASSETS	15,929,021	23,084,698
NONCURRENT ASSETS		
Investments	162,390,981	129,941,005
TOTAL ASSETS	178,320,002	153,025,703
LIABILITIES:		
CURRENT LIABILITIES		
Administrative fees payable to JPIA	0	6,869,051
Claim reimbursements payable	18,808,205	10,214,539
Dividends payable	678,677	3,747,820
Unearned premiums	6,352,125	6,603,450
Claims reserves	15,499,328	10,200,463
TOTAL CURRENT LIABILITIES	41,338,335	37,635,323
NONCURRENT LIABILITIES		
Claims reserves	11,721,929	9,431,229
Claims incurred but not reported	20,479,437	20,264,954
TOTAL NONCURRENT LIABILITIES	32,201,366	29,696,183
TOTAL LIABILITIES	73,539,701	67,331,506
NET POSITION:		
Capital stock	250,000	250,000
Paid-in capital	96,788,445	96,700,000
Unrestricted	7,741,856	(11,255,803)
TOTAL NET POSITION	$ 104,780,301	$ 85,694,197

See accompanying notes to financial statements.

CALIFORNIA WATER INSURANCE FUND

SCHEDULE OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2023

	2023	Memo Only 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received for premiums	$ 34,393,586	$ 36,644,317
Dividends paid back to JPIA	(5,247,820)	(4,167,542)
Payments for claims	(10,214,539)	(8,066,009)
Payments for administrative fees	(6,872,686)	(10,808,146)
NET CASH PROVIDED BY OPERATING ACTIVITIES	12,058,541	13,602,620
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Paid in capital from JPIA	88,445	74,700,000
NET CASH PROVIDED BY FINANCING ACTIVITIES	88,445	74,700,000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of securities	(100,158,215)	(134,740,936)
Proceeds from sales of investments	83,941,976	46,370,154
Investment earnings	915,105	3,984,248
Investment expenses	(236,428)	(236,428)
NET CASH USED BY INVESTING ACTIVITIES	(15,537,562)	(84,622,962)
Increase (decrease) in cash and cash equivalents	(3,390,576)	3,679,658
Cash and cash equivalents, beginning	4,246,647	566,989
Cash and cash equivalents, end of year	$ 856,071	$ 4,246,647
RECONCILIATION OF OPERATING GAIN (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating gain (loss)	$ 2,085,245	$ (788,689)
Adjustments to net cash provided by operating activities:		
Change in member premiums receivable	3,765,101	5,996,271
Change in admininstrative fees payable	(6,869,051)	(3,939,095)
Change in claims reimbursements payable	8,593,666	2,148,530
Change in dividends payable	(3,069,143)	(419,722)
Change in unearned member premiums	(251,325)	(3,430,001)
Change in claims liabilities	7,804,048	14,035,326
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 12,058,541	$ 13,602,620
NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Change in unrealized fair value of investments	$ 16,233,737	$ (34,818,795)

See accompanying notes to financial statements.

STATISTICAL SECTION

STATISTICAL SECTION

This following section of the financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about ACWA JPIA's overall financial position.

Financial Trends

These schedules contain trend information to help explain ACWA JPIA's financial performance over time. They highlight how revenues, expenses, and changes in the net position have developed over the years.

Demographic and Economic Information

These schedules offer demographic and economic information indicators to explain the environment to which ACWA JPIA's financial activities take place. The number of liability, property and workers' compensation claims are indicators of claims expenses.

Payroll totals for liability and workers' compensation, along with claims experience, are the main indicators for premium revenue. Property "totally insured values" are used as indicators for property program premiums.

Schedules showing trends for property tax rates and revenues along with corresponding assessed valuations are not presented since ACWA JPIA does not levy such taxes.

Schedules showing bonded debt and related legal debt ratios are also not applicable.

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

STATEMENTS OF NET POSITION
Last Ten Fiscal Years

	Fiscal Year September 30,									
	2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Assets										
Current assets	$ 69,901,479	$ 72,465,623	$ 64,697,698	$ 67,511,963	$ 60,182,304	$ 75,977,556	$ 90,574,861	$ 55,041,382	$ 62,751,382	$ 44,388,883
Noncurrent assets	125,682,527	122,029,131	124,869,063	131,853,381	128,161,913	136,122,295	146,950,212	216,728,977	183,863,832	244,073,620
TOTAL ASSETS	195,584,006	194,494,754	189,566,761	199,365,344	188,344,217	212,099,851	237,525,073	271,770,359	246,615,214	288,462,503
DEFERRED OUTFLOWS OF RESOURCES RELA		625,033	1,065,779	1,404,974	1,063,032	480,729	741,645	1,027,236	5,034,164	3,716,126
DEFERRED OUTFLOWS OF RESOURCES RELATED TO OTHER POSTEMPLOYMENT BENEFITS[2]					35,283	73,061	313,105	161,906	1,074,398	938,785
Liabilities										
Current liabilities	53,163,043	55,874,099	63,978,099	65,377,439	44,238,468	49,702,296	55,629,664	49,931,094	54,139,990	61,493,533
Noncurrent liabilities	54,463,790	57,465,715	57,496,224	58,494,030	56,582,233	62,344,624	57,445,500	73,627,596	82,986,616	105,710,134
TOTAL LIABILITIES	107,626,833	113,339,814	121,474,323	123,871,469	100,820,701	112,046,920	113,075,164	123,558,690	137,126,606	167,203,667
DEFERRED INFLOWS OF RESOURCES RELATE		846,155	1,802,985	1,576,175	2,117,303	1,070,024	1,281,433	(2,780,885)	1,634,493	1,503,278
DEFERRED INFLOWS OF RESOURCES RELATED TO OTHER POSTEMPLOYMENT BENEFITS[2]					38,924	602,195	536,019	2,371,164	1,178,756	3,697,557
Net Position										
Net investment in capital assets	6,206,203	5,302,885	5,072,656	4,839,789	4,641,581	4,539,034	4,310,372	4,104,251	3,910,782	3,690,257
Unrestricted	81,750,970	75,630,933	63,630,961	70,482,885	81,824,023	94,395,468	119,376,835	145,706,281	108,873,139	117,022,655
TOTAL NET POSITION	$ 87,957,173	$ 80,933,818	$ 68,703,617	$ 75,322,674	$ 86,465,604	$ 98,934,502	$ 123,687,207	$ 149,810,532	$ 112,783,921	$ 120,712,912

1- Beginning in the fiscal year ended September 30, 2015, GASB 68 required the recognition of net pension liability, the related deferred outflows and inflows of resources, and pension expenses.
2- Beginning in the fiscal year ended September 30, 2018, GASB 75 required the recognition of net other postemployment benefits (OPEB) liability, the related deferred outflows and inflows of resources, and OPEB expenses.

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Last Ten Fiscal Years
Fiscal Year Ended September 30,

	2014	2015	2016	2017	2018	2019	2020	2021*	2022*	2023
REVENUES										
Member premiums	$ 152,994,168	$ 154,042,184	$ 159,008,617	$ 171,496,710	$ 179,425,274	$ 183,179,723	$ 194,507,327	$ 200,775,298	$ 198,914,797	$ 207,897,962
Retrospective premium adjustments	(10,979,765)	3,619,551	(12,017,219)	(1,504,527)	(3,380,970)	(9,532,430)	(5,377,009)	(11,457,566)	10,775,431	21,946,181
TOTAL OPERATING REVENUES	142,014,403	157,661,735	146,991,398	169,992,183	176,044,304	173,647,293	189,130,318	189,317,732	209,690,228	229,844,143
EXPENSES										
Claims paid	86,929,610	92,455,329	97,258,190	92,556,531	93,668,325	87,791,048	90,772,703	85,905,737	96,142,905	111,260,343
Change in excess aggregate recovery	0	0	0	0	0	0	0	0	0	0
Change in claim reserves	1,109,472	4,098,558	(1,008,442)	(255,677)	3,187,095	3,253,830	(103,945)	4,749,782	8,863,387	24,773,057
Change in claims incurred but not reported	616,144	4,153,850	(3)	3,832,135	(6,123,633)	172,859	(4,252,240)	2,807,404	3,498,215	(469,404)
Change in unallocated loss (gain) adjustment expenses	490,716	281,517	277,793	165,446	(304,308)	51,335	(686,050)	1,301,398	(806,973)	224,653
TOTAL CLAIMS EXPENSE	89,145,942	100,989,254	96,527,538	96,298,435	90,427,479	91,269,072	85,730,468	94,764,321	107,697,534	135,788,649
Excess insurance and premium payments	52,622,414	53,517,864	54,164,327	56,875,871	63,658,940	68,238,635	76,240,115	79,743,790	87,558,006	89,688,165
General and administrative	7,549,473	9,346,478	10,642,018	10,741,391	10,865,359	9,630,392	10,687,493	28,733	17,171,910	14,387,334
Depreciation	366,360	341,832	268,088	254,843	244,521	218,147	228,662	223,612	218,578	220,525
TOTAL OPERATING EXPENSES	149,684,189	164,195,428	161,601,971	164,170,540	165,196,299	169,356,246	172,886,738	174,760,456	212,646,028	240,084,673
OPERATING INCOME (LOSS)	(7,669,786)	(6,533,693)	(14,610,573)	5,821,643	10,848,005	4,291,047	16,243,580	14,557,276	(2,955,800)	(10,240,530)
SPECIAL ITEM										
Net position acquired from merger										
NONOPERATING REVENUES AND EXPENSES										
Net investment income (loss)	1,111,191	2,738,962	2,380,372	797,414	294,925	8,177,851	8,509,125	11,566,049	(34,070,811)	18,169,521
CHANGE IN NET POSITION	$ (6,558,595)	$ (3,794,731)	$ (12,230,201)	$ 6,619,057	$ 11,142,930	$ 12,468,898	$ 24,752,705	$ 26,123,325	$ (37,026,611)	$ 7,928,991

*General and administrative expenses reflect significant pension expense adjustments in accordance with GASB 68 (see MD&A for details)

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

REVENUES BY PROGRAM (NET OF RPA ADJUSTMENTS)
For the Fiscal Year Ending September 30,

Fiscal Year	Liability	Dam	Property	Pass-Thru	Workers' Compensation	Underground Storage Tanks	Employee Benefits	Cyber Liability*	CWIF	Interfund Eliminations	Change in Rate Stabilization Fund & GASB Adj's	Totals
2013-14	11,430,667	255,503	4,925,813	260,521	10,965,338	12,378	119,699,883				(4,424,509)	143,125,594
	7.99%	0.18%	3.44%	0.18%	7.66%	0.01%	83.63%				-3.09%	
2014-15	21,062,280	255,500	4,316,367	253,987	10,025,093	12,682	122,243,564				2,231,224	160,400,697
	13.13%	0.16%	2.69%	0.16%	6.25%	0.01%	76.21%				1.39%	
2015-16	7,064,155	255,500	5,321,990	262,220	13,040,835	12,680	126,441,388				(3,026,998)	149,371,770
	4.73%	0.17%	3.56%	0.18%	8.73%	0.01%	84.65%				-2.03%	
2016-17	14,594,442	257,403	4,628,900	305,519	9,642,153	16,650	137,343,585				4,000,945	170,789,597
	8.55%	0.15%	2.71%	0.18%	5.65%	0.01%	80.42%				2.34%	
2017-18	17,147,781	261,024	5,259,036	372,025	7,709,196	14,079	143,957,698				1,618,390	176,339,229
	9.72%	0.15%	2.98%	0.21%	4.37%	0.01%	81.64%				0.92%	
2018-19	15,072,798	279,607	6,963,310	614,451	9,716,581	16,289	149,417,400				(255,292)	181,825,144
	8.29%	0.15%	3.83%	0.34%	5.34%	0.01%	82.18%				-0.14%	
2019-20	24,523,703	403,325	8,769,309	1,263,183	7,310,250	21,015	154,805,758		25,831,640	(22,756,563)	(2,532,177)	197,639,443
	12.41%	0.20%	4.44%	0.64%	3.70%	0.01%	78.33%		13.07%	-11.51%	-1.28%	
2020-21	18,330,243	439,753	10,659,051	680,693	4,534,361	20,603	155,652,807		45,812,966	(38,636,413)	3,389,717	200,883,781
	9.12%	0.22%	5.31%	0.34%	2.26%	0.01%	77.48%		22.81%	-19.23%	1.69%	
2021-22	37,537,627	512,250	12,657,851	1,139,584	9,389,928	22,479	148,397,136		3,007,072	(37,825,867)	781,357	175,619,417
	21.37%	0.29%	7.21%	0.65%	5.35%	0.01%	84.50%		1.71%	-21.54%	0.44%	
2022-23	45,670,224	559,975	21,242,469	1,885,786	13,317,613	24,671	148,591,866	1,079,906	30,879,810	(30,879,810)	(2,528,367)	229,844,143
	19.87%	0.24%	9.24%	0.82%	5.79%	0.01%	64.65%	0.47%	13.44%	-13.44%	-1.10%	

*New to fiscal year 2022-2023

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

EXPENSES BY PROGRAM
For the Fiscal Year Ending September 30,

Fiscal Year	Liability	Dam	Property	Pass-Thru	Workers' Compensation	Underground Storage Tanks	Employee Benefits	Cyber Liability*	CWIF	Interfund Eliminations	Totals
2013-14	11,430,667	255,503	4,925,813	260,522	10,965,338	10,260	121,836,086				149,684,189
	7.64%	0.17%	3.29%	0.17%	7.33%	0.01%	81.40%				
2014-15	21,062,280	255,500	4,066,367	253,987	10,025,093	10,564	128,521,637				164,195,428
	12.83%	0.16%	2.48%	0.15%	6.11%	0.01%	78.27%				
2015-16	7,064,155	255,500	4,821,990	262,220	13,040,834	10,564	136,146,708				161,601,971
	4.37%	0.16%	2.98%	0.16%	8.07%	0.01%	84.25%				
2016-17	14,594,442	257,403	4,128,900	305,519	9,642,153	14,243	135,227,880				164,170,540
	8.89%	0.16%	2.52%	0.19%	5.87%	0.01%	82.37%				
2017-18	17,147,781	261,024	4,759,037	372,025	7,709,196	11,720	134,935,516				165,196,299
	10.38%	0.16%	2.88%	0.23%	4.67%	0.01%	81.68%				
2018-19	15,072,798	279,607	6,713,310	614,451	9,716,581	13,464	136,946,035				169,356,246
	8.90%	0.17%	3.96%	0.36%	5.74%	0.01%	80.86%				
2019-20	24,523,703	403,325	8,769,309	1,263,183	7,310,250	17,587	133,129,193		20,226,751	(22,756,563)	172,886,738
	14.18%	0.23%	5.07%	0.73%	4.23%	0.01%	77.00%		11.70%	-13%	
2020-21	18,330,243	439,753	10,659,051	680,693	4,534,361	17,053	137,569,489		32,200,683	(29,670,870)	174,760,456
	10.49%	0.25%	6.10%	0.39%	2.59%	0.01%	78.72%		18.43%	-17%	
2021-22	37,537,627	512,250	12,657,851	1,139,584	9,389,928	18,605	154,198,029		34,866,736	(37,674,582)	212,646,028
	17.65%	0.24%	5.95%	0.54%	4.42%	0.01%	72.51%		16.40%	-17.72%	
2022-23	47,416,815	559,975	21,295,164	1,885,786	13,598,843	22,229	156,462,236	924,523	28,794,565	(30,875,463)	240,084,673
	19.75%	0.23%	8.87%	0.79%	5.66%	0.01%	65.17%	0.39%	11.99%	-12.86%	

*New to fiscal year 2022-2023

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

SCHEDULE OF RATE STABILIZATION FUND ACTIVITY
For the Fiscal Years Ending September 30,

Fiscal Year		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Liability											
Payroll Adjustments	*	$ 77,449	$ 205,975	$ (21,465)	$ (54,358)	$ 63,818	$ (169,042)	$ (447,382)	$ (238,047)	$ 90,827	$ 88,520
RPA's	*	(1,193,460)	3,355,680	(707,907)	9,489,820	2,488,066	1,891,742	242,260	4,299,266	(15,516)	(1,739,374)
10% Program	*	(416,028)	(251,999)	(1,041,835)	(1,493,572)	0	(1,017,753)	(1,648,316)	(1,633,975)	(839,995)	(1,354,816)
Cat Funds	*	1,106,460	2,201,780	896,656	(603,846)	351,039	(146,026)	1,907,767	121,757	(295,422)	166,257
Property											
RPA's	*	747,493	422,814	324,287	699,465	891,754	431,317	531,326	0	0	158,557
Workers' Comp											
RPA's	*	(182,993)	(1,294,405)	(487,746)	75,039	5,013,647	3,184,330	4,749,199	7,233,304	5,445,202	484,238
Cat Funds		1,154,883	(752,710)	(631,586)	(872,242)	456,049	(138,797)	(209,062)	230,896	229,437	42,350
Underground - Storage Tanks											
RPA's	*	0	0	0	0	0	7,555	0	0	0	0
Cat Funds	*	0	0	0	0	0	0	0	0	0	0
UTEL											
RPA's	*	0	0	0	0	0	0	0	0	0	0
Cat Funds	*	0	0	0	0	0	0	0	0	0	0
Totals		$ 1,293,804	$ 3,887,135	$ (1,669,596)	$ 7,240,306	$ 9,264,373	$ 4,043,326	$ 5,125,792	$ 10,013,201	$ 4,614,533	$ (2,154,268)
Cash Flow											
Members Billed		7,556	115,297	0	0	0	6,530	0	0	366,541	106,973
Self Insured Fund into RSF		0	0	0	0	0	0	0	0	0	0
Refunds to Members		(3,464,519)	(3,565,724)	(1,077,368)	(4,713,370)	(6,840,987)	(4,569,107)	(5,905,812)	(6,210,994)	(4,265,700)	(268,823)
Net Total		$ (2,163,159)	$ 436,708	$ (2,746,964)	$ 2,526,936	$ 2,423,386	$ (519,251)	$ (780,020)	$ 3,802,207	$ 715,374	$ (2,316,118)

* The Rate Stabilization Fund (RSF) contains the Retrospective Premium Adjustments (RPA's), Liability Payroll Adjustments, and closed Catastrophic Funds.
For qualifying members of the 10% Liability Program, the RSF is used to reduce current Liability Premiums. Where noted "*" a bracketed number "( )" means the members owed the JPIA funds and it reduces the RSF account while a positive amount increases the account.
Each September 30th members' accounts are reconciled. Active members' with accounts over 60% of their current basic Liability Program Premium receive a refund.

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

ECONOMIC STATISTICS
(000's Omitted)
For the Fiscal Year September 30,

Fiscal Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Liability										
Total Number of Claims (Cumulative)	10,792	9,393	11,294	11,586	11,908	12,200	12,555	12,842	13,183	13,948
Closed Claims (Cumulative)	10,640	10,872	11,127	11,373	11,612	11,867	12,169	12,461	12,770	13,109
Open Claims (at year end)	152	180	167	213	296	333	386	381	413	839
Covered Payroll (Cumulative)	$ 8,937,912	$ 9,427,805	$ 9,952,261	$ 10,461,457	$ 11,045,237	$ 11,738,353	$ 12,502,652	$ 13,267,403	$ 14,055,164	$ 14,942,451
Property										
Total Number of Claims (Cumulative)	2,275	2,373	2,463	2,589	2,693	2,816	2,950	3,072	3,229	3,349
Closed Claims (Cumulative)	2,244	2,336	2,417	2,532	2,645	2,759	2,875	3,004	3,139	3,248
Open Claims (at year end)	31	37	46	57	48	57	75	68	90	101
Total Insured Value (Cumulative)	$ 63,798,940	$ 69,031,783	$ 74,533,519	$ 80,656,971	$ 87,762,361	$ 95,702,609	$ 104,858,066	$ 95,702,608	$ 112,816,437	$ 138,373,313
Workers' Compensation										
Total Number of Claims (Cumulative)	9,507	9,822	10,145	10,453	10,750	11,070	11,363	11,676	11,955	12,257
Closed Claims (Cumulative)	9,075	9,373	9,712	10,046	10,336	10,670	10,983	11,270	11,576	11,875
Open Claims (at year end)	432	449	433	407	414	400	380	406	379	382
Covered Payroll (Cumulative)	$ 6,241,955	$ 6,706,772	$ 6,720,301	$ 7,222,206	$ 7,743,749	$ 8,309,485	$ 8,944,051	$ 9,624,663	$ 10,334,448	$ 11,107,574
Number of Employees	46	48	49	49	49	49	50	50	52	55
Ratio of Premium to Payroll/TIV										
Liability Program	3.37%	3.02%	2.94%	2.92%	3.00%	2.54%	2.71%	2.81%	2.75%	3.05%
Property Program	0.11%	0.11%	0.10%	0.10%	0.09%	0.08%	0.09%	0.12%	0.10%	0.12%
Workers' Comp. Program	2.72%	2.64%	2.59%	2.46%	2.39%	2.29%	2.19%	1.95%	1.70%	1.94%

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

Demographic Statistics by Employer

Employer	2022 Number of Employees	2022 Rank	2022 Percentage of Total City Employees	2013 Number of Employees	2013 Rank
Kaiser Permanente Medical Group & Foundation Group	5,900	1	6.39%	3,724	1
PRIDE Industries	5,432	2	5.89%	1,021	7
Sutter Health Roseville Medical Group	3,361	3	3.64%	1,654	3
Adventist Health	1,500	4	1.63%		
City of Roseville	1,277	5	1.38%	1,254	5
Union Pacific Railroad Company	1,150	5	1.25%	1,168	6
Roseville City School District	1,133	7	1.23%		
Roseville Joint Union High School District	1,005	8	1.09%	1,299	4
Penumbra	600	9	0.65%		
Consolidated Communications	507	10	0.55%		
Hewlett-Packard				3,200	2
Roseville Elementary School District				929	8
Walmart				790	9
Telefunken Semiconductors America				600	10
Subtotal	21,865		23.70%	15,639	
Total Employment	92,281 (a)			71,067	

(a) Total Employment (as used above) represents the estimated total employment of all employees located within the City of Roseville, which is the office location of ACWA JPIA.

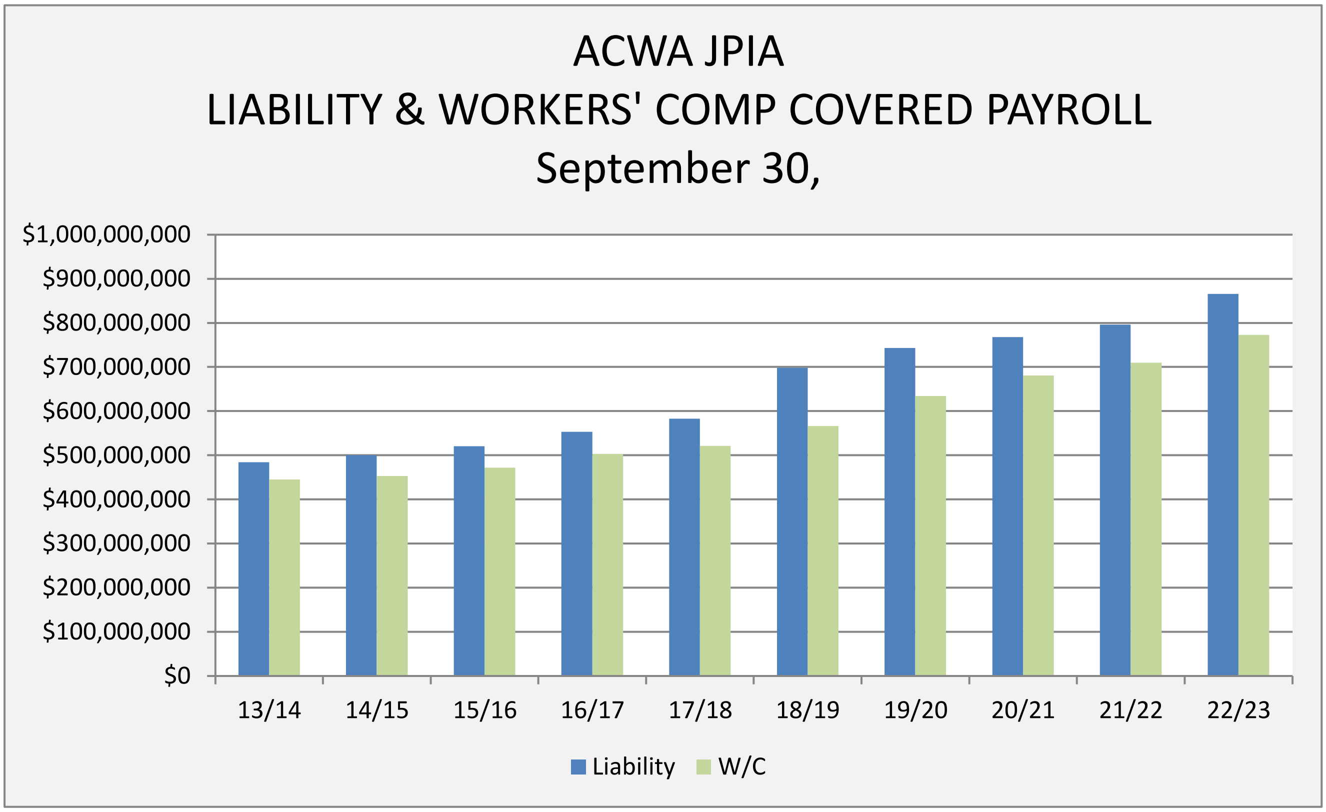
ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURNACE AUTHORITY

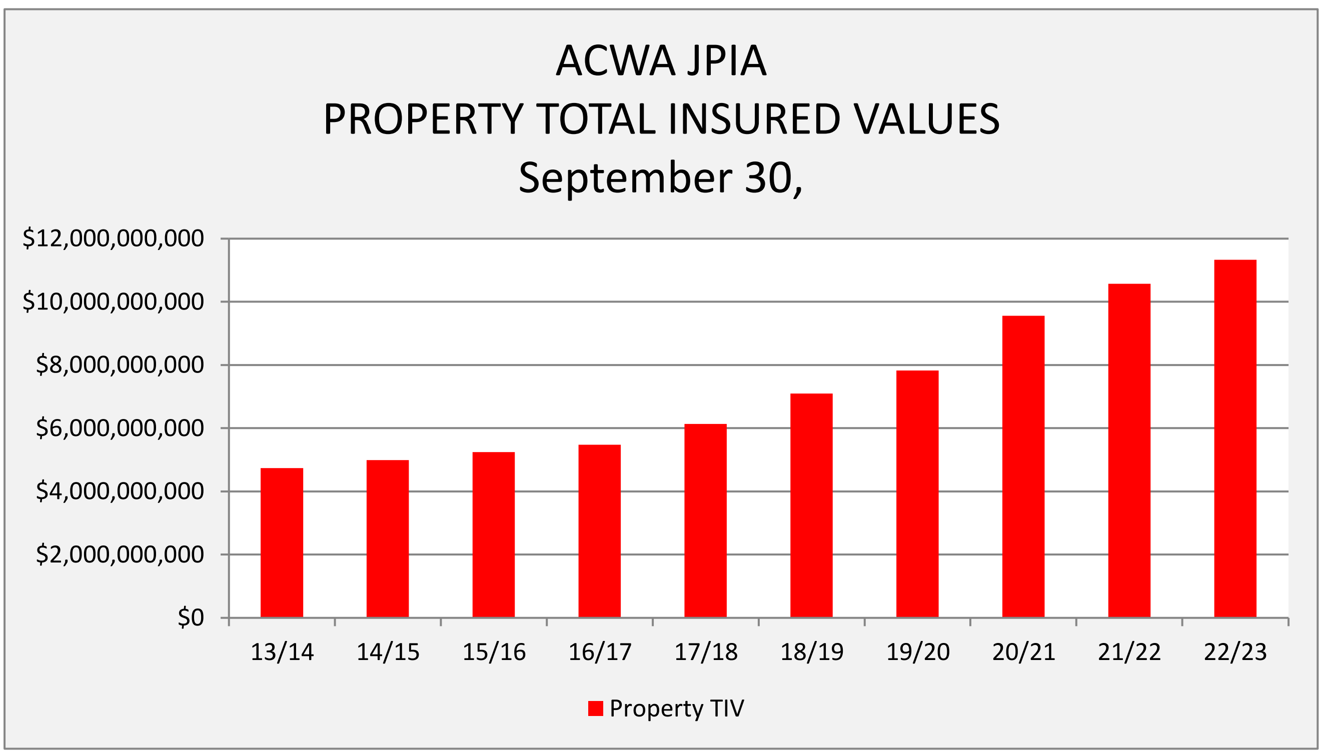
Demographic Statistics by Population

Fiscal Year	City of Roseville Population	County Total Personal Income (in thousands)	County Per Capita Personal Income	Unemployment Rate	Placer County Population	City Population % of County
2013	124,255	20,174,068	54,924	7.5%	357,463	34.76%
2014	126,956	21,182,771	55,000	6.5%	366,000	34.69%
2015	128,832	21,240,299	57,000	5.3%	369,454	34.87%
2016	134,073	22,741,453	59,000	4.5%	373,796	35.87%
2017	135,868	24,527,289	63,000	3.8%	382,837	35.49%
2018	137,213	26,223,081	67,000	3.0%	389,532	35.23%
2019	139,643	27,459,330	69,000	3.5%	396,691	35.20%
2020	145,163	29,470,903	73,000	3.0%	403,711	35.96%
2021	146,875	31,184,538	77,000	3.0%	404,994	36.27%
2022	151,034	(a)	(a)	2.8%	409,025	36.93%

(a) Information not available

Note--The JPIA's office is located in the City of Roseville.


ACWA JPIA
LIABILITY & WORKERS' COMP COVERED PAYROLL
September 30,
$1,000,000,000
$900,000,000
$800,000,000
$700,000,000
$600,000,000
$500,000,000
$400,000,000
$300,000,000
$200,000,000
$100,000,000
$0
13/14
14/15
15/16
16/17
17/18
18/19
19/20
20/21
21/22
22/23
Liability
W/C


ACWA JPIA
PROPERTY TOTAL INSURED VALUES
September 30,
$12,000,000,000
$10,000,000,000
$8,000,000,000
$6,000,000,000
$4,000,000,000
$2,000,000,000
$0
13/14
14/15
15/16
16/17
17/18
18/19
19/20
20/21
21/22
22/23
Property TIV

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
Association of California Water Agencies
Joint Powers Insurance Authority
Roseville, 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 financial statements of the Association of California Water Agencies Joint Powers Insurance Authority (ACWA JPIA), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise ACWA JPIA's basic financial statements, and have issued our report thereon dated March 20, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered ACWA JPIA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of ACWA JPIA's internal control. Accordingly, we do not express an opinion on the effectiveness of ACWA JPIA'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether ACWA JPIA'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 financial statements. 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*.

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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gilbert CPAs

GILBERT CPAs
Sacramento, California

March 20, 2024