ASSOCIATION OF CALIFORNIA WATER AGENCIES

JOINT POWERS INSURANCE AUTHORITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Years Ended September 30, 2010 and 2009

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

Years Ended September 30, 2010 and 2009

TABLE OF CONTENTS

INTRODUCTORY SECTION

JOINT POWERS
INSURANCE AUTHORITY

P. O. Box 619082
Roseville, CA 95661-9082

phone
916.786.5742
800.231.5742

direct line
916.774.7050
800.535.7899

fax
916.774.7040

www.acwajpia.com

December 6, 2010

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

Ladies and Gentlemen:

The Comprehensive Annual Financial Report of the Association of California Water Agencies Joint Powers Insurance Authority (JPIA) for the year ended September 30, 2010, 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.

Maze & Associates, 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, 2010, 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 and 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 unqualified opinion that the JPIA's financial statements for the fiscal year ended September 30, 2010, 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 coverages and related services to its member agencies. The JPIA provides risk-sharing pools to meet the needs of its members for Liability, Property, and Workers' Compensation 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, 2010, the JPIA had 291 members. Each member selects one representative to serve as a director on the JPIA Board of Directors. From this body nine members are elected to serve with staggered terms as a member of the 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 State of California like the rest of the nation has been immersed in a recession. With approximately 1 in 8 workers unemployed economic growth has been thwarted. The Sacramento area in which the JPIA operates, has a significant part of its workforce represented by federal and state employees. With the increasing pressure of both federal and state government to spend less and reduce deficits, the circumstances have not been ideal for many government agencies. Despite these challenges the JPIA maintained its workforce and has not had to make any cuts in staffing.

LONG-TERM FINANCIAL PLANNING

With its net assets exceeding one year's expenses, the JPIA is in sound financial position due to its long-term financial planning. For over 10 years the JPIA has collected catastrophic funds as part of its member deposit premiums. For each policy year that catastrophic funds were collected the amount was 10% of the deposit premium. Since these funds are only used when the losses for a policy year exceed 150% of budgeted losses, the JPIA has had minimal instances of expending these monies for losses. As a result many of the long term JPIA members have nearly 10 years of catastrophic funds on account, cushioning them from adverse changes to expected losses as well as significant changes to their deposit premiums in the future. This past year the JPIA Board elected a new president. With the new leadership the JPIA intends during fiscal year 2011 to review long-term financial planning.

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 for each program. The assets, liabilities, revenues and expenses of each year are reported on a full accrual basis. All transactions are accounted for in a governmental 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 GAAP, and the activities and reporting of the JPIA are in compliance with 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 Officer Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the JPIA for its comprehensive annual financial report for the fiscal year ended September 30,

2009. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial 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 annual financial 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 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 the 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 and Subcommittee members for their commitment to the JPIA.

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

Respectively Submitted,

Walt A Sells

Walter "Andy" Sells
Chief Financial & Operations Officer

David deBernardi

David deBernardi, CPA
Director of Finance

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

EXECUTIVE COMMITTEE

Name	Office	District
E.G. "Jerry" Gladbach	President	Castaic Lake WA
Tom Cuquet	Vice-President	South Sutter WD
Joseph Dion	Director	Citrus Heights WD
David T. Hodgin	Director	Scotts Valley Water District
W.D. "Bill" Knutson	Director	Yuima Municipal WD
Melody McDonald	Director	San Bernardino Valley WCD
Charles Muse	Director	Helix Water District
Lou Reinkens	Director	Tahoe City Public Utility District
Randy Record	At-Large	ACWA Vice-President
Dan Klaff	CEO	
Walter "Andy" Sells	COO	

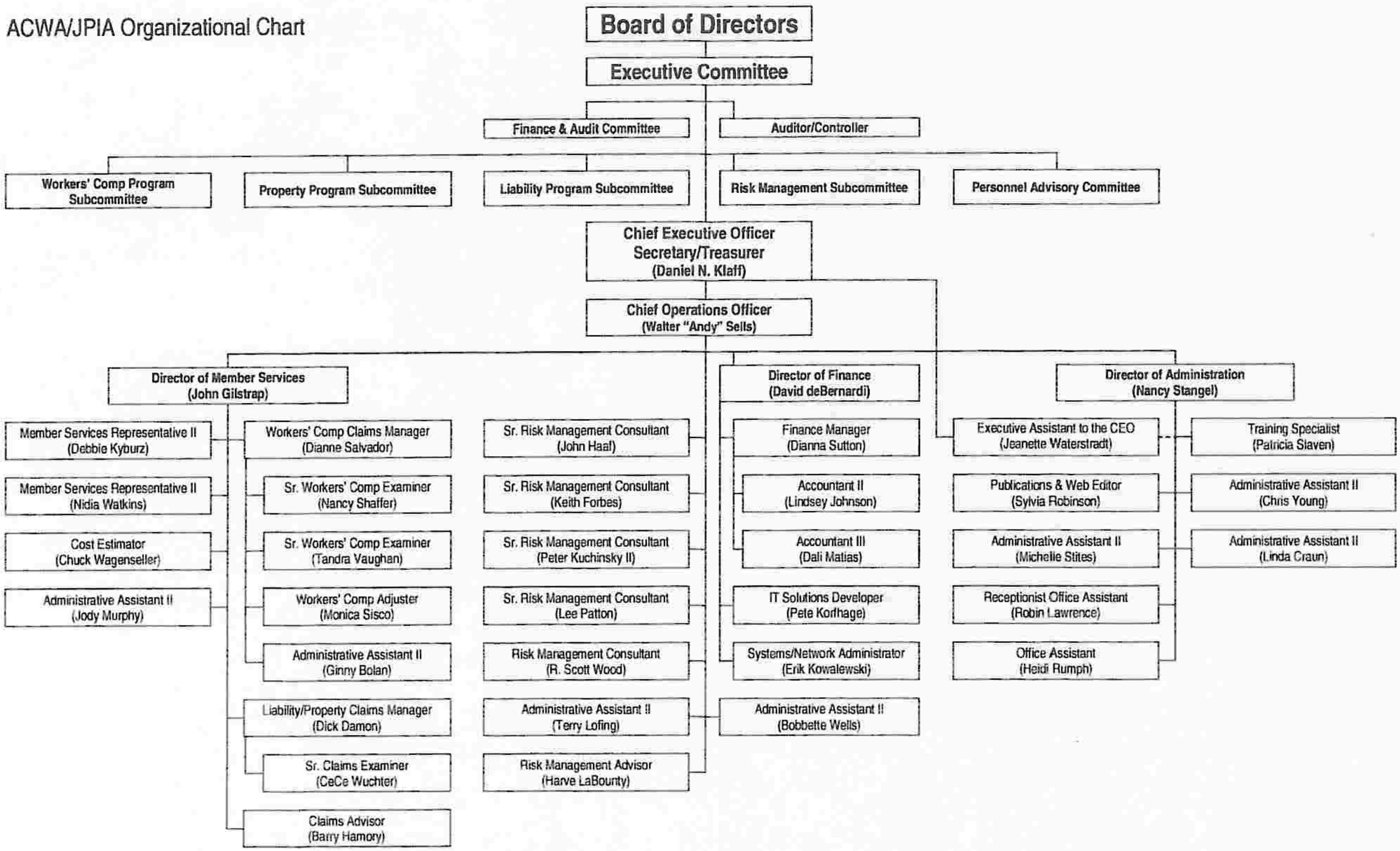
Office Address

5620 Birdcage St. Ste 200
Citrus Heights, California 95610

Report Prepared By The
Finance Department

David deBernardi, CPA, Director of Finance
Dianna Sutton, Finance Manager
Dalisay Matias, Accountant III
Lindsey Johnson, Accountant II
Bobbette Wells, Administrative Assistant II

ACWA/JPIA Organizational Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

ACWA/Joint Powers Insurance Authority, California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO

President

Executive Director

FINANCIAL SECTION

MAZE & ASSOCIATES

ACCOUNTANCY CORPORATION
3478 Buskirk Ave. - Suite 215
Pleasant Hill, California 94523
(925) 930-0902 • FAX (925) 930-0135
maze@mazeassociates.com
www.mazeassociates.com

INDEPENDENT AUDITOR'S REPORT

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

We have audited the basic financial statements of the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA) as of and for the years ended September 30, 2010 and 2009 as listed in the Table of Contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance as to whether the basic financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly in all material respects the financial position of the ACWA/JPIA as of September 30, 2010 and 2009 and the changes in financial position and cash flows thereof for the years then ended in conformity with generally accepted accounting principles in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 12, 2010 on our consideration of the ACWA/JPIA's internal control and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and the Required Supplementary Information are not a required part of the basic financial statements but are supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and we express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements. The supplemental section listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Maze & Associates

November 12, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Association of California Water Agencies Joint Powers Insurance Authority (the JPIA) we offer readers of the JPIA's financial statements this narrative overview and analysis of the financial activities of the JPIA for the fiscal year ended September 30, 2010. We encourage readers to consider the information here in conjunction with the additional information that we have furnished in our letter of transmittal, which can be found on pages i to iv 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. The Statements of Net Assets present a snapshot of the JPIA's assets, liabilities and net assets as of September 30, 2010 and 2009. The Statements of Revenue, Expenses, and Changes in Net Assets, report the revenues and expenses for the fiscal years resulting in the changes to net assets. The Statements of Cash Flows provide the reader with details on cash inflows and outflows during the fiscal years ended. The Notes to the Financial Statements present the reader with additional information to enhance and complement understanding of the financial statements.

CONDENSED FINANCIAL STATEMENTS

The primary cause for the shift in current assets to noncurrent assets lies in investments. The JPIA's current assets at the end of fiscal year 2010 were $26.5 million less than the current assets at the end of fiscal year 2009 ($48.4 vs. $74.9 million). This significant change is not alarming however, as the current assets continue to exceed the current liabilities ($38.5 million) putting the JPIA in a great financial position to meet its liquidity needs. The noncurrent portion of assets increased $30.4 million from the previous fiscal year. During fiscal year 2010 the JPIA used the proceeds from maturing investments to buy longer term investments. Conditions in the investment market were more favorable for long term investments as the gap between yields for short-term vs. long-term investments widened.

At year end September 30, 2009, the JPIA's investment portfolio had a short position with the average duration of 1.16 years compared to 1.44 at the end of 2008. This was due to the projected liquidity needs of Rate Stabilization Fund refunds, the pending purchase of a new building and the unfavorable long-term investment yields in the market at that time.

The JPIA's September 30, 2010, current vs. noncurrent liabilities and total liabilities had minimal change from the prior year. Of the current liabilities, $18.6 million of it consists of unearned member premiums. Since neither the timing of the member billing nor the billing rates changed, the unearned premiums only had a $374 thousand increase from the previous year. The most significant part of the JPIA noncurrent liabilities consists of claims incurred but not reported (IBNR) and retrospective premium adjustment payables (RPA payable). The IBNR had little variance due to the recent actuarial studies for each program estimating loss rates fairly similar to those of the prior year. The RPA payable (noncurrent) decreased by $3.6 million from prior year. Since the JPIA pays out refunds for policy years once they have 4 years of history, the noncurrent portion of the RPA payable is a gathering of the funded position for the most recent policy years. The decrease of the noncurrent RPA payable is due to the well funded workers' compensation policy years becoming current. In particular, policy year 2006/2007 has a noncurrent RPA payable of $6.3 million that became current. More recent policy years do not have funding in excess of projected costs to that degree.

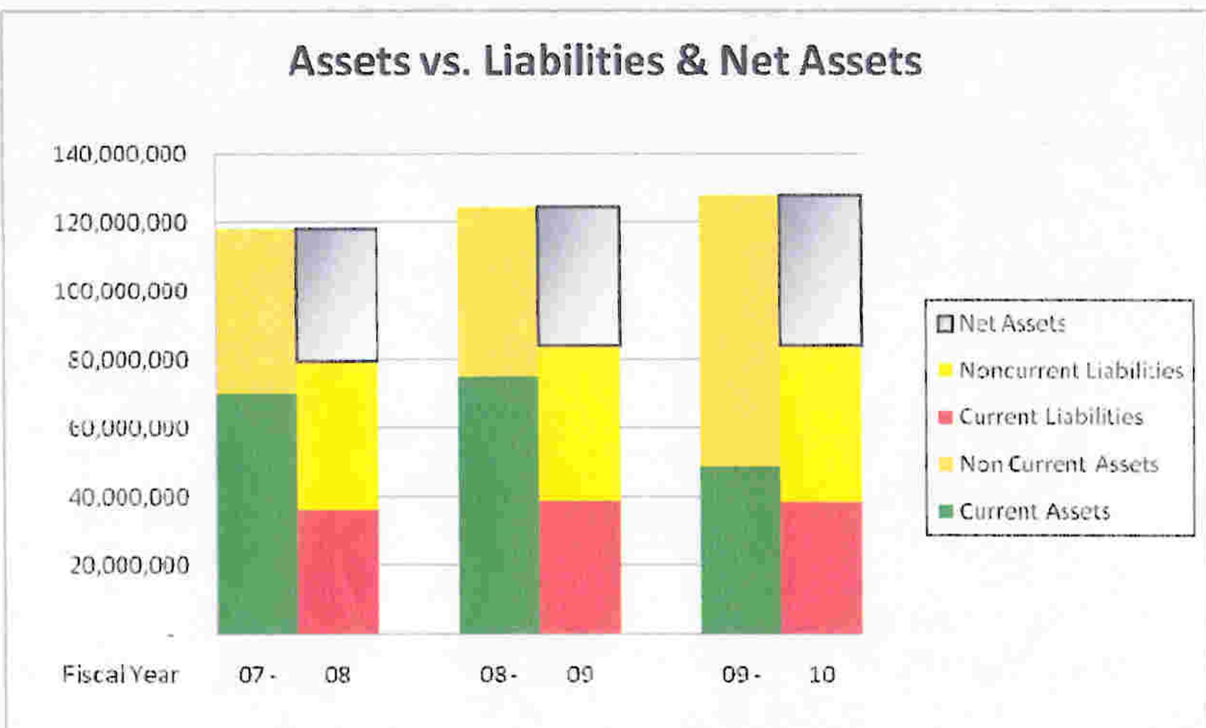
At year end 2009 the JPIA experienced an increase of $4.5 million in its total liabilities when compared to 2008. This boost was caused largely by an increased overall claims liability ($2.3 million) and an enlarged retrospective premium adjustment payable ($2.1 million).

Member premiums had a minor increase from prior year of 3%. This increase is a direct result of member payroll/total insured value increases as the rates remained flat from year to year. The provision for claims increased $1 million from prior year. This rise is largely due to the recent actuarial estimates of prior policy years being less favorable than the prior year. During fiscal year 2010 these estimates resulted in a reduction of $370 thousand vs. $1.9 million reduction in fiscal year 2009.

Investment income declined $3.4 million. This is a byproduct of the suppressed interest rates in the investment market over the last 2 years.

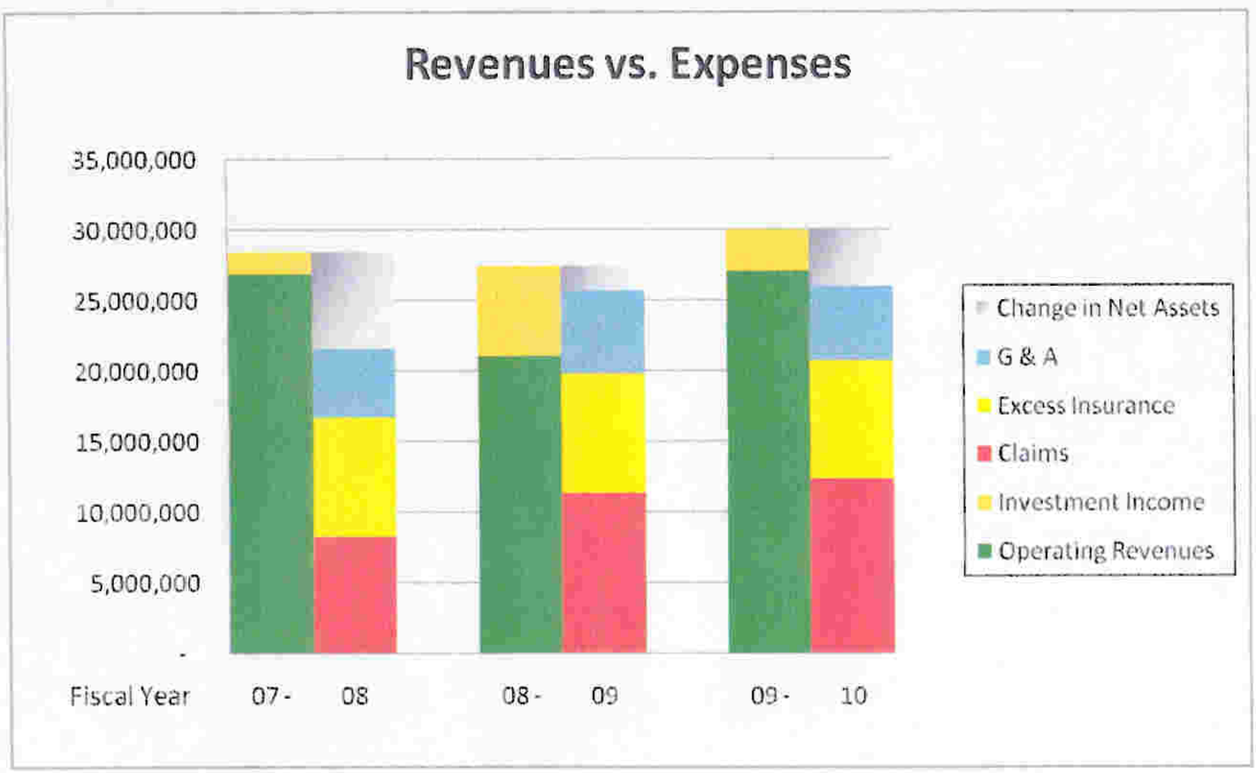
CONDENSED STATEMENT OF NET ASSETS

	9/30/2010	9/30/2009	9/30/2008	2010 vs 2009 Variance	2009 vs 2008 Variance
ASSETS					
Current Assets	$48,403,357	$74,941,366	$69,852,266	($26,538,009)	$5,089,100
Noncurrent Assets	79,562,048	49,125,661	48,012,298	30,436,387	1,113,363
Total Assets	127,965,405	124,067,027	117,864,564	3,898,378	6,202,463
LIABILITIES					
Current Liabilities	38,507,711	38,564,342	35,783,642	(56,631)	2,780,700
Noncurrent Liabilities	45,455,820	45,429,021	43,720,624	26,799	1,708,397
Total Liabilities	83,963,531	83,993,363	79,504,266	(29,832)	4,489,097
NET ASSETS	$44,001,874	$40,073,664	$38,360,298	$3,928,210	$1,713,366



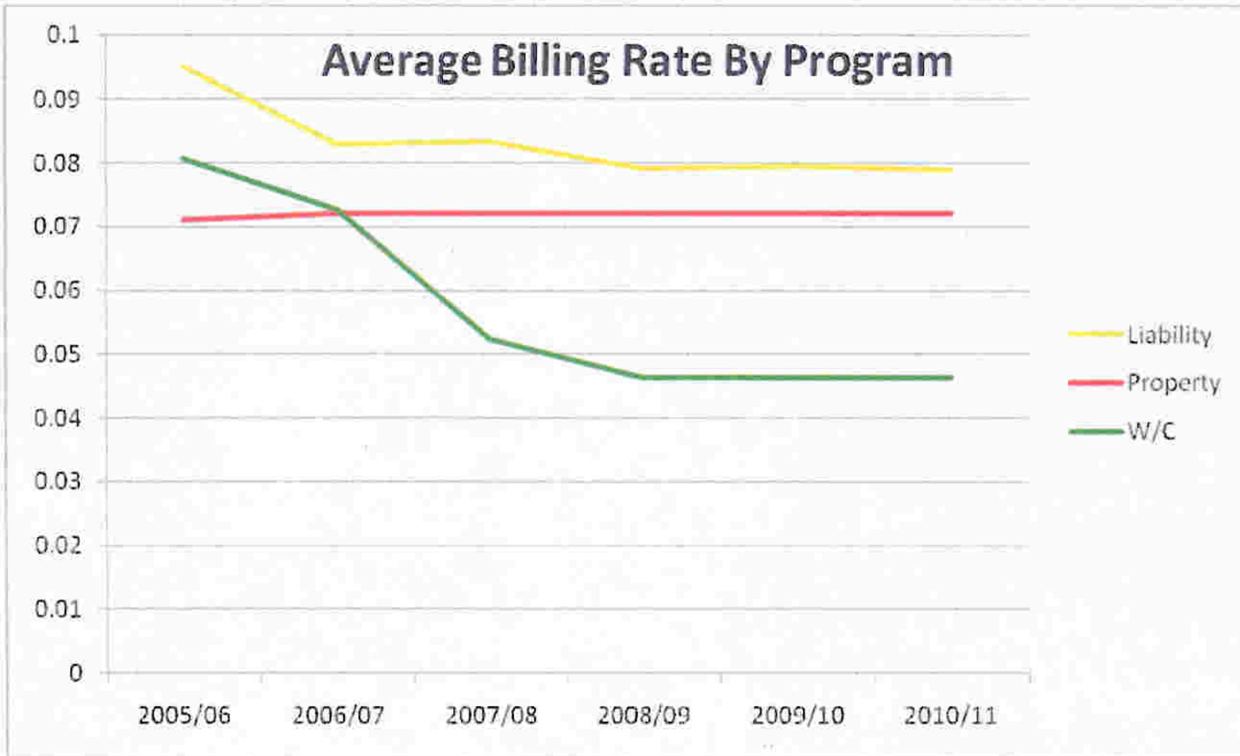
CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

	9/30/2010	9/30/2009	9/30/2008	2010 vs 2009 Variance	2009 vs 2008 Variance
OPERATING REVENUES					
Members Premiums	$ 30,328,626	$ 29,469,780	$31,155,506	$ 858,846	$(1,685,726)
Retrospective Premium Adjustments	(3,276,537)	(8,387,426)	(4,279,423)	5,110,889	(4,108,003)
Total Operating Revenues	27,052,089	21,082,354	26,876,083	5,969,735	(5,793,729)
OPERATING EXPENSES					
Provision for Claims	12,328,854	11,325,832	8,237,430	1,003,022	3,088,402
Excess Insurance	8,350,340	8,439,434	8,447,857	(89,094)	(8,423)
General & Administrative	5,330,063	5,898,704	4,926,218	(568,641)	972,486
Total Operating Expenses	26,009,257	25,663,970	21,611,505	345,287	4,052,465
OPERATING INCOME (LOSS)	1,042,832	(4,581,616)	5,264,578	5,624,448	(9,846,194)
NONOPERATING REVENUES					
Investment Income	2,885,378	6,294,982	1,569,853	(3,409,604)	4,725,129
CHANGE IN NET ASSETS	3,928,210	1,713,366	6,834,431	2,214,844	(5,121,065)
NET ASSETS, BEGINNING	40,073,664	38,360,298	31,525,867	1,713,366	6,834,431
NET ASSETS, ENDING	$ 44,001,874	$ 40,073,664	$38,360,298	$ 3,928,210	$ 1,713,366



FINANCIAL HIGHLIGHTS

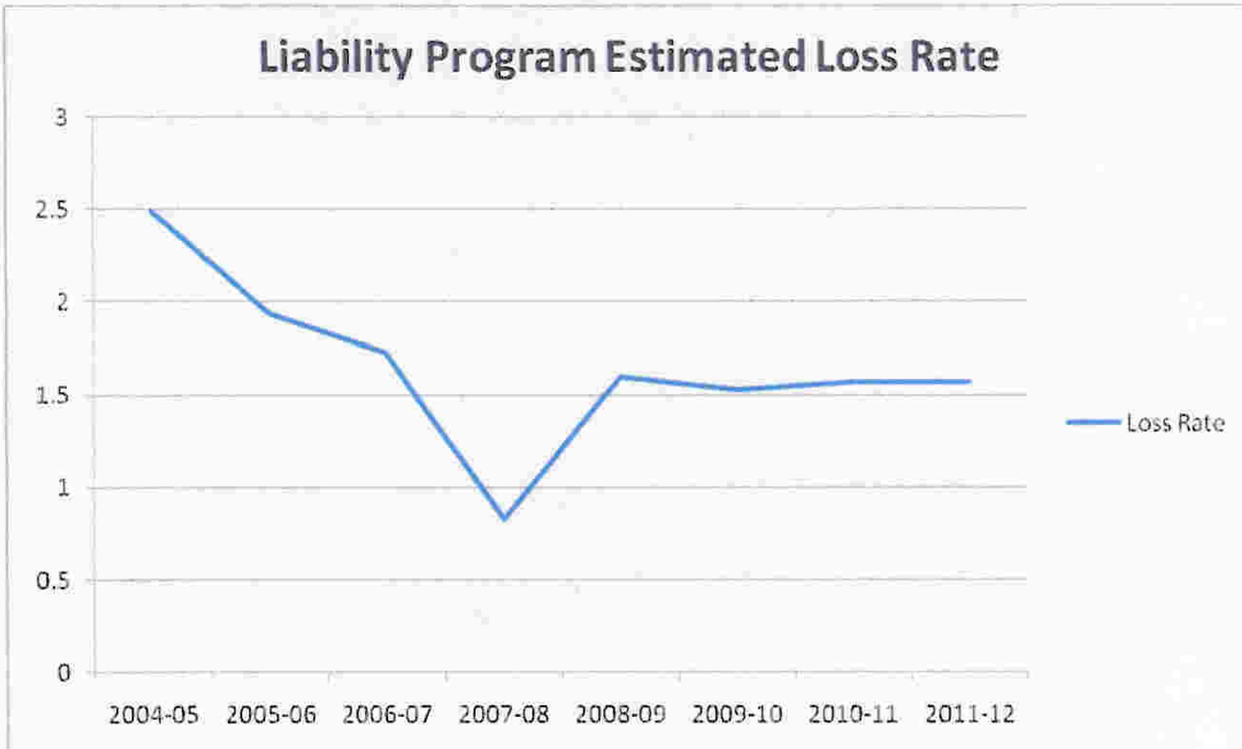
The financial position of the JPIA continues to be strong with approximately 34¢ of each $1 of asset unencumbered by a liability at the end of the last three fiscal years. The JPIA's assets are sheltered as most of the monies are in secure investments and the receivables are largely due from the participating members. Aside from refunds due back to members, the liabilities are by far made up of claims. Total claims liability was $35.5 and $32.9 million at September 30, 2010 and 2009, respectively. Comparing these liabilities to the assets at fiscal year end the risk of a financial crisis affecting the JPIA is significantly mitigated.



The chart above illustrates the average billing rate for each of the programs over the last six policy years. The JPIA has maintained a flat member premium rate in recent years. Member premiums have leveled at $30 million accordingly. Excess insurance has also remained constant. A big part of this leveling was due to the JPIA taking advantage of its agreement with the excess carrier to renew its excess workers' compensation coverage at the same rate as the previous year. Given the hardening workers compensation market this was an achievement. Investment income was $3.4 million less in fiscal year 2010. The JPIA depends on these monies to ensure a constant stable rate charged to its members. The general and administrative costs of the JPIA decreased. This was largely the result of the JPIA paying off its side fund with CalPERS in May 2009. By having this side fund paid off the rate paid by the JPIA per employee each payroll decreased.

LIABILITY PROGRAM

The Liability Program continues to be the JPIA's largest program with the recent policy years (2009/10 and 2008/09) having collected premiums of $15.9 and $15.5 million, respectively. There were little changes in the program's membership and covered payroll during fiscal year 2010. Covered payroll was $445.9, 435.6 and 436.6 million, respectively, for policy years 2010, 2009 and 2008. Participating members were 285, 284 and 285, respectively, during these same policy years. During fiscal year 2010 the Executive Committee approved keeping the member rates for policy year 2010-11 the same as the previous policy year. This was good news for liability program members amidst an economic downturn. Recent estimates by the JPIA's actuary of ultimate loss rates by policy year are as follows:



The graph above illustrates the leveling off of the expected loss rates since the 2004-05 policy year that was particularly severe due to expensive claims including a major auto accident, child drowning in a canal, $580,000 in employment practice claims and an increase in the severity of infrastructure failure claims. Policy year 2007-08 has been very favorable to date. Overall the program is in a positive financial position with just over $11 million due back to its participating members based on recent actuary loss estimates. The JPIA does not refund or bill additional amounts for policy years until they have 4 years of history.

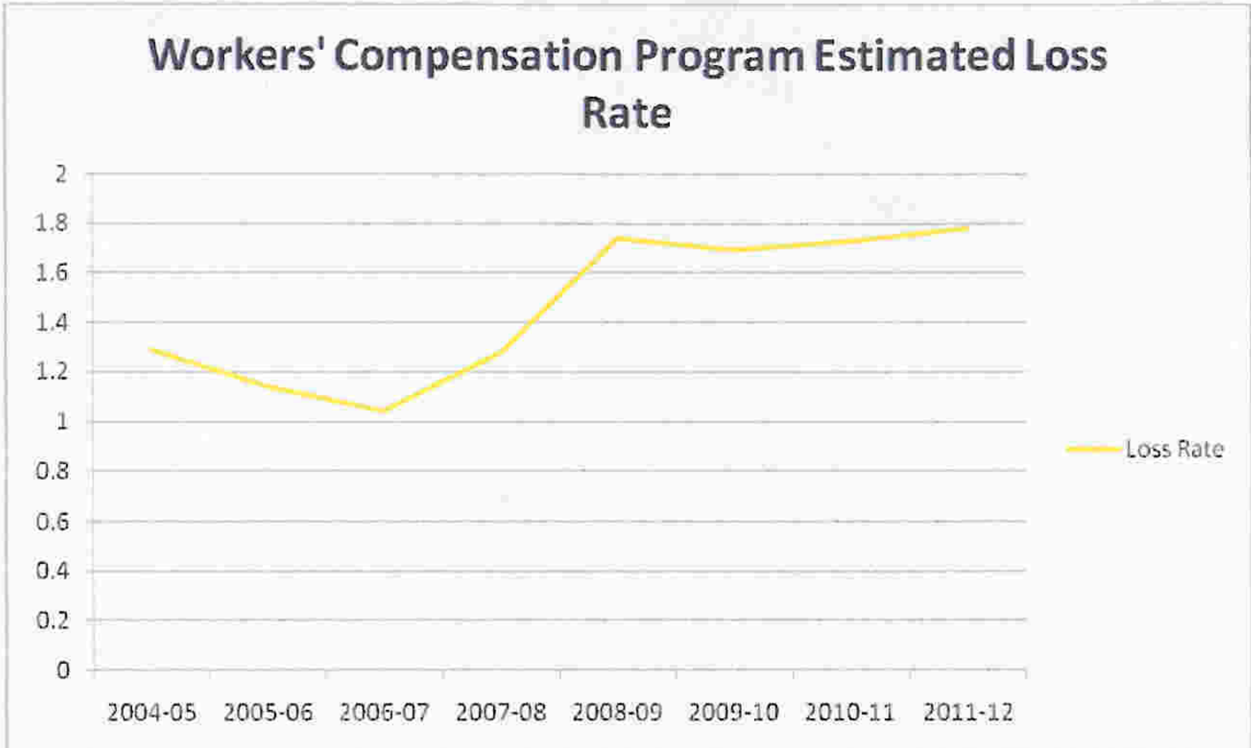
PROPERTY PROGRAM

The Property Program has 255 participating districts in its current policy year (4/1/2010-3/31/11) and there were 254 participants for the previous two policy years. Premium rates have remained the same for the past three policy years. The recently completed policy years 2009/10, 2008/09 and 2007/08 collected $4 million, $3.8 million and $4 million, respectively, in member premiums. The JPIA has been self insured up to $50,000 per claim since the 2001/02 policy year, thus limiting the severity of the pooled losses. The JPIA's recent actuarial study estimated the following loss rates by policy year:

The graph above demonstrates the volatility of the pooled losses in the Property Program. Both 2003-04 and 2004-05 policy years' loss rates were unfavorable due to widespread fire damage. The 2008-09 policy year has had only one claim exceed the $50,000 self insured retention making the loss rate favorable. By and large the Property Program is in a good financial position with $2.3 million due back to members should the recent actuarial study prove accurate.

WORKERS' COMPENSATION PROGRAM

The Workers' Compensation Program has enjoyed modest growth in recent times. Participating districts for the past three policy years have gone from 151 to 160 and covered payroll has increased from $378 million to $403 million. This translates to 6% growth. Legislative changes, such as SB899 which was passed in 2004, are showing very positive results throughout the State of California. The JPIA has benefited from the changes in law, as well as our own emphasis on workplace safety. Since 2004-05, the JPIA has reduced the rates charged to members by nearly 50 percent. Rates for the current policy year remained unchanged even though losses and rates in the industry, as a whole, increased. Member premiums have ranged from $9.2 million to $10.2 million over the past three policy years. The following chart portrays the estimated loss rates from the most recent actuarial study provided to the JPIA:

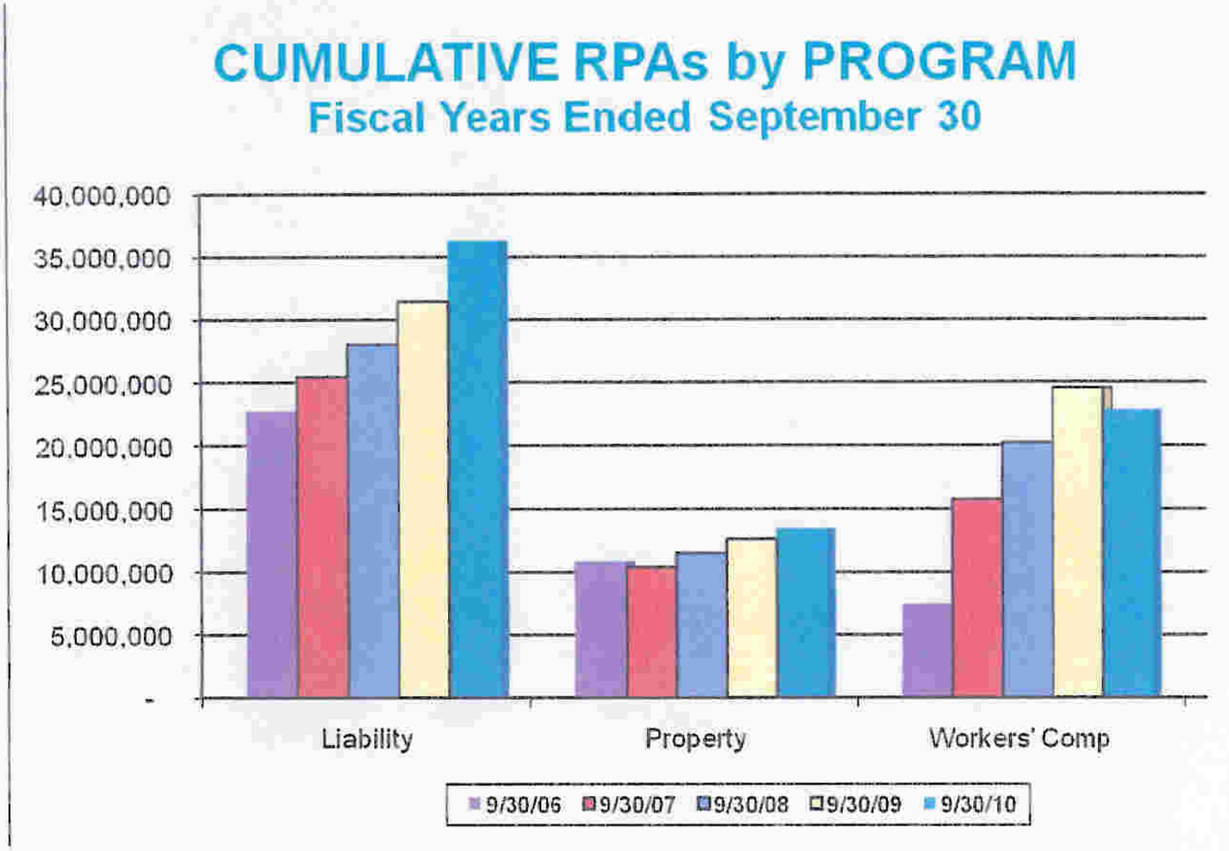


Reviewing the above data a tale of the favorable trend is apparent. Recently proposed legislative changes to the law combined with a hardening market have dampened future expectations. Accordingly, the actuarial estimates reflect these uncertainties. Amidst these circumstances the Workers' Compensation Program stands in solid economic condition with $8.2 million due back to participating members should the above estimates hold true.

RETROSPECTIVE PREMIUM ADJUSTMENTS

The Retrospective Premium Adjustment (RPA) process compares actual costs of a given policy year to premiums previously collected, resulting in either an amount due <u>to</u> member agencies or an amount due <u>from</u> member agencies. The RPA due to decreased by $3.8 million during fiscal year end 2010 compared to a $2.1 million increase in the prior year. These changes are based on the actuarially projected losses for policy years. Annually the JPIA contracts with an independent actuary to conduct a review of claims incurred and make a projection for ultimate claims costs for each policy year.

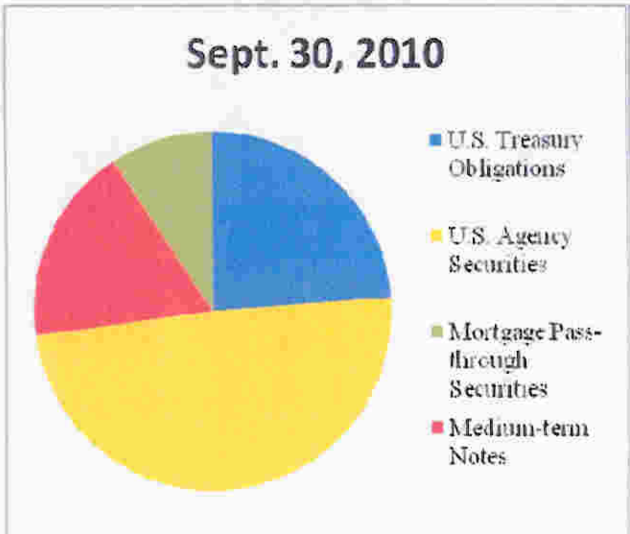
The following graph demonstrates the cumulative RPAs, since inception, of the main programs for the fiscal years ended 2007, 2008, 2009 and 2010. The Liability Program shows an additional $13.5 million due to member agencies over this time span. The Workers' Compensation Program depicts an additional $15.3 million due to member agencies over the last four years. Approximately $39.1 million of the $73.2 million total cumulative RPAs have been refunded back to the member agencies as of September 30, 2010.

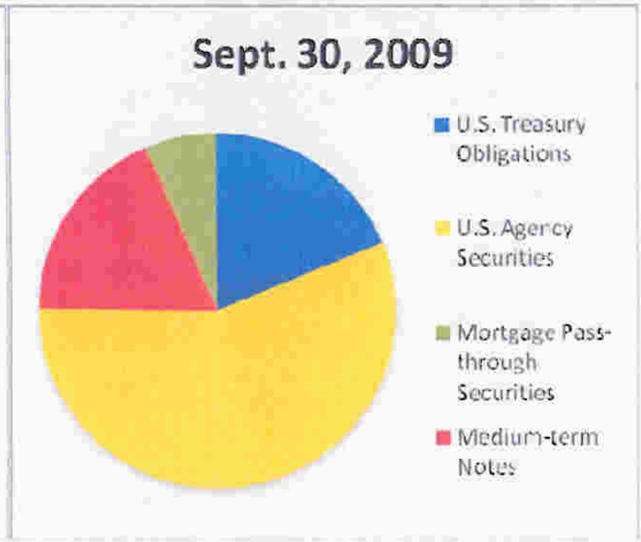


CASH AND INVESTMENTS

Cash and investments continue to make up the majority of the JPIA's assets. At September 30, 2010 and 2009, the cash and investments comprised 87% of the total assets, respectively. The cash and cash equivalents increased approximately $6 million for the year-ended September 30, 2010. This was primarily due to a timing difference of the liability program's excess insurance payment of $4.8 million. At September 30, 2009 this payment had been made reducing the cash balance, where at year end 2010 the payment had not been made and was made subsequent to year-end.

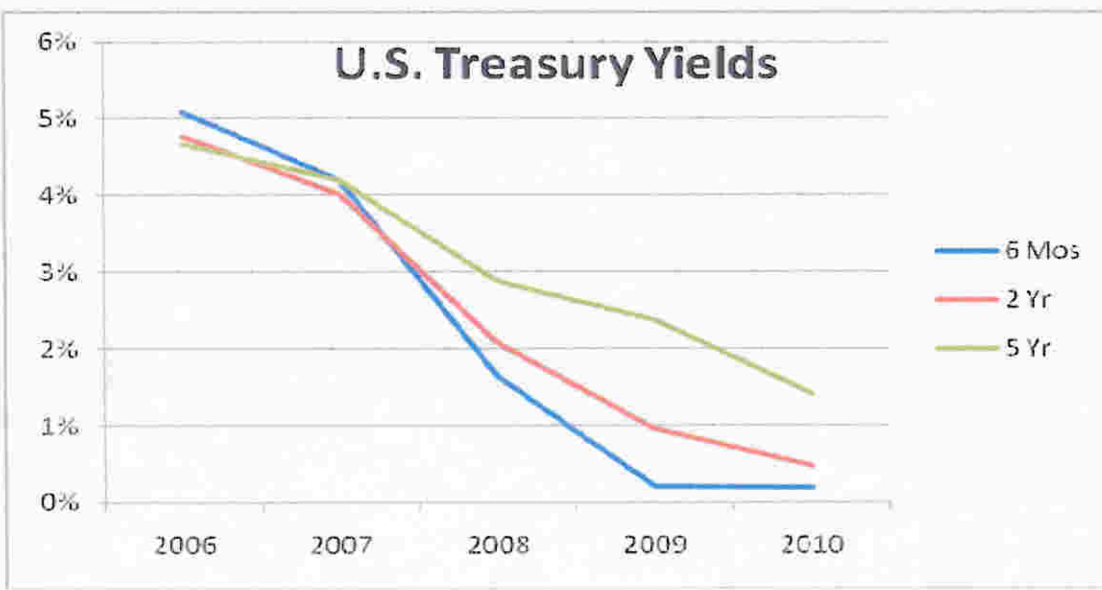
The management of the cash and investments is twofold. The JPIA internally manages the cash needed for operations and the majority of the short-term investments. The noncurrent portion of investments is managed by PFM Asset Management LLC. The JPIA's investment policy prioritizes safeguarding of principal first, followed by meeting liquidity needs and then optimum yield. Total investments were $78.6 and $81.7 million, respectively, at years ended September 30, 2010 and 2009. The following charts depict the totals by investment type:



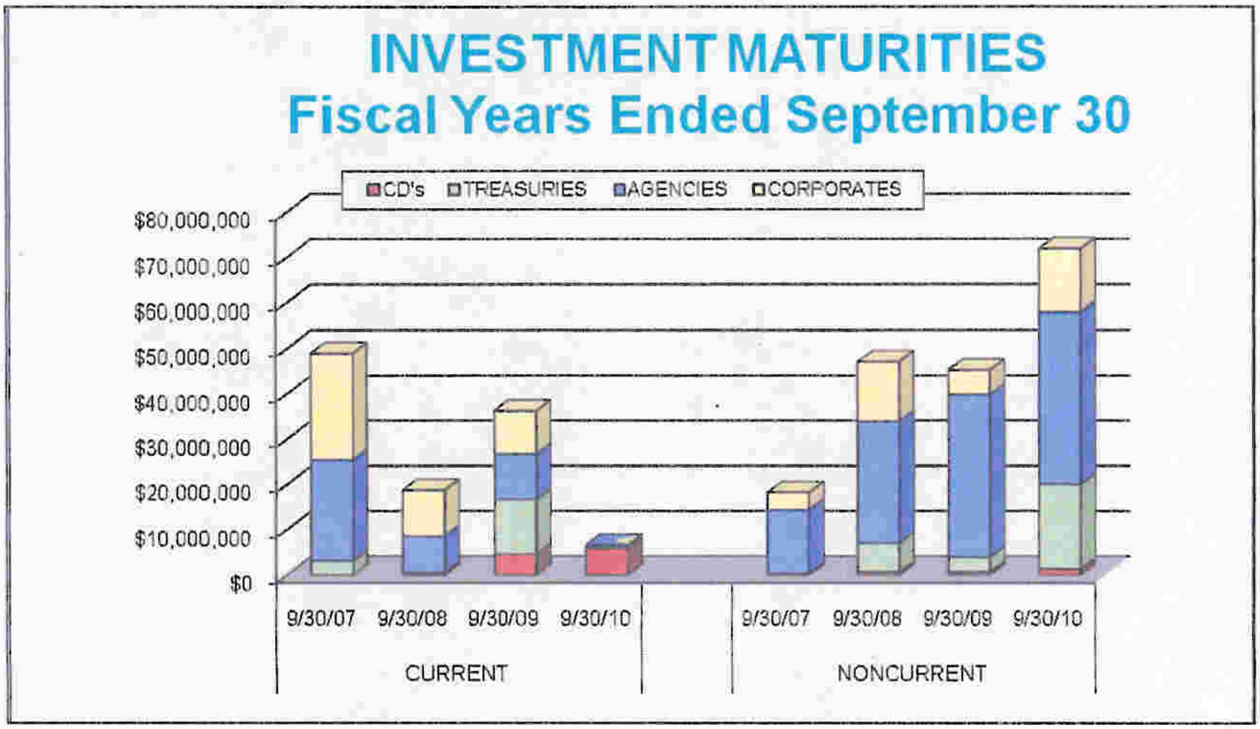


Overall the makeup of the investments did not change dramatically. The most notable change during the last twelve months occurred between U.S. Treasuries and U.S. Agency Securities. In an effort to increase the portfolio's diversity and safety, U.S. Agency Securities that sold or matured were replaced with U.S. Treasuries. Accordingly, U.S. Treasuries increased $3.4 million while U.S. Agency Securities decreased $7.5 million.

On September 30, 2010, the average number of days to maturity was 617 compared to 422 as of year-end 2009. The effective rate of return was 2.44% compared to 2.67% as of September 30, 2009, and 3.15% as of September 30, 2008.



Illustrated in the graph above are the U.S Treasury yields the past 5 years for the 6 Month, 2 year and 5 year bills. The yields for these investments dramatically decreased in fiscal year 2007 and have continued a steady decline thereafter. These market conditions have caused the steady decline in the JPIA's rate of return. Also reviewing the chart above the steepening yield curve between short vs. long term treasuries can be seen. Consequently, the JPIA has acted in the past year to position the portfolio with a longer duration. Previous to fiscal year end 2010, management was less willing to take a long position on the portfolio due to the uncertainty of the market coupled with the JPIA's short term liquidity needs from the purchase of a new building and significant refunds paid out to members. Noncurrent investments over fiscal year end 2010 increased by $26.7 million. As of September 30, 2010, 2009 and 2008 the current investments were $6.6, $36.3 and $18.9 million, respectively. The following graph details the current (short term) and noncurrent (long term) investments during the past 4 year period.



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

BUILDING UNDER CONSTRUCTION

In May 2007 an ad-hoc building and property subcommittee was formed for purposes of determining whether to 1) renovate the 5620 Birdcage building, 2) purchase an existing building, or 3) purchase land and develop a new building. After careful analysis and discussion in May 2009, the Board of Directors provided the Executive Committee the authority to purchase an existing building. In November 2009 after completing due diligence, the JPIA closed escrow to purchase a building in Roseville, CA for $2,780,000. In December 2010, the JPIA intends to move its office to the new location. Currently, renovations on these premises are winding down to completion. Costs related to preparing this building for its intended use, have been capitalized as "Building Under Construction". Once the facility is ready for occupation, it will be depreciated over 30 years. The JPIA intends to lease out the old building and sell it when the market is favorable.

CONCLUSION

This financial report is designed to provide a general overview of the JPIA's finances. For further information, the JPIA has a website, www.acwajpia.com, which provides the most current approved independent audited financial statements. Questions concerning any of the information can be sent to the following address.

ACWA/JPIA - Finance Department
5620 Birdcage St., Suite #200 - Citrus Heights, CA 95610

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

STATEMENTS OF NET ASSETS
SEPTEMBER 30, 2010 AND 2009

	2010	2009
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 32,684,538	$ 26,648,266
Investments	6,602,223	36,313,569
Accounts receivable:		
Aggregate insurance receivable	176,066	0
Member premiums	2,776,229	2,922,685
Excess insurance proceeds	57,957	26,301
Investment income	510,686	573,996
Retrospective premium adjustment receivables	3,464,450	1,542,623
Other receivables	63,113	112,962
Prepaid excess insurance	1,913,859	6,673,453
Other prepaid expenses	154,236	127,511
TOTAL CURRENT ASSETS	48,403,357	74,941,366
NONCURRENT ASSETS		
Investments	72,047,054	45,369,799
Aggregate insurance receivable	0	88,462
Net other post employment benefits	2,540,401	2,689,258
Capital assets - net	4,974,593	978,142
TOTAL NONCURRENT ASSETS	79,562,048	49,125,661
TOTAL ASSETS	$ 127,965,405	$ 124,067,027
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	$ 893,495	$ 137,934
Accrued expenses	302,946	261,234
Unearned member premiums	18,685,066	18,311,328
Retrospective premium adjustment payables	10,130,466	10,273,188
Provision for claims	8,495,738	9,580,658
TOTAL CURRENT LIABILITIES	38,507,711	38,564,342
NONCURRENT LIABILITIES		
Retrospective premium adjustment payables	18,412,509	22,068,928
Claims reserves	6,898,002	3,904,373
Claims incurred but not reported	17,960,519	17,404,117
Unallocated loss adjustment liability	2,184,790	2,051,603
TOTAL NONCURRENT LIABILITIES	45,455,820	45,429,021
TOTAL LIABILITIES	$ 83,963,531	$ 83,993,363
NET ASSETS		
Invested in capital assets	$ 4,974,593	$ 978,142
Unrestricted	39,027,281	39,095,522
TOTAL NET ASSETS	$ 44,001,874	$ 40,073,664

See accompanying notes to financial statements.

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
YEARS ENDED SEPTEMBER 30, 2010 AND 2009

	2010	2009
OPERATING REVENUES		
Member premiums	$ 30,328,626	$ 29,469,780
Retrospective premium adjustments	(3,276,537)	(8,387,426)
TOTAL OPERATING REVENUES	27,052,089	21,082,354
OPERATING EXPENSES		
Claims expense:		
Claims paid	9,818,161	9,134,958
Change in excess aggregate recovery	(87,603)	(88,462)
Change in claims reserves	2,112,946	2,281,381
Change in claims incurred but not reported	352,164	(65,834)
Change in unallocated loss adjustment expense	133,186	63,789
Total claims expense	12,328,854	11,325,832
Excess insurance	8,350,340	8,439,434
General and administrative	5,278,142	5,841,653
Depreciation	51,921	57,051
TOTAL OPERATING EXPENSES	26,009,257	25,663,970
OPERATING INCOME (LOSS)	1,042,832	(4,581,616)
NONOPERATING REVENUES		
Investment income	2,396,686	2,662,428
Net increase in investment fair value	488,692	3,632,554
TOTAL NONOPERATING REVENUES	2,885,378	6,294,982
CHANGE IN NET ASSETS	3,928,210	1,713,366
NET ASSETS, BEGINNING OF YEAR	40,073,664	38,360,298
NET ASSETS, END OF YEAR	$ 44,001,874	$ 40,073,664

See accompanying notes to financial statements.

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2010 AND 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from members	$ 29,891,662	$ 29,094,661
Cash received from excess/aggregate insurance	2,589,362	1,699,116
Payments for claims	(9,818,161)	(9,134,958)
Payments for excess/aggregate claims	(2,616,823)	(2,176,440)
Payments for excess insurance	(3,639,953)	(13,424,733)
Payments for billings & RPA fund & UST refunds	(8,014,717)	(3,615,009)
Payments to vendors	(1,094,708)	(4,549,420)
Payments to employees	(3,864,651)	(4,153,911)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	3,432,011	(6,260,694)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(3,246,547)	(159,858)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	2,341,573	3,381,339
Purchase of investments	(75,987,332)	(62,912,963)
Proceeds from maturities of investments	79,496,568	50,388,717
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	5,850,808	(9,142,907)
Increase (decrease) in cash and cash equivalents	6,036,272	(15,563,459)
Cash and cash equivalents, beginning of year	26,648,266	42,211,725
Cash and cash equivalents, end of year	$ 32,684,538	$ 26,648,266
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income (loss)	$ 1,042,832	$ (4,581,616)
Adjustments to net cash used by operating activities:		
Depreciation	51,921	57,051
Member premiums	146,456	130,377
Excess/aggregate insurance proceeds	(119,260)	(67,437)
Retrospective premium adjustment receivables	(1,921,827)	1,478,318
Other post employment benefits (OPEB)	148,857	(2,689,258)
Other	131,972	(7,693)
Prepaids and other assets	4,782,718	(5,069,534)
Accounts payable	(46,265)	(465,586)
Accrued expenses	41,712	33,241
Unearned member premiums	373,738	511,049
Retrospective premium adjustment payables	(3,799,141)	2,131,056
Claim liabilities	2,598,298	2,279,338
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 3,432,011	$ (6,260,694)
Non cash Items		
OPEB / Original OPEB accrual reversal	$ 148,857	$ 277,182
Unrealized GASB 31 market adjustments	1,697,117	1,208,425

See accompanying notes to financial statements.

(1) General Information

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

ACWA/JPIA currently offers four joint protection programs:

- Public Auto and General Liability
- Workers' Compensation
- Property Insurance
- Underground Storage Tank Liability

The Utility Excess Liability (UTEL) Program was closed as of September 30, 1997, and is no longer available.

ACWA/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.

ACWA/JPIA provides joint protection coverage for losses in excess of 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 ACWA/JPIA considered to be part of (controlled by or dependent on) ACWA/JPIA. This includes financial activity relating to all of the membership years.

In determining its reporting entity, ACWA/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 ACWA/JPIA does not exercise oversight responsibility over any members.

Admission of Members – ACWA/JPIA shall allow entry of new members into its joint protection programs only upon approval by the Board of Directors (the Board), or by the Executive Committee if specifically delegated such authority by resolution of the Board, which may impose such conditions or limitations upon such authority of the Executive Committee as the Board deems appropriate. New member districts shall be required to pay their share of the expenses as determined by the Executive Committee, including expenses necessary to analyze their loss data and determine their premiums.

Withdrawal of Members – Member entities may withdraw from any pooled joint protection program, after a three-year period commencing on the date of the member entity's entry into the pooled joint protection program, by providing written notice twelve months prior to the end of the policy year. In addition, no later than 90 days prior to the end of the policy year, any member giving the twelve month notice must make clear its final decision on withdrawal in clear, unambiguous form. Withdrawal from the program does not relieve the former member of any obligation assumed for the years of participation. Member entities may withdraw from any group purchase program at the conclusion of its policy year without being required to give twelve months written notice.

(2) Significant Accounting Policies

Basis of Accounting – The accounting records of ACWA/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.

Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 20, all Financial Accounting Standards Board (FASB) statements and authoritative pronouncements issued before November 30, 1989 are applied unless they conflict with GASB pronouncements. ACWA/JPIA has elected not to apply FASB statements issued subsequent to November 30, 1989.

Reclassifications – Certain 2009 amounts have been reclassified to conform with the 2010 financial statement presentation.

Insurance Coverage and Deductibles – ACWA/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. ACWA/JPIA administers claims in-house on behalf of participating members.

ACWA/JPIA provides the following insurance coverage and self-insured retention (SIR):

Member District Retrospective Allocation Point (RAP): $2,500 to $500,000

The SIRs for this program by year are as follows:

Year	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 - 9/30/10	1,000,000

Excess of: $1,000,000 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. ACWA/JPIA administers claims in-house on behalf of participating members.

ACWA/JPIA provides the following insurance coverage, deductibles and SIR:

Member District RAP: $500 to $25,000

The SIRs for this program by year are as follows:

Year	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 - 3/31/11	50,000

Excess of: $50,000 up to a total of $100,000,000 coverage with various sub limits through Chubb. Policy Year: April 1 through March 31

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 ACWA/JPIA's Executive Committee. ACWA/JPIA administers claims in-house on behalf of participating members.

ACWA/JPIA provides the following insurance coverage and SIR:

Member District RAP: $250 to $25,000

The SIRs for this program by year are as follows:

Year	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 - 6/30/11	2,000,000

Excess of: $2,000,000 to statutory limits through ARCH.
Policy Year: July 1 through June 30

*From July 1, 1995 through June 30, 1998, the Workers' Compensation Program functioned as a group purchase program.

Statements of Cash Flows – With regards to the statements of cash flows, ACWA/JPIA considers cash in banks, all money market funds, cash in Capital Asset Management Program (CAMP) and Local Agency Investment Fund (LAIF) to be cash equivalents. Investments maturing within three months from 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 at September 30, 2010 and 2009. Changes in the fair value of investments, both realized and unrealized, are included in the Statement of Revenues, Expenses, and Changes in Net Assets as a component of non-operating revenues.

Prepaid Excess Insurance – Expenses for the portions of excess insurance that extend into future accounting periods have been recorded as prepaid excess insurance.

Capital Assets – Capital assets are stated at cost and depreciated using the straight-line method over the estimated useful lives of 3 years for computer equipment, 5 years for office equipment and building improvements, and 30 years for buildings. ACWA/JPIA uses a capitalization threshold of $10,000 when determining capital asset additions.

Unearned Member Premiums – ACWA/JPIA bills its members in advance for certain of its programs. The amount billed represents unearned member premium revenue until earned.

Claims Liabilities – ACWA/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 reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

Compensated Absences – ACWA/JPIA's vacation policy provides for the accumulation of earned vacation leave with such leave being fully vested when earned. Pending years of service, employees are allowed to accrue a maximum of 18 to 37.5 days of vacation. A liability for accrued vacation has been computed and recorded based on unused vacation days times the current rate of pay. As of September 30, 2010 and 2009, the accrued vacation was $190,216 and $163,752, respectively.

ACWA/JPIA's sick leave policy provides for accumulation of sick leave. Unused sick leave will not be paid if an employee is terminated, or voluntarily resigns prior to retirement from ACWA/JPIA.

At retirement, any unused sick leave will be converted to CalPERS service credit by number of days of ACWA/JPIA reported sick leave times .004.

Claims Administration – Prior to July 1, 1995, ACWA/JPIA self-insured workers compensation claims. Third party administrators handled these claims until January 1998, at which time the remaining open claims were brought in-house. For three years beginning July 1, 1995, ACWA/JPIA was fully insured for workers' compensation claims incurred during that time period. Then, effective July 1, 1998 to current, ACWA/JPIA once again began self-insuring and administering workers' compensation claims in-house. Claims for ACWA/JPIA's Liability and Property Programs are administered in-house.

Unallocated Loss Adjustment Expenses – Amounts have been estimated for the cost of administering current and future claims. An 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.

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, starting four years after a program policy year begins.

Operating and Non-operating Revenues – Operating revenues include all program contributions, 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 predefined formulas that approximate each programs' share.

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

(3) Cash and Investments

Cash and investments as of September 30 are classified in the accompanying financial statements as follows:

	2010	2009
Current Assets:		
Cash and cash equivalents	$ 32,684,538	$ 26,648,266
Investments	6,602,223	36,313,569
Noncurrent Assets:		
Investments	72,047,054	45,369,799
Total cash and investments	$111,333,815	$108,331,634

Cash and investments as of September 30 consist of the following:

	2010	2009
Cash on hand	$ 200	$ 200
Deposits with financial institutions	901,513	785,849
CAMP	912,907	17,401,330
LAIF	30,869,919	8,460,888
Investments	78,649,276	81,683,367
Total cash and investments	$111,333,815	$108,331,634

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

Authorized Investment Type	Maximum Maturity**	Maximum Percentage of Portfolio	Maximum Investment in One Issuer	Minimum Credit Quality
U.S. Treasury Obligations	5 years	None	None	AA
U.S. Agency Securities***	5 years	50%	50%	AA
Bankers' Acceptances	180 days	20%	5%	A1
Commercial Paper	270 days	25%	5%	A1
Certificates of Deposit	5 years	30%	20%	Insured
Repurchase Agreements	92 days	20%	20%	Inv. same as listed
Medium-Term Notes	5 years	30%	5%	A
Mortgage Pass-through Securities****	5 years	20%	20%	AA
Local Government Investment Pools	N/A	50%	None	AA
Local Agency Investment Funds	N/A	50%	None	N/A

** The average life of the total portfolio at any time shall not exceed four years.
*** Restricted to FHLB, GNMA, FHLMC, FFCS and FNMA
**** Restricted to GNMA, FHLMC, FFCS and FNMA

Concentration of Credit Risk – Investments at September 30 in any one issuer, other than U.S. Treasury Securities, LAIF and LGIP, that represent 5% or more of the total investments of ACWA/JPIA are as follows:

Issuer	Investment Type	2010	2009
Federal Home Loan Bank	U.S. Agency Securities	$13,879,731	$16,485,715
Federal Home Loan Mortgage Corp	U.S. Agency Securities	13,359,661	16,113,339
Federal National Mortgage Corp	U.S. Agency Securities	11,303,579	13,503,133

Custodial Credit Risk – ACWA/JPIA maintains deposits with financial institutions in excess of federal depository insurance limits. California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of ACWA/JPIA's cash on deposit, or first trust deed mortgage notes with a market 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 ACWA/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 monthly and reported quarterly to the two oversight committees of ACWA/JPIA for investments. Investment fair value and duration at September 30 are as follows:

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2010 and 2009

Authorized Investment Type	2010	Effective Duration
U.S. Treasury Obligations	$18,739,070	3.085
U.S. Agency Securities	38,540,443	1.471
Mortgage Pass-through Securities	3,103	0.641
Medium-Term Notes	14,073,265	2.089
Certificates of Deposit	7,293,395	0.641

Authorized Investment Type	2009	Effective Duration
U.S. Treasury Obligations	$15,323,543	1.362
U.S. Agency Securities	46,081,972	1.186
Mortgage Pass-through Securities	20,926	0.780
Medium-Term Notes	14,942,926	1.110
Certificates of Deposit	5,314,000	0.562

Disclosures Relating to Credit Risk – Information about the risk that an issuer or other counterparty to an investment will not fulfill its obligations is provided by the following tables:

Authorized Investment	Amount	Exempt from Disclosure	AAA/AAAm	AA	A	Not Rated
As of September 30, 2010						
Cash	$ 200	$ 200	$ 0	$ 0	$ 0	$ 0
Deposits with Financial Institutions	901,513					901,513
CD's	7,293,395					7,293,395
CAMP	912,907		912,907			
LAIF	30,869,919					30,869,919
U.S. Treasury	18,739,070	18,739,070				
U.S. Agency Securities	38,540,443		38,540,443			
Mortgage Pass thru Securities	3,103		3,103			
Medium-Term Notes	14,073,265			7,902,043	6,171,222	
Totals	$111,333,815	$18,739,270	$39,456,453	$7,902,043	$6,171,222	$39,064,827

Authorized Investment	Amount	Exempt from Disclosure	AAA/AAAm	AA	A	Not Rated
As of September 30, 2009						
Cash	$ 200	$ 200	$ 0	$ 0	$ 0	$ 0
Deposits with Financial Institutions	785,849					785,849
CD's	5,314,000					5,314,000
CAMP	17,401,330		17,401,330			
LAIF	8,460,888					8,460,888
U.S. Treasury	15,323,543	15,323,543				
U.S. Agency Securities	46,081,972		46,081,972			
Mortgage Pass thru Securities	20,926		20,926			
Medium-Term Notes	14,942,926			12,441,079	2,501,847	
Totals	$108,331,634	$15,323,743	$63,504,228	$12,441,079	$2,501,847	$14,560,737

Local Agency Investment Funds – ACWA/JPIA is a participant in the Local Agency Investment Fund (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 ACWA/JPIA's investment in this pool is reported in the accompanying financial statements at amounts based upon ACWA/JPIA's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of the portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded on an amortized cost basis.

Local Government Investment Pools – ACWA/JPIA is a participant in the Capital Asset Management Program (CAMP) which 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 ACWA/JPIA's investment in this pool is reported in the accompanying financial statements at amounts based upon ACWA/JPIA's pro-rata share of the fair value. Financial information can be obtained from 50 California Street, Suite 2300, San Francisco, CA 94111.

(4) **Capital Assets**

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

	9/30/2009	Additions	Deductions	9/30/2010
Non-depreciable Assets:				
Land	$ 283,696	$ 0	$ 0	$ 283,696
Building Under Construction	159,858	4,048,372		4,208,230
Total Non-depreciable Assets:	443,554	4,048,372	0	4,491,926
Depreciable Assets:				
Building & Tenant Improvements	1,277,039			1,277,039
Furniture & Equipment	111,877			111,877
Software	306,191			306,191
Total Depreciable Assets	1,695,107	0	0	1,695,107
Less Accumulated Depreciation:				
Building & Tenant Improvements	(786,035)	(38,127)		(824,162)
Furniture & Equipment	(79,971)	(7,252)		(87,223)
Software	(294,513)	(6,542)		(301,055)
Total Accumulated Depreciation	(1,160,519)	(51,921)	0	(1,212,440)
Capital Assets - Net	$ 978,142	$3,996,451	$ 0	$ 4,974,593

	9/30/2008	Additions	Deductions	9/30/2009
Non-depreciable Assets:				
Land	$ 283,696	$ 0	$ 0	$ 283,696
Building Under Construction	0	159,858		159,858
Total Non-depreciable Assets:	283,696	159,858	0	443,554
Depreciable Assets:				
Building & Tenant Improvements	1,277,039			1,277,039
Furniture & Equipment	111,877			111,877
Software	306,191			306,191
Total Depreciable Assets	1,695,107	0	0	1,695,107
Less Accumulated Depreciation:				
Building & Tenant Improvements	(747,908)	(38,127)		(786,035)
Furniture & Equipment	(71,409)	(8,562)		(79,971)
Software	(284,151)	(10,362)		(294,513)
Total Accumulated Depreciation	(1,103,468)	(57,051)	0	(1,160,519)
Capital Assets - Net	$ 875,335	$102,807	$ 0	$ 978,142

Building Under Construction – On August 25, 2009, ACWA/JPIA purchased a building for $2,780,000 located in Roseville, California. Since the time of purchase, ACWA/JPIA has been in the process of readying the building for its use. Management anticipates ACWA/JPIA will move its office to this building December of 2010. Once the facility is placed into operation, it will be depreciated over 30 years.

(5) Excess Insurance and Reinsurance

ACWA/JPIA purchases specific occurrence excess insurance from commercial excess carriers, reinsurance carriers, or other pooling agencies for the liability, workers' compensation, and property programs. The specific excess insurance provides coverage for losses related to individual occurrences above the corresponding policy year's specified self-insured retention (SIR) and is limited to that policy year's specific excess coverage limit. Additionally, for liability program policy years 1983-84 through 1986-87 and 1991-92 through 2004-05, ACWA/JPIA purchased aggregate excess insurance that provides coverage for losses, net of specific excess insurance recoveries, to the extent that the net losses exceed the policy year's specified aggregate attachment point. The aggregate excess coverage is limited to the amounts by policy year.

Reinsurance contracts do not relieve ACWA/JPIA from its obligations to policyholders. Failure of these reinsurers to honor their obligations could result in losses to ACWA/JPIA. Any amounts deemed uncollectible from reinsurers have been written off. ACWA/JPIA evaluates the fiscal condition of its reinsurers to minimize exposure to significant losses for insolvencies.

(6) 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 in excess of 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 designated 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, 2010 and 2009. RPAs are subject to change as the ultimate cost of claims becomes known, investment income is realized, and ACWA/JPIA's indirect costs are allocated to each policy year.

The initial RPA is made at the end of the fourth full year of operations of each program of ACWA/JPIA. After that, RPAs represent annual cumulative adjustments to the original premiums (net of prior RPAs, if any) previously billed and held at ACWA/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, ACWA/JPIA established an RPA Stabilization Fund for the Liability Program to help stabilize future RPAs. ACWA/JPIA maintains a separate RPA Stabilization Fund for each member and future RPAs are to flow through the member's individual RPA Stabilization Fund. When the balance of a member's fund exceeds 60% of the current year's basic liability premium, the difference will be refunded to the member. During the fiscal year 2002-03 the RPA Stabilization Fund was expanded to include the Property and Workers' Compensation pooled Programs.

(7) **Reconciliation of Claims Liabilities**

The following represents changes in the aggregate liabilities for all programs during the past year:

September 30:	2010	2009
Discounted Unpaid Claims and Claim Adjustment Expenses at Beginning of Fiscal Year	$32,940,751	$30,661,414
Incurred Claims and Claim Adjustment Expenses:		
Provision for Insured Events of the Current Fiscal Year	12,787,210	13,306,076
Decrease in Provision of Insured Events of Prior Fiscal Years	(370,751)	(1,891,781)
Total Incurred Claims and Claim Adjustment Expenses	12,416,459	11,414,295
PAYMENTS:		
Claims and Claim Adjustment Expenses Attributable to Insured Events of the Current Fiscal Year	3,422,412	2,465,121
Claims and Claim Adjustment Expenses Attributable to Insured Events of Prior Fiscal Years	6,395,749	6,669,837
Total Payments	9,818,161	9,134,958
Discounted Unpaid Claims and Claim Adjustment Expenses at End of Fiscal Year	$35,539,049	$32,940,751
COMPONENTS:		
Provision for Claims (Current)	$ 8,495,738	$ 9,580,658
Claims Reserves	6,898,002	3,904,373
Claims Incurred But Not Reported	17,960,519	17,404,117
Unallocated Loss Adjustment Liability	2,184,790	2,051,603
Total Claims Liability	$35,539,049	$32,940,751

At September 30, 2010, unpaid losses of $36,614,282 are presented at their net present value of $35,539,049. These losses are discounted at a rate of 2%.

At September 30, 2009, unpaid losses of $35,487,640 are presented at their net present value of $32,940,751. These losses are discounted at a rate of 3%.

(8) **Operating Leases**

ACWA/JPIA purchased a building in 1992-93 and moved its offices to this building in the fiscal year 1993-94. Additional space in this building is being leased out under separate operating leases. Total gross rental income received during the years ended September 30, 2010 and 2009 was $77,497 and $77,497, respectively.

Minimum future rentals to be received under these leases as of September 30, 2010 are $24,423 for the year ending 2011.

(9) Net Assets Designations

There are three categories that make up net assets: the Catastrophic Reserve (CAT) Fund, Self Insured Excess Fund, and the RPA Stabilization Fund. 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 currently calculated as 10% of premiums earned for the Liability, Workers' Compensation, and Underground Storage Tank Programs. The Self Insured Excess Fund is established to minimize the costs of the Liability and Workers' Compensation excess insurance. The RPA Stabilization Fund is established to minimize excessive RPA's for prior policy years.

Net assets are designated in the following manner:

September 30:	2010	2009
Catastrophic Reserve (CAT) Fund	$30,063,621	$28,334,020
Self Insured Excess Fund	2,635,837	2,180,773
RPA Stabilization Fund	11,302,416	9,558,871
Net Assets	$44,001,874	$40,073,664

(10) Joint Venture

ACWA/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 ACWA/JPIA and LAWCX is such that LAWCX is not a component unit of ACWA/JPIA for financial reporting purposes.

LAWCX arranges for and provides excess Workers' Compensation coverage for its members. A board consisting of a representative from each member agency governs LAWCX. The board controls the operations of LAWCX, including selection of management and approval of operating budgets, independent of any influence by the member agencies beyond their representation on the board. Each member agency pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to its participation in LAWCX.

LAWCX prepares separate annual financial statements, which may be obtained from Bickmore Risk Services, Inc., 1750 Creekside Oaks Drive, Suite 200, Sacramento, CA 95833.

(11) Pension Plan

Plan Description - ACWA/JPIA's defined benefit pension plan, the Miscellaneous Plan of ACWA/JPIA, provides retirement (2% at age 60) and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Miscellaneous Plan of ACWA/JPIA is part of the Public Agency portion of the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. State statutes within the Public Employees' Retirement Law establish a menu of benefit provisions as well as other requirements. ACWA/JPIA selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through board approval. ACWA/JPIA's additionally elected benefits are the highest 12 months of pay for the final compensation, post retirement survivor, improved non-industrial disability allowance, and fourth level 1959 survivor benefits. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 Q Street, Sacramento, California 95814.

Funding Policy - Active plan members in the Miscellaneous Plan of ACWA/JPIA are required to contribute 7% of their annual covered salary. ACWA/JPIA is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The board approved the prepayment of $461,840 for ACWA/JPIA's Side Fund which was paid to CalPERS during fiscal year 2008-09. This reduced the rate from the original rate of 10.107% by 1.826% for a final rate of 8.281% beginning June 28, 2009. The required employer contribution rate for the period of October 1, 2009 through June 30, 2010 was 8.281%. Beginning July 1, 2010 the rate was 7.995%. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

Beginning in fiscal year 1998-99, ACWA/JPIA also pays the employees' portion of their CalPERS salary reduction, provided the employee has been employed for five years or more. For ACWA/JPIA fiscal years 2010 and 2009, the contribution for the employees' portion of CalPERS amounted to $157,690 and $143,711, respectively.

Annual Pension Cost - For fiscal year 2009-10, ACWA/JPIA's annual pension cost and contribution was $227,462. For fiscal year 2008-09, ACWA/JPIA's annual pension cost and contribution was $274,528. ACWA/JPIA's covered payroll for PERS was $2,768,238 and $2,715,061 for the years ended September 30, 2010 and 2009, respectively. The required contribution for fiscal year 2009-2010 was determined as part of the June 30, 2007 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included a 7.75% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service ranging from 3.25 to 14.45% for miscellaneous members, (c) an inflation component of 3.0% and payroll growth of 3.25%. Changes in liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial methods are amortized as a level percentage of payrolls on a closed basis over fifteen years. The actuarial value of the Miscellaneous Plan of ACWA/JPIA was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a two to five year period depending on the size of investment gains and/or losses. For each of the fiscal years shown below, ACWA/JPIA contributed at the actuarially determined rate provided by CalPERS actuaries.

Annual Pension Costs, representing the payment of all contributions required by CALPERS, for the last three fiscal years were as follows:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9/30/2008	$283,323	100.00%	$0
9/30/2009	$274,528	100.00%	$0
9/30/2010	$227,462	100.00%	$0

The schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. As required by State law effective July 1, 2005, ACWA/JPIA's Miscellaneous Plan was terminated and the employees in the plan were required by CALPERS to join a state-wide pool. CALPERS' latest actuarial value (which differs from market value) and funding progress for the state-wide pool is shown below:

Valuation Date	Accrued Liabilities (AL)	Actuarial Value of Assets (AVA)	Unfunded Liabilities (UL)	Funded Ratio (AVA/AL)	Annual Covered Payroll	UL as a % of Payroll
6/30/2005	$484,351,523	$459,996,995	$24,354,528	95.0%	$174,127,476	14.0%
6/30/2006	$478,122,215	$454,602,459	$23,519,756	95.1%	$170,458,082	13.8%
6/30/2007	$498,934,859	$479,520,670	$19,414,189	96.1%	$171,052,819	11.4%
6/30/2008	$532,483,463	$513,147,099	$19,336,364	96.4%	$183,387,608	10.5%
6/30/2009	$582,841,869	$553,953,526	$28,888,343	95.0%	$184,319,666	15.7%

(12) Retiree Medical Benefits

During fiscal year 2008-09, ACWA/JPIA implemented the provisions of Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement establishes uniform financial reporting standards for employers providing postemployment benefits other than pensions (OPEB). The provisions of this statement are applied prospectively and do not affect prior year's financial statements. Required disclosures are presented below.

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 and surviving spouses of participating retirees. As of September 30, 2010, there were seven participants receiving these health care benefits. ACWA/JPIA contributes 100% of the cost of coverage for employees who retire with age plus years of service equal to 75 or more.

The amount of benefit a retiree receives is based on the following schedule:

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

During fiscal year 2008-09, ACWA/JPIA joined the California Employers' Retiree Benefit Trust (CERBT), an agent multiple-employer plan administered by CalPERS, consisting of an aggregation of single-employer plans. The CERBT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained from the California Public Employees' Retirement System, CERBT, P.O. Box 942703, Sacramento, CA 94229-2703.

Funding Policy and Actuarial Assumptions - ACWA/JPIA's policy is to prefund these benefits by accumulating assets with CERBT discussed above pursuant to the ACWA/JPIA's Executive Committee approval in March 2009. The annual required contribution (ARC) was determined as part of an October 1, 2008 actuarial valuation using the entry age normal cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included (a) 7.75% investment rate of return, (b) 3.25% projected annual salary increase, and (c) health care cost trend rates from 5.5% to 8.2%. The actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarial calculations reflect a long-term perspective and actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to revision at least triennially as results are compared to past expectations and new estimates are made about the future. The ACWA/JPIA's OPEB unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll using a 30 year amortization period on a closed basis. The study indicates that as of October 1, 2009, the actuarial accrued liability was estimated to be $3,281,365.

Funding Progress and Funded Status - Generally accepted accounting principles permit contributions to be treated as OPEB assets and deducted from the Actuarial Accrued Liability when such contributions are placed in an irrevocable trust or equivalent arrangement. As ACWA/JPIA is fully funded during the fiscal year 2009-10, no contributions were made to the Plan. As a result, ACWA/JPIA has calculated and recorded the Net OPEB Asset, representing the normal cost of the ARC, amortization and contributions, as presented below:

Annual required contribution	$ 175,339
Interest on net OPEB obligation	(203,583)
Adjustment to annual required contribution	177,101
Annual OPEB cost	148,857
Contributions made:	
Premiums paid	52,419
Premiums reimbursed by CERBT	(52,419)
Net contributions	0
Change in net OPEB asset	148,857
Net OPEB Obligation (Asset) at September 30, 2009	(2,689,258)
Net OPEB Obligation (Asset) at September 30, 2010	($ 2,540,401)

The actuarial accrued liability (AAL) representing the present value of future benefits at September 30, 2010 and 2009 was estimated to be $3,281,365 and $2,965,074 respectively. The AAL was fully funded due to the transferring of assets into CERBT during the fiscal year September 30, 2009. The Plan's annual OPEB cost and actual contributions for the fiscal year ended September 30 are set forth as follows:

Fiscal Year	OPEB Annual Cost	Actual Contribution	Percentage of annual OPEB cost Contributed	Net OPEB Obligation (Asset)
09/30/2009	$338,201	$3,027,459	877%	($2,689,258)
09/30/2010	148,857	0	0%	($2,540,401)

The Schedule of Funding Progress presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Contributions to the CERBT did not begin until April 2009, thus these assets were excluded from the October 1, 2008 actuarial study. Trend data from the October 1, 2008 actuarial study is presented following:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Entry Age Actuarial Accrued Liability (B)	Unfunded (Overfunded) Actuarial Accrued Liability (A - B)	Funded Radio (A/B)	Covered Payroll (C)	Unfunded (Overfunded) Actuarial Liability as Percentage of Covered Payroll [(A - B)/C]
10/1/2008	$0	$2,965,074	$2,965,074	0.00%	$2,715,061	$0

(13) **Deferred Compensation Plan**

ACWA/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 ING Direct. 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 ACWA/JPIA's property and are not subject to its control, they have been excluded from these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

RECONCILIATION OF CLAIMS LIABILITIES BY TYPE OF CONTRACT
SEPTEMBER 30, 2010

	Liability Program	Property Program	Workers' Compensation Program	Total
Unpaid Claims and Claim Adjustment at Beginning of the Fiscal Year:	$ 14,539,456	$ 447,362	$ 17,953,933	$ 32,940,751
Incurred Claims and Allocated Claim Adjustment Expense:				
Provisions for Insured Events of the Current Fiscal Year	6,780,783	531,998	5,474,429	12,787,210
Increase (Decrease) in Provision for Incurred Events of Prior Fiscal Years	(2,338,765)	86,561	1,881,453	(370,751)
Total Incurred Claims and Allocated Claim Adjustment Expenses:	4,442,018	618,559	7,355,882	12,416,459
Payments:				
Claims and Allocated Claim Adjustment Expenses Attributable to Insured Events of the Current Fiscal Year	1,740,230	550,933	1,131,249	3,422,412
Claims and Allocated Claim Adjustment Expenses Attributable to Insured Events of Prior Fiscal Years	3,422,955	333,858	2,638,936	6,395,749
Total Payments:	5,163,185	884,791	3,770,185	9,818,161
Discounted Unpaid Claims and Allocated Claim Adjustment Expense at the End of the Fiscal Year:	$ 13,818,289	$ 181,130	$ 21,539,630	$ 35,539,049
Components:				
Provision for Claims (Current)	$ 5,341,092	$ 144,646	$ 3,010,000	$ 8,495,738
Claims Reserves	3,697,396	23,899	3,176,707	6,898,002
Claims IBNR	4,500,991	3,653	13,455,875	17,960,519
Unallocated Loss Adjustment Liability	278,810	8,932	1,897,048	2,184,790
Total Claims Liablility	$ 13,818,289	$ 181,130	$ 21,539,630	$ 35,539,049

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

TEN - YEAR CLAIMS DEVELOPMENT INFORMATION
AS OF SEPTEMBER 30, 2010

LIABILITY PROGRAM

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
1. Required contribution and investment revenue:										
Earned	$ 12,511,819	$ 14,040,384	$ 14,162,243	$ 16,044,133	$ 15,915,199	$ 19,107,389	$ 18,395,247	$ 19,682,157	$ 18,266,726	$ 18,700,218
Ceded	2,680,864	2,739,110	2,872,366	4,750,754	4,747,844	4,376,544	4,468,104	4,926,828	4,906,389	4,608,867
Net earned	9,830,955	11,301,274	11,289,877	11,293,379	11,167,355	14,730,845	13,927,143	14,755,329	13,360,337	14,091,351
2. Unallocated expenses	1,829,233	1,688,977	1,621,381	1,834,610	1,627,264	1,968,672	1,528,104	1,612,202	1,609,592	584,405
3. Estimated claims and expenses end of policy year:										
Incurred	7,584,866	8,465,888	8,391,405	8,396,259	6,580,599	8,598,359	7,700,683	7,600,857	8,977,902	7,422,043
Ceded	1,700,000	1,720,000	900,000	1,610,000	1,800,000	935,920	1,073,855	1,159,832	800,459	775,277
Net incurred	5,884,866	6,745,888	7,491,405	6,786,259	4,780,599	7,662,439	6,626,828	6,441,025	8,177,443	6,646,766
4. Net paid (cumulative) as of :										
End of policy year	832,786	1,278,746	1,709,154	1,087,659	1,150,852	1,434,048	1,434,048	1,095,952	1,194,315	1,740,230
One year later	2,277,661	2,951,197	3,248,602	2,134,925	3,320,294	3,786,406	4,053,763	1,853,377	2,482,488	
Two years later	3,049,646	3,905,064	4,189,403	3,135,250	6,323,408	5,169,466	5,647,981	2,085,152		
Three years later	3,509,838	4,274,702	4,737,111	3,309,064	7,549,628	6,106,886	6,835,600			
Four years later	3,792,167	4,543,021	4,665,109	3,378,616	8,610,027	6,676,427				
Five years later	3,802,397	4,664,781	4,696,129	3,445,784	8,654,189					
Six years later	3,731,970	4,513,254	4,704,177	3,524,912						
Seven years later	3,732,965	4,513,254	4,726,157							
Eight years later	3,732,970	4,513,254								
Nine years later	3,732,970									
5. Reestimated ceeded claims and expenses:	0	293,000	220,000	2,640,000	8,290,000	133,373	344,938	201,731	652,363	775,277
6. Reestimated net incurred claims and expenses:										
End of policy year	5,884,866	6,745,888	7,491,405	6,786,259	4,780,599	7,662,439	6,626,828	6,441,025	8,177,443	6,646,766
One year later	5,844,086	6,475,072	6,424,459	4,317,541	7,032,978	8,550,714	6,979,182	4,525,102	6,818,148	
Two years later	5,505,302	5,684,445	6,713,038	3,734,454	8,681,737	7,252,155	7,502,499	3,568,668		
Three years later	3,987,350	5,337,142	5,683,335	3,690,755	8,981,147	7,763,514	7,510,266			
Four years later	4,271,708	5,351,040	5,067,906	3,750,846	9,285,468	7,861,560				
Five years later	3,980,621	4,954,130	5,093,943	3,595,527	8,819,438					
Six years later	3,815,514	4,513,254	4,833,230	3,589,348						
Seven years later	3,732,965	4,513,254	4,840,001							
Eight years later	3,732,972	4,513,254								
Nine years later	3,732,974									
7. Increase (decrease) in estimated incurred claims and expense from end of policy year:	$ (2,151,892)	$ (2,232,634)	$ (2,651,404)	$ (3,196,911)	$ 4,038,839	$ 199,121	$ 883,438	$ (2,872,357)	$ (1,359,295)	$ 0

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

TEN - YEAR CLAIMS DEVELOPMENT INFORMATION
AS OF SEPTEMBER 30, 2010

PROPERTY PROGRAM

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
1. Required contribution and investment revenue:										
Earned	$ 1,947,752	$ 2,152,367	$ 2,588,734	$ 2,793,933	$ 2,948,314	$ 3,346,289	$ 3,639,329	$ 4,183,537	$ 3,901,306	$ 4,140,367
Ceded	865,070	1,121,271	1,432,322	1,798,042	1,867,051	1,826,508	2,004,909	2,227,970	2,251,832	2,642,004
Net earned	1,082,682	1,031,096	1,156,412	995,891	1,081,263	1,519,781	1,634,420	1,955,567	1,649,473	1,498,363
2. Unallocated expenses	295,242	303,945	327,383	364,468	366,830	370,368	395,745	78,385	90,624	61,970
3. Estimated claims and expenses end of policy year:										
Incurred	749,533	652,109	1,251,842	1,134,940	1,939,157	1,589,407	1,898,330	2,332,725	2,221,251	4,282,861
Ceded	407,101	361,120	531,000	428,512	525,942	672,468	703,289	1,065,112	1,667,792	3,568,876
Net incurred	342,432	290,989	720,842	706,428	1,413,215	916,939	1,195,041	1,267,613	553,459	713,985
4. Net paid (cumulative) as of :										
End of policy year	176,025	281,168	572,975	588,256	724,302	617,464	813,264	800,917	464,893	692,003
One year later	232,900	284,612	602,278	586,837	680,147	562,783	648,592	682,101	512,365	
Two years later	232,900	284,612	602,278	611,837	679,872	562,783	731,532	697,498		
Three years later	232,900	284,612	599,478	611,837	679,747	549,471	731,871			
Four years later	232,900	284,612	599,478	611,837	679,472	549,714				
Five years later	232,900	284,612	599,478	611,837	679,222					
Six years later	232,900	284,612	590,728	611,837						
Seven years later	232,900	284,612	590,728							
Eight years later	232,900	284,612								
Nine years later	232,900									
5. Reestimated ceeded claims and expenses:	970,299	143,091	1,475,294	962,625	616,126	414,731	1,882,125	1,382,374	200,431	3,568,876
6. Reestimated net incurred claims and expenses:										
End of policy year	342,432	290,989	720,842	706,428	1,413,215	916,939	1,195,041	1,267,613	553,459	713,985
One year later	232,900	284,612	602,280	634,444	698,855	562,783	690,516	682,301	522,443	
Two years later	232,900	284,612	602,328	636,837	679,872	562,783	734,009	697,712		
Three years later	232,900	284,612	599,478	611,838	679,748	549,472	734,009			
Four years later	232,900	284,612	599,478	611,837	679,473	549,722				
Five years later	232,900	284,612	599,478	611,837	679,223					
Six years later	232,900	284,612	590,728	611,837						
Seven years later	232,900	284,612	590,728							
Eight years later	232,900	284,612								
Nine years later	232,900									
7. (Decrease) in estimated incurred claims and expense from end of policy year	$ (109,532)	$ (6,377)	$ (130,114)	$ (94,591)	$ (733,992)	$ (367,217)	$ (461,032)	$ (569,900)	$ (31,016)	$ 0

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

TEN - YEAR CLAIMS DEVELOPMENT INFORMATION
AS OF SEPTEMBER 30, 2010

WORKERS' COMPENSATION PROGRAM

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
1. Required contribution and investment revenue:										
Earned	$ 4,185,195	$ 5,777,412	$ 9,740,265	$ 14,814,866	$ 17,846,692	$ 17,789,647	$ 15,569,339	$ 12,024,302	$ 9,652,568	$10,590,874
Ceded	75,377	193,270	705,711	723,416	811,186	709,319	783,738	691,916	494,603	472,194
Net earned	4,109,818	5,584,142	9,034,554	14,091,450	17,035,507	17,080,328	14,785,601	11,332,386	9,157,965	10,118,680
2. Unallocated expenses:	1,403,543	2,134,695	2,947,821	3,431,537	3,281,954	3,643,614	2,035,438	1,811,905	1,453,354	986,273
3. Estimated claims and expenses end of policy year:										
Incurred	3,830,583	4,649,293	7,189,200	9,007,011	11,930,997	7,906,844	6,268,068	5,857,450	4,888,910	6,088,843
Ceded	424,000	795,000	585,000	150,000	450,000	600,000	0	0	0	40,000
Net incurred	3,406,583	3,854,293	6,604,200	8,857,011	11,480,997	7,306,844	6,268,068	5,857,450	4,888,910	6,048,843
4. Net paid (cumulative) as of :										
End of policy year	1,213,421	843,625	1,120,410	1,107,202	911,448	693,346	933,153	1,074,127	1,285,587	1,473,433
One year later	2,105,182	1,753,577	2,311,967	1,920,217	1,422,036	1,037,637	1,405,383	1,673,630	2,330,555	
Two years later	3,074,918	2,477,516	2,974,796	2,465,404	2,167,424	1,401,183	1,595,606	2,085,838		
Three years later	3,484,000	2,754,554	3,277,992	2,782,903	2,728,731	1,676,493	1,784,855			
Four years later	3,775,581	2,877,988	3,459,926	2,955,704	2,856,007	2,045,001				
Five years later	3,867,435	2,992,655	3,705,963	3,060,551	2,934,179					
Six years later	3,916,301	3,115,370	3,800,150	3,136,992						
Seven years later	3,981,579	3,252,765	3,828,122							
Eight years later	4,034,124	3,325,792								
Nine years later	4,026,069									
5. Reestimated ceeded claims and expenses:	2,060,901	44,343	46,095	1,286	2,932	70	3,734	10,894	9,668	40,000
6. Reestimated net incurred claims and expenses:										
End of policy year	3,406,583	3,854,293	6,604,200	8,857,011	11,480,997	7,306,844	6,268,068	5,857,450	4,888,910	6,048,843
One year later	4,243,754	4,910,848	7,664,189	7,858,543	5,510,957	3,960,203	3,826,938	4,491,065	6,099,868	
Two years later	5,414,281	5,206,775	6,776,650	5,770,975	4,582,367	3,967,718	3,674,253	4,565,633		
Three years later	5,391,023	4,839,085	5,417,550	5,040,683	4,339,313	3,606,324	3,249,121			
Four years later	5,279,847	4,153,090	4,865,364	4,372,382	3,987,428	3,449,072				
Five years later	4,957,618	3,804,696	4,659,668	4,116,532	3,855,472					
Six years later	4,710,328	3,837,787	4,451,602	4,117,277						
Seven years later	4,663,591	3,825,180	4,590,208							
Eight years later	4,630,671	4,054,008								
Nine years later	4,450,455									
7. Increase (decrease) in estimated incurred claims and expense from end of policy year:	$ 1,043,872	$ 199,715	$ (2,013,992)	$ (4,739,735)	$ (7,625,525)	$ (3,857,772)	$ (3,018,947)	$ (1,291,817)	$ 1,210,958	$ 0

(1) **Reconciliation of Claims Liabilities by Type of Contract**

These schedules represent the changes in claims liabilities in the past year for the liability, property, 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 amount 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.

SUPPLEMENTARY INFORMATION

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

SCHEDULE OF REVENUE AND EXPENSES BY PROGRAM
CUMULATIVE FROM INCEPTION THROUGH SEPTEMBER 30, 2010

	LIABILITY	DAM FAILURE	PROPERTY	PASS - THROUGHS	WORKERS' COMP	STORAGE TANKS	UTEL	TOTAL
REVENUE:								
Deposit Premiums Earned	$ 293,389,135	$ 10,467,709	$ 53,155,966	$ 4,975,802	$ 127,849,326	$ 1,188,351	$ 357,585	$ 491,383,873
Net Investment & Other Income	39,995,754		2,863,422		12,559,047	226,915	71,745	55,716,884
Less: Doubtful Recoveries	(1,789,128)				(3,000)			(1,792,128)
Total Revenue	331,595,761	10,467,709	56,019,388	4,975,802	140,405,373	1,415,266	429,330	545,308,629
EXPENSES:								
Paid Claims - JPIA - Primary	123,520,213	0	8,740,633	0	41,789,551	28,119	256,404	174,334,920
Expected "Aggregate" Excess Insur.Recoveries	(1,951,842)		0		0			(1,951,842)
Reserves for Reported Claims - Primary	9,038,487		168,545		6,186,711			15,393,743
Reserves for IBNR Claims/Claims Dev. - Primary	4,500,991		3,653		13,455,875			17,960,519
Unallocated Loss Adj. Expense	278,810		8,932		1,897,048			2,184,791
Claims Expense Sub-Total	135,386,659	0	8,921,764	0	63,329,185	28,119	256,404	207,922,130
Purchased Excess Insurance	85,652,012	10,352,773	27,037,257	4,645,279	12,642,013	547,934	200,716	141,077,984
General & Administrative Expenses	44,063,019	114,936	6,570,690	330,522	28,272,572	61,825	30,419	79,443,983
Total Expenses	265,101,690	10,467,709	42,529,711	4,975,801	104,243,769	637,878	487,539	428,444,087
Catastrophic Fund Contributions	30,234,872				11,336,970	118,828	35,759	41,726,429
Self Insured Excess Fund	640,330				1,995,508			2,635,838
Approriated Catastrophic Funds for Members	(680,806)				0			(680,806)
EXCESS REVENUE OVER EXPENSES								
Retro Prem Adj (Due From Member)	$ 36,299,675	$ 0	$ 13,489,677	$ 0	$ 22,829,126	$ 658,559	$ (93,968)	$ 73,183,081

STATISTICAL SECTION

STATISTICAL SECTION

This part of the Association of California Water Agencies Joint Powers Insurance Authority's (ACWA/JPIA) comprehensive annual 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 health.

Financial Trends

These schedules contain trend information to help the reader understand how ACWA/JPIA's financial performance and well-being have changed over time. They show how revenues and expenses have developed over years. They show how the Net Assets have increased.

Demographic and Economic Information

These schedules offer demographic and economic information indicators to help the reader understand the environment with ACWA/JPIA's financial activities take place. The number of liability, property and workers' compensation claims is an indicator of the claims expenses. Payrolls for liability and workers' compensation, together with claims experience are an indicator for premium revenues. Property values are indicators for property 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 ASSETS

Last Ten Fiscal Years

	Fiscal Year September 30,									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Assets										
Current assets	$ 53,332,190	$ 45,756,982	$ 53,332,190	$ 36,935,218	$ 32,566,115	$ 75,048,968	$ 90,677,479	$ 69,852,266	$ 74,941,366	$ 48,403,357
Noncurrent assets	20,551,594	16,791,345	20,551,594	46,356,900	59,091,461	27,167,262	20,799,234	48,012,298	49,125,661	79,562,048
TOTAL ASSETS	73,883,784	62,548,327	73,883,784	83,292,118	91,657,576	102,216,230	111,476,713	117,864,564	124,067,027	127,965,405
Liabilities										
Current liabilities	29,208,311	27,080,141	29,208,311	29,646,838	36,876,348	29,496,534	36,651,610	35,783,642	38,564,342	38,507,711
Noncurrent liabilities	24,838,629	18,096,555	24,838,629	32,432,476	29,753,515	43,852,343	43,299,236	43,720,624	45,429,021	45,455,820
TOTAL LIABILITIES	54,046,940	45,176,696	54,046,940	62,079,314	66,629,863	73,348,877	79,950,846	79,504,266	83,993,363	83,963,531
Net Assets										
Invested in capital assets	1,172,165	1,116,821	1,208,505	1,182,266	1,119,835	1,039,286	964,200	875,335	978,142	4,974,593
Unrestriced	14,226,612	16,254,810	18,628,339	20,030,538	23,907,878	27,828,067	30,561,667	37,484,963	39,095,522	39,027,281
TOTAL NET ASSETS	$ 15,398,777	$ 17,371,631	$ 19,836,844	$ 21,212,804	$ 25,027,713	$ 28,867,353	$ 31,525,867	$ 38,360,298	$ 40,073,664	$ 44,001,874

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

Last Ten Fiscal Years

	Fiscal Year Ended September 30,									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
REVENUES										
Member premiums	$ 16,231,197	$ 19,872,558	$ 24,954,395	$ 29,615,344	$ 30,917,293	$ 34,421,079	$ 30,636,804	$ 31,155,506	$ 29,469,780	$ 30,328,626
Retrospective premium adjustments	(997,756)	(1,567,751)	4,085,368	(3,497,666)	(7,944,835)	(17,257,023)	(11,224,912)	(4,279,423)	(8,387,426)	(3,276,537)
TOTAL OPERATING REVENUES	15,233,441	18,304,807	29,039,763	26,117,678	22,972,458	17,164,056	19,411,892	26,876,083	21,082,354	27,052,089
EXPENSES										
Claims paid	7,935,853	8,271,688	9,933,731	8,712,505	8,308,231	8,422,347	10,361,897	10,075,155	9,134,958	9,818,161
Change in excess aggregate recovery	(198,206)	(181,405)	(92,571)	(52,985)	-	-	(95,777)	-	(88,462)	(87,603)
Change in claim reserves	1,005,143	699,085	934,116	4,270,269	(3,210,048)	(1,379,012)	(448,216)	(1,086,328)	2,281,381	2,112,946
Change in claims incurred but not reported	265,636	1,231,843	6,686,097	582,625	2,847,345	(2,336,107)	(917,405)	(642,041)	(65,834)	352,164
Change in unallocated loss adjustment expenses	402,279	(103,603)	832,613	572,586	478,982	(431,939)	(161,063)	(109,356)	63,789	133,186
TOTAL CLAIMS EXPENSE	9,410,705	9,917,608	18,293,986	14,085,000	8,424,510	4,275,289	8,739,436	8,237,430	11,325,832	12,328,854
Excess insurance	4,199,263	4,782,947	5,710,834	7,452,496	7,584,856	7,443,235	7,974,435	8,447,857	8,439,434	8,350,340
General and administrative	3,255,746	3,103,078	3,438,531	3,953,155	4,108,304	4,414,648	4,453,752	4,837,353	5,841,653	5,278,142
Depreciation	72,076	85,946	69,376	94,642	102,237	95,289	87,086	88,865	57,051	51,921
TOTAL OPERATING EXPENSES	16,937,790	17,889,579	27,512,727	25,585,293	20,219,907	16,228,461	21,254,709	21,611,505	25,663,970	26,009,257
OPERATING INCOME (LOSS)	(1,704,349)	415,228	1,527,036	532,385	2,752,551	935,595	(1,842,817)	5,264,578	(4,581,616)	1,042,832
NONOPERATING REVENUES AND EXPENSES										
Net investment income	2,644,292	1,569,625	938,991	843,575	910,121	2,894,232	4,501,331	1,569,853	6,294,982	2,885,378
Other	(5,364)	(12,000)	(814)		-	9,813	-	-	-	-
CHANGE IN NET ASSETS	$ 934,579	$ 1,972,853	$ 2,465,213	$ 1,375,960	$ 3,662,672	$ 3,839,640	$ 2,658,514	$ 6,834,431	$ 1,713,366	$ 3,928,210

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

REVENUES BY PROGRAM

For the Fiscal Year Ending September 30,

Fiscal Year	Liability	Dam	Property	Pass-Througs	Workers' Compensation	Underground Storage Tanks	UTEL	Change in Rate Stabilization Fund	Totals
2000-01	$ 9,831,696	$ 243,225	$ 1,501,540	$ 117,336	$ 5,525,335	$ (15,607)	$ 0	$ 668,844	$ 17,872,369
	55.01%	1.36%	8.40%	0.66%	30.92%	-0.09%	0.00%	3.74%	
2001-02	10,609,587	245,704	1,327,740	129,874	7,279,383	16,417	0	253,727	19,862,432
	53.42%	1.24%	6.68%	0.65%	36.65%	0.08%	0.00%	1.28%	
2002-03	12,954,662	245,704	2,478,981	230,957	12,193,647	14,719	0	1,859,270	29,977,940
	43.21%	0.82%	8.27%	0.77%	40.68%	0.05%	0.00%	6.20%	
2003-04	9,002,687	254,174	2,524,245	244,340	15,430,449	15,903	0	(510,545)	26,961,253
	33.39%	0.94%	9.36%	0.91%	57.23%	0.06%	0.00%	-1.89%	
2004-05	5,759,133	249,581	4,834,686	232,687	13,333,606	14,296	0	(541,410)	23,882,579
	24.11%	1.05%	20.24%	0.97%	55.83%	0.06%	0.00%	-2.27%	
2005-06	15,874,115	306,958	2,501,186	219,013	1,668,654	14,603	0	(516,428)	20,068,101
	79.10%	1.53%	12.46%	1.09%	8.31%	0.07%	0.00%	-2.57%	
2006-07	14,229,262	316,615	4,388,159	273,531	5,277,836	13,891	(64,999)	(521,072)	23,913,223
	59.50%	1.32%	18.35%	1.14%	22.07%	0.06%	-0.27%	-2.18%	
2007-08	14,304,593	315,872	2,869,123	298,048	6,752,445	12,415	0	3,893,440	28,445,936
	50.29%	1.11%	10.09%	1.05%	23.74%	0.04%	0.00%	13.69%	
2008-09	14,546,456	288,670	3,108,219	275,582	7,601,621	(31,136)	(35,759)	1,623,683	27,377,336
	53.13%	1.05%	11.35%	1.01%	27.77%	-0.11%	-0.13%	5.93%	
2009-10	11,993,302	272,341	3,431,116	263,801	12,222,543	10,822	-	1,743,542	29,937,467
	43.81%	0.99%	12.53%	0.96%	44.64%	0.04%	0.00%	6.37%	

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-Througs	Workers' Compensation	Underground Storage Tanks	UTEL	OPEB Reclass Not Allocated	Totals
2000-01	$ 9,929,880	$ 243,225	$ 1,501,540	$ 117,336	$ 5,165,136	$ (19,327)	$ 0	$ 0	$ 16,937,790
	58.63%	1.44%	8.87%	0.69%	30.49%	-0.11%	0.00%		
2001-02	9,407,886	245,704	1,327,740	129,874	6,764,983	13,392	0	0	17,889,579
	52.59%	1.37%	7.42%	0.73%	37.82%	0.07%	0.00%		
2002-03	11,789,064	245,704	2,478,981	177,544	53,413	12,756,124	11,897	0	27,512,727
	42.85%	0.89%	9.01%	0.65%	0.19%	46.36%	0.04%		
2003-04	8,614,843	254,174	2,524,245	244,340	13,934,784	12,907	0	0	25,585,293
	33.67%	0.99%	9.87%	0.96%	54.46%	0.05%	0.00%		
2004-05	4,419,004	249,581	4,835,670	232,687	10,472,452	11,492	0	(45,675)	20,175,211
	21.90%	1.24%	23.97%	1.15%	51.91%	0.06%	0.00%	-0.23%	
2005-06	13,719,826	306,958	2,501,186	219,013	(485,601)	11,802	0	(44,723)	16,228,461
	84.54%	1.89%	15.41%	1.35%	-2.99%	0.07%	0.00%	-0.28%	
2006-07	12,756,384	316,615	4,388,159	273,531	3,622,251	11,066	(65,000)	(48,297)	21,254,709
	60.02%	1.49%	20.65%	1.29%	17.04%	0.05%	-0.31%	-0.23%	
2007-08	12,226,757	315,872	2,869,122	298,048	5,924,044	9,590	0	(31,928)	21,611,505
	56.58%	1.46%	13.28%	1.38%	27.41%	0.04%	0.00%	-0.15%	
2008-09	14,437,187	288,670	3,108,219	275,582	7,270,670	6,461	0	277,181	25,663,970
	56.25%	1.12%	12.11%	1.07%	28.33%	0.03%	0.00%	1.08%	
2009-10	11,206,756	272,341	3,431,116	263,801	10,826,804	8,439	0	0	26,009,257
	43.67%	1.06%	13.37%	1.03%	42.19%	0.03%	0.00%	0.00%	

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

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

Fiscal Year		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Totals
Liability												
Payroll Adjustments	*	$ (179,107)	$ (216,344)	$ (151,463)	$ (273,528)	$ 0	$ (950,168)	$ (194,895)	$ (424,268)	$ (417,934)	$ (360,462)	$ (2,989,062)
RPA's	*	(394,133)	1,819,472	2,438,571	1,201,922	0	2,796,161	1,065,131	4,205,849	(1,500,203)	1,598,011	13,624,914
10% Program	*	0	0	0	0	0	0	(912,697)	(453,659)	(610,203)	(546,891)	(2,523,450)
Cat Funds	*	839,759	0	0	979,257	0	0	0	0	997,823	1,000,197	2,977,277
Property												
RPA's	*	1,155,881	401,673	584,465	554,540	0	442,540	229,549	19,494	34,265	593,611	2,860,137
Workers' Comp												
RPA's	*	(211,200)	(1,307,711)	(507,759)	(1,907,977)	0	(2,190,329)	472,072	3,009,393	6,489,431	7,473,796	11,530,916
Underground - Storage Tanks												
RPA's	*	0	0	0	0	0	0	0	0	169,480	-	169,480
Cat Funds	*	0	0	0	0	0	0	0	0	40,274	-	40,274
UTEL												
RPA's	*	0	0	0	0	0	0	0	(93,969)	0	0	(93,969)
Cat Funds	*	0	0	0	0	0	0	0	-	35,762	-	35,762
Totals		$ 1,211,200	$ 697,090	$ 2,363,814	$ 554,214	$ 0	$ 98,204	$ 659,160	$ 6,262,840	$ 5,238,695	$ 9,758,262	$ 25,632,279
Cash Flow												
Members Billed		0	89,008	261,345	91,169	316,594	683,283	236,074	59,044	56,923	0	1,793,440
Refunds to Members		(542,356)	(532,371)	(765,889)	(1,155,928)	(858,004)	(1,297,915)	(1,416,305)	(2,428,441)	(3,671,934)	(8,014,717)	(20,141,504)
Net Total		$ 668,844	$ 253,727	$ 1,859,270	$ (510,545)	$ (541,410)	$ (516,428)	$ (521,071)	$ 3,893,443	$ 1,623,684	$ 1,743,545	$ 7,284,215

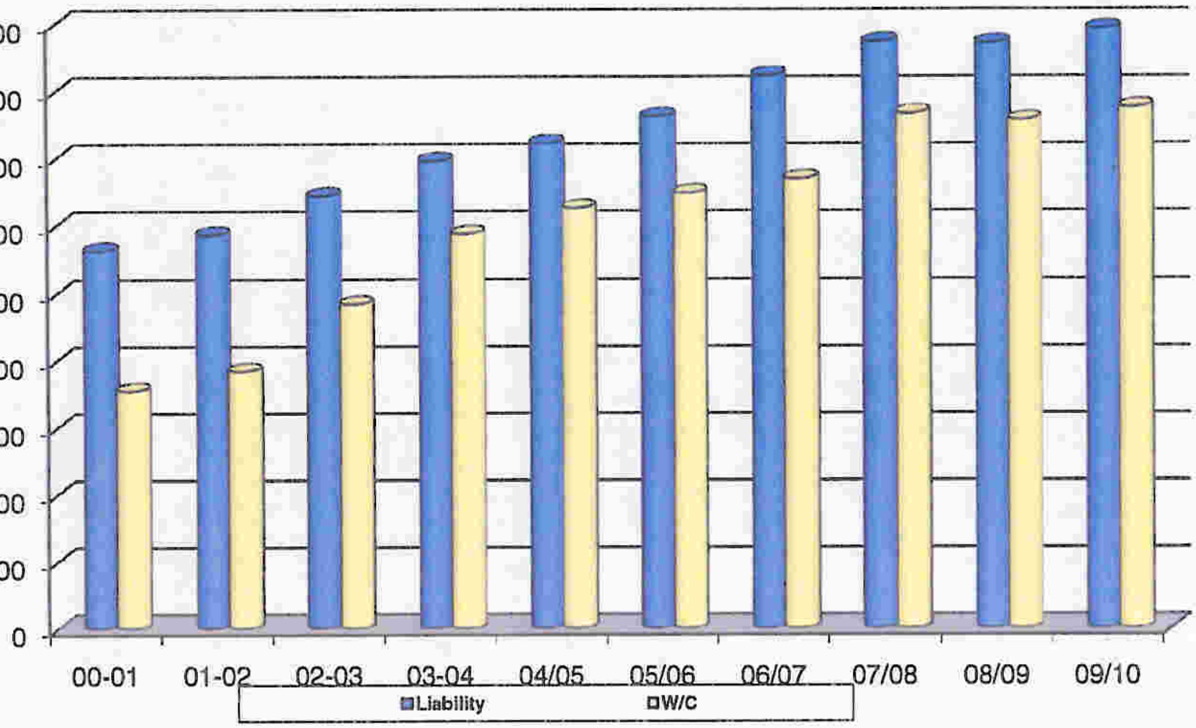
* The Rate Stabilization Fund (RSF) contains the Retrospective Premium Adjustments (RPA's), Liability Payroll Adjustments, and closed Catastrophic Funds. For qualifying members of the 10% Liability Program, the RSF is used to reduce current Liability Premiums. Where noted "*" a bracketed number "( )" 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. The 2005 fiscal year RSF process was recorded in the 2006 fiscal year.

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

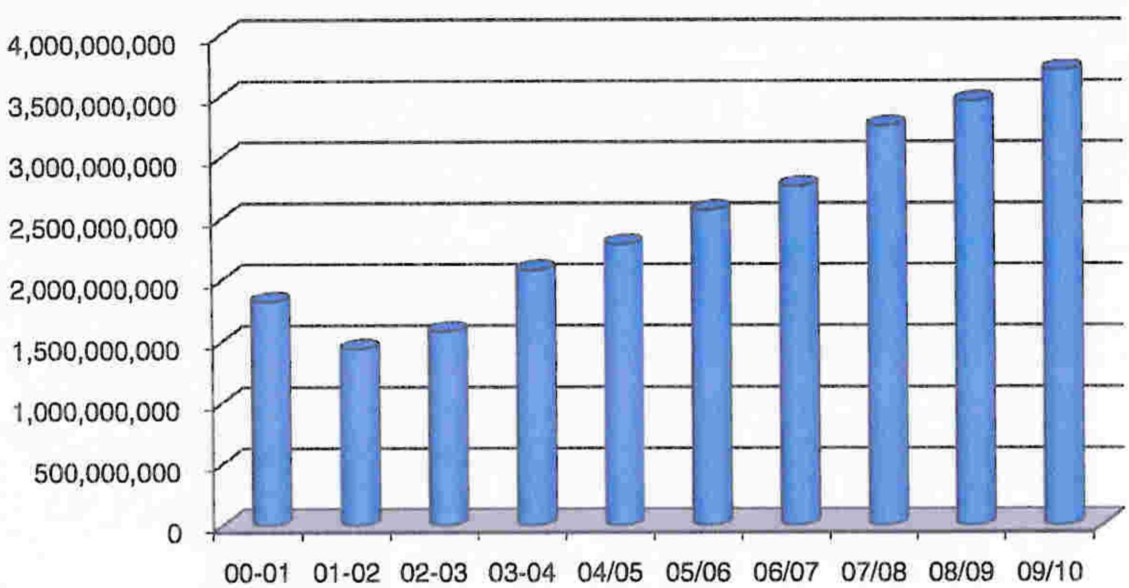
ECONOMIC STATISTICS
(000's Omitted)
For the Fiscal Year September 30,

Fiscal Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Liability										
Total Number of Claims (Cumulative)	6,990	7,295	7,686	8,018	8,352	8,717	9,015	9,275	9,551	9,769
Closed Claims (Cumulative)	6,774	7,095	7,470	7,805	8,139	8,480	8,806	9,130	9,381	9,598
Open Claims (at year end)	216	200	216	213	213	237	209	145	170	171
Covered Payroll (Cumulative)	$ 3,581,050	$ 3,882,325	$ 4,200,897	$ 4,540,129	$ 4,905,511	$ 5,273,435	$ 5,738,277	$ 6,139,822	$ 6,577,859	$ 7,029,623
Property										
Total Number of Claims (Cumulative)	1,061	1,144	1,250	1,337	1,420	1,502	1,605	1,713	1,801	1,888
Closed Claims (Cumulative)	1,039	1,130	1,226	1,309	1,393	1,482	1,573	1,681	1,775	1,857
Open Claims (at year end)	22	14	24	28	27	20	32	32	26	31
Covered Payroll (Cumulative)	$ 20,333,597	$ 22,383,980	$ 24,686,397	$ 27,113,021	$ 29,827,752	$ 32,785,344	$ 34,563,800	$ 38,127,056	$ 41,376,694	$ 45,367,786
Workers' Compensation										
Total Number of Claims (Cumulative)	4,314	4,694	5,124	5,589	5,985	6,384	6,775	7,194	7,613	7,978
Closed Claims (Cumulative)	3,978	4,328	4,681	5,125	5,621	6,056	6,434	6,806	7,213	7,562
Open Claims (at year end)	336	366	443	464	364	328	341	388	400	416
Covered Payroll (Cumulative)	$ 1,414,819	$ 1,649,276	$ 1,937,609	$ 2,251,826	$ 2,555,200	$ 2,871,939	$ 3,318,109	$ 3,706,551	$ 4,110,740	$ 4,510,594
Number of Employees	32	34	35	35	34	36	37	37	38	39
Ratio of Premium to Payroll/TIV										
Liability Program	3.10%	4.06%	3.78%	3.93%	3.78%	4.12%	3.67%	3.64%	3.60%	3.56%
Property Program	0.11%	0.14%	0.16%	0.13%	0.13%	0.12%	0.13%	0.12%	0.11%	0.11%
Workers' Comp. Program	1.96%	3.42%	4.04%	4.55%	4.39%	3.73%	2.68%	2.46%	2.34%	2.40%

ACWA/JPIA
Liability & Workers' Compensation Payroll
9/30/10



ACWA/JPIA
Property Total Insured Value (TIV)
9/30/10



OTHER INDEPENDENT AUDITORS' REPORT

MAZE & ASSOCIATES

ACCOUNTANCY CORPORATION
3478 Buskirk Ave. - Suite 215
Pleasant Hill, California 94523
(925) 930-0902 • FAX (925) 930-0135
maze@mazeassociates.com
www.mazeassociates.com

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
Citrus Heights, California

We have audited 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, 2010, and have issued our report thereon dated November 12, 2010. We have conducted our audit in accordance with generally accepted auditing standards 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the ACWA/JPIA's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the ACWA/JPIA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the ACWA/JPIA's internal control over financial reporting.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the ACWA/JPIA'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and other Matters

As part of obtaining reasonable assurance about whether the ACWA/JPIA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards.*

This report is intended for the information of the Board and management. However, this report is a matter of public record and its distribution is not limited.

Maze & Associates

November 12, 2010