



ASSOCIATION OF CALIFORNIA WATER AGENCIES

JOINT POWERS INSURANCE AUTHORITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Years Ended September 30, 2015 and 2014

**Prepared by
FINANCE DEPARTMENT**

**ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY**

Years Ended September 30, 2015 and 2014

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INTRODUCTORY SECTION



April 29, 2016

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

**JOINT POWERS
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President

E.G. "Jerry" Gladbach

Vice President

Tom Cuquet

Chief Executive Officer

Walter "Andy" Sells

Executive Committee

Tom Cuquet

David Drake

E.G. "Jerry" Gladbach

David T. Hodgins

W.D. "Bill" Knutson

Melody A. McDonald

Charles W. Muse

J. Bruce Rupp

Kathleen J. Tiegs

Ladies and Gentlemen:

The Comprehensive Annual Financial Report of the Association of California Water Agencies Joint Powers Insurance Authority (ACWA JPIA) for the year ended September 30, 2015, is hereby respectfully submitted. ACWA 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 ACWA 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 ACWA 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 ACWA JPIA's financial affairs have been included.

Maze & Associates, a firm of licensed certified public accountants, has audited ACWA JPIA's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of ACWA JPIA for the fiscal year ended September 30, 2015, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Also included is an assessment of the accounting principles used, significant estimates made by management, and an evaluation of the overall financial statement presentation. The auditor concluded, based upon audit, that there was a reasonable basis for rendering an unmodified opinion that ACWA JPIA's financial statements for the fiscal year ended September 30, 2015 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

ACWA 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.

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

As of September 30, 2015, ACWA JPIA had 363 members. Each member selects one representative to serve as a director on the ACWA JPIA Board of Directors. From this body, eight members are elected to serve with staggered terms as members of ACWA JPIA's Executive Committee. The current Vice President of the Association of California Water Agencies also serves as a voting member on the Executive Committee.

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

LOCAL ECONOMY

The national economy has been recovering from a recession recently at an increasing rate. From October 2014 through September 2015, the national unemployment rate went from 5.9% to 5.1% - a favorable change. Meanwhile in the State of California, the unemployment rate went from 7.3% in September 2014 to 5.9% at the end of September 2015. This data points to a continuing trend where the California economy is rebounding more rapidly than the nation as the gap between the unemployment rates narrows. This bounce-back continues despite the shadow cast by one of California's worst recorded droughts. According to a recent UC Davis study, the drought has cost

the California economy about \$2.7 billion in the recent year. This demonstrates the resiliency of the California economy. In the City of Roseville, where the JPIA office resides, the unemployment rate moved from 5.9% in October 2014 to 4.5% in October 2015 - again a positive trend. With the exception of reduced investment income, ACWA JPIA has avoided significant financial changes as a result of the recent economic recession that the nation has a whole has been enduring. Staffing continues to be stable within ACWA JPIA. Since fiscal year 2012 ACWA JPIA employees have enlarged from 42 to 48 in fiscal year 2015. ACWA JPIA increased its employee count in a time when many other organizations had been downsizing. This was mostly due to the addition of the Employee Benefits Program in 2012. ACWA JPIA again was able to continue its operations during fiscal year ended September 30, 2015 without any rate increases to its members in the Liability, Property, or Workers' Compensation Programs.

LONG-TERM FINANCIAL PLANNING

In August of 2015, the ACWA JPIA Executive Committee approved a goal for reserves in the Employee Benefits Program. This goal was set using an actuary estimate of incurred but not reported losses using a 99% confidence level. Confidence level refers to the degree of certainty the actuary has that losses will be equal to or less than the estimate provided. Based on the most recent actuarial report, the Employee Benefits Reserve Fund was capped at \$18.5 million. ACWA JPIA management intends to budget the program accordingly in the future years to bring the current reserves to the stated goal.

In August of 2013, ACWA JPIA held a strategic planning meeting with its Executive Committee. The purpose of this meeting was to better develop plans for the future. Establishing relationships, communication, expansion of services, marketing and exploring different layers of self-insured retentions were the topics discussed at the strategic planning meeting. There were no actions taken by ACWA JPIA Executive Committee as a result of this meeting.

In September 2012, ACWA JPIA Executive Committee approved a new monetary policy to cover funding for the Liability and Workers' Compensation Programs. The new monetary policy is two-fold, covering both the Rate Stabilization Fund and the Catastrophic Reserve Fund. The Rate Stabilization Fund is used to add and subtract monies from individual members' accounts as needed to true up policy years annually based on new actuary estimates of losses. This process commences when a policy year reaches four years of history. The monies in these individual accounts kept on behalf of the members are capped at 50% of their basic deposit premium, or

approximately \$9 million in the aggregate. The Catastrophic Reserve Fund consists of funds set aside to be used in time of need. Such funds are subject to ACWA JPIA Executive Committee approval and are most likely to be used when ACWA JPIA experiences adverse claims experience. The Catastrophic Reserve Fund is capped at ultimate losses estimated by the actuary for all open policy years using a 99% confidence level. Based on recent actuarial reports, the Catastrophic Reserve Fund was capped at \$37.5 million – an increase of \$4.7 million from prior year.

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

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

INTERNAL ACCOUNTING CONTROLS

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

ACWA JPIA management is responsible for establishing and maintaining internal controls designed to ensure that assets are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles, and the activities and reporting of ACWA 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 ACWA 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 ACWA JPIA for its comprehensive annual financial report for the fiscal year ended

September 30, 2014. 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.

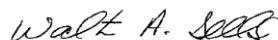
The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all staff members who assisted and contributed to the preparation of this report.

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

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

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

Respectively Submitted,



Walter "Andy" Sells
Chief Executive Officer



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, 2015**

EXECUTIVE COMMITTEE

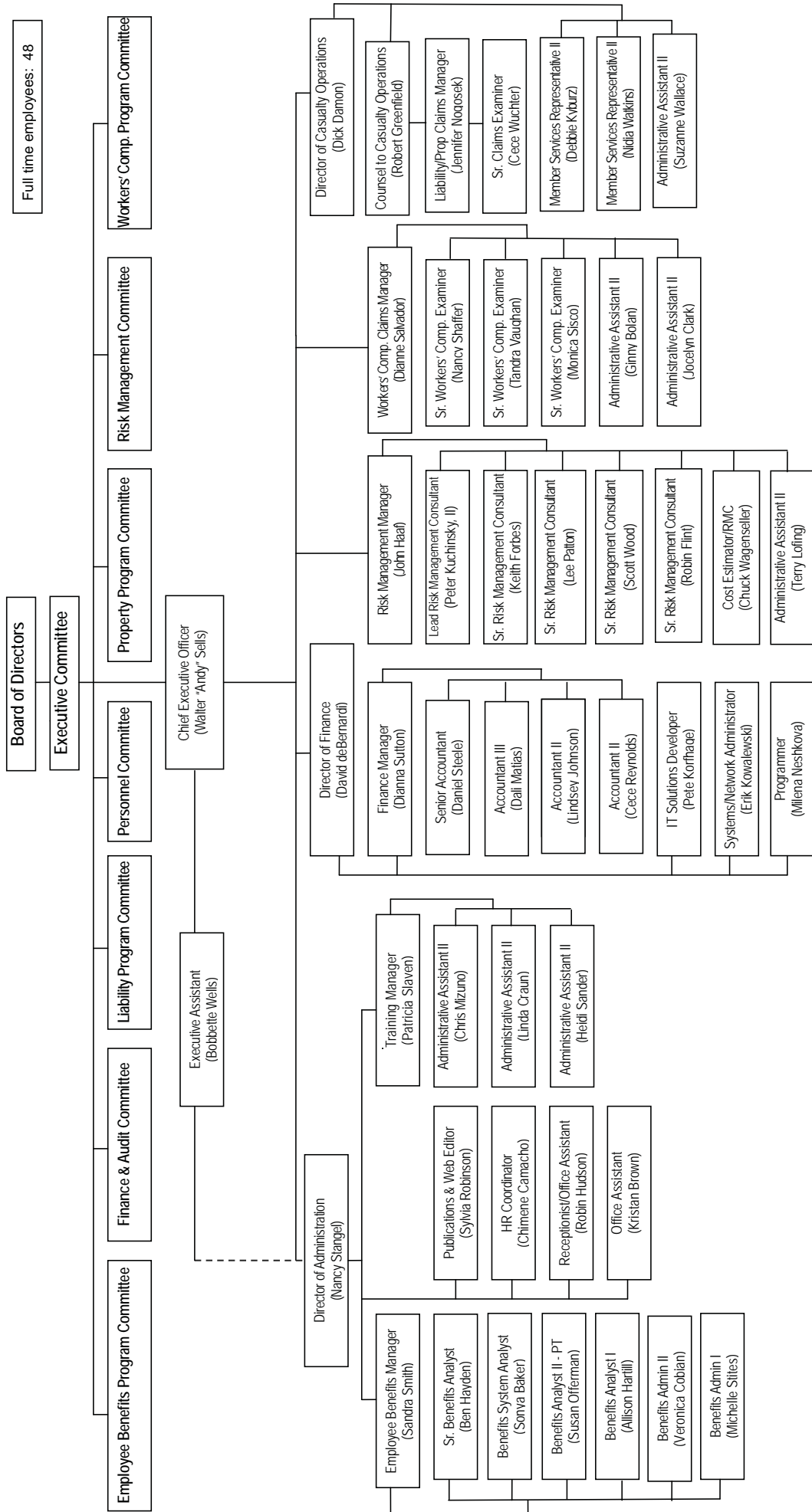
<u>Name</u>	<u>Office</u>	<u>District</u>
E.G. "Jerry" Gladbach	President	Castaic Lake Water Agency
Thomas A. Cuquet	Vice-President	South Sutter Water District
David A. Drake	Director	Rincon del Diablo MWD
David T. Hodgin	Director	Scotts Valley Water District
W.D. "Bill" Knutson	Director	Yuima Municipal Water District
Melody A. McDonald	Director	San Bernardino Valley WCD
Charles W. Muse	Director	Helix Water District
J. Bruce Rupp	Director	Humboldt Bay Municipal WD
Kathleen J. Tiegs	At-Large	ACWA Vice-President
Walter "Andy" Sells	Chief Executive Officer	

Office Address

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Roseville, California 95661

Report Prepared by the
JPIA Finance Department

David deBernardi, CPA, Director of Finance
Dianna Sutton, Finance Manager
Dan Steele, Senior Accountant
Dalisay Matias, Accountant III
Lindsey Johnson, Accountant II
Cece Reynolds, Accountant II





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Association of California
Water Agencies Joint Powers
Insurance Authority**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

Executive Director/CEO

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Association of California Water Agencies Joint Powers Insurance Authority (ACWA JPIA) as of and for the years ended September 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise ACWA JPIA's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ACWA JPIA as of September 30, 2015 and 2014, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principles

Management adopted the provisions of the following Governmental Accounting Standards Board Statements, which became effective for the year ended September 30, 2015 and required the restatement of net position as discussed in Notes 9 and 11B to the financial statements:

Statement No. 68 – *Accounting and Financial Reporting for Pensions*

Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date*

The emphasis of these matters does not constitute a modification to our opinions.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise ACWA JPIA’s basic financial statements. The Introductory Section, Supplemental Information, and Statistical Section listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplemental Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplemental Information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2016, on our consideration of ACWA JPIA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ACWA JPIA's internal control over financial reporting and compliance.

Mane & Associates

Pleasant Hill, California
April 28, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Association of California Water Agencies Joint Powers Insurance Authority (ACWA JPIA), we offer readers of ACWA JPIA's financial statements this narrative overview and analysis of the financial activities of ACWA JPIA for the fiscal year ended September 30, 2015. 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 v of this report.

DESCRIPTION OF BASIC FINANCIAL STATEMENTS

ACWA JPIA operates as an enterprise fund and utilizes an accrual basis of accounting. The report includes the basic financial statements for ACWA JPIA in accordance with generally accepted accounting principles. The Statements of Net Position present a snapshot of ACWA JPIA's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position as of September 30, 2015 and 2014. The Statements of Revenue, Expenses, and Changes in Net Position report the revenues and expenses for the fiscal years resulting in the changes to net position. The Statements of Cash Flows provide the reader with details on cash inflows and outflows during the fiscal years. The Notes to the Financial Statements present the reader with additional information to enhance and complement understanding of the financial statements.

Comparative financial information is presented below to provide the reader with highlights of changes from the prior year. In the following comparative tables, prior fiscal year 2014 balances are presented as originally reported in last year's financial statements. ACWA JPIA implemented new pension accounting standards in the current 2015 fiscal year that have adjusted the beginning balance for the net impact of the newly reported pension obligation at September 30, 2014. Comparative September 30, 2014 balances have not been restated for the impacts of GASB 68 because all information required to restate prior year amounts is not readily available.

Like fiscal year 2014, ACWA JPIA finished the fiscal year 2015 with very little change to its total assets. The composition of the assets, however, changed with other assets growing by \$8.4 million while cash and investments decreased \$8.3 million. The increase in other assets was the result of increases in retrospective premium adjustment receivable (current and noncurrent) of approximately \$3.4 million, member premiums receivable (\$2.6 million) and excess insurance proceeds receivable (\$1.3 million). The rise of the retrospective premium adjustment receivable is due to increases in actuarial estimated net losses in the liability program (policy years 2010/11, 2011/12 and 2014/15) and in the workers' compensation program (policy years 2007/08, 2008/09 and 2009/10). A majority of the increase in member premiums receivable was attributed to the Liability Program. This fluctuation is a byproduct of members timing of paying the deposit premium. The decrease of cash and investments is best determined from analysis of the statement of cash flows. Notable changes affecting cash were increased payments for claims, excess claims and the payoff of ACWA JPIA's estimated net pension liability.

CONDENSED STATEMENTS OF NET POSITION

	9/30/2015	9/30/2014*	9/30/2013*	2015 vs. 2014 Variance	2014 vs. 2013 Variance
ASSETS					
Cash and Investments	\$166,093,936	\$174,476,025	\$163,680,660	\$(8,382,089)	\$10,795,365
Other Assets	23,378,896	14,901,778	24,582,594	8,477,118	(9,680,816)
Capital Assets	5,302,885	6,206,203	6,560,350	(903,318)	(354,147)
Total Assets	194,775,717	195,584,006	194,823,604	(808,289)	760,402
DEFERRED OUTFLOWS					
Related to pensions	625,033	-	-	625,033	-
LIABILITIES					
Current Liabilities	55,874,099	53,163,043	52,189,011	2,711,056	974,032
Noncurrent Liabilities	57,746,678	54,463,790	48,118,825	3,282,888	6,344,965
Total Liabilities	113,620,777	107,626,833	100,307,836	5,964,639	7,318,997
DEFERRED INFLOWS					
Related to pensions	846,155	-	-	846,155	-
NET POSITION					
Net Investment in Capital Assets	5,302,885	6,206,203	6,560,350	(903,318)	(354,147)
Unrestricted	75,630,933	81,750,970	87,955,418	(6,120,037)	(6,204,448)
TOTAL NET POSITION	\$80,933,818	\$87,957,173	\$94,515,768	\$(7,023,355)	\$(6,558,595)

* Not restated for effects of GASB 68 implementation.

ACWA JPIA had a significant excess insurance receivable of \$5 million from a claim at the end of fiscal year 2013. During fiscal year 2014 this receivable was collected as the claim was settled. The other reason for the drop in other assets in fiscal year 2014 was due to a 10% decrease of rates in the Liability Program. This decrease directly resulted in a lower member premium receivable at year end September 30, 2014. Cash and investments benefited from the decrease in other assets by improving \$10.7 million during 2014.

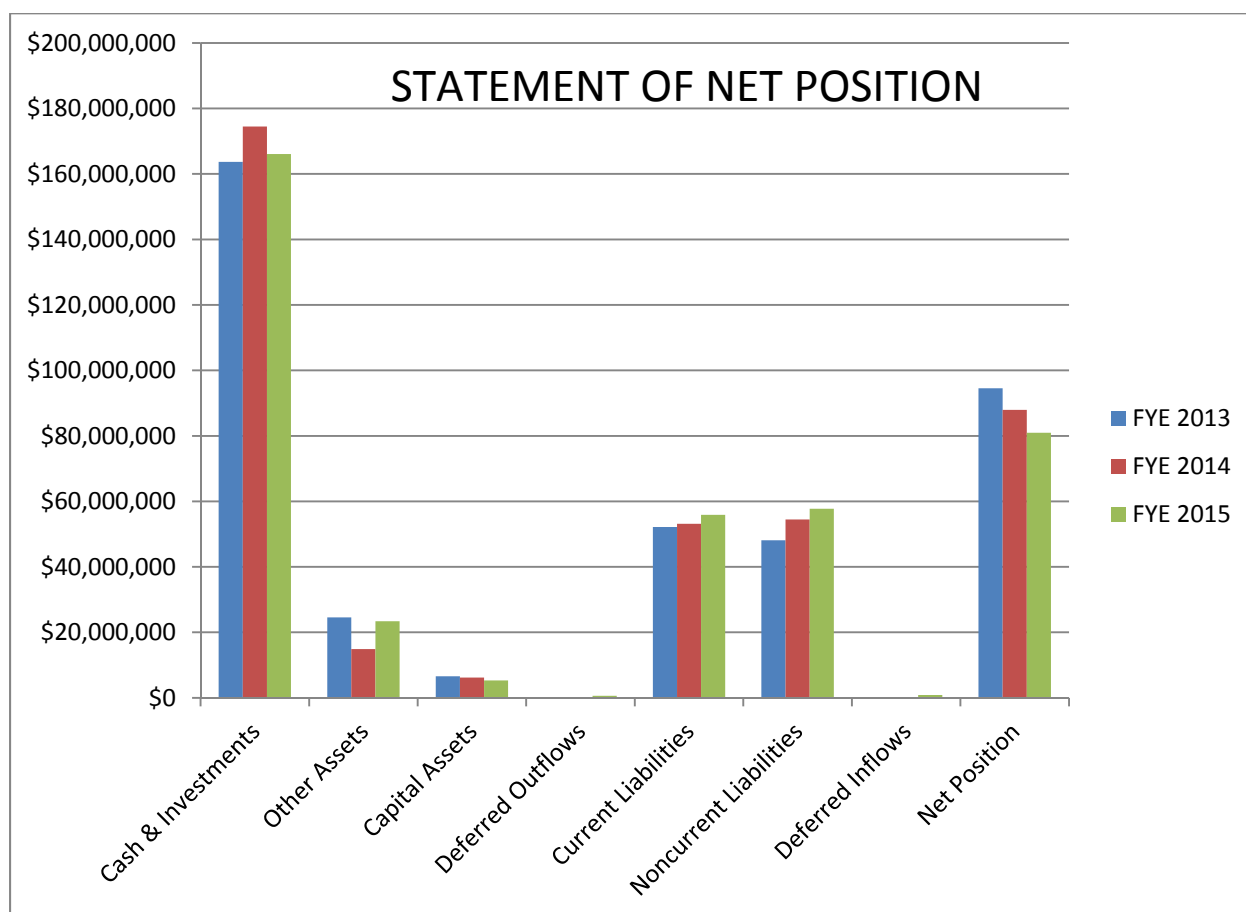
At September 30, 2015, total liabilities increased by \$5.9 million from the previous year. The cause for the change rests in the claims liabilities (current and noncurrent) that increased \$8.3 million. This variance was offset by a \$2.8 million decrease in retrospective premium adjustment payables (current and noncurrent). These changes are all a function of the latest actuarial estimates for the ACWA JPIA programs.

Total liabilities at September 30, 2014, enlarged \$7.3 million from prior year. The majority of this change is comprised of an increase in noncurrent liabilities of \$6.3 million. Noncurrent liabilities most significant changes were in retrospective premium adjustment payables (increase \$4 million) and claims reserves (increase \$2.3 million). The noncurrent retrospective premium adjustment increased primarily due to liability policy year 2013-14 showing favorable funding of \$3.2 million returning to members should

current actuarial estimates hold true. The claims reserves uptick was caused by increased reserves of \$1.17 million in the Liability Program and \$1.19 million in the Worker's Compensation Program.

Overall ACWA JPIA's net position declined \$7 million during fiscal year 2015. This was not alarming though as Catastrophic Fund goals had been reduced and budgeting in the Employee Benefits Program continued a pattern of emphasis to gradually reduce the total equity in that program to the determined goal of \$18.5 million. In addition, the implementation of GASB Statement No. 68 required the restatement and reduction of beginning net position by \$3.2 million.

During fiscal year 2014 ACWA JPIA's net position declined \$6.56 million from prior year. This decline was somewhat expected from ACWA JPIA given the recent price structuring of the Employee Benefits Program where past excess funds were earmarked in the budget for price stabilization. The Employee Benefits Program resulted in a decline of \$2.1 million. The other significant factor of the decline in net position was the rate stabilization fund refunds of \$3.4 million.



The graph above outlines the changes of the various components in the Statement of Net Position over the last three fiscal years. Reviewing this chart you can see the leveling off

of cash and investments as well as the other assets. Also shown is the trending increase of both current and noncurrent liabilities. Net position has been on the decline. Overall the JPIA's net position decreased by \$7 million during fiscal year 2015. This change is reflected on the Statement of Revenues, Expenses, and Changes in Net Position. Member premiums improved by over \$1 million. The reason for the increase was higher rates in the Employee Benefit Programs (\$2.5 million). This rise was offset by decreased premium rates in the Liability Program (\$1.3 million). Retrospective premium adjustments dramatically rose by \$14.6 million. A majority of this was due to increased actuarial ultimate loss estimates of \$11.1 million from the previous year in the Liability Program. This also in large part explains the \$11.8 million increase in the provision for claims expense.

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

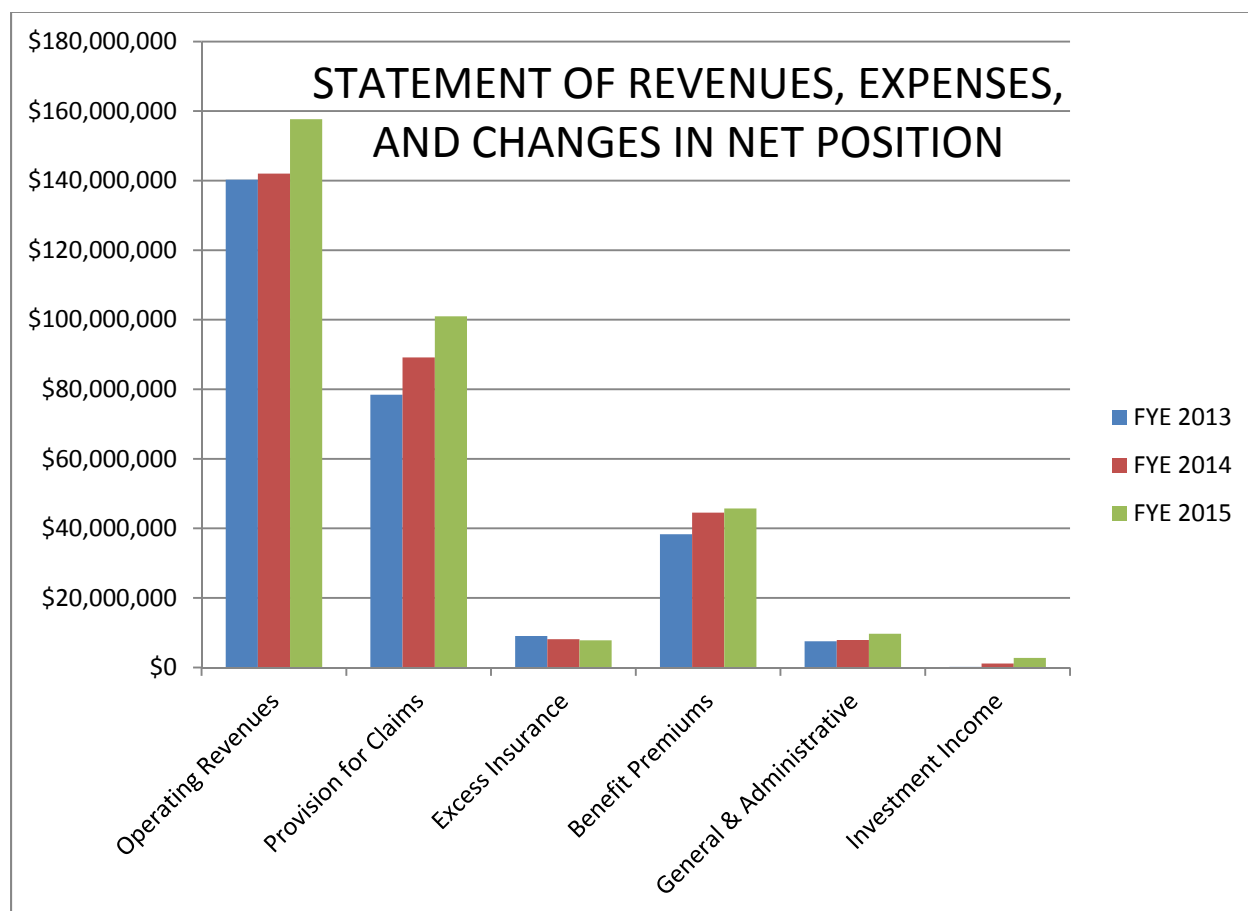
	9/30/2015	9/30/2014*	9/30/2013*	2015 vs. 2014 Variance	2014 vs. 2013 Variance
OPERATING REVENUES					
Members Premiums	\$154,042,184	\$152,994,168	\$147,247,532	\$1,048,016	\$5,746,636
Retrospective Premium Adjustments	3,619,551	(10,979,765)	(6,957,472)	14,599,317	(4,022,293)
Total Operating Revenues	<u>157,661,735</u>	<u>142,014,403</u>	<u>140,290,060</u>	<u>15,647,333</u>	<u>1,724,343</u>
OPERATING EXPENSES					
Provision for Claims	100,989,254	89,145,942	78,442,870	11,843,312	10,703,072
Excess Insurance	7,817,928	8,111,217	9,023,118	(293,289)	(911,901)
Benefit Premiums	45,699,936	44,511,197	38,312,872	1,188,739	6,198,325
General & Administrative	9,688,310	7,915,833	7,521,114	1,772,477	394,719
Total Operating Expenses	<u>164,195,428</u>	<u>149,684,189</u>	<u>133,299,974</u>	<u>14,511,239</u>	<u>16,384,215</u>
OPERATING INCOME (LOSS)	(6,533,693)	(7,669,786)	6,990,086	1,136,094	(14,659,872)
NON-OPERATING REVENUES					
Investment Income	2,738,962	1,111,191	162,348	1,627,771	948,843
CHANGE IN NET POSITION NET POSITION, BEGINNING, as restated	(3,794,731)	(6,558,595)	7,152,434	2,763,864	(13,711,029)
NET POSITION, ENDING	<u>\$80,933,818</u>	<u>\$87,957,173</u>	<u>\$94,515,768</u>	<u>\$(7,023,355)</u>	<u>\$(6,558,595)</u>

*Not restated for effects of GASB 68 implementation

There were also some major variances that occurred in fiscal year 2014 for operating expenses. Overall, operating expenses were up \$16.3 million, with provision for claims (\$10.7 million) and benefit premiums (\$6.1 million) being the biggest contributors to this rise. A majority of the provision for claims increase is linked to the Employee Benefits Health Program. During fiscal year 2014, the Health Benefits Program had a 5.5% increase in lives for the self insured portion of the program. This coupled with the rising medical costs that were projected at 8.4% spelled an increase of \$5.3 million in the provision for claims. The cause for increased benefit premiums paid in operating

expenses is dual. Insured lives increased by approximately 5.5% causing higher benefit premiums paid. Also, benefit premiums increased 5-18% depending on the plan. These premium increases were a reflection of rising costs in the industry that have been on the rise for several years.

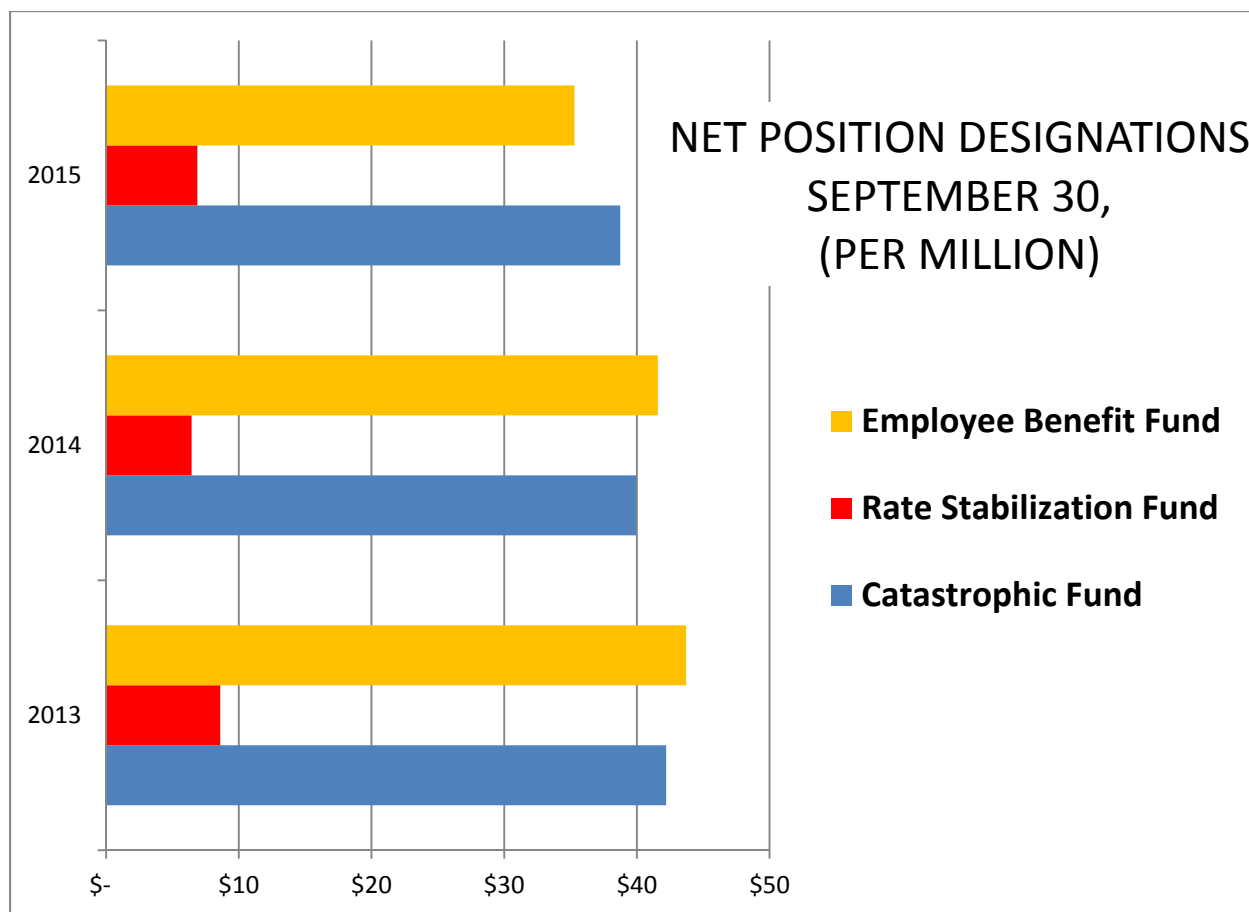
Following is a diagram outlining the various components of the Statement of Revenues, Expenses, and Changes in Net Position over the last three (3) fiscal years. Analyzing the graph you can see as explained earlier, that operating revenues and provision for claims have had momentous trends upwards. You can also see how excess insurance has leveled off thanks to work ACWA JPIA's new insurance broker that has been assisting for 3 years. General & administrative expenses have been trending upwards over the years. This is primarily due to the need for more employees over the last couple of years plus increased software costs to upgrade ACWA JPIA's outdated systems as well as gain greater efficiencies.



FINANCIAL HIGHLIGHTS

Failure to plan is a plan to fail. Fortunately ACWA JPIA has taken on the mantra of being prepared by establishing three designations of net position. The Employee Benefit Fund represents equity built up in the program over the years. With the recent determination of

an \$18.5 million goal in this program, ACWA JPIA sits in a favorable position of willingly decreasing this fund's balance over the years. The Rate Stabilization Fund acts as a buffer for members to level off the back and forth of funds going to and from members for policy years when they are made whole. The Catastrophic Fund covers both Liability and Workers' Comp Programs and acts to cover members from significant unfavorable policy years where premiums collected initially from members were inadequate. Such funds are subject to ACWA JPIA Executive Committee approval before being used.

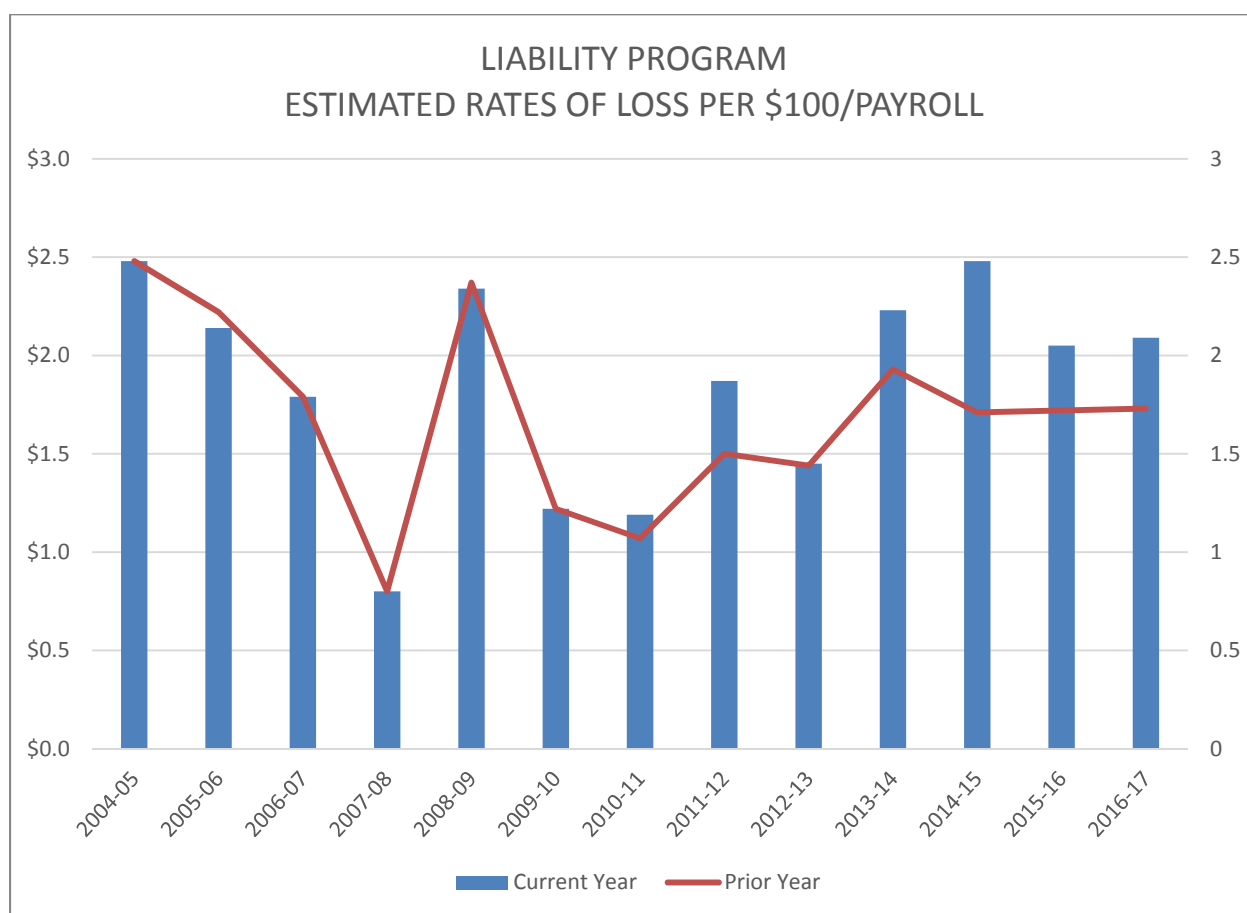


The graph above illustrates the changes in the various designations making up ACWA JPIA's net position over the last 3 years. Upon review, the steady decline of both the Employee Benefit Fund and the Catastrophic Fund is apparent. The Rate Stabilization Fund in the meantime has held relatively constant. The decline in the Catastrophic Fund has been due to the goal decreasing. The goal is based on 99% confidence level numbers obtained from ACWA JPIA's actuary. These estimates have been on the decline in recent times thus the gradual decline of the Catastrophic Fund. As for the Employee Benefit Fund the gradual decline has been intentional as management came to the realization that the fund had more than sufficient amounts, budgeting was done with the intention of slowly eroding these funds. Management in fiscal year 2015 was given a target goal of \$18.5 million in the Employee Benefit Fund. The movement and change in the Rate Stabilization Fund has been ordinary. All the ins and outs of various

policy years run through this fund so it is subject to some volatility but this volatility is capped with limits posed on these funds – 50% of the basic deposit premium from the Liability Program.

LIABILITY PROGRAM

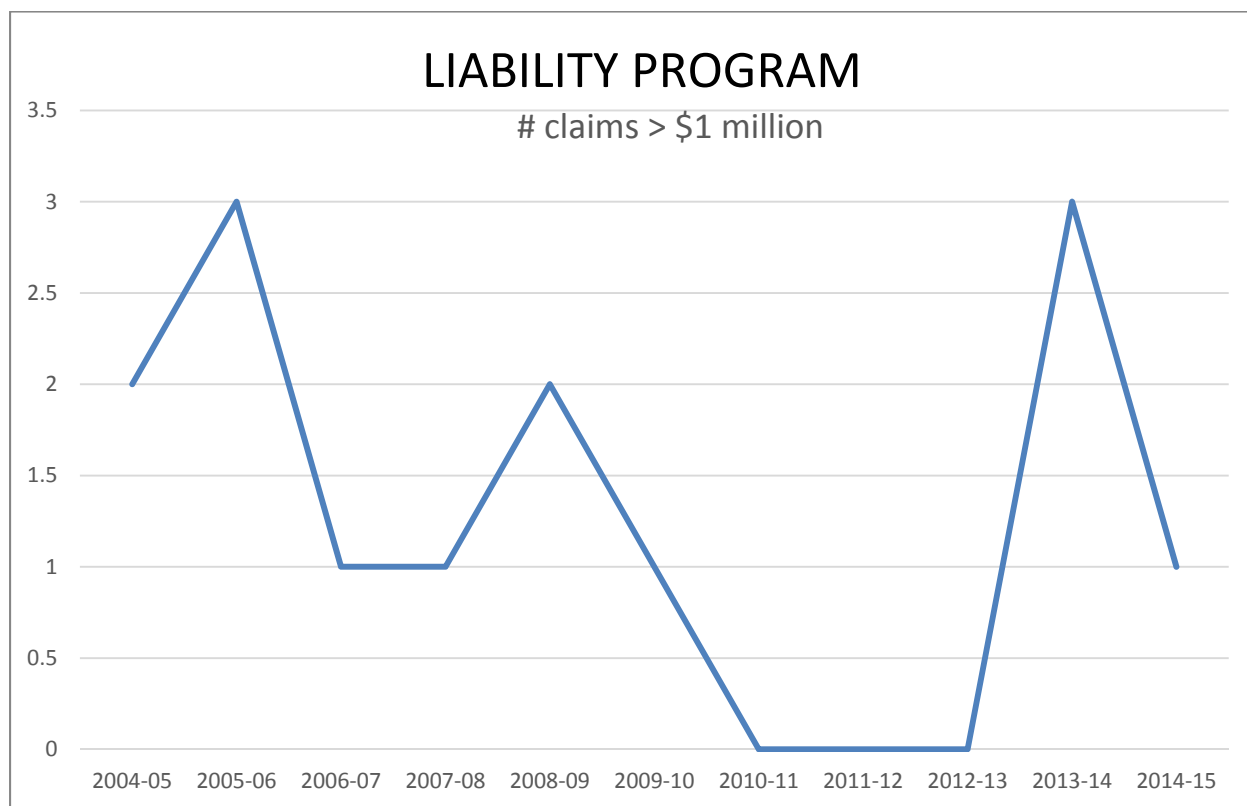
The Liability Program in its most recent policy year 2014-2015 covered an estimated \$502 million in member districts' payroll. This was an increase of 3.6% from the previous year. The membership in this program has been stable ranging from 286 to 292 participating members over the last five policy years. The average tenure in the program remains strong at roughly 26 years.



Each year ACWA JPIA obtains an independent actuary report to determine estimates of ultimate losses for each policy year ACWA JPIA covers its members. The ultimate loss is the total out of pocket expenses expected to be paid out by ACWA JPIA for self insuring its members in a given policy year. These costs exclude amounts expected to be reimbursed by excess insurance carriers as well as general and administrative expenses necessary to run the program's operations. The graph preceding depicts the ultimate limited loss rate from recent actuary estimates. "Limited" refers to losses being limited to

ACWA JPIA's self insured layer. Or in other words, these amounts exclude losses in the excess layer that ACWA JPIA anticipates excess carriers to pay.

Reviewing the illustration preceding, you can see the most significant changes are in the 2013-14 policy years forward. In all these cases the change has been to a higher estimated loss rate. To the onlooker this may paint a dark future however; these policy years are still developing. These estimates are primarily based on industry trends and do not account for the above average safety practices employed by member districts. However, the uptick in the loss rates is something to keep an eye on. Policy years 2013-2014 and 2014-2015 have both experienced three claims breaking the \$1 million mark. For perspective purposes, the only other policy year on the graph above to have three claims breach the \$1 million point was 2005-06. From policy year 2009 through 2013 only one claim broke that same mark. Accordingly, you can see the lower loss rates on the graph above for those policy years. The nature of the losses includes infrastructure failures, employee practices, automobile accidents, and damages related to fire. Below is a graph that shows the number of claims \$1 million or greater by policy year:

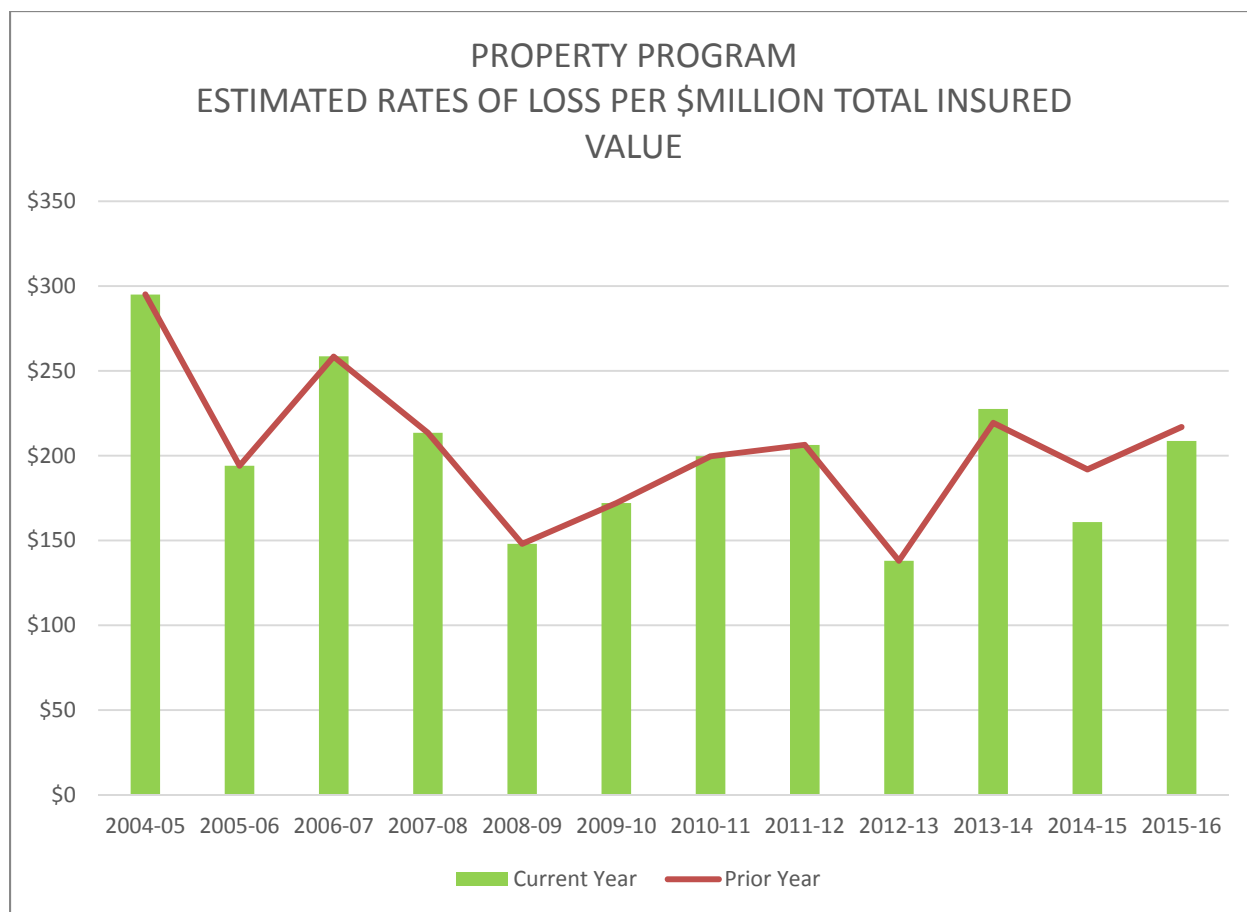


PROPERTY PROGRAM

The Property Program has 262 participating districts in its current policy year (2015-16) – same as the previous policy year. The average tenure of the current participating members is about 24 years. Premium rates have remained the same for five of the past six policy years with the recent policy year 2014-15 having a decrease of ten percent. Until policy year 2013-14, ACWA JPIA had been self insured up to \$50,000 per claim

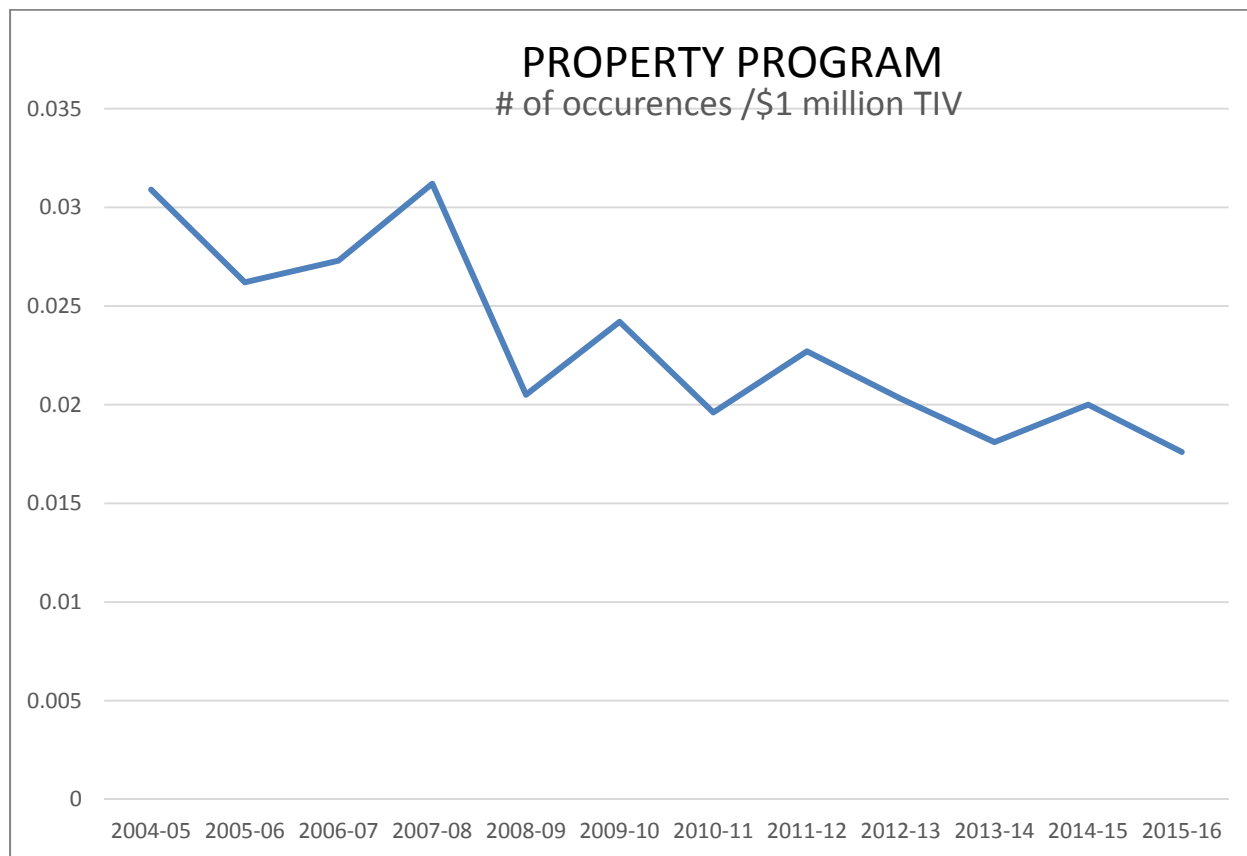
since the 2001-02 policy year. Policy years 2013-14 forward, are self insured up to \$100,000 per claim. This change was to take advantage of cost savings provided for the excess insurance. These self insured retentions limit the severity of the pooled losses.

Like the Liability Program each year ACWA JPIA obtains an independent actuary report to determine estimates of ultimate losses for each policy year ACWA JPIA covers its members. In the following graph, the actuarial estimated rates of loss per million of total insured value are compared current year vs. prior year.



Studying the graph above, the most significant change is in policy year 2014-15, which had a significant decrease – great news for members. Policy year 2014-15 to date has only one claim above \$75,000 which is unusual looking at historic numbers in the program where it is more typical to have four or five claims of that magnitude. The other apparent thing looking above is the volatility of the estimated loss rate. The loss rates range from 138 to 295. This averages out to just over 200 in the twelve years depicted above. The volatility is somewhat expected given that the nature of the losses has been limited to low self-insured retentions and such rates are primarily driven by the frequency of claims.

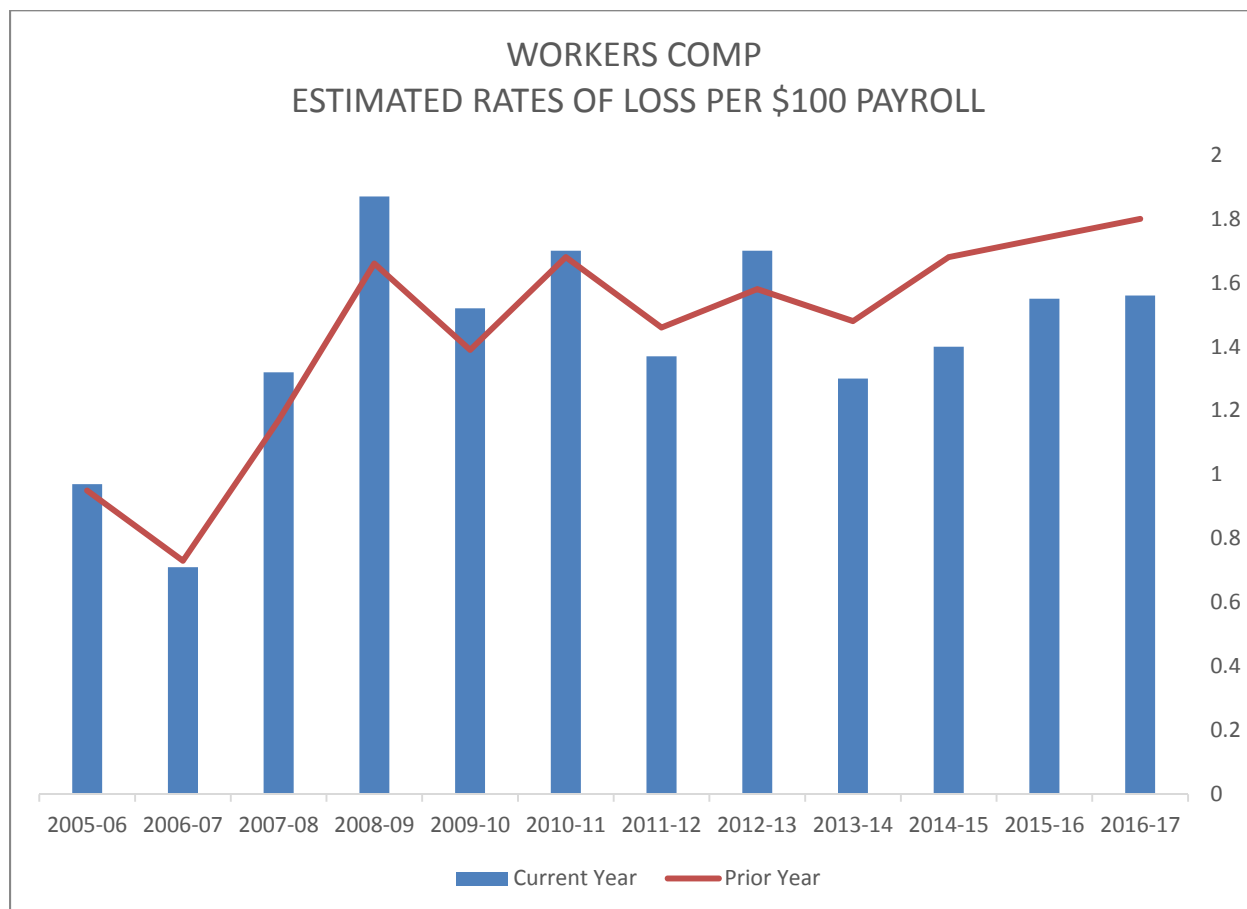
Speaking of frequency, the following chart provides a visual of the number of occurrences per million dollars of total insured value for each policy year. The trend has been favorable over the time span illustrated. It is believed the historic drought in California has been a contributing factor to the lower frequency of claims in the more recent years. When there is less rain there tends to be less damage done to property from flooding.



WORKERS' COMPENSATION PROGRAM

The Workers' Compensation Program has enjoyed modest growth in recent times. The number of participating districts for the past five policy years has gone from 165 to 179 and covered payroll has increased from \$407 million to \$464 million; a 14% increase. Legislative changes, such as SB 899 which was passed in 2004, have shown very positive results throughout the State of California. Coupled with an emphasis on workplace safety through training, ACWA JPIA has benefited from these law changes. Since 2004-05, ACWA JPIA has reduced the rates charged to members by nearly 50 percent. Rates for the current policy year remained overall unchanged even though losses and rates in the industry, as a whole, increased. Member premiums have ranged from \$10.3 million to \$12.1 million over the past five policy years. Since changing the program's self insured retention level from \$650,000 per claim in policy year 2002-03 to \$2 million per claim in policy year 2003-04, ACWA JPIA has had one claim in excess of \$650,000, thus rewarding the program financially. Like other programs each year ACWA JPIA obtains an independent actuary report to determine estimates of ultimate losses for

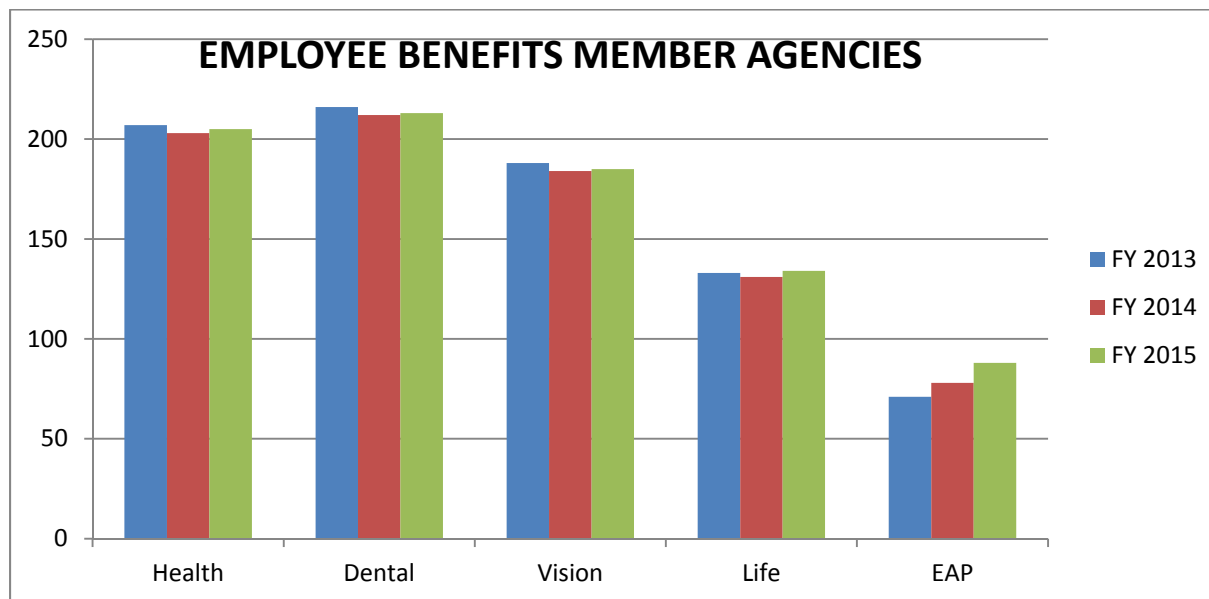
each policy year ACWA JPIA covers its members. In the following graph, the actuarial estimated rates of loss per \$100 of payroll are compared current year vs. prior year.



Reviewing the data above, the changes are best summed up as follows: newer policy years had significant decreases while older years had some increases. Why the notable increases in policy years 2007 through 2010? The increases primarily are the result of claims that have further developed as more severe than initially thought. This is not uncommon in workers' compensation since one injury can often cause another and then the dominoes keep falling. Policy year 2008-09 with the largest estimated increase in loss rate has one of the most notable claims of this nature where strained arms, elbows and wrists led to other injuries that were previously unknown. On the favorable side, the number of claims for policy years 2013-14 and 2014-15, 333 and 322 respectively, are less than many of the older policy years – many of which have over 400 claims. This is the case despite the number of employees covered increasing over the years. This has been a contributing factor to the decline in the estimated loss rate from the actuary for these policy years. In policy year 2005-06 there were just under 6,000 employees covered whereas in current policy year 2015-16 there are just over 6,300 employees covered in the program. The volatile range above illustrates how losses are affected by California law makers passing new bills both favorably and unfavorably thus making losses more difficult to predict accurately.

EMPLOYEE BENEFITS PROGRAM

The JPIA commenced the Employee Benefits Program on July 1, 2012. The Employee Benefits Program offers a few different benefits with the most significant being health, dental and vision. Membership for each of the different benefits offered is separate. At year end September 30, membership within the Employee Benefits was as follows:



Membership in the various Employee Benefits Programs has experienced little change from the prior year. The biggest change was in the Employee Assistance Program (EAP). This was due to an effort to market EAP to current members that were not participating in the EAP program.

The revenue and expenses for Employee Benefits are the most significant of the all ACWA JPIA programs. Employee Benefits revenue and expenses for the fiscal year ended September 30 are as follows:

EMPLOYEE BENEFITS PROGRAM

	FY 2015	FY 2014	Change
Revenues	\$123,065,683	\$ 119,699,884	\$ 3,365,799
Claims Expense	(77,856,531)	(74,108,072)	(3,748,459)
Benefit Premiums	(45,699,936)	(44,511,197)	(1,188,739)
Excess Insurance	(1,185,048)	(977,299)	(207,749)
General & Administrative	(3,780,123)	(2,239,519)	(1,540,601)
Change in Net Position	<u>\$ (5,455,955)</u>	<u>\$ (2,136,203)</u>	<u>\$(3,319,752)</u>

Revenues were up \$2.5 million or 2.1% in fiscal year 2015. This increase is low compared with the prices of the California market where increases in the 5-10% have been more common. Market prices have been increasing for several years due to changes made in the health industry – most notable the passing of the Affordable Care

Act that has considerably increased the number of enrollees nationwide for health coverage. Claims expenses rose \$3.7 million or 5.1%. This again is a reflection of the increased pricing prevailing. Benefit premiums expense increased marginally by 2.7% or \$1.2 million. Overall, the net position decreased by \$6.3 million in fiscal year 2015. This was not surprising as the JPIA budgeted a reduction in net position to mitigate some of the pricing increases dictated by the industry. A majority of the Employee Benefits Program financial numbers come from the Medical Benefits Program. The Medical Benefits Program makes up approximately 90% of both the revenues and expenses and easily has the strongest influence on the Employee Benefits Program financial results. Pharmacy costs continue to rise as a percentage of the medical costs going from 28% to 35% of the medical claims costs during fiscal years 2014 and 2015, respectively.

CASH AND INVESTMENTS

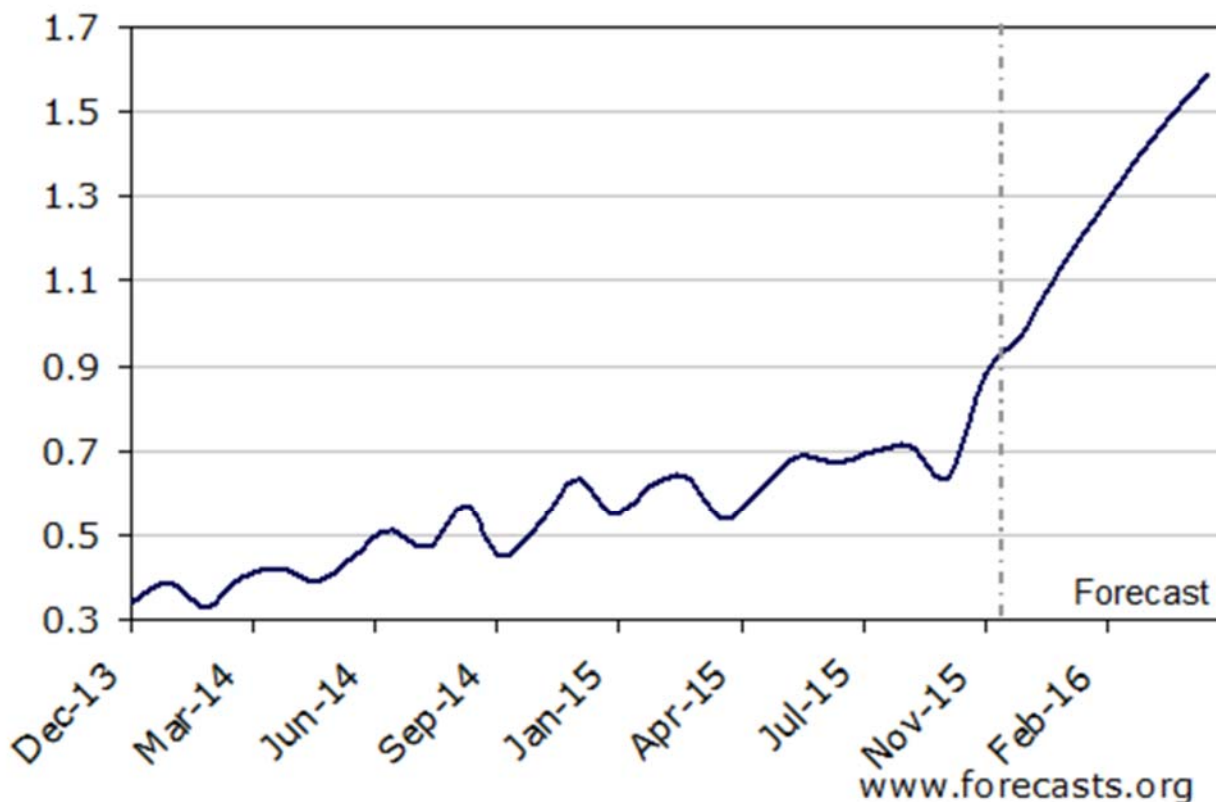
Cash and investments continue to make up the majority of the JPIA's assets. At year end September 30, 2015, total cash and investments were \$166 million – down \$8.3 million from prior year. This decrease was primarily the result of an increase in claims paid of \$6 million, \$4 million less in premiums collected due to lower rates, and paying off ACWA JPIA's estimated pension liability with CalPERS (\$3.1 million). At year end September 30, 2014, total cash and investments were \$174 million – up nearly \$11 million from the prior year. The increase was primarily the result of ACWA JPIA collecting on an excess insurance receivable of over \$5 million from the previous year.

Investment income went from \$1.4 million to \$1.5 million in for fiscal years 2014 and 2015, respectively. This lack of change reflects the steadying of interest rates found in the market. Below is a chart that shows the historical 2 year maturity Treasury Securities yield over the last couple of years.

On the statements of cash flows ACWA JPIA had a decrease of \$10.8 million. A majority of this decrease is attributed to the CalPERS prefunding payment of \$3.1 million. The other contributing factor includes increased claims paid out of \$5.5 million from prior year. A majority of these increased paid claims is attributed to the Employee Benefits Program.

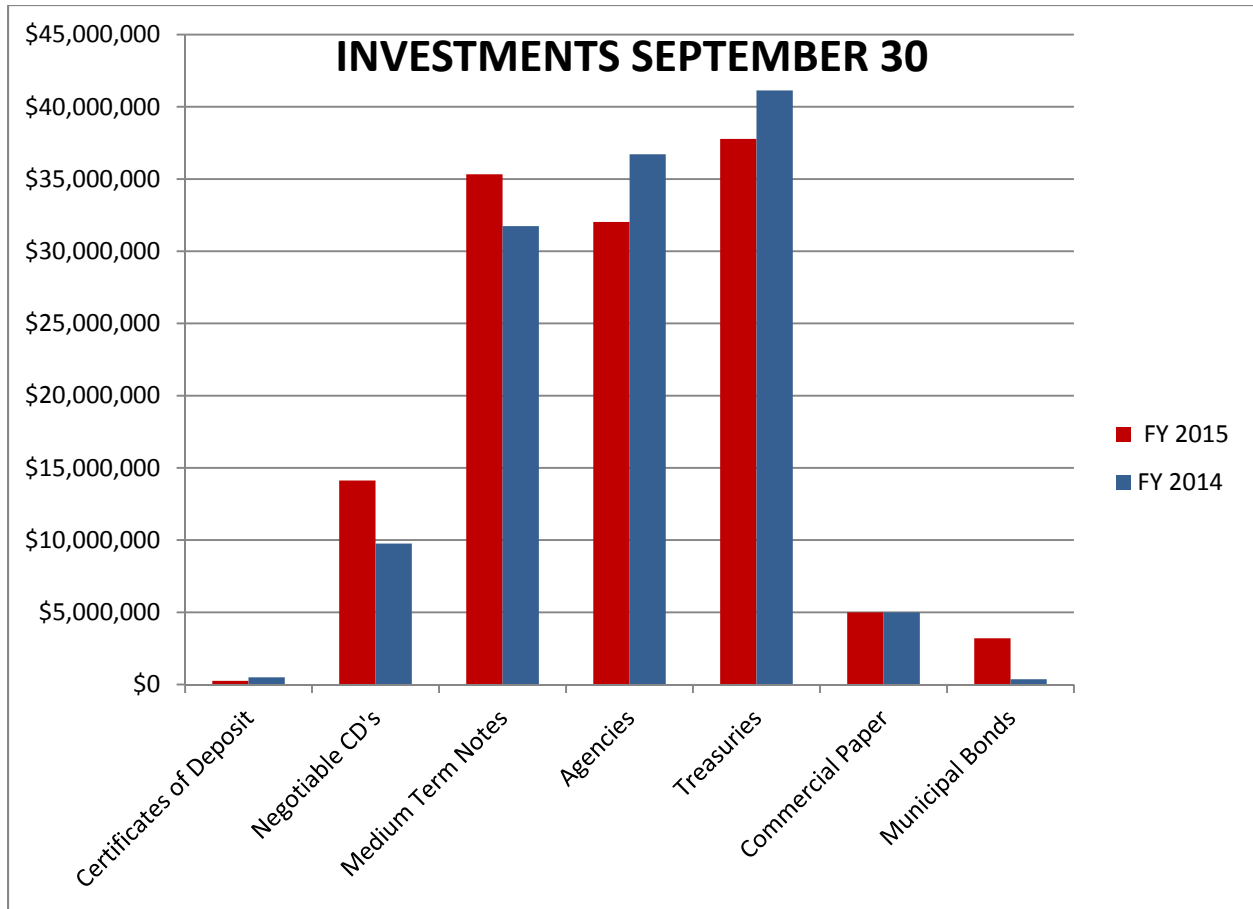
While ACWA JPIA's investments are primarily made up of Treasury Bills, Corporate Notes and Federal Agency Coupon Securities, the 2 year maturity Treasury Security yield offers us a good view of the interest rates reflective of the market. Reviewing the following chart, you can see how during fiscal year 2015 the yield hovered between .5 and .7. The difference in the yields between these rates is marginal. There is however, a trend of the yields rising which is not a surprise, given the common view that rates have little else to go but upward.

Chart of Two Year U.S. Treasury Note Rate with Forecast
2 Year Maturity U.S. Treasury Securities. Percent, Average of Month.



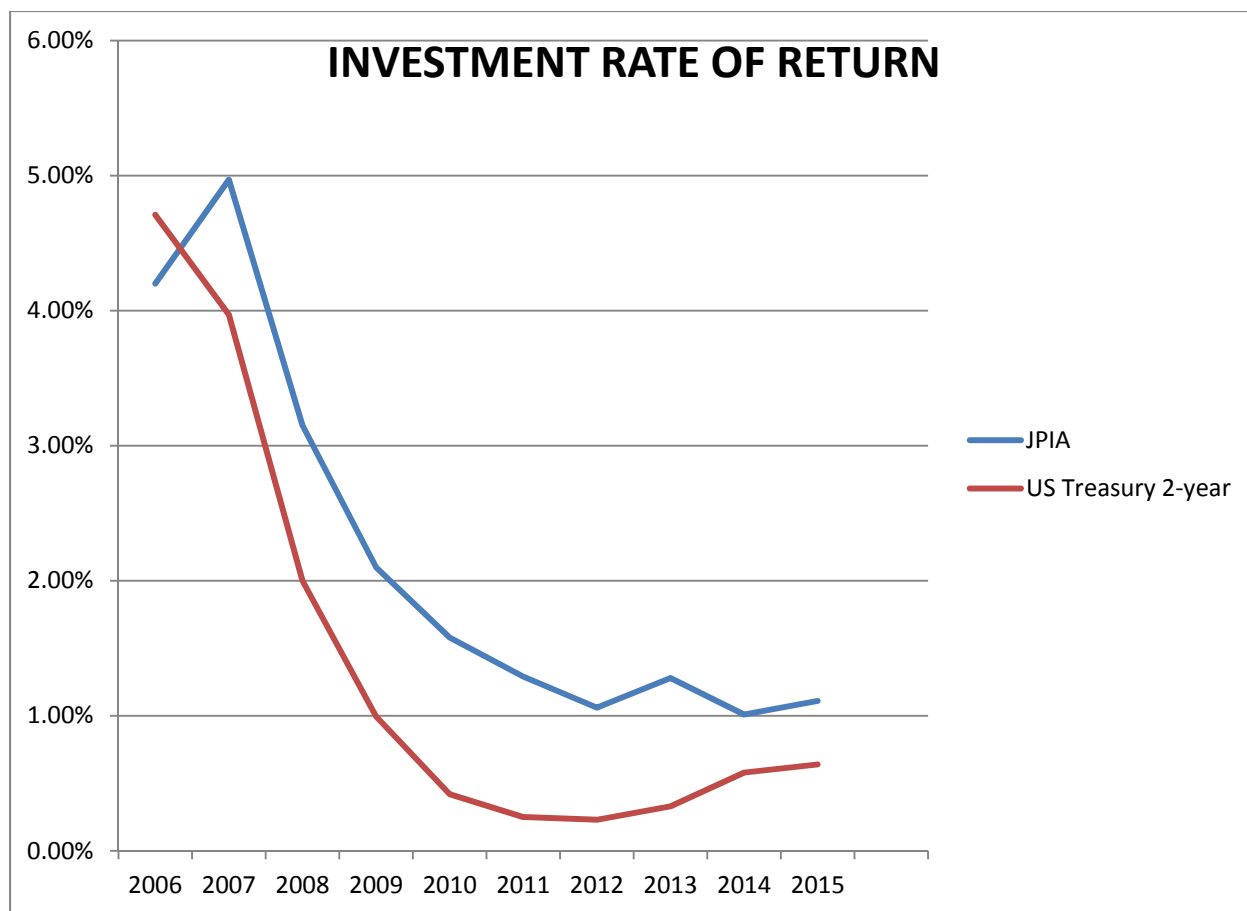
With the portfolio's duration averaging just fewer than 2 ½ years much of the investment return is reflective of market rates in 2013 and 2014 where U.S. Treasuries were at historical lows. Cash and investments effective rate of return went from 1.01% to 1.23% for fiscal year end September 30, 2014 and 2015, respectively. This rise is in harmony with the trend illustrated in the chart earlier.

The management of the cash and investments is twofold. ACWA JPIA internally manages the cash needed for operations and the majority of the short-term investments. The non-current portion of investments is managed by PFM Asset Management LLC. ACWA JPIA's investment policy prioritizes safeguarding of principal first, followed by meeting liquidity needs and then optimizing yield. Total investments were \$128 and \$125 million at year end September 30, 2015 and 2014, respectively. The following chart depicts the totals by investment type:



Analyzing the portfolio, there were changes in nearly every investment type. Municipal bonds increased over \$3 million due to an opportunity that ACWA JPIA's investment manager found to not only diversify the portfolio, but also obtain an above average return in the process without taking unnecessary risk. Agencies and treasuries dropped by \$6 million and \$3.4 million, respectively, from prior year. Much of this change was simply the management of ACWA JPIA's investment manager who choose to reinvest maturing funds into medium term notes. Medium term notes provided a great deal of more value in recent times due to highly rated investments becoming more and more readily available at competitive yields.

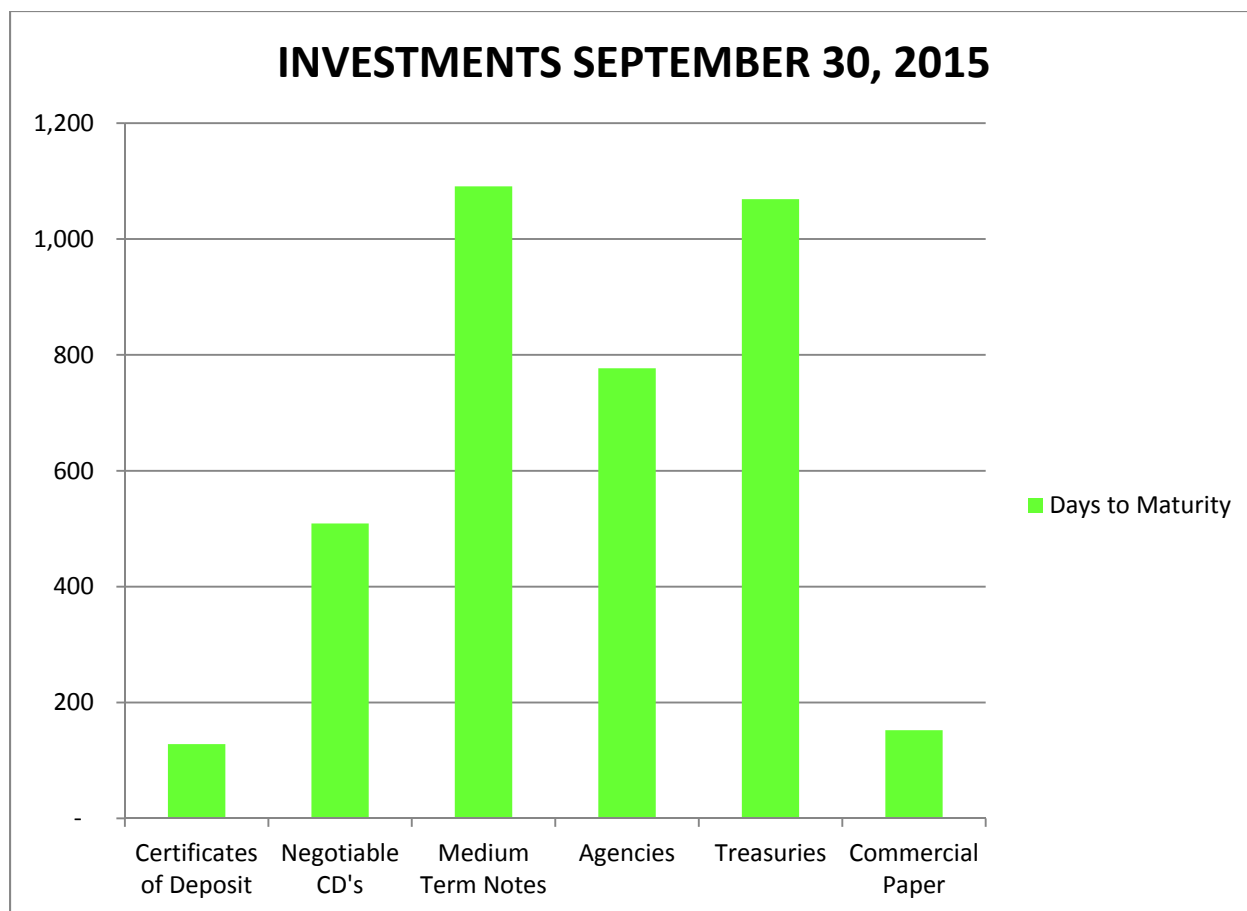
The following graph illustrates the effective rate of returns over the last few years and the impact the investment market has had on these returns:



Contributing factors to the declining yield include monetary easing by central banks, a weak job market, and continuing concerns about medical costs and a rising debt ceiling. These factors coupled with a sluggish U.S. economy have suppressed investment returns.

In the graph above, ACWA JPIA's effective rate of return is compared to the U.S. Treasury 2-year yield. ACWA JPIA's effective rate of return peaked in 2007, at 5%, and since then has gradually declined due to the lowered interest rates the marketplace offered in the slowed economy. The encouraging news is that the lowering trend appears to have leveled off and is starting a gradual upward movement. The returns above include all investments, both those managed internally and externally.

Current investments for the fiscal year ended September 30, 2015 have increased by \$7.5 million. As of September 30, 2015, 2014 and 2013 the current investments were \$15.4, \$8, and \$14.5 million, respectively. ACWA JPIA continues to use Local Agency Investment Fund (LAIF) to invest a majority of the short term investments that are needed to meet operational needs. The following graph details duration of ACWA JPIA investments as of September 30, 2015:



A majority of the JPIA's non-current investments are medium term notes, agencies and Treasuries. This has been the pattern for several years. Such investments are all managed by ACWA JPIA investment advisor. Negotiable CD's and certificates of deposit are being mostly used as short-term investments.

CAPITAL ASSET ACTIVITY

ACWA JPIA sold for \$1 million the Birdcage Building and related property located in Citrus Heights – the former headquarters of ACWA JPIA. There were no significant additions to ACWA JPIA capital assets during fiscal year 2015. During fiscal year 2014, the JPIA added \$220 thousand for software. A majority of this addition was for the customized in house accounting software that was put in operation at the beginning of the fiscal year. More detailed information about the capital asset activity can be found in Note 5 of the accompanying Financial Statements.

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

ACWA JPIA has set itself apart by offering quality, water-industry specific training at no additional cost to its members. Through face-to-face training, online classes and webinars, the JPIA endeavors to meet the professional development needs of members and help each perform his or her job more effectively, efficiently and lawfully. Therefore, this training reduces claims. ACWA JPIA continues to receive high ratings for its training programs and districts go out of their way to express appreciation for the learning and development opportunities offered.

ACWA JPIA continues to develop our training program to meet the needs of our members. Following is a summary of JPIA training accomplishments for fiscal year-end September 30:

<u>Activity</u>	<u>2015</u>	<u>2014</u>
Classes Delivered	321	321
Class Participants	5,232	5,327
Training Conferences	2	3
Training Conference Participants	88	113
Live Webinars	21	20
Live Webinar Participants	863	908
Recorded Webinar Viewings	601	803
Host Facilities	104	101
Target Solutions – courses completed	11,691	11,680
PDP Participants	1,183	1,138
PDP Completions	89	53

CONCLUSION

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

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

**ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY**

**STATEMENTS OF NET POSITION
SEPTEMBER 30, 2015 AND 2014**

	2015	2014*
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 38,373,502	\$ 49,259,998
Investments	15,475,781	8,026,439
Member premiums receivable	10,673,566	8,084,178
Investment income and other receivables	418,722	359,900
Excess insurance proceeds receivable	1,969,795	656,756
Retrospective premium adjustment receivable	3,821,119	1,718,847
Prepaid expenses	1,733,138	1,795,361
TOTAL CURRENT ASSETS	72,465,623	69,901,479
NONCURRENT ASSETS		
Investments	112,244,653	117,189,588
Note receivable	825,000	0
Retrospective premium adjustment receivable	1,366,102	0
Net other post employment benefits asset	2,290,491	2,286,736
Net pension asset	280,963	0
Capital assets - net	5,302,885	6,206,203
TOTAL NONCURRENT ASSETS	122,310,094	125,682,527
TOTAL ASSETS	194,775,717	195,584,006
DEFERRED OUTFLOWS OF RESOURCES		
Related to pensions	625,033	0
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	1,262,888	1,133,797
Unearned member premiums	28,394,821	28,229,661
Retrospective premium adjustment payables	4,952,062	5,294,462
Provision for claims	21,264,328	18,505,123
TOTAL CURRENT LIABILITIES	55,874,099	53,163,043
NONCURRENT LIABILITIES		
Retrospective premium adjustment payables	20,872,701	23,364,535
Claims reserves	8,517,298	7,397,421
Claims incurred but not reported	25,621,443	21,248,114
Unallocated loss adjustment liability	2,735,236	2,453,720
TOTAL NONCURRENT LIABILITIES	57,746,678	54,463,790
TOTAL LIABILITIES	113,620,777	107,626,833
DEFERRED INFLOWS OF RESOURCES		
Related to pensions	846,155	0
NET POSITION		
Net investment in capital assets	5,302,885	6,206,203
Unrestricted	75,630,933	81,750,970
TOTAL NET POSITION	\$ 80,933,818	\$ 87,957,173

* Not restated for effects of GASB 68 implementation.

See accompanying notes to financial statements.

**ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY**

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED SEPTEMBER 30, 2015 AND 2014

	2015	2014*
OPERATING REVENUES		
Member premiums	\$ 154,042,184	\$ 152,994,168
Retrospective premium adjustments	3,619,551	(10,979,765)
TOTAL OPERATING REVENUES	157,661,735	142,014,403
OPERATING EXPENSES		
Claims expense:		
Claims paid	92,455,329	86,929,610
Change in claims reserves	4,098,558	1,109,472
Change in claims incurred but not reported	4,153,850	616,144
Change in unallocated loss adjustment expense	281,517	490,716
Total claims expense	100,989,254	89,145,942
Excess insurance	7,817,928	8,111,217
Benefit premiums	45,699,936	44,511,197
General and administrative	9,346,478	7,549,473
Depreciation	341,832	366,360
TOTAL OPERATING EXPENSES	164,195,428	149,684,189
OPERATING LOSS	(6,533,693)	(7,669,786)
NONOPERATING REVENUES		
Investment income	1,469,209	1,375,266
Net increase (decrease) in investment fair value	856,780	(264,075)
Gain from sale of building	412,973	0
TOTAL NONOPERATING REVENUES	2,738,962	1,111,191
CHANGE IN NET POSITION	(3,794,731)	(6,558,595)
NET POSITION, BEGINNING OF YEAR, AS RESTATED	84,728,549	94,515,768
NET POSITION, END OF YEAR	\$ 80,933,818	\$ 87,957,173

* Not restated for effects of GASB 68 implementation.

**ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY**

STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from members	\$ 151,948,304	\$ 155,908,279
Cash received from excess/aggregate insurance	1,103,108	5,805,753
Payments for claims	(92,455,329)	(86,929,610)
Payments for excess/aggregate claims	(2,410,997)	(1,048,935)
Payments for excess insurance	(7,783,570)	(8,415,089)
Payments for benefit premiums	(45,699,936)	(44,511,197)
Payments for billings & RPA fund	(3,450,427)	(4,020,942)
Payments to vendors	(3,033,078)	(2,300,318)
Payments for Net Pension Liability	(3,100,161)	0
Payments to employees	(5,827,325)	(5,249,155)
NET CASH PROVIDED BY OPERATING ACTIVITIES	(10,709,411)	9,238,786
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(34,832)	(12,213)
Proceeds from sale of Birdcage Building	110,471	0
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	75,639	(12,213)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	1,653,326	1,508,637
Purchase of investments	(68,215,907)	(101,551,603)
Proceeds from maturities of investments	66,309,857	88,178,455
NET CASH USED BY INVESTING ACTIVITIES	(252,724)	(11,864,511)
Decrease in cash and cash equivalents	(10,886,496)	(2,637,938)
Cash and cash equivalents, beginning of year	49,259,998	51,897,936
Cash and cash equivalents, end of year	\$ 38,373,502	\$ 49,259,998
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ (6,533,693)	\$ (7,669,786)
Adjustments to net cash used by operating activities:		
Depreciation	341,832	366,360
Member premiums	(2,589,388)	2,976,799
Excess insurance proceeds	(1,313,039)	4,435,463
Retrospective premium adjustment receivables	(3,468,374)	2,015,835
Other post employment benefits (OPEB)	(3,755)	(38,395)
Birdcage Building Sale	78,318	0
Net pension liability and deferred outflows/inflows related to pensions	(3,288,465)	0
Other	10,985	9,074
Prepays and other assets	62,224	141,032
Accounts payable and accrued expenses	129,091	(6,787)
Unearned member premiums	165,160	(375,605)
Retrospective premium adjustment payables	(2,834,234)	5,168,463
Claim liabilities	8,533,927	2,216,333
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ (10,709,411)	\$ 9,238,786
NON CASH ITEMS		
Change in unrealized fair value of investments	\$ 856,780	\$ (264,076)
Retirement capital assets	596,318	0

See accompanying notes to financial statements.

**ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2015 and 2014**

(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 five joint protection programs:

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

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 is not financially accountable for any members.

Governance - ACWA JPIA is governed by an Executive Committee of nine member positions. Each director is elected to a four-year term and attends regular board meetings and/or ACWA JPIA conferences held in the spring and fall each year. These conferences and meetings are designed to facilitate input from the Executive Committee, acting on behalf of the member districts that voted them to the position. Any agreed-upon changes in policy or procedure are dictated from the Executive Committee to the JPIA's Chief Executive Officer for implementation.

Admission of Members – ACWA JPIA allows 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 are 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

**ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY**

NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2015 and 2014

policy year without being required to give twelve months written notice. Members of ACWA JPIA's Employee Benefit Programs must give 60 days' notice before they can withdraw from any of the covered plans.

(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.

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 \$100,000

The SIRs for this program by year are as follows:

<u>Year</u>	<u>SIR Amount</u>
10/1/79 - 9/30/86	\$ 500,000
10/1/86 - 9/30/87	1,000,000
10/1/87 - 9/30/05	500,000
10/1/05 - 9/30/11	1,000,000
10/1/11 - 9/30/16	2,000,000

Excess of: \$2,000,000 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 Deductible: \$500 to \$50,000

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The SIRs for this program by year are as follows:

<u>Year</u>	<u>SIR Amount</u>
1/1/83 - 3/31/85	Various
4/1/85 - 3/31/86	\$5,000
4/1/86 - 3/31/88	50,000
4/1/88 - 3/31/01	10,000
4/1/01 - 3/31/13	50,000
4/1/13 - 3/31/16	100,000

Excess of: \$100,000 up to a total of \$150,000,000 coverage with various sub limits through XL America Insurance Inc.

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:

<u>Year</u>	<u>SIR Amount</u>
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 - 6/30/16	2,000,000

Excess of: \$2,000,000 to statutory limits through Arch Insurance Company.

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.

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

ACWA JPIA carries reinsurance with Sun Life Assurance Company of Canada for coverage losses in excess of ACWA JPIA’s self-insured retention of \$500,000 per beneficiary incurred during the policy period, and paid during the policy period and six-month period immediately following the end of the policy period. The policy year is January 1 through December 31.

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

Investments in debt securities are recorded at fair value. For purposes of these financial statements, fair value is equivalent to investment market value at September 30, 2015 and 2014. Changes in the fair value of investments, both realized and unrealized, are included in the Statement of Revenues, Expenses, and Changes in Net Position as a component of non-operating revenues.

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

Capital Assets are stated at cost and depreciated using the straight-line method over the estimated useful lives of three years for computer equipment, five years for office equipment and building improvements, and 30 years for the ACWA JPIA main office building in Roseville, CA. During the 2014/2015 fiscal year, the Birdcage building (JPIA’s previous office building) was sold to Kanaan Investments LLC. 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. Any premiums collected from members before the respective program years are temporarily stored in the Unearned Member Premium general ledger accounts until the appropriate period, at which time premiums are then recognized as earned and allocated to the specific revenue accounts.

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

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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 40 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, 2015 and 2014, the accrued vacation was \$304,094 and \$285,510, 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 pension 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. Claims for ACWA JPIA's Employee Benefit Program are handled by a 3rd party.

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. For the Employee Benefits Program, premiums are calculated based upon approved rates by the ACWA JPIA Executive Committee.

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

Operating and Non-operating Revenues – Operating revenues include all program contributions, related fees and assessments that are integral to the financing of the insurance programs. Investment income is classified as non-operating revenue. For the 2014/2015 fiscal year, a \$412,973 gain on sale of the Birdcage office building is shown within the Non-Operating Revenues section within the Statements of Revenues, Expenses, and Changes in Net Position.

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:

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	<u>2015</u>	<u>2014</u>
Current Assets:		
Cash and cash equivalents	\$ 38,373,502	\$ 49,259,998
Investments	15,475,781	8,026,439
Noncurrent Assets:		
Investments	<u>112,244,653</u>	<u>117,189,588</u>
Total cash and investments	<u>\$166,093,936</u>	<u>\$174,476,025</u>

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

	<u>2015</u>	<u>2014</u>
Cash on hand	\$ 200	\$ 200
Deposits with financial institutions	30,848,676	14,803,440
LGIP	3,084,991	3,071,542
LAIF	4,439,635	31,390,118
Investments	<u>127,720,434</u>	<u>125,210,725</u>
Total cash and investments	<u>\$166,093,936</u>	<u>\$174,476,025</u>

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:

<u>Issuer</u>	<u>Investment Type</u>	<u>2015</u>	<u>2014</u>
Federal National Mortgage Corp	U.S. Agency Securities	\$21,975,659	\$23,764,101
Federal Home Loan Bank	U.S. Agency Securities	N/A	7,031,489

Custodial Credit Risk is the risk that in the event of a bank failure, ACWA JPIA's deposits may not be returned to it. 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.

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.

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<u>AUTHORIZED INVESTMENT TYPE</u>	<u>MAXIMUM MATURITY*</u>	<u>MAXIMUM PERCENTAGE OF PORTFOLIO</u>	<u>MAXIMUM INVESTMENT IN ONE ISSUER</u>	<u>MINIMUM CREDIT QUALITY</u>
Federal Agency	5 years	100%	50%	None
Federal Agency MBS	5 years	20%	20%	None
Bankers' Acceptance	180 days	20%	5%	Highest by NRSRO
Commercial Paper	270 days	25%	5%**	Highest by NRSRO
Negotiable Certificates of Deposits	5 years	30%	5%	A-
Time Certificates of Deposits	5 years	30%	FDIC/NCUA Limits	Banks S&L / CU Insured
Repurchase Agreements	92 days	20%	20%	Primary Dealer
Medium-Term Notes	5 years	30%	5%	A-
LGIP	N/A	50%	N/A	AAAm
LAIF	Daily	50%	N/A	N/A
Money Market Funds	N/A	20%	20%	Treasury / Agency Only
U.S. Treasury	5 years	100%	100%	None
California State Obligations	5 years	100%	5%	A-
California Local Government Obligations	5 years	100%	5%	A-
Other State Obligations	5 years	100%	5%	A-
Supranationals	5 years	20%	20%	AAA

* The average life of the total portfolio at any time shall not exceed four years.

** Purchases may not represent more than 10% of the outstanding paper of an issuing corporation.

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

<u>Authorized Investment Type</u>	<u>2015</u>	<u>Effective Duration</u>
U.S. Treasury Obligations	\$37,780,719	2.849
Federal Agency Securities	30,798,579	2.088
Mortgage Pass-through Securities	1,226,941	1.296
Medium-Term Notes	35,333,084	2.855
Time Certificates of Deposit	250,000	0.348
Negotiable Certificates of Deposit	14,125,689	1.375
Commercial Paper	5,000,000	0.416
Municipal Bonds	3,205,422	1.630

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<u>Authorized Investment Type</u>	<u>2014</u>	<u>Effective Duration</u>
U.S. Treasury Obligations	\$41,130,655	2.462
Federal Agency Securities	36,714,161	2.604
Mortgage Pass-through Securities	221	0.926
Medium-Term Notes	31,740,956	2.844
Time Certificates of Deposit	500,000	0.199
Negotiable Certificates of Deposit	9,761,668	1.217
Commercial Paper	5,000,000	0.085
Municipal Bonds	363,063	2.399

Local Agency Investment Funds – ACWA JPIA is a participant in LAIF that is regulated by the California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of 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. 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 are managed pool accounts which ACWA JPIA participates in. The California Asset Management Program (CAMP) invests available cash under California Government Code Section 53601 and 53635. CAMP is a joint powers authority organized under California law and is managed by participant elected trustees. The fair value of 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.

ACWA JPIA is also a participant in the CalTRUST external investment pool regulated by the California State Association of Counties (CSAC) under the management of Wells Capital Management Inc. and Union Bank of California. The fair value of ACWA JPIA’s investment in this pool is reported in the accompanying financial statements at amounts based upon it’s pro-rata share of the fair value provided by CalTRUST for the entire CalTRUST portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by CalTRUST, recorded on a net position value basis.

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:

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<u>Authorized Investment</u>	<u>Amount</u>	<u>P-1</u>	<u>Aaa</u>	<u>Aa (1-3)</u>	<u>A (1-3)</u>	<u>Not Rated</u>
As of September 30, 2015						
Cash	\$ 200	\$ 0	\$ 0	\$ 0	\$ 0	\$ 200
Deposits with Financial Institutions	30,848,676					30,848,676
Time Certificates of Deposit	250,000					250,000
Negotiable Certificates of Deposit	14,125,689	9,213,223		4,912,466		
LGIP	3,084,991					3,084,991*
LAIF	4,439,635					4,439,635
U.S. Treasury Obligations	37,780,719		37,780,719			
Federal Agency Securities	30,798,579		30,798,579			
Federal Agency MBS	1,226,941		1,226,941			
Municipal Bonds	3,205,422			1,062,599	641,248	1,501,575
Commercial Paper	5,000,000	5,000,000				
Medium-Term Notes	<u>35,333,084</u>		<u>2,879,904</u>	<u>9,283,600</u>	<u>23,169,580</u>	
Totals	<u>\$166,093,936</u>	<u>\$14,213,223</u>	<u>\$72,686,143</u>	<u>\$15,258,665</u>	<u>\$23,810,828</u>	<u>\$40,125,077</u>

*The LGIP accounts are comprised of \$3,059,837 in CalTrust Short Term Fund and \$25,154 in CAMP. Neither investment is rated by Moody's and thus shown as not rated. However, each investment is rated by Standard and Poor's. CalTrust is rated AAF/S1+ and CAMP is rated Aaa.

<u>Authorized Investment</u>	<u>Amount</u>	<u>P-1</u>	<u>Aaa</u>	<u>Aa (1-3)</u>	<u>A (1-3)</u>	<u>Not Rated</u>
As of September 30, 2014						
Cash	\$ 200	\$ 0	\$ 0	\$ 0	\$ 0	\$ 200
Deposits with Financial Institutions	14,803,440					14,803,440
Time Certificates of Deposit	500,000					500,000
Negotiable Certificates of Deposit	9,761,669			2,513,335	7,248,334	
LGIP	3,071,542					3,071,542
LAIF	31,390,118					31,390,118
U.S. Treasury Obligations	41,130,655		41,130,655			
Federal Agency Securities	36,714,161		36,714,161			
Federal Agency MBS	221					221
Municipal Bonds	363,063			363,063		
Commercial Paper	5,000,000			5,000,000		
Medium-Term Notes	<u>31,740,956</u>		<u>593,517</u>	<u>12,719,082</u>	<u>18,428,357</u>	
Totals	<u>\$174,476,025</u>	<u>\$ 0</u>	<u>\$78,438,333</u>	<u>\$20,595,480</u>	<u>\$25,676,691</u>	<u>\$49,765,521</u>

*The LGIP accounts are comprised of \$3,046,407 in CalTRUST Short Term Fund and \$25,135 in CAMP. Neither investment is rated by Moody's and thus shown as not rated. However, each investment is rated by Standard and Poor's. CalTrust is rated AAF/S1+ and CAMP is rated Aaa.

Moody's Global Rating Scales – Ratings assigned are forward-looking opinions of the relative credit risks of financial obligations issued by non-financial corporate, financial institutions, structured finance

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vehicles, project finance vehicles, and public sector entities. (Source = www.moody.com)

Global Long-Term Rating Scale:

Aaa – “Obligations rated Aaa are judged to be of the highest quality, subject to the lowest level of credit risk.”

Aa – “Obligations rated Aa are judged to be of high quality and are subject to very low credit risk.”

A – “Obligations rated A are judged to be upper-medium grade and are subject to low credit risk.”

Global Short-Term Rating Scale:

P-1 – “Issuers (or supporting institutions) rated Prime-1 have a superior ability to repay short-term debt obligations.” The linkage between the short and long-term rating scales indicates Prime-1 rated securities are comparable to nothing short of an A rating on the long-term scale.

ACWA JPIA does not appropriate any funds towards the purchase of securities rated below “A” on the long-term scale, or “Prime-1” on the short-term scale, as dictated by the investment policy’s minimum credit rating requirements.

(4) Note Receivable

ACWA JPIA holds a note for the sale of the Birdcage Building to Kanaan Investments LLC in the amount of \$825,000, with an interest rate of 6.0%. The note is considered interest only for two years, with the full principle due in April 2017 with an option to extend one year. In February 2016, the final payment of \$842,518 was received for the Birdcage building note.

(5) Capital Assets

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

	<u>9/30/2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Transfers</u>	<u>9/30/2015</u>
<u>NON-DEPRECIABLE ASSETS:</u>					
Land	\$ 874,241	\$ 0	\$ 283,696	\$ 0	\$ 590,545
Undeveloped Software	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Non-depreciable Assets:	<u>874,241</u>	<u>0</u>	<u>283,696</u>	<u>0</u>	<u>590,545</u>
<u>DEPRECIABLE ASSETS:</u>					
Building & Improvements	6,665,233	0	1,329,198	0	5,336,035
Furniture & Equipment	570,002	0	17,189	0	552,813
Software	<u>443,309</u>	<u>34,832</u>	<u>0</u>	<u>0</u>	<u>478,141</u>
Total Depreciable Assets	<u>7,678,544</u>	<u>34,832</u>	<u>1,346,387</u>	<u>0</u>	<u>6,366,989</u>
<u>LESS ACCUMULATED DEPRECIATION:</u>					
Building & Improvements	(1,672,072)	(202,733)	(1,025,867)	0	(848,938)
Furniture & Equipment	(413,268)	(93,137)	(7,898)	0	(498,507)
Software	<u>(261,242)</u>	<u>(45,962)</u>	<u>0</u>	<u>0</u>	<u>(307,204)</u>
Total Accumulated Depreciation	<u>(2,346,582)</u>	<u>(341,832)</u>	<u>(1,033,765)</u>	<u>0</u>	<u>(1,654,649)</u>
Capital Assets - Net	<u>\$ 6,206,203</u>	<u>\$(307,000)</u>	<u>\$ 596,318</u>	<u>\$ 0</u>	<u>\$ 5,302,885</u>

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	<u>9/30/2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Transfers</u>	<u>9/30/2014</u>
NON-DEPRECIABLE ASSETS:					
Land	\$ 874,241	\$ 0	\$ 0	\$ 0	\$ 874,241
Undeveloped Software	<u>217,117</u>	<u>2,923</u>	<u>0</u>	<u>(220,040)</u>	<u>0</u>
Total Non-depreciable Assets:	<u>1,091,358</u>	<u>2,923</u>	<u>0</u>	<u>(220,040)</u>	<u>874,241</u>
DEPRECIABLE ASSETS:					
Building & Improvements	6,665,233	0	0	0	6,665,233
Furniture & Equipment	585,205	9,290	24,493	0	570,002
Software	<u>370,097</u>	<u>0</u>	<u>146,828</u>	<u>220,040</u>	<u>443,309</u>
Total Depreciable Assets	<u>7,620,535</u>	<u>9,290</u>	<u>171,321</u>	<u>0</u>	<u>7,678,544</u>
LESS ACCUMULATED DEPRECIATION:					
Building & Improvements	(1,447,450)	(224,622)	0	0	(1,672,072)
Furniture & Equipment	(335,243)	(102,518)	(24,493)	0	(413,268)
Software	<u>(368,850)</u>	<u>(39,220)</u>	<u>(146,828)</u>	<u>0</u>	<u>(261,242)</u>
Total Accumulated Depreciation	<u>(2,151,543)</u>	<u>(366,360)</u>	<u>(171,321)</u>	<u>0</u>	<u>(2,346,582)</u>
Capital Assets - Net	<u>\$ 6,560,350</u>	<u>\$(354,147)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,206,203</u>

(6) 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, Property Programs and Employee Benefits 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.

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.

(7) 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.

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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, 2015 and 2014. 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. RPA's do not apply to the Employee Benefits Programs.

The initial RPA is made at the end of the fourth full year of operations of each 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 50% of the current year's basic liability premium any member that has a balance over this amount receives a refund. During the fiscal year 2002-03 the RPA Stabilization Fund was expanded to include the Property and Workers' Compensation Programs.

(8) Reconciliation of Claims Liabilities

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

	<u>2015</u>	<u>2014</u>
Discounted Unpaid Claims and Claim Adjustment Expenses at Beginning of Fiscal Year	<u>\$49,604,378</u>	<u>\$47,388,045</u>
Incurred Claims and Claim Adjustment Expenses:		
Provision for Insured Events of the Current Fiscal Year	76,354,908	67,962,298
Increase in Provision of Insured Events of Prior Fiscal Years	<u>24,634,347</u>	<u>21,183,644</u>
Total Incurred Claims and Claim Adjustment Expenses	<u>100,989,255</u>	<u>89,145,942</u>
September 30:		
Claims and Claim Adjustment Expenses Attributable to Insured Events of the Current Fiscal Year	62,264,016	58,318,396
Claims and Claim Adjustment Expenses Attributable to Insured Events of Prior Fiscal Years	<u>30,191,312</u>	<u>28,611,213</u>
Total Payments	<u>92,455,328</u>	<u>86,929,609</u>
Discounted Unpaid Claims and Claim Adjustment Expenses at End of Fiscal Year	<u>\$58,138,305</u>	<u>\$49,604,378</u>
COMPONENTS:		
Provision for Claims (Current)	\$21,264,328	\$18,505,123
Claims Reserves	8,517,298	7,397,421
Claims Incurred But Not Reported	25,621,443	21,248,114
Unallocated Loss Adjustment Liability	<u>2,735,236</u>	<u>2,453,720</u>
Total Claims Liability	<u>\$58,138,305</u>	<u>\$49,604,378</u>

At September 30, 2015, unpaid losses of \$59,514,147 are presented at their net present value of \$58,138,305. These losses are discounted at a rate of 1% for Liability, 1.5% for Workers' Compensation, .25% for Property and 0% for Employee Benefits.

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At September 30, 2014, unpaid losses of \$50,356,223 are presented at their net present value of \$49,604,378. These losses are discounted at a rate of 1% for Liability, 1.5% for Workers' Compensation, .25% for Property, and 0% for Employee Benefits.

(9) Net Position Designations

There are three categories that make up net position: the Catastrophic Reserve (CAT) Fund, Employee Benefits 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 typically calculated as 10% of premiums earned. Beginning with the fiscal year 2012-2013, the Liability and Workers' Compensation Programs limited the CAT Fund to 99% of the current years actuarially determined Gross Liability for Unpaid Losses. If a member has over 99%, a refund is transferred into their RPA Stabilization Fund. If the CAT fund is underfunded, collections can be transferred from the RPA Fund if the funds are available. The Employee Benefits Fund can be used to help reduce premium increases of only that Program when approved by the Executive Committee. The RPA fund is used to smooth the member's premium billing and refund process.

Net position is designated in the following manner:

September 30:	<u>2015</u>	<u>2014</u>
Catastrophic Reserve (CAT) Fund	\$38,745,170	\$39,942,123
Employee Benefits Fund	35,312,945	41,576,054
RPA Stabilization Fund	<u>6,875,703</u>	<u>6,438,996</u>
Net Position	<u>\$80,933,818</u>	<u>\$87,957,173</u>

Net Position Restatement - ACWA JPIA's June 30, 2014 beginning net pension liability balance of \$3,301,242 was obtained from the CalPERS Schedule of Allocated Pension Amounts by Employer as of their fiscal year ended June 30, 2014. The other beginning balance for the ACWA JPIA's deferred outflows of resources of \$72,618 was derived from ACWA JPIA's payroll records for the period of July 1, 2014 through September 30, 2014. These two beginning balances combined, reduced the Net Position, Beginning of Year Balance from \$87,957,173 to \$84,728,549 in the Statements of Revenues, Expenses, and Changes in Net Position report for the years ended September 30, 2015 and 2014. The 2014 financial numbers were not restated.

(10) Joint Ventures

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 LAWXCX is such that LAWXCX 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 LAWXCX. The board controls the operations of LAWXCX, 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 LAWXCX.

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

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(11) Pension Plan

Plan Description - All qualified permanent, probationary and part-time employees are eligible to participate in the ACWA JPIA's Miscellaneous Cost-Sharing Multiple Employee Pension Plan, a defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and ACWA JPIA resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

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

The Miscellaneous Plan for ACWA JPIA was changed due to the implementation of the Pension Reform Act of 2013 (PEPRA), Assembly Bill 340, and is applicable to employees new to CALPERS, and hired after December 31, 2012. The Plan's provisions and benefits in effect through June 30, 2015 for the first employer contribution rates and through the fiscal year end of September 30, 2015 for the second employer contribution rates are summarized as follows:

	Classic Tier 1	PEPRA Tier 2
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years' service	5 years' service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50 – 63	52- 67+
Monthly benefits, as a % of eligible compensation	1.092% to 2.418%	1.0% - 2.5%
Required employee contribution rates	7%	6.5%
Required employer contribution rates	9.145%-7.964%	6.7%-6.73%

Beginning in fiscal year 1998-99, ACWA JPIA also pays the employees' portion of their CalPERS contributions, provided the employee has been employed for five years or more and was hired prior to January 1, 2013. For ACWA JPIA fiscal years 2015 and 2014, the contribution for the employees' portion of CalPERS amounted to \$208,424 and \$191,426, respectively.

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The contributions are listed below separately. For the GASB 27 format see section A and for GASB 68 see Section B.

GASB 27 and GASB 68 - ACWA JPIA implemented the provisions of GASB Statements No. 68 and 71 as of October 1, 2014, which replaces the prior reporting requirements of GASB Statement No. 27. Therefore, the fiscal year 2014 disclosures under GASB Statement No. 27 are provided below,

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followed by the GASB 68 and 71 disclosures for fiscal year 2015.

A) GASB 27 Disclosures - year ended September 30, 2014

Annual Pension Cost - For fiscal year 2013-14, ACWA JPIA's annual pension cost and contribution was \$284,144. ACWA JPIA's covered payroll for PERS was \$3,468,578 for the year ended September 30, 2014. The required contribution for fiscal year 2013-2014 was determined as part of the June 30, 2011 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included a 7.5% discount rate (net of administrative expenses); (b) projected salary increases that vary by duration of service ranging from 3.3 to 14.2% for miscellaneous members, (c) an inflation component of 2.75% and payroll growth of 3%. 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 smooths the effect of short-term volatility in the market value of investments over a fifteen year period. 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
9/30/2012	\$253,746	100.00%	\$0
9/30/2013	\$290,607	100.00%	\$0
9/30/2014	\$284,144	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. The funding history below shows the actuarial accrued liability, the plan's share of the pool's market value of assets, plan's share of the pool's unfunded liability, funded ratio and the annual covered payroll as of June 30:

Valuation Date	Accrued Liabilities (AL)	Share of Pool's Market Value of Assets (MVA)	Plan's Share of Pool's Unfunded Liabilities (UL)	Funded Ratio (AVA/AL)	Annual Covered Payroll	UL as a % of Payroll
6/30/2011	\$14,655,843	\$12,258,420	\$2,397,423	83.6%	\$2,840,943	84.4%
6/30/2012	\$15,836,224	\$12,639,533	\$3,196,691	79.8%	\$2,929,538	109.1%
6/30/2013	\$17,575,101	\$14,820,557	\$2,754,544	84.3%	\$3,293,656	83.6%

B) GASB 68 Disclosures -Including Net Pension Liability/(Asset), Deferred Outflows, Deferred Inflows.

For the year ended September 30, 2015, the contributions for the plan were \$334,581.

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Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions - For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

As of June 30, 2015, ACWA JPIA reported a net pension asset for its proportionate share of the net pension liability of \$280,963.

ACWA JPIA's net pension asset is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2015, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. ACWA JPIA's proportion of the net pension liability was based on a projection of ACWA JPIA's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. ACWA JPIA's proportionate share of the net pension liability for the Plan as of June 30, 2015 was as follows:

Measurement Date of June 30, 2015	Cost-Sharing Multiple Employer Pool	ACWA JPIA Employer Ratios	ACWA JPIA Positions
Total Pension Liability	\$ 13,639,503,084	0.00153390	\$ 20,921,634
Risk Pool Fiduciary Net Position	10,896,036,068	0.00194590	21,202,597
Net Pension Liability (Asset)	<u>\$ 2,743,467,016</u>		<u>\$ (280,963)</u>

For the year ended September 30, 2015, ACWA JPIA recognized pension expense of \$(188,304).

As of CalPERS Measurement Date of June 30, 2015, ACWA JPIA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions subsequent to measurement date	\$ 69,420	
Differences between actual and expected experience	555,613	
Changes in assumptions		\$(208,182)
Change in employer's proportion and differences between the employer's contribution and the employer's proportionate share of contributions		(637,973)
Net differences between projected and actual earnings on plan investments		
Total	<u>\$625,033</u>	<u>\$(846,155)</u>

\$69,420 reported as a part of the deferred outflows of resources related to contributions of July 1, 2015 – September 30, 2015, after the measurement date of June 30, 2015, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2016.

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Other amounts reported as deferred outflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2016	\$(145,747)
2017	(145,747)
2018	(132,450)
2019	133,402
2020	--
Thereafter	--

Actuarial Assumptions – The actuarial assumptions used in the June 30, 2014 valuation were based on the results of a January 2015 actuarial experience study for the period 1997 to 2011, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found on the CalPERS website under Forms and Publications.

Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.50%
Mortality Rate Table	Derived using CalPERS Membership Data for all Funds (1) Contract COLA up to 2.75% until PPPA Floor on purchasing powers applies, 2.75%
Post Retirement Benefit Increase	Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter
(1) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.	

All other actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including update to salary increase, mortality and retirement rates. The Experience Study can be found on CalPERS' website under Forms and Publications.

Discount Rate – The discount rate used to measure the total pension liability was 7.650%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not deemed necessary. The long term expected discount rate of 7.65% is applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website under the GASB 68 Section.

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The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of expected returns were developed for each major asset classes.

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

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the CalPERS Board effective on July 1, 2014.

PERF – Long-term Expected Real Rates of Return by Asset Class

Asset Class	Current Target Allocation	Real Return Years 1-10 ⁽¹⁾	Real Return Years 11+ ⁽²⁾
Global Equity	51.0%	5.25%	5.71%
Global Debt Securities	19.0%	0.99%	2.43%
Inflation Assets	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	2.0%	(0.55%)	(1.05%)

⁽¹⁾ An expected inflation of 2.50% used for this period.
⁽²⁾ An expected inflation of 3.00% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate – The following presents ACWA JPIA's proportionate share of the net pension liability for each of the following discount rates:

1% Decrease	6.65%
Net Pension Liability (Asset)	\$(471,195)
Current Discount Rate	7.65%
Net Pension Liability (Asset)	\$(280,963)
1% Increase	8.65%
Net Pension Liability (Asset)	\$(123,905)

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

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(12) Retiree Medical Benefits

Financial reporting standards for employers providing postemployment benefits other than pensions (OPEB) 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, 2015 and 2014, there were ten 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, PO 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 fiscal year 2015 required contribution (ARC) was determined as part of a July 1, 2015 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) 7.28% discount rate, (b) 3.25% annual rate of increase in payroll (c) health care cost trend rates for pre-65 went from 6.1% to 8.0%. The post-65 trend rates decreased from 6.1% to 5.0%.The health care cost trend rate is the rate of change in per capita health claims costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design, and technological developments.

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 July 1, 2015, the actuarial accrued liability was estimated to be \$5,453,982.

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. ACWA JPIA has calculated and recorded the Net OPEB Asset, representing the normal cost of the ARC, amortization and contributions, as presented below:

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September 30:	2015	2014
Annual required contribution	\$ 204,942	\$ 193,007
Interest on net OPEB obligation	(165,356)	(174,549)
Adjustment to annual required contribution	<u>151,984</u>	<u>156,061</u>
Annual OPEB cost	<u>191,570</u>	<u>174,519</u>
Contributions made:		
Premiums paid	101,389	122,254
Prefunding contributions	<u>93,936</u>	<u>45,330</u>
Net contributions	<u>195,325</u>	<u>167,584</u>
Change in net OPEB asset	(3,755)	6,935
Net OPEB Obligation (Asset) at beginning of year	<u>(2,286,736)</u>	<u>(2,293,671)</u>
Net OPEB Obligation (Asset) at end of year	<u>(\$ 2,290,491)</u>	<u>(\$ 2,286,736)</u>

The actuarial accrued liability (AAL) represents the present value of future benefits. ACWA JPIA made a prefunding contribution to CERBT in the fiscal year 2008-09 in the amount of \$2,965,074 on March 25, 2009. 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 years ended September 30 are set forth as follows:

<u>Fiscal Year</u>	<u>OPEB Annual Cost</u>	<u>Actual Contribution</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
9/30/2013	\$41,896	\$0	0%	\$(2,293,671)
9/30/2014	174,519	167,584	96%	(2,286,736)
9/30/2015	191,570	195,325	102%	(2,290,491)

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. Trend data from the actuarial studies is presented below:

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]
7/1/2011	\$4,966,241	\$3,798,912	\$1,167,329	131%	\$2,861,322	41%
7/1/2013	5,322,383	4,913,093	409,290	108%	3,482,209	12%
7/1/2015	6,424,270	5,453,982	970,288	118%	3,852,173	25%

(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

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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

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RECONCILIATION OF CLAIMS LIABILITIES BY TYPE OF CONTRACT

SEPTEMBER 30, 2015

	Liability Program	Property Program	Workers' Compensation Program	Employee Benefits Program	Total
Unpaid Claims and Claim Adjustment at Beginning of the Fiscal Year:	\$ 17,680,345	\$ 683,168	\$ 23,469,544	\$ 7,771,321	\$ 49,604,378
Incurring Claims and Allocated Claim Adjustment Expense: Provisions for Insured Events of the Current Fiscal Year Increase in Provision for Incurred Events of Prior Fiscal Years	12,298,451	744,925	5,019,657	58,291,875	76,354,908
	3,191,732	32,251	1,845,708	19,564,656	24,634,347
Total Incurred Claims and Allocated Claim Adjustment Expenses:	15,490,183	777,176	6,865,365	77,856,531	100,989,255
Payments:					
Claims and Allocated Claim Adjustment Expenses Attributable to Insured Events of the Current Fiscal Year	2,355,454	420,247	1,009,317	58,478,998	62,264,016
Claims and Allocated Claim Adjustment Expenses Attributable to Insured Events of Prior Fiscal Years	6,249,608	421,647	3,955,402	19,564,655	30,191,312
Total Payments:	8,605,062	841,894	4,964,719	78,043,653	92,455,328
Discounted Unpaid Claims and Allocated Claim Adjustment Expense at the End of the Fiscal Year:	\$ 24,565,466	\$ 618,450	\$ 25,370,190	\$ 7,584,199	\$ 58,138,305
Components:					
Provision for Claims (Current)	\$ 9,391,129	\$ 505,000	\$ 3,784,000	\$ 7,584,199	\$ 21,264,328
Claims Reserves	1,638,483	9,426	6,869,389	0	8,517,298
Claims Incurred But Not Reported	12,980,979	71,184	12,569,280	0	25,621,443
Unallocated Loss Adjustment Liability	554,875	32,840	2,147,521	0	2,735,236
Total Claims Liability	\$ 24,565,466	\$ 618,450	\$ 25,370,190	\$ 7,584,199	\$ 58,138,305

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

TEN - YEAR CLAIMS DEVELOPMENT INFORMATION
AS OF SEPTEMBER 30, 2015

LIABILITY PROGRAM

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
1. Required contribution and investment revenue:										
Earned	\$ 18,683,326	\$ 17,863,121	\$ 19,359,349	\$ 18,205,119	\$ 18,867,054	\$ 18,949,917	\$ 19,687,868	\$ 17,674,482	\$ 16,606,894	\$ 15,306,379
Ceded	4,376,544	4,468,104	4,926,828	4,906,389	4,608,867	4,595,419	4,145,093	4,080,300	3,659,417	3,634,717
Net earned	14,306,782	13,395,017	14,432,521	13,298,730	14,258,187	14,354,498	15,542,775	13,594,182	12,947,477	11,671,662
2. Unallocated expenses	2,160,054	1,596,469	2,081,536	3,216,503	2,039,724	2,171,595	2,148,982	1,462,803	1,269,453	1,153,063
3. Estimated claims and expenses end of policy year:										
Incurred	8,598,359	7,700,683	7,600,857	8,977,902	7,422,043	9,537,161	11,501,735	11,340,999	11,992,230	14,740,360
Ceded	935,920	1,073,855	1,159,832	800,459	775,277	1,482,000	3,340,797	2,803,191	2,829,815	2,688,625
Net incurred	7,662,439	6,626,828	6,441,025	8,177,443	6,646,766	8,055,161	8,160,938	8,537,808	9,162,415	12,051,735
4. Net paid (cumulative) as of :										
End of policy year	1,434,048	1,434,048	1,095,952	1,194,315	1,740,230	1,304,594	980,968	1,327,647	2,058,691	2,355,454
One year later	3,786,406	4,053,763	1,853,377	2,482,488	2,768,106	2,536,953	2,347,481	2,892,313	3,985,953	
Two years later	5,169,466	5,647,981	2,085,152	4,668,354	4,178,258	3,380,763	5,333,836	4,419,948		
Three years later	6,106,886	6,835,600	2,383,841	7,081,902	4,952,630	3,840,217	6,184,173			
Four years later	6,676,427	7,367,448	2,750,344	7,645,834	4,962,995	4,731,053				
Five years later	8,030,678	7,361,962	3,561,241	7,933,851	5,128,754					
Six years later	8,018,959	7,371,125	3,566,680	8,575,171						
Seven years later	8,108,973	7,371,125	3,566,530							
Eight years later	8,363,334	7,373,625								
Nine years later	8,518,782									
5. Reestimated claims and expenses:	130,000	455,000	0	7,880,000	70,000	40,000	0	0	8,780,000	1,120,000
6. Reestimated net incurred claims and expenses:										
End of policy year	7,662,439	6,626,828	6,441,025	8,177,443	6,646,766	8,055,161	8,160,938	8,537,808	9,162,415	12,051,735
One year later	8,550,714	6,979,182	4,525,102	6,818,148	6,683,075	6,436,591	7,445,949	6,729,662	10,676,485	
Two years later	7,252,155	7,502,499	3,568,668	7,278,037	6,092,815	4,951,214	6,853,715	6,742,879		
Three years later	7,763,514	7,510,266	3,913,545	9,129,176	6,150,522	4,825,003	8,546,852			
Four years later	7,861,560	7,401,853	3,641,003	10,326,885	5,420,192	5,343,648				
Five years later	8,094,201	7,469,027	3,562,805	10,248,532	5,423,372					
Six years later	8,018,959	7,603,551	3,566,680	10,193,683						
Seven years later	8,763,897	7,371,126	3,566,678							
Eight years later	8,961,166	7,373,626								
Nine years later	8,546,929									
7. Increase (decrease) in estimated incurred claims and expense from end of policy year:	\$ 884,490	\$ 746,798	\$ (2,874,347)	\$ 2,016,240	\$ (1,223,394)	\$ (2,711,513)	\$ 385,914	\$ (1,794,929)	\$ 1,514,070	\$ 0

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

TEN - YEAR CLAIMS DEVELOPMENT INFORMATION
AS OF SEPTEMBER 30, 2015

PROPERTY PROGRAM

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
1. Required contribution and investment revenue:										
Earned	\$ 3,343,606	\$ 3,632,491	\$ 4,194,825	\$ 3,925,177	\$ 4,143,017	\$ 4,397,768	\$ 4,607,581	\$ 4,875,639	\$ 5,111,268	\$ 5,315,541
Ceded	1,826,508	2,004,909	2,227,970	2,251,832	2,643,369	2,855,737	3,050,768	3,368,987	3,407,972	1,630,779
Net earned	1,517,098	1,627,582	1,966,855	1,673,345	1,499,648	1,542,031	1,556,813	1,506,652	1,703,296	3,684,762
2. Unallocated expenses	369,796	398,495	56,524	92,801	193,540	200,019	309,319	192,098	383,399	1,202,315
3. Estimated claims and expenses end of policy year:										
Incurred	1,589,407	1,898,330	2,332,725	2,221,251	2,464,985	3,475,186	2,458,165	2,532,879	3,122,568	2,294,331
Ceded	672,468	703,289	1,065,112	1,667,792	1,751,000	2,653,624	1,665,007	1,815,000	1,917,000	1,442,058
Net incurred	916,939	1,195,041	1,267,613	553,459	713,985	821,562	793,158	717,879	1,205,568	852,273
4. Net paid (cumulative) as of :										
End of policy year	617,464	813,264	800,917	464,893	692,003	775,702	661,882	596,198	952,945	611,312
One year later	562,783	648,592	682,101	512,365	694,396	790,438	760,239	616,432	1,052,728	
Two years later	562,783	731,532	697,498	512,122	689,284	790,438	822,930	615,623		
Three years later	549,471	731,871	696,769	511,822	689,621	801,074	922,930			
Four years later	549,714	733,997	696,769	512,340	689,621	801,074				
Five years later	553,692	733,995	696,769	512,340	689,621					
Six years later	553,692	733,997	696,769	512,340						
Seven years later	553,692	734,497								
Eight years later	553,692	734,497								
Nine years later	553,692									
5. Reestimated claims and expenses:	418,702	1,882,113	1,375,733	189,526	2,405,483	1,693,575	1,635,785	661,081	359,370	96,880
6. Reestimated net incurred claims and expenses:										
End of policy year	916,939	1,195,041	1,267,613	553,459	713,985	821,562	793,158	717,879	1,205,568	852,273
One year later	562,783	690,516	682,301	522,443	704,286	810,318	767,256	618,919	1,052,729	
Two years later	562,783	734,009	697,712	514,843	699,244	790,438	899,853	615,623		
Three years later	549,472	734,009	696,769	514,594	699,611	801,074	922,930			
Four years later	549,722	733,997	696,770	512,340	689,621	801,074				
Five years later	553,692	733,995	696,769	512,340	689,621					
Six years later	553,692	733,997	696,769	512,340						
Seven years later	553,692	734,497								
Eight years later	553,692	734,497								
Nine years later	553,692									
7. (Decrease) in estimated incurred claims and expense from end of policy year	\$ (363,247)	\$ (460,544)	\$ (570,844)	\$ (41,119)	\$ (24,364)	\$ (20,488)	\$ 129,772	\$ (102,256)	\$ (152,839)	\$ 0

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

TEN - YEAR CLAIMS DEVELOPMENT INFORMATION
AS OF SEPTEMBER 30, 2015

WORKERS' COMPENSATION

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
1. Required contribution and investment revenue:										
Earned	\$17,820,673	\$15,587,181	\$12,166,554	\$9,831,992	\$10,765,824	\$12,116,081	\$12,320,919	\$13,054,840	\$12,368,296	\$12,187,889
Ceded	709,319	783,738	691,916	494,603	481,560	466,931	413,858	516,165	527,405	421,192
Net earned	<u>17,111,354</u>	<u>14,803,443</u>	<u>11,474,638</u>	<u>9,337,389</u>	<u>10,284,264</u>	<u>11,649,150</u>	<u>11,907,061</u>	<u>12,538,675</u>	<u>11,840,891</u>	<u>11,766,697</u>
2. Unallocated expenses:	4,230,890	2,423,347	2,929,596	2,874,973	2,498,589	2,739,253	1,931,405	1,879,650	1,311,162	1,308,216
3. Estimated claims and expenses end of policy year:										
Incurred	7,906,844	6,268,068	5,857,450	4,888,910	6,088,843	5,645,152	6,404,310	5,915,673	6,196,556	5,835,056
Ceded	600,000	0	0	0	40,000	80,000	230,000	32,500	130,000	30,000
Net incurred	<u>7,306,844</u>	<u>6,268,068</u>	<u>5,857,450</u>	<u>4,888,910</u>	<u>6,048,843</u>	<u>5,565,152</u>	<u>6,174,310</u>	<u>5,883,173</u>	<u>6,066,556</u>	<u>5,805,056</u>
4. Net paid (cumulative) as of :										
End of policy year	693,346	933,153	1,074,127	1,285,587	1,473,433	1,316,557	1,512,505	1,665,717	1,472,839	1,332,057
One year later	1,037,637	1,405,383	1,673,630	2,330,555	2,397,814	2,473,734	2,351,310	3,039,536	2,499,754	
Two years later	1,401,183	1,595,606	2,085,838	2,995,227	3,072,147	3,042,230	2,901,384	3,944,478		
Three years later	1,676,493	1,784,855	2,403,800	3,540,747	3,511,922	3,579,172	3,238,077			
Four years later	2,045,001	1,940,339	2,640,404	3,996,495	3,973,600	4,165,524				
Five years later	2,107,194	1,996,710	2,967,301	4,311,695	4,264,689					
Six years later	2,172,929	2,058,170	3,188,732	4,560,979						
Seven years later	2,390,505	2,075,772	3,335,594							
Eight years later	2,460,110	2,090,864								
Nine years later	2,496,213									
5. Reestimated claims and expenses:	0	0	0	0	0	0	0	0	0	0
6. Reestimated net incurred claims and expenses:										
End of policy year	7,306,844	6,268,068	5,857,450	4,888,910	6,048,843	5,565,152	6,174,310	5,883,173	6,066,556	5,805,056
One year later	3,960,203	3,826,938	4,491,065	6,099,868	5,409,694	6,406,747	5,377,941	6,382,564	5,387,863	
Two years later	3,967,718	3,674,253	4,565,633	5,222,307	5,588,939	5,978,804	5,632,117	6,853,254		
Three years later	3,606,324	3,249,121	4,106,558	5,524,329	4,997,277	6,286,812	5,255,945			
Four years later	3,449,072	2,614,453	4,251,724	5,656,262	5,181,837	6,373,660				
Five years later	3,097,203	2,482,261	4,204,544	5,988,258	5,622,302					
Six years later	3,040,809	2,493,798	4,283,451	6,668,721						
Seven years later	2,931,271	2,382,348	4,785,144							
Eight years later	2,998,197	2,339,167								
Nine years later	3,035,007									
7. Increase (decrease) in estimated incurred claims and expense from end of policy year:	<u>\$ (4,271,837)</u>	<u>\$ (3,928,901)</u>	<u>\$ (1,072,306)</u>	<u>\$ 1,779,811</u>	<u>\$ (426,541)</u>	<u>\$ 808,508</u>	<u>\$ (918,366)</u>	<u>\$ 970,081</u>	<u>\$ (678,693)</u>	<u>\$ 0</u>

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

TEN - YEAR CLAIMS DEVELOPMENT INFORMATION
AS OF SEPTEMBER 30, 2015

EMPLOYEE BENEFITS

	2012 *	2013	2014
1. Required contribution and investment revenue:			
Earned	\$ 56,387,100	\$ 115,206,329	\$ 121,964,773
Ceded	541,419	836,491	1,029,985
Net earned	55,845,681	114,369,838	120,934,788
2. Unallocated expenses:	737,231	1,734,193	2,290,597
3. Estimated claims and expenses end of policy year:			
Incurred	31,943,031	69,673,817	75,294,296
Ceded	0	0	2,571,625
Net incurred	31,943,031	69,673,817	72,722,671
4. Net paid (cumulative) as of :			
End of policy year	31,943,031	69,673,817	74,354,752
One year later	32,327,809	69,742,278	
Two years later	31,837,837		
5. Reestimated claims and expenses:	3,262,087	755,783	691,553
6. Reestimated net incurred claims and expenses:			
End of policy year	31,943,031	69,673,817	72,722,671
One year later	35,484,702	70,594,649	
Two years later	34,609,952		
7. Increase (decrease) in estimated incurred claims and expense from end of policy year:	\$ 2,666,921	\$ 920,832	\$ 0

* First year of Program covered the period of July 1, 2012 through December 31, 2012.

**ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY**

Notes to Required Supplementary Information
Year Ended September 30, 2015

(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, Workers' Compensation, and Employee Benefit 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.

**ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY**

Miscellaneous Plan, a Cost Sharing-Employer Defined Benefit Pension Plan
As of fiscal year ending September 30, 2015
Last 10 Years*

**SCHEDULE OF THE PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
Miscellaneous Plan**

Measurement Date	<u>6/30/2015</u>
ACWA JPIA's Proportion of the Net Pension Liability (Asset)	(0.01024%)
ACWA JPIA's Proportionate Share of the Net Pension Liability (Asset)	(\$280,963)
ACWA JPIA's Covered-Employee Payroll	\$3,917,613
ACWA JPIA's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	107.17%
ACWA JPIA's Proportionate Share of the Fiduciary Net Position as a Percentage of ACWA JPIA's Total Pension Liability	101.34%

* Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

**ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY**

Miscellaneous Plan, a Cost Sharing-Employer Defined Benefit Pension Plan
As of fiscal year ending September 30, 2015
Last 10 Years*

SCHEDULE OF CONTRIBUTIONS

	<u>2015</u>
Actuarially determined contribution	\$334,581
Contributions in relation to the actuarially determined contributions	<u>334,581</u>
Contribution deficiency	<u><u>0</u></u>
Covered-employee payroll	\$3,917,613
Contributions as a percentage of covered-employee payroll	8.54%

* Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

SUPPLEMENTARY INFORMATION

**ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY**

SCHEDULE OF REVENUES AND EXPENSES BY PROGRAM
YEAR ENDED SEPTEMBER 30, 2015

	LIABILITY	DAM FAILURE	PROPERTY	PASS-THROUGHS	WORKERS' COMP	STORAGE TANKS	EMPLOYEE BENEFITS	RSF REFUNDS	TOTALS
OPERATING REVENUES									
Member premiums	\$ 14,855,704	\$ 255,500	\$ 5,119,735	\$ 253,987	\$ 12,126,364	\$ 22,007	\$ 121,408,887	\$ 0	\$ 154,042,184
Retrospective premium adjustments	9,357,051	0	66,820	0	(3,156,806)	(19,209)	822,122	(3,450,427)	3,619,551
TOTAL OPERATING REVENUES	24,212,755	255,500	5,186,555	253,987	8,969,558	2,798	122,231,009	(3,450,427)	157,661,735
OPERATING EXPENSES									
Claims expense:									
Claims paid	8,605,062	0	841,894	0	4,964,719	0	78,043,654	0	92,455,329
Change in claims reserves	2,636,952	0	(9,218)	0	1,470,824	0	0	0	4,098,558
Change in claims incurred but not reported	4,086,034	0	(50,035)	0	304,974	0	(187,123)	0	4,153,850
Change in unallocated loss adjustment expense	162,136	0	(5,464)	0	124,845	0	0	0	281,517
Total claims expense	15,490,184	0	777,177	0	6,865,362	0	77,856,531	0	100,989,254
Excess insurance	3,634,411	250,000	1,979,519	261,512	496,874	10,564	1,185,048	0	7,817,928
Benefit premiums	0	0	0	0	0	0	45,699,936	0	45,699,936
General, Administrative & Depreciation	1,937,686	5,500	1,309,671	(7,525)	2,662,855	0	3,780,123	0	9,688,310
TOTAL OPERATING EXPENSES	21,062,281	255,500	4,066,367	253,987	10,025,091	10,564	128,521,638	0	164,195,428
OPERATING INCOME (LOSS)	3,150,474	0	1,120,188	0	(1,055,533)	(7,766)	(6,290,629)	(3,450,427)	(6,533,693)
NONOPERATING REVENUES									
Investment income	700,090	0	72,718	0	577,357	7,088	524,929	0	1,882,182
Other income	266,246	0	28,774	0	249,219	2,796	309,745	0	856,780
TOTAL NONOPERATING REVENUES	966,336	0	101,492	0	826,576	9,884	834,674	0	2,738,962
CHANGE IN NET POSITION*	\$ 4,116,810	\$ 0	\$ 1,221,680	\$ 0	\$ (228,957)	\$ 2,118	\$ (5,455,955)	\$ (3,450,427)	\$ (3,794,731)

**ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY**

SCHEDULE OF REVENUES AND EXPENSES BY PROGRAM
YEAR ENDED SEPTEMBER 30, 2014*

	LIABILITY	DAM FAILURE	PROPERTY	PASS-THROUGHS	WORKERS' COMP	STORAGE TANKS	EMPLOYEE BENEFITS	RSF REFUNDS	TOTALS
OPERATING REVENUES									
Member premiums	\$ 16,246,463	\$ 255,503	\$ 5,152,136	\$ 260,521	\$ 11,687,415	\$ 21,376	\$ 119,370,754	\$ 0	\$ 152,994,168
Retrospective premium adjustments	(6,789,205)	0	487,796	0	(1,209,176)	(12,217)	0	(3,456,963)	(10,979,765)
TOTAL OPERATING REVENUES	<u>9,457,258</u>	<u>255,503</u>	<u>5,639,932</u>	<u>260,521</u>	<u>10,478,239</u>	<u>9,159</u>	<u>119,370,754</u>	<u>(3,456,963)</u>	<u>142,014,403</u>
OPERATING EXPENSES									
Claims expense:									
Claims paid	7,710,971	0	1,053,979	0	5,148,151	0	73,016,509	0	86,929,610
Change in excess aggregate recovery	0	0	0	0	0	0	0	0	0
Change in claims reserves	627,764	0	78,509	0	403,199	0	0	0	1,109,472
Change in claims incurred but not reported	(2,394,915)	0	6,156	0	1,913,340	0	1,091,563	0	616,144
Change in unallocated loss adjustment expense	(62,431)	0	4,541	0	548,606	0	0	0	490,716
Total claims expense	<u>5,881,389</u>	<u>0</u>	<u>1,143,185</u>	<u>0</u>	<u>8,013,296</u>	<u>0</u>	<u>74,108,072</u>	<u>0</u>	<u>89,145,942</u>
Excess insurance	3,659,723	250,000	2,497,210	258,930	457,795	10,260	977,299	0	8,111,217
Benefit premiums	0	0	0	0	0	0	44,511,197	0	44,511,197
General and administrative & Depreciation	1,889,556	5,503	1,285,417	1,591	2,494,247	0	2,239,519	0	7,915,833
TOTAL OPERATING EXPENSES	<u>11,430,668</u>	<u>255,503</u>	<u>4,925,812</u>	<u>260,521</u>	<u>10,965,338</u>	<u>10,260</u>	<u>121,836,087</u>	<u>0</u>	<u>149,684,189</u>
OPERATING INCOME (LOSS)	<u>(1,973,410)</u>	<u>0</u>	<u>714,120</u>	<u>(0)</u>	<u>(487,099)</u>	<u>(1,101)</u>	<u>(2,465,333)</u>	<u>(3,456,963)</u>	<u>(7,669,786)</u>
NONOPERATING REVENUES									
Investment income	587,945	0	58,740	0	422,521	5,590	300,470	0	1,375,266
Other income (expense)	(146,582)	0	(25,366)	0	(118,415)	(2,372)	28,660	0	(264,075)
TOTAL NONOPERATING REVENUES	<u>441,363</u>	<u>0</u>	<u>33,374</u>	<u>0</u>	<u>304,106</u>	<u>3,218</u>	<u>329,130</u>	<u>0</u>	<u>1,111,191</u>
CHANGE IN NET POSITION	<u>\$ (1,532,047)</u>	<u>\$ 0</u>	<u>\$ 747,494</u>	<u>\$ (0)</u>	<u>\$ (182,993)</u>	<u>\$ 2,117</u>	<u>\$ (2,136,203)</u>	<u>\$ (3,456,963)</u>	<u>\$ (6,558,595)</u>

* Not restated for effects of GASB 68 Implementation

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 Position has changed.

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Statements of Revenues, Expenses and Changes in Net Position.....	58
Revenues by Program.....	59
Expenses by Program.....	60
Schedule of Rate Stabilization Fund Activity.....	61

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.

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Economic Statistics.....	62
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Covered Payrolls/Property Values.....	65

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

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

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

STATEMENTS OF NET POSITION

Last Ten Fiscal Years

Fiscal Year September 30,

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Assets										
Current assets	\$ 75,048,968	\$ 90,677,479	\$ 69,852,266	\$ 74,941,366	\$ 48,403,357	\$ 47,799,175	\$ 76,819,567	\$ 88,718,697	\$ 69,901,479	\$ 72,465,623
Noncurrent assets	27,167,262	20,799,234	48,012,298	49,125,661	79,562,048	78,970,791	111,214,183	106,104,907	125,682,527	122,310,094
TOTAL ASSETS	102,216,230	111,476,713	117,864,564	124,067,027	127,965,405	126,769,966	188,033,750	194,823,604	195,584,006	194,775,717
DEFERRED OUTFLOWS OF RESOURCES RELATED TO PENSIONS										
										625,033
Liabilities										
Current liabilities	29,496,534	36,651,610	35,783,642	38,564,342	38,507,711	41,867,839	60,219,720	52,189,011	53,163,043	55,874,099
Noncurrent liabilities	43,852,343	43,299,236	43,720,624	45,429,021	45,455,820	37,590,083	40,450,696	48,118,825	54,463,790	57,746,678
TOTAL LIABILITIES	73,348,877	79,950,846	79,504,266	83,993,363	83,963,531	79,457,922	100,670,416	100,307,836	107,626,833	113,620,777
DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS										846,155
Net Position										
Net investment in capital assets	1,039,286	964,200	875,335	978,142	4,974,593	6,862,991	6,904,191	6,560,350	6,206,203	5,302,885
Unrestricted	27,828,067	30,561,667	37,484,963	39,095,522	39,027,281	40,449,053	80,459,143	87,955,418	81,750,970	75,630,933
TOTAL NET POSITION	\$ 28,867,353	\$ 31,525,867	\$ 38,360,298	\$ 40,073,664	\$ 44,001,874	\$ 47,312,044	\$ 87,363,334	\$ 94,515,768	\$ 87,957,173	\$ 80,933,818

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Last Ten Fiscal Years

	Fiscal Year Ended September 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
REVENUES										
Member premiums	\$ 34,421,079	\$ 30,636,804	\$ 31,155,506	\$ 29,469,780	\$ 30,328,626	\$ 32,175,664	\$ 60,219,073	\$ 147,247,532	\$ 152,994,168	\$ 154,042,184
Retrospective premium adjustments	(17,257,023)	(11,224,912)	(4,279,423)	(8,387,426)	(3,276,537)	(4,026,190)	(1,782,760)	(6,957,472)	(10,979,765)	3,619,551
TOTAL OPERATING REVENUES	17,164,056	19,411,892	26,876,083	21,082,354	27,052,089	28,149,474	58,436,313	140,290,060	142,014,403	157,661,735
EXPENSES										
Claims paid	8,422,347	10,361,897	10,075,155	9,134,958	9,818,161	12,316,974	27,272,010	79,132,931	86,929,610	92,455,329
Change in excess aggregate recovery	0	(95,777)	0	(88,462)	(87,603)	(215,529)	(8,186)	399,779	0	0
Change in claim reserves	(1,379,012)	(448,216)	(1,086,328)	2,281,381	2,112,946	(451,162)	395,087	1,651,729	1,109,472	4,098,558
Change in claims incurred but not reported	(2,336,107)	(917,405)	(642,041)	(65,834)	352,164	383,658	3,058,785	(2,586,808)	616,144	4,153,850
Change in unallocated loss adjustment expenses	(431,939)	(161,063)	(109,356)	63,789	133,186	(153,673)	86,653	(154,761)	490,716	281,517
TOTAL CLAIMS EXPENSE	4,275,289	8,739,436	8,237,430	11,325,832	12,328,854	11,880,268	30,804,349	78,442,870	89,145,942	100,989,254
Excess insurance and premium payments	7,443,235	7,974,435	8,447,857	8,439,434	8,350,340	8,507,507	17,301,864	47,335,990	52,622,414	53,517,864
General and administrative	4,414,648	4,453,752	4,837,353	5,841,653	5,278,142	5,664,370	6,641,962	7,198,325	7,549,473	9,346,478
Depreciation	95,289	87,086	88,865	57,051	51,921	234,085	322,936	322,789	366,360	341,832
TOTAL OPERATING EXPENSES	16,228,461	21,254,709	21,611,505	25,663,970	26,009,257	26,286,230	55,071,111	133,299,974	149,684,189	164,195,428
OPERATING INCOME (LOSS)	935,595	(1,842,817)	5,264,578	(4,581,616)	1,042,832	1,863,244	3,365,202	6,990,086	(7,669,786)	(6,533,693)
SPECIAL ITEM										
Net position acquired from merger							34,986,207			
NONOPERATING REVENUES AND EXPENSES										
Net investment income	2,894,232	4,501,331	1,569,853	6,294,982	2,885,378	1,446,926	1,699,881	162,348	1,111,191	2,738,962
Other	9,813	0	0	0	0	0	0	0	0	0
CHANGE IN NET POSITION	\$ 3,839,640	\$ 2,658,514	\$ 6,834,431	\$ 1,713,366	\$ 3,928,210	\$ 3,310,170	\$ 40,051,290	\$ 7,152,434	\$ (6,558,595)	\$ (3,794,731)

**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-Throughs	Workers' Compensation	Underground Storage Tanks	UTEL	Employee Benefits	Change in Rate	
									Stabilization	Fund
Totals	Totals	Totals	Totals	Totals	Totals	Totals	Totals	Totals	Totals	Totals
2005-06	\$ 15,874,115	\$ 306,958	\$ 2,501,186	\$ 219,013	\$ 1,668,654	\$ 14,603	\$ 0	\$ (516,428)	\$ 20,068,101	-2.56%
	79.10%	1.53%	12.46%	1.09%	8.31%	0.07%	0.00%			
2006-07	\$ 14,229,262	\$ 316,615	\$ 4,388,159	\$ 273,531	\$ 5,277,836	\$ 13,891	\$ (64,999)	\$ (521,072)	\$ 23,913,223	-2.17%
	59.50%	1.32%	18.35%	1.14%	22.07%	0.06%	-0.27%			
2007-08	\$ 14,304,593	\$ 315,872	\$ 2,869,123	\$ 298,048	\$ 6,752,445	\$ 12,415	\$ 0	\$ 3,893,440	\$ 28,445,936	13.68%
	50.29%	1.11%	10.09%	1.05%	23.74%	0.04%	0.00%			
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	5.93%
	53.13%	1.05%	11.35%	1.01%	27.77%	-0.11%	-0.13%			
2009-10	\$ 11,993,302	\$ 272,341	\$ 3,431,116	\$ 263,801	\$ 12,222,543	\$ 10,822	\$ 0	\$ 1,743,542	\$ 29,937,467	5.82%
	40.06%	0.91%	11.46%	0.88%	40.83%	0.04%	0.00%			
2010-11	\$ 18,307,796	\$ 272,341	\$ 3,785,935	\$ 258,198	\$ 6,963,609	\$ 9,747	\$ 0	\$ (1,226)	\$ 29,596,400	0.00%
	61.86%	0.92%	12.79%	0.87%	23.53%	0.03%	0.00%			
2011-12	\$ 17,338,107	\$ 258,944	\$ 4,068,841	\$ 246,167	\$ 11,235,128	\$ 12,269	\$ 0	\$ 26,901,485	\$ 60,136,194	75.253%
	28.83%	0.43%	6.77%	0.41%	18.68%	0.02%	0.00%	44.73%		0.13%
2012-13	\$ 16,490,152	\$ 265,276	\$ 3,946,776	\$ 250,736	\$ 8,044,738	\$ 12,271	\$ 0	\$ 112,521,087	\$ 140,452,408	(1,078,628)
	11.74%	0.19%	2.81%	0.18%	5.73%	0.01%	0.00%	80.11%		-0.77%
2013-14	\$ 11,430,667	\$ 255,503	\$ 4,925,813	\$ 260,521	\$ 10,965,338	\$ 12,378	\$ 0	\$ 119,699,883	\$ 143,125,594	(4,424,509)
	8.0%	0.2%	3.4%	0.2%	7.7%	0.0%	0.0%	83.6%		-3.1%
2014-15	\$ 25,179,091	\$ 255,500	\$ 5,288,047	\$ 253,987	\$ 9,796,135	\$ 12,682	\$ 0	\$ 123,065,682	\$ 160,400,697	(3,450,427)
	15.7%	0.2%	3.3%	0.2%	6.1%	0.0%	0.0%	76.7%		-2.2%

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-Throughs	Workers' Compensation	Underground Storage Tanks	UTEL	Employee Benefits	OPEB	
									Reclass Not Allocated	Totals
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%	28.34%	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	
	43.09%	1.05%	13.19%	1.01%	41.63%	0.03%	0.00%	0.00%		
2010-11	\$ 16,161,779	\$ 272,341	\$ 3,785,935	\$ 258,198	\$ 5,797,445	\$ 10,532	\$ 0	\$ 0	\$ 26,286,230	
	61.48%	1.04%	14.40%	0.98%	22.06%	0.04%	0.00%	0.00%		
2011-12	\$ 14,478,675	\$ 258,944	\$ 4,068,841	\$ 246,167	\$ 10,632,214	\$ 10,532	\$ 0	\$ 25,375,738	\$ 55,071,111	
	26.29%	0.47%	7.39%	0.45%	19.31%	0.02%	0.00%	46.08%		
2012-13	\$ 16,006,207	\$ 265,276	\$ 3,946,774	\$ 250,736	\$ 7,499,767	\$ 10,438	\$ 0	\$ 105,320,776	\$ 133,299,974	
	12.01%	0.20%	2.96%	0.19%	5.63%	0.01%	0.00%	79.01%		
2013-14	\$ 11,430,667	\$ 255,503	\$ 4,925,813	\$ 260,522	\$ 10,965,338	\$ 10,260	\$ 0	\$ 121,836,086	\$ 149,684,189	
	7.64%	0.17%	3.29%	0.17%	7.33%	0.01%	0.00%	81.40%		
2014-15	\$ 21,062,280	\$ 255,500	\$ 4,066,367	\$ 253,987	\$ 10,025,093	\$ 10,564	\$ 0	\$ 128,521,637	\$ 164,195,428	
	12.83%	0.16%	2.48%	0.15%	6.11%	0.01%	0.00%	78.27%		

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

SCHEDULE OF RATE STABILIZATION FUND ACTIVITY

For the Fiscal Years Ending September 30

Fiscal Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Liability										
Payroll Adjustments	* \$ (950,168)	\$ (194,895)	\$ (424,268)	\$ (417,934)	\$ (360,462)	\$ (233,722)	\$ (41,178)	\$ 8,771	\$ 77,449	\$ 205,975
RPA's	* 2,796,161	1,065,131	4,205,849	(1,500,203)	1,598,011	1,602,017	(414,298)	3,871,891	(1,193,460)	3,355,680
10% Program	* 0	(912,697)	(453,659)	(610,203)	(546,891)	(1,165,719)	(1,006,330)	(861,439)	(416,028)	(251,999)
Cat Funds	* 0	0	0	997,823	1,000,197	0	0	(5,357,186)	1,106,460	2,201,780
Property										
RPA's	* 442,540	229,549	19,494	34,265	593,611	496,479	770,282	1,497,493	747,493	422,814
Workers' Comp										
RPA's	* (2,190,329)	472,072	3,009,393	6,489,431	7,473,796	5,745,357	5,120,265	(1,815,910)	(182,993)	(1,294,405)
Cat Funds								(911,678)	1,154,883	(752,710)
Underground - Storage Tanks										
RPA's	* 0	0	0	169,480	0	10,713	0	0	0	0
Cat Funds	* 0	0	0	40,274	0	2,521	0	0	0	0
UTEL										
RPA's	* 0	0	(93,969)	0	0	0	0	0	0	0
Cat Funds	* 0	0	0	35,762	0	0	0	0	0	0
Totals	\$ 98,204	\$ 659,160	\$ 6,262,840	\$ 5,238,695	\$ 9,758,262	\$ 6,457,647	\$ 4,428,741	\$ (3,568,058)	\$ 1,293,803	\$ 3,887,134
Cash Flow										
Members Billed	683,283	236,074	59,044	56,923	0	89	2,766	8,551	7,556	115,297
Self Insured Fund into RSF							4,573,112	-	-	-
Refunds to Members	(1,297,915)	(1,416,305)	(2,428,441)	(3,671,934)	(8,014,717)	(6,458,960)	(4,356,252)	(3,787,895)	(3,464,519)	(3,565,724)
Net Total	\$ (516,428)	\$ (521,071)	\$ 3,893,443	\$ 1,623,684	\$ 1,743,545	\$ (1,225)	\$ 4,648,367	\$ (7,347,403)	\$ (2,163,160)	\$ 436,707

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

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

ECONOMIC STATISTICS

(000's Omitted)

For the Fiscal Year September 30,

Fiscal Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Liability											
Total Number of Claims (Cumulative)	8,352	8,717	9,015	9,275	9,551	9,769	10,063	10,309	10,614	10,792	9,393
Closed Claims (Cumulative)	8,139	8,480	8,806	9,130	9,381	9,598	9,897	10,158	10,402	10,640	10,872
Open Claims (at year end)	213	237	209	145	170	171	166	151	212	152	180
Covered Payroll (Cumulative)	\$ 4,905,511	\$ 5,273,435	\$ 5,738,277	\$ 6,139,822	\$ 6,577,859	\$ 7,029,623	\$ 7,482,521	\$ 7,970,475	\$ 8,438,819	\$ 8,937,912	\$ 9,427,805
Property											
Total Number of Claims (Cumulative)	1,420	1,502	1,605	1,713	1,801	1,888	1,978	2,079	2,181	2,275	2,373
Closed Claims (Cumulative)	1,393	1,482	1,573	1,681	1,775	1,857	1,944	2,030	2,142	2,244	2,336
Open Claims (at year end)	27	20	32	32	26	31	34	49	39	31	37
Covered Payroll (Cumulative)	\$ 29,827,752	\$ 32,785,344	\$ 34,563,800	\$ 38,127,056	\$ 41,376,694	\$ 45,367,786	\$ 49,613,566	\$ 54,070,573	\$ 58,803,203	\$ 63,798,940	\$ 69,031,783
Workers' Compensation											
Total Number of Claims (Cumulative)	5,985	6,384	6,775	7,194	7,613	7,978	8,435	8,808	9,164	9,507	9,822
Closed Claims (Cumulative)	5,621	6,056	6,434	6,806	7,213	7,562	7,996	8,378	8,724	9,075	9,373
Open Claims (at year end)	364	328	341	388	400	416	439	430	440	432	449
Covered Payroll (Cumulative)	\$ 2,555,200	\$ 2,871,939	\$ 3,318,109	\$ 3,706,551	\$ 4,110,740	\$ 4,510,594	\$ 4,922,605	\$ 5,350,300	\$ 5,787,648	\$ 6,241,955	\$ 6,706,772
Number of Employees	34	36	37	37	38	39	39	39	43	46	48
Ratio of Premium to Payroll/TIV											
Liability Program	3.78%	4.12%	3.67%	3.64%	3.60%	3.56%	4.14%	4.09%	4.07%	4.02%	3.97%
Property Program	0.13%	0.12%	0.13%	0.12%	0.11%	0.11%	0.12%	0.12%	11.00%	11.00%	11.00%
Workers' Comp. Program	4.39%	3.73%	2.68%	2.46%	2.34%	2.40%	2.82%	2.81%	2.81%	2.79%	2.78%

Association of California Water Agencies
 Joint Powers Insurance Authority
 Demographic Statistics by Employer

Employer	2014			2005		
	Number of Employees	Rank	Percentage of Total City Employees	Number of Employees	Rank	
Kaiser Permanente	3,231	1	4.55%	3,000	2	
Hewlett-Packard	2,132	2	3.00%	3,706	1	
Sutter Roseville Medical Center	1,654	3	2.33%	1,682	3	
Roseville Joint Union High School District	1,434	4	2.02%	946	6	
City of Roseville	1,286	5	1.81%	1,034	5	
Union Pacific Railroad Company	1,137	6	1.60%	1,294	4	
Adventist Health System West	1,019	7	1.44%			
Roseville City School District	1,000	8	1.41%	805	7	
Wal-Mart Superstore (PG)	460	9	0.65%	635	9	
LB Construction, Inc	404	10	0.57%			
NEC Electronics				715	8	
Surewest Communications				575	10	
Subtotal	<u>13,757</u>		<u>19.38%</u>	<u>14,392</u>		
Total Employment*	<u>70,969</u>					

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

Note--Fiscal year 2015 data not available, therefore, the most recent data available is presented. For 2005 the Percentage of Total City Employees is not available.

Association of California Water Agencies
 Joint Powers Insurance Authority
 Demographic Statistics by Population

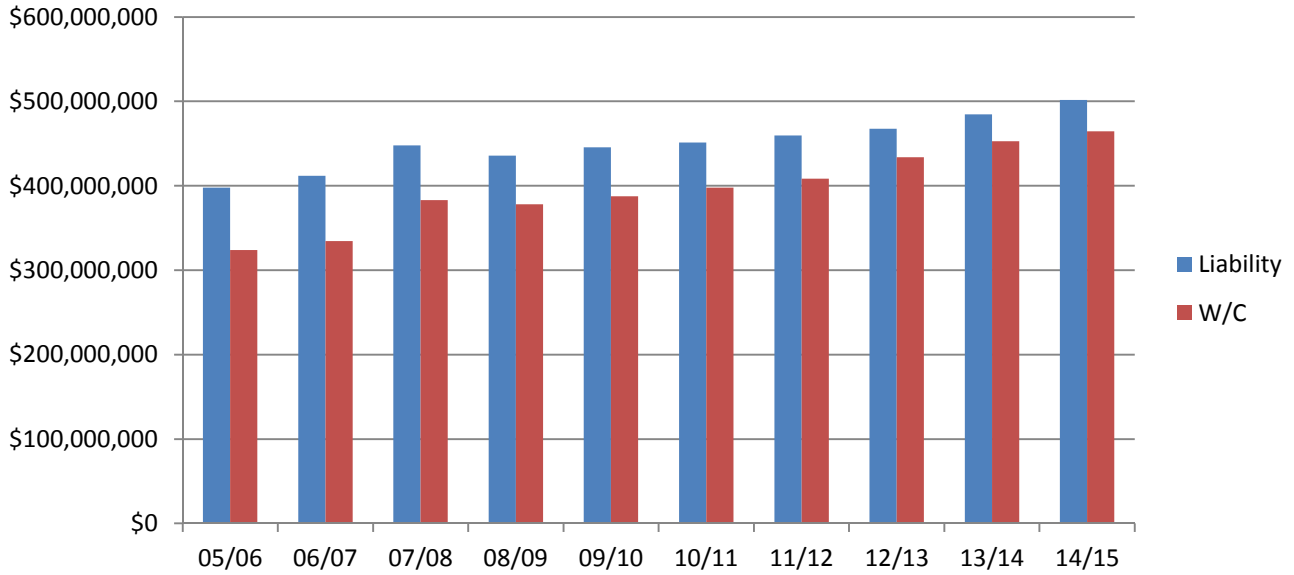
Fiscal Year	City of Roseville Population	County Total		County Per Capita		Unemployment Rate	Placer County Population	City Population % of County
		Personal Income (a)	Personal Income	Personal Income	Personal Income			
2005	102,191	\$14,027,192	\$41,248		4.3%	\$305,675	33.43%	
2006	104,655	15,234,777	43,937		4.2%	316,508	33.07%	
2007	106,266	15,955,562	48,494		4.8%	324,495	32.75%	
2008	109,154	16,670,183	49,383		6.4%	333,401	32.74%	
2009	112,343	16,085,139	46,785		10.4%	339,577	33.08%	
2010	115,781	16,725,085	47,758		11.4%	347,102	33.36%	
2011	120,593	17,932,119	50,215		10.7%	357,138	34.26%	
2012	122,060	19,004,105	52,544		9.3%	355,328	34.35%	
2013	124,255	(b)	(b)		7.6%	357,463	34.55%	
2014	128,382	(b)	(b)		*6.0%	(b)	(b)	

Note: * Unemployment rate as of June 2014

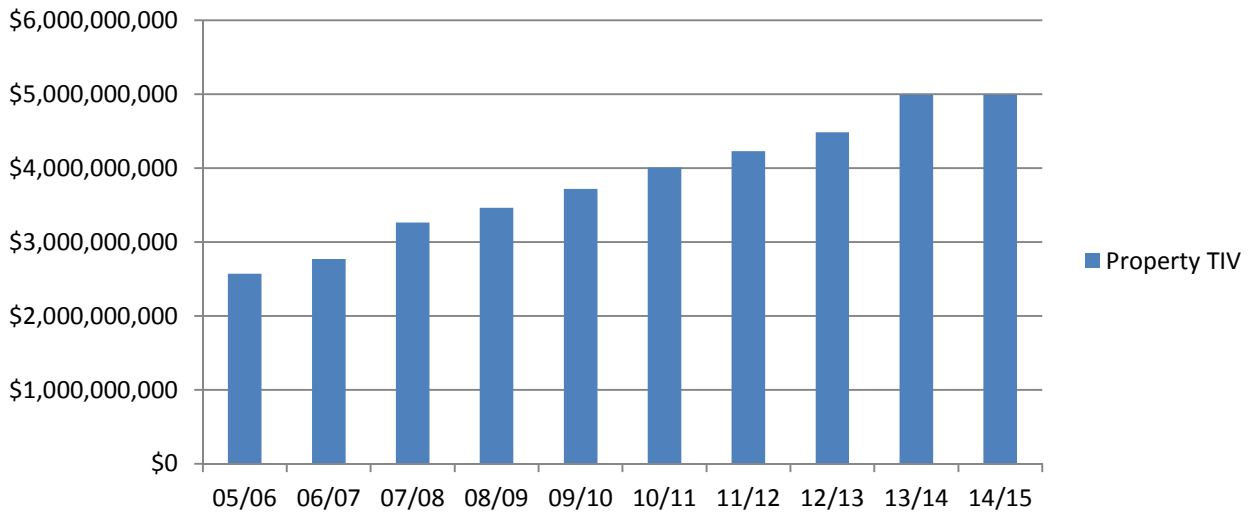
- (a) In thousands of dollars
- (b) Information not available

Note--The JPIA's office located in the City of Roseville. Fiscal year 2015 data not available, therefore, the most recent data available is presented.

**ACWA JPIA
LIABILITY & WORKERS' COMP COVERED PAYROLL
September 30,**



**ACWA JPIA
PROPERTY TOTAL INSURED VALUES
September 30,**



OTHER INDEPENDENT AUDITOR'S REPORT

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Association of California Water Agencies Joint Powers Insurance Authority (ACWA JPIA), as of and for the year ended September 30, 2015, and have issued our report thereon dated April 28, 2016. Our report included an emphasis of a matter paragraph disclosing the implementation of new accounting principles.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered ACWA JPIA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of ACWA JPIA's internal control. Accordingly, we do not express an opinion on the effectiveness of ACWA JPIA's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the ACWA JPIA’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

We have also issued a separate Memorandum on Internal Control dated April 28, 2016 which is an integral part of our audit and should be read in conjunction with this report.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of ACWA JPIA’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the ACWA JPIA’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Pleasant Hill, California
April 28, 2016