

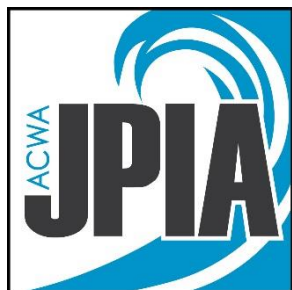
Finance & Audit Committee Meeting



ACWA JPIA Executive Conference Room
2100 Professional Drive
Roseville, CA 95661

Monday
September 09, 2019
10:15 A.M.

Chairman: Kevin Phillips, Paradise Irrigation District
Vice-chair: Carrie Corder, Cucamonga Valley Water District
Marlene Kelleher, Vista Irrigation District
Suha Kilic, Pebble Beach Community Services District
Dennis Michum, Glenn-Colusa Irrigation District
Steve Ruettgers, Kern County Water Agency
Jim Smith, Wheeler Ridge-Maricopa Water Storage District



YOUR BEST PROTECTION

FINANCE & AUDIT COMMITTEE MEETING

AGENDA

JPIA Executive Conference Room
2100 Professional Drive, Roseville, CA 95661
(800) 231-5742 - www.acwajpia.com

Monday, September 09, 2019, 10:15 A.M.

WebEx call-in: (855) 749-4750; Access code: 802 820 611; Password: 1234

This meeting shall consist of a simultaneous WebEx teleconference call at the ACWA JPIA, 2100 Professional Drive, Roseville, CA 95661 and the following remote sites:

- Corder – 10440 Ashford Street, Rancho Cucamonga
- Ruettgers – 3200 Rio Mirada Drive, Bakersfield

WELCOME

CALL TO ORDER AND ANNOUNCEMENT OF QUORUM

ANNOUNCEMENT RECORDING OF MEETING This meeting may be recorded to assist in preparation of minutes. Recordings will only be kept 30 days following the meeting, as mandated by the California Brown Act.

EVACUATION PROCEDURES

PUBLIC COMMENT Members of the public will be allowed to address the Finance and Audit Committee on any agenda item prior to the Committee's decision on the item. They will also be allowed to comment on any issues that they wish which may or may not be on the agenda. If anyone present wishes to be heard, please let the Chairman know.

INTRODUCTIONS

ADDITIONS TO OR DELETIONS FROM THE AGENDA

<u>Presenter</u>		<u>Page#</u>
Phillips	I. *Approve the minutes of the meeting of March 20, 2019.	1
All	II. Report on meetings attended on behalf of the JPIA.	
deBernardi	III. *Review and make recommendation on the Investment Policy.	6
Meacham	IV. *Long-term Investment Portfolio update.	23

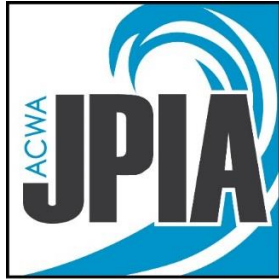
<u>Presenter</u>		<u>Page#</u>
Sutton- Steele	V. *Review Interim Financial Statements.	24
Sells	VI. *Update on Captive.	45
Phillips	VII. Announce next meeting date: December 2, 2019.	

ADJOURN

*Related items enclosed.

Americans With Disabilities Act – *The JPIA conforms to the protections and prohibitions contained in Section 202 of the Americans with Disabilities Act of 1990 and the Federal Rules and Regulations adopted in implementation thereof. A request for disability-related modification or accommodation, in order to participate in a public meeting of the JPIA, shall be made to: Cece Reynolds, Accountant II, ACWA JPIA, PO Box 619082, Roseville, CA 95661-9082; telephone (916) 786-5742. The JPIA's normal business hours are Monday – Friday, 7:30 a.m. to 4:30 p.m. (Government Code Section 54954.2, subdivision. (a)(1).)*

Written materials relating to an item on this Agenda that are distributed to the JPIA's Finance and Audit Committee within 72 hours before it is to consider the item at its regularly scheduled meeting will be made available for public inspection at ACWA JPIA, 2100 Professional Drive, Roseville, CA 95661-3700; telephone (916) 786-5742. The JPIA's normal business hours are Monday – Friday, 7:30 a.m. to 4:30 p.m.



YOUR BEST PROTECTION

Unapproved Minutes

Finance & Audit Committee Meeting

ACWA JPIA Executive Conference Room
2100 Professional Drive,
Roseville, CA 95661
(800) 231-5742

March 20, 2019

This meeting consisted of a simultaneous WebEx teleconference call at the ACWA JPIA, 2100 Professional Drive, Roseville, CA 95661 and the following remote sites:

- Corder – 10440 Ashford Street, Rancho Cucamonga
- Kelleher – 1391 Engineer Street, Vista
- Kilic – 3101 Forest Lake Road, Pebble Beach
- Michum – 344 E. Laurel Street, Willows
- Ruetters – 3200 Rio Mirada Drive, Bakersfield
- Smith – 3200 Rio Mirada Drive, Bakersfield

MEMBERS PRESENT

Chairman: Kevin Phillips, Paradise Irrigation District *(via WebEx)*

Vice-chair: Carrie Corder, Cucamonga Valley Water District *(via WebEx)*

Marlene Kelleher, Vista Irrigation District *(via WebEx)*

Suha Kilic, Pebble Beach Community Services District *(via WebEx)*

Dennis Michum, Glenn-Colusa Irrigation District *(via WebEx)*

Steve Ruetters, Kern County Water Agency *(via WebEx)*

Jim Smith, Wheeler Ridge-Maricopa Water Storage District *(via WebEx)*

MEMBERS ABSENT

None.

STAFF PRESENT

Chief Executive Officer/Secretary: Walter “Andy” Sells

Thor Benzing, Sr. Risk Control Advisor

Matt Bunde, Sr. Risk Control Advisor

Carol Barake, Risk Control Manager

David deBernardi, Director of Finance

Robert Greenfield, General Counsel

Erik Kowalewski, Systems/Network Administrator

Cece Reynolds, Accountant II (Recording Secretary)

Patricia Slaven, Director of Human Resources and Administration

Sandra Smith, Employee Benefits Manager

Dan Steele, Lead Accountant

Dianna Sutton, Finance Manager

Karen Thesing, Director of Insurance Services

Bobbette Wells, Executive Assistant to the CEO

OTHERS IN ATTENDANCE

David Drake, Rincon del Diablo Municipal Water District *(via WebEx)*
 E.G. "Jerry" Gladbach, Santa Clarita Valley Water Agency *(via WebEx)*
 Bob Green, Gilbert Associates, Inc.
 Melody McDonald, San Bernardino Valley Water Conservation District
 Sarah Meacham, PFM Asset Management
 Bruce Rupp, Humboldt Bay Municipal Water District
 Kathy Tiegs, Cucamonga Valley Water District
 Kevin Wong, Gilbert Associates, Inc.

WELCOME

Chairman Phillips welcomed everyone in attendance.

INTRODUCTIONS

Mr. Sells asked that everyone in attendance introduce themselves.

CALL TO ORDER AND ANNOUNCEMENT OF QUORUM

Chairman Phillips called the meeting to order at 1:00 pm. He announced there was a quorum. Chairman Phillips joined the meeting by WebEx, but due to posting requirements was not counted as part of the quorum.

ANNOUNCEMENT RECORDING OF MINUTES

Chairman Phillips announced that the meeting would be recorded to assist in preparation of minutes. Recordings are only kept 30 days following the meeting, as mandated by the California Brown Act.

EVACUATION PROCEDURES

Mr. Sells briefly reviewed the building evacuation procedures.

PUBLIC COMMENT

Chairman Phillips noted that, as the agenda stated, members of the public would be allowed to address the Finance & Audit Committee on any agenda item prior to the Committee's decision on that item. Comments on any issues on the agenda, or not on the agenda, were also welcomed. No comments were brought forward.

ADDITIONS TO OR DELETIONS FROM THE AGENDA

Chairman Phillips asked for any additions to, or deletions from, the agenda; none requested.

APPROVAL OF MINUTES

Chairman Phillips called for approval of the minutes of the September 17, 2018 meeting.

M/S/C (Corder/Kelleher) (Corder-Yes; Kelleher-Yes; Kilic-Yes; Michum-Yes; Ruettgers-Yes; Smith-Yes): That the Finance & Audit Committee approve the minutes of the September 17, 2018 meeting, as presented.

MEETINGS ATTENDED ON BEHALF OF THE JPIA

None reported.

AUDIT UPDATE FOR YEAR ENDING SEPTEMBER 30, 2018

Mr. deBernardi relayed that each year, the JPIA provides for an independent audit of the JPIA's financial statements. Mr. deBernardi introduced Kevin Wong, Gilbert Associates, to review the audit. Gilbert Associates performed the annual audit of the JPIA for the fiscal year of October 1, 2017 through September 30, 2018.

Historically the audit report is presented to the Finance & Audit Committee for review and input at the first meeting of the calendar year.

Mr. Wong presented an addendum to the agenda discussing the importance of communications with those charged with Governance. Mr. Wong praised the level of preparation by management and staff. He presented an overview of the audit process which began in November and waited until March for GASB 68 and 75 information from CalPERS.

The JPIA received an unmodified opinion. The drafted opinion stated that the financial statements presented fairly, in all material respects, the financial position of the JPIA as of September 30, 2018, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. GASB 75 was implemented this year leaving the JPIA with a net Other Post Employment Benefit asset.

As in previous years, the JPIA prepared a Comprehensive Annual Financial Report in accordance with the Government Finance Officers Association (GFOA) standards. Management intends to submit this report to the GFOA for review in order to again obtain a Certificate of Achievement for Excellence in Financial Reporting. Consequently, the annual report has additional reports therein to meet these high standards.

The auditors did not recommend any changes to the document and commended staff on the quality of reporting in the document.

Mr. Green presented the Audited Financial Statements. The Finance & Audit and Executive Committee members in attendance were given the opportunity to speak to the auditor without staff present. Staff was excused from the meeting for a confidential discussion.

M/S/C (Kilic/Smith) (Corder-Yes; Kelleher-Yes; Kilic-Yes; Michum-Yes; Ruettgers-Yes; Smith-Yes): That the Finance & Audit Committee recommend that the Executive Committee approve the Audited Financial Statements for year ending September 30, 2018, with final approval of the Board of Directors at Spring Conference.

PROPOSED OPERATION BUDGET FOR FISCAL YEAR 2019-20

Mr. deBernardi explained in March of each year, a proposed Operating Budget is submitted to the Finance & Audit Committee and then to the Executive Committee for approval. At the Spring Conference, the proposed Operating Budget is presented for approval to the Board of Directors. The budget covers General & Administrative Expenses for the fiscal year ending September 30, 2020.

The most significant changes to the budget for the new fiscal year was staff salaries and staff employee benefits. Staff salaries increase in part was due to an informal survey that determined the JPIA directors and managers pay was not in line with the industry. The Personnel Committee and the Executive Committee approved the pay increases. A cost of living adjustment of 2.5% is imbedded in the 6.2% increase for the JPIA employees. Staff employee benefits shows a decrease of \$417,767 as a result of a decrease in the JPIA pension liability.

The overall increase in the Operating Budget is 0.1%.

M/S/C (Ruettgers/Michum) (Corder-Yes; Kilic-Yes; Kelleher-Yes; Michum-Yes; Ruettgers-Yes; Smith-Yes): That the Finance & Audit Committee recommend that the Executive Committee approve the proposed Operating Budget for the fiscal year ending September 30, 2020, as presented, with final approval from the Board of Directors at Spring Conference.

LONG-TERM INVESTMENT PORTFOLIO UPDATE

Ms. Meacham began her presentation with an overview of the economy, labor market and a 2018 fourth quarter review of JPIA's economic portfolio. She discussed an interest rate update stating that 2-year Treasury yields remain favorable for rates to trend higher during the remainder of 2019. The JPIA's total return on the portfolio since inception has been above the Bank of America/Merrill Lynch 1-5 Year U.S. Government Index benchmark. The portfolio is well diversified, is comprised of high quality securities and has outperformed the benchmark by an annual average of 0.32% since inception. The diversification of the portfolio and maturity distribution was also discussed.

CAPTIVE INSURANCE UPDATE

Mr. Sells stated that Rob Greenfield, David deBernardi, Tom Cuquet, and he traveled to Utah and met with the Utah Insurance Commissioner, his Deputy and Deputy Director in charge of Captives. Mr. Sells stated they are eager to work with the JPIA in this process.

The Captive will have a seven-member Board; four appointed from the Executive Committee, two elected from the JPIA Board of Directors, and one resident of the state of Utah. The Captive is expected to be formed by July 1, 2019. The Liability program will be the first program in the Captive beginning October 1, 2019.

The name of the Captive will be the California Water Insurance Fund.

MISCELLANEOUS

Future Agenda Items

None stated.

Availability for Upcoming Meeting(s):

The next scheduled Finance & Audit Committee meeting is scheduled for September 9, 2019 at 10:15 a.m. No conflicts were noted

The Finance & Audit Committee meeting adjourned at 2:30 p.m.

ACWA JPIA
Investment Policy Update
September 09, 2019

BACKGROUND

The current Investment Policy was approved by the Board of Directors in December 2018.

Every year, per the JPIA Bylaws, the Investment Policy must be approved by the Board of Directors.

CURRENT SITUATION

After being reviewed by staff and the JPIA's investment advisor, there are proposed changes summarized in an attached memo from PFM.

RECOMMENDATION

That the Finance & Audit Committee recommends that the Executive Committee approve the changes to the Investment Policy, as presented, and forward for final approval to the Board of Directors.



August 27, 2019

Memorandum

To: David deBernardi, Director of Finance
Association of California Water Agencies Joint Powers Insurance Authority

From: Sarah Meacham, Managing Director
Richard Babbe, CCM, Senior Managing Consultant
PFM Asset Management LLC

Re: 2019 Investment Policy Review

We completed our annual review of the Association of California Water Agencies Joint Powers Insurance Authority (“Authority”) Investment Policy (“Policy”). As written, the Policy is comprehensive and is in compliance with the California Government Code (“Code”) sections that govern the investment of public funds. However, there was one Code change that took effect in 2019 that we wanted to bring to your attention. Our recommendations are summarized below. In addition, we have attached a marked-up version of the Policy to illustrate our recommendations.

Permissible Investments Section 16. Asset-Backed Securities

AB 1770, which took effect on January 1, 2019, clarified the Code’s requirements for the purchase of asset-backed securities in two respects: 1) the bill revised the wording of the maturity limit to require that securities have a maximum remaining maturity of 5 years or less rather than a maximum maturity of five years. This change simply brings the description of the maturity limit in line with how maturity limits are generally worded in the Code, but it doesn’t change the effective maturity limit for this security type. 2) The bill eliminated the requirement that the issuer of the securities be rated “A” or better. We believe the removal of the issuer rating criteria makes sense, since the issuers of ABS are typically organized as trusts that do not have standalone issuer ratings. The minimum “AA” issue rating remains, which is an important risk management criteria. These changes are mainly technical in nature and do not change the particular securities that can be purchased by the Authority.

Please let us know if you have any questions or if you would like to discuss our recommendations in more detail.

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

INVESTMENT POLICY

Revised: 09/201809/2019 - Approved: 11/201812/2019

INVESTMENT POLICY

OBJECTIVE

The objectives of the Investment Policy of the Association of California Water Agencies Joint Powers Insurance Authority (JPIA or Authority) are as follows, in order of priority.

- (1) Safeguard the principal of the funds under its control by maintaining an appropriate risk level.
- (2) Meet the liquidity needs of the Authority.
- (3) Achieve an optimum rate of return (defined as income plus realized and unrealized capital gains and losses) on available assets (not required for current operating needs), commensurate with an appropriate level of risk.

SCOPE

Except for funds held in the JPIA's working bank accounts used for the daily operations and any retirement funds held in a trust, it is intended that this policy cover investment funds and activities of the Authority.

DELEGATION OF AUTHORITY

Section 53600, et seq. of the Government Code provide legal authorization and reporting requirements for the investment of funds of local agencies when applicable. All investments of the JPIA shall conform to the restrictions of these laws. In accordance with Section 53607 the authority to invest or reinvest the funds of the Authority is delegated to the Treasurer of the JPIA for a one-year period. Each year the Authority's Board of Directors meets at the ACWA Spring and Fall Conference and therein delegates its authority to invest funds to the Authority's Treasurer, who shall thereafter assume full responsibility for those transactions until the delegation of authority is revoked or expires.

PRUDENCE

All participants in the investment process shall recognize that the investment portfolio is subject to the prudent investor standard as set forth by California Government Code and to public review and evaluation and shall seek to act responsibly as fiduciaries of the public trust. The prudent investor standard states that when investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the Authority, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like, aims, to safeguard the principal and maintain the liquidity needs of the Authority.

ETHICS AND CONFLICTS OF INTEREST

Officers and employees involved in the investment process shall refrain from personal business activities that could conflict with proper execution of the investment program, or which could impair their ability to make impartial decisions. Employees and investment officials shall disclose to the Chief Executive Officer any material financial interests in financial institutions that conduct business within their jurisdiction, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the Authority.

PERMISSIBLE INVESTMENTS

An appropriate risk level shall be maintained by primarily purchasing securities that are of high quality, liquid, and marketable. See table on page 6 for further limits.

The classes of investments that most adequately meet the criteria for purchases are listed as follows.

1. United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.

There is no limit as to the amount of the Authority's investment portfolio that may be invested in this category.

2. Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.

There is no limit as to the amount of the Authority's investment portfolio that may be invested in this category. No more than 50% of the Authority's investment portfolio may be invested in any one federal agency.

3. Registered state warrants or treasury notes or bonds of this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of the state. Obligations eligible for investment under this subdivision must be rated in a rating category "A" or its equivalent or better by a Nationally Recognized Statistical Rating Organization (NRSRO).

There is no limit as to the amount of the Authority's investment portfolio that may be invested in this category.

4. Registered treasury notes or bonds of any of the other 49 states in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 states, in addition to California. Obligations eligible for investment under this subdivision must be rated in a rating category "A" or its equivalent or better by a NRSRO.

There is no limit as to the amount of the Authority's investment portfolio that may be invested in this category.

5. Bonds, notes, warrants, or other evidences of indebtedness of a local agency within this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency. Obligations eligible for investment under this subdivision must be rated in a rating category "A" or its equivalent or better by a NRSRO.

There is no limit as to the amount of the Authority's investment portfolio that may be invested in this category.

6. Bankers' Acceptances issued by domestic or foreign banks, which are eligible for purchase by the Federal Reserve System, the short-term paper of which is rated in the highest rating category as provided for by a NRSRO.

Purchases of Bankers' Acceptances may not exceed 180 days' maturity or 20% of the Authority's investment portfolio.

7. Commercial paper rated in the highest letter and number rating as provided for by an NRSRO. The entity that issues the commercial paper shall meet all of the conditions in either paragraph (a) or (b):

- a. The entity meets the following criteria:

- (i) Is organized and operating in the United States as a general corporation.

- (ii) Has total assets in excess of five hundred million dollars (\$500,000,000).

- (iii) Has debt other than commercial paper that, if any, is rated in a rating category "A," its equivalent or higher by an NRSRO.

- b. The entity meets the following criteria:

- (i) Is organized within the United States as a special purpose corporation, trust, or limited liability company.

- (ii) Has program wide credit enhancements including, but not limited to, overcollateralization, letters of credit, or surety bond.

- (iii) Has commercial paper that is rated in a rating category "A-1" or higher, or the equivalent, by an NRSRO.

Purchases of eligible commercial paper may not exceed 270 ~~days~~^{days}' maturity and may not represent more than 10% of the outstanding paper of an issuing corporation.

Purchases of commercial paper may not exceed 25% of the Authority's investment portfolio.

8. Medium-term notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Medium-term corporate notes shall be rated in a rating category "A", its equivalent, or better by an NRSRO.

Purchase of medium-term corporate notes may not exceed 30% of the Authority's investment portfolio.

9. Negotiable certificates of deposit or deposit notes issued by a nationally or state-chartered bank or a state or federal savings and loan association or by a federally- or state-licensed branch of a foreign bank; provided that the senior

debt obligations of the issuing institution are rated in a rating category "A", its equivalent, or better by an NRSRO.

Purchase of negotiable certificates of deposit may not exceed 30% of the Authority's investment portfolio.

10. FDIC insured or fully collateralized time certificates of deposit (Time CDs) in financial institutions located in California, including U.S. branches of foreign banks licensed to do business in California. All time deposits must be collateralized in as specified under Government Code Section 53630 et seq. The Treasurer, at their discretion, may waive the collateralization requirements for any portion that is covered by federal deposit insurance.-

11. Local Government Investment Pools (LGIP). Shares of beneficial interest issued by a joint powers authority organized pursuant to Government Code Section 6509.7 that invests in the securities and obligations authorized in subdivisions (a) to (q) of Government Code Section 53601, inclusive. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria:

- a. The adviser is registered or exempt from registration with the Securities and Exchange Commission.
- b. The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (o) Government Code Section 53601, inclusive.
- c. The adviser has assets under management in excess of five hundred million dollars (\$500,000,000).

The purchase price of shares shall not exceed 50% of the investment portfolio of the Authority.

12. State of California's Local Agency Investment Fund (LAIF). Investment in LAIF may not exceed the lesser of the limit established by LAIF or 50% of the portfolio and should be reviewed periodically. (Government Code § 16429.1)

13. Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1, et seq.). To be eligible for investment pursuant to this subdivision these companies shall either: (1) attain the highest ranking letter or numerical rating provided by not less than two of the three largest nationally recognized rating services or (2) have an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five years of experience managing money market mutual funds and with assets under management in excess of \$500,000,000.

The purchase price of shares shall not exceed 20% of the investment portfolio of the Authority.

14. Repurchase Agreements used solely as short-term investments not to exceed 92 days.

The Authority may enter into Repurchase Agreements with primary dealers in U.S. Government securities who are eligible to transact business with, and who report to, the Federal Reserve Bank of New York.

The following collateral restrictions will be observed: Only U.S. Treasury securities or Federal Agency securities, as described in this section, will be acceptable collateral. All securities underlying Repurchase Agreements must be delivered to the Authority's custodian bank versus payment or be handled under a properly executed tri-party repurchase agreement. The total market value of all collateral for each Repurchase Agreement must equal or exceed, 102% of the total dollar value of the money invested by the Authority for the term of the investment. For any Repurchase Agreement with a term of more than one day, the value of the underlying securities must be reviewed at least weekly. Since the market value of the underlying securities is subject to daily market fluctuations, the investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102% no later than the next business day.

Market value must be calculated each time there is a substitution of collateral.

The Authority or its trustee shall have a perfected first security interest under the Uniform Commercial Code in all securities subject to Repurchase Agreement.

The Authority will have properly executed SIFMA agreement with each counter party with which it enters into Repurchase Agreements.

Purchases of repurchase agreements shall not exceed 20% of the investment portfolio of the Authority.

15. Supranationals. United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), or Inter-American Development Bank (IADB), with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated "AAA", its equivalent, or better by an NRSRO.

Purchases of supranationals shall not exceed 20% of the investment portfolio of the Authority.

16. Asset-Backed Securities. Mortgage pass-through securities, collateralized mortgage obligations, mortgage-backed or other pay-through bonds, equipment lease-backed certificates, consumer receivable pass-through certificates, or consumer receivable-backed bonds of with a maximum remaining maturity of five years or less' maturity. Securities eligible for investment under this subdivision shall be issued by an issuer rated in a rating category "A," its equivalent, or higher

~~rating for the issuer's debt as provided and~~ rated in a rating category "AA" or its equivalent or better by at least one NRSRO.

Purchase of securities authorized by this subdivision may not exceed 20% of the Authority's total portfolio.

The JPIA shall also have the option of depositing funds with banks, savings and loans, and credit unions (Government Code §53620 et seq.) as a means to complement the investment program when appropriate. The financial institutions shall have received an overall rating of not less than "satisfactory" in its most recent evaluation by the appropriate federal financial supervisory agency of its record of meeting the credit needs of California's communities as required by (Government Code § 53635.2). All bank deposits must be collateralized as specified under Government Code Section 53630 et seq. The Treasurer, at their discretion, may waive the collateralization requirements for any portion that is covered by federal deposit insurance.

LIMITATIONS/DIVERSIFICATION

Below is a table summarizing the maximum percentage and minimum credit quality required for each permissible investment type. Percent limitations shown are based on book value at time of purchase. Percentages may change after purchase as a result of withdrawals from the portfolio. Credit quality refers to the credit rating at the time the security is purchased. If an investment's credit rating falls below the minimum rating, the Treasurer will perform a timely review and decide whether to sell or hold the investment.

The average life of the total portfolio at any time shall not exceed four years. The maximum maturity for all investments, unless otherwise noted, is 5 years. U.S. Treasuries and Federal Agencies with maturities longer than 5 years may be purchased for specific purposes with the prior approval by the Executive Committee at least 90 days in advance of the purchase.

No more than 5% of the portfolio will be invested in any one issuer excluding U.S. Treasuries, Federal Agencies, supnationals, and investment pools (LAIF, LGIPs, and money market funds).

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

INVESTMENT POOLS

Prior to investing in any pooled investment program and at least annually thereafter, the Authority shall perform a review of the investment policy and portfolio of any investment pools in which the Authority invests, including LAIF and LGIPs. In addition, the Treasurer shall maintain on file a copy of the pool's current disclosure document describing the program.

PROHIBITED INVESTMENTS

The Authority shall not invest in inverse floaters, range notes, mortgage derived interest-only strips, or in any security that could result in zero earnings accrual if held to maturity, and any investment not expressly authorized in the Government Code.

The Authority is prohibited from investing in securities unless specifically permitted by this Investment Policy.

TRADING

The Authority shall not make investments for the purpose of trading or speculation as the dominant criterion such as anticipation of appreciation of capital value through changes in market rates.

BORROWING

Any borrowing in the amount of one hundred thousand dollars or more shall be considered and deliberated as a separate item of business on the agenda of the JPIA's Executive Committee. Borrowing does not include bank overdrafts.

INTERNAL CONTROLS

The Treasurer shall establish and maintain a system of internal controls designed to ensure that the assets of the Authority are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgment by management. The internal controls should include references to safekeeping, master repo agreements, wire transfer agreements, banking service contracts, collateral/depository agreements, and other investment related activities as applicable.

Accordingly, the Treasurer shall establish an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with policies and procedures.

COLLATERALIZATION

Collateralization for repurchase agreements and non-negotiable Certificates of Deposit shall be required in accordance with state law.

SAFEKEEPING/CUSTODY

Investment securities are to be purchased when possible in book-entry form in the Authority's name. All deliverable securities owned by the Authority shall be held in safekeeping by a third party bank trust department acting as agent for the Authority under the terms of a written custody agreement executed by the bank and the Authority. All investment transactions require the bank to provide a safekeeping receipt or acknowledgment generated from the trade. All security transactions, including collateral for repurchase agreements, entered into by the Authority shall be conducted on a delivery-versus-payment (DVP) basis. The safekeeping institution is required to provide a listing all securities held in safekeeping with current market data and other information on a monthly basis.

The Executive Committee authorized Term and non-negotiable instruments, such as certificates of deposit, to be held by the Treasurer, or in safekeeping as the Treasurer deems appropriate.

PERFORMANCE STANDARDS

The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs of the Authority. The Authority shall establish a performance benchmark. Benchmarks may change over time based on changes in market conditions, investment preferences, or cash flow requirements.

AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

If an investment advisor is authorized to initiate investment transactions on the Authority's behalf, the investment advisor may use its own list of approved broker/dealers and financial institutions for investment purposes. The investment advisor's approved list must be made available to Authority upon request.

For any investment transactions conducted by the Treasurer, a list will be maintained of approved security broker/dealers selected by creditworthiness (e.g., a minimum capital requirement of \$10,000,000 and at least five years of operation). These may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15C3-1 (uniform net capital rule).

All broker/dealers who desire to become qualified for investment transactions must supply the following as appropriate:

- Audited financial statements demonstrating compliance with state and federal capital adequacy guidelines
- Proof of Financial Industry Regulatory Authority (FINRA) certification (not applicable to Certificate of Deposit counterparties)
- Proof of state registration
- Completed broker/dealer questionnaire (not applicable to Certificate of Deposit counterparties)
- Certification of having read and understood and agreeing to comply with the Authority's investment policy.
- Evidence of adequate insurance coverage.

An annual review of the financial condition and registration of all qualified financial institutions and broker/dealers will be conducted.

For all investment transactions, the Authority or its investment advisor shall seek a minimum of three bids/offers from brokers and dealers on the Authority's or investment advisor's list of approved broker/dealers.

ADVISORS

The JPIA's Executive Committee shall pre-approve investment advisors given the authority to manage all or part of the JPIA investment portfolio prior to establishing a relationship.

REPORTING/REVIEW

The Treasurer shall render a monthly list of investment transactions to the Chief Executive Officer, the JPIA's Executive, and Finance & Audit Committees as required by the California Government Code §53607 when investment authority has been delegated by the Executive Committee. The Treasurer shall render a quarterly report incorporating the following:

- (1) For each investment, the report will describe the type of investment, issuer, date of maturity, par and dollar amount invested, yield to maturity, credit quality, duration and current market value as of the date of the report. Any managed funds shall be described in the quarterly report.
- (2) The quarterly report shall state compliance of the portfolio to the statement of the investment policy, or manner in which the portfolio is not in compliance.
- (3) The quarterly report shall include a statement denoting the ability of the Authority to meet its expenditure requirements for the next six months, or provide an explanation as why sufficient money shall, or shall not, be available.

The Treasurer shall review the Authority's portfolio for compliance at least annually. The Treasurer shall establish procedures to report to the Finance Committee incidences of noncompliance through the review of the portfolio.

REVIEW OF INVESTMENT PORTFOLIO

It is the intent of the JPIA that the Policy will be followed at all times. Because some securities may not comply with this Investment Policy's requirements subsequent to the date of purchase, the Treasurer shall at least annually review the portfolio to identify those securities that do not comply. If a non-compliance issue has been identified it shall be taken to the JPIA's Finance or Executive Committee at the next scheduled meeting. The Committee will determine if any action is needed. Investments or securities found not to be in compliance with this Investment Policy do not necessarily require immediate action.

INVESTMENT POLICY ADOPTION

The Treasurer shall render annually a statement of investment policy to the JPIA's Executive Committee for consideration and approval.

Glossary

Asset-backed securities (ABS) are securities whose income payments and hence value is derived from and collateralized (or "backed") by a specified pool of underlying assets which are receivables. Pooling the assets into financial instruments allows them to be sold to general investors, a process called securitization, and allows the risk of investing in the underlying assets to be diversified because each security will represent a fraction of the total value of the diverse pool of underlying assets. The pools of underlying assets can comprise common payments credit cards, auto loans, mortgage loans, and other types of assets. Interest and principal is paid to investors from borrowers who are paying down their debt.

Bankers' Acceptances are short-term credit arrangements to enable businesses to obtain funds to finance commercial transactions. They are time drafts drawn on a bank by an exporter or importer to obtain funds to pay for specific merchandise. By its acceptance, the bank becomes primarily liable for the payment of the draft at maturity. An acceptance is a high-grade negotiable instrument.

Broker-Dealer is a person or a firm who can act as a broker or a dealer depending on the transaction. A broker brings buyers and sellers together for a commission. They do not take a position. A dealer acts as a principal in all transactions, buying and selling for his own account.

Certificates of Deposit

- 1. Negotiable Certificates of Deposit** are large-denomination CDs issued in \$1 million increments. These securities have average trades in the secondary market of \$5 million to \$10 million. They are issued at face value and typically pay interest at maturity, if maturing in less than 12 months. CDs that mature beyond this range pay interest semi-annually. Negotiable CDs are issued by U.S. banks (domestic CDs), U.S. branches of foreign banks (Yankee CDs), and thrifts. There is an active secondary market for negotiable domestic and Yankee CDs. However, the negotiable thrift CD secondary market is limited. Yields on CDs exceed those on U.S. treasuries and agencies of similar maturities. This higher yield compensates the investor for accepting the risk of reduced liquidity and the risk that the issuing bank might fail. State law does not require the collateralization of negotiable CDs.
- 2. Non-negotiable Certificates of Deposit** are time deposits with financial institutions that earn interest at a specified rate for a specified term. Liquidation of the CD prior to maturity incurs a penalty. There is no secondary market for those instruments, therefore, they are not liquid. They are classified as public deposits and financial institutions are required to collateralize them. Collateral may be waived for the portion of the deposits that are covered by FDIC insurance.

Collateral is securities, evidence of deposits, or other property that a borrower pledges to secure repayment of a loan. It also refers to securities pledged by a bank to secure deposits. In California, repurchase agreements, reverse repurchase agreements, and public deposits must be collateralized.

Commercial Paper is a short term, unsecured, promissory note issued by a corporation to raise working capital.

Delivery versus Payment (DVP) is a settlement system in which the transfer of securities and associated payment occur simultaneously. This ensures that the final transfer of the security occurs, if and only if, the final transfer of the associated payment (or other assets) occurs.

Federal Agency Obligations are issued by U.S. Government Agencies or Government Sponsored Enterprises (GSE). Although they were created or sponsored by the U.S. Government, most Agencies and GSEs are not guaranteed by the United States Government. Examples of these securities are notes, bonds, bills and discount notes issued by Fannie Mae (FNMA), Freddie Mac (FHLMC), the Federal Home Loan Bank system (FHLB), and Federal Farm Credit Bank (FFCB). The Agency market is a very large and liquid market, with billions traded every day.

Issuer means any corporation, governmental unit, or financial institution that borrows money through the sale of securities.

Liquidity refers to the ease and speed with which an asset can be converted into cash without loss of value. In the money market, a security is said to be liquid if the difference between the bid and asked prices is narrow and reasonably sized trades can be done at those quotes.

Local Agency Investment Fund (LAIF) is a special fund in the State Treasury that local agencies may use to deposit funds for investment. There is no minimum investment period and the minimum transaction is \$5,000, in multiples of \$1,000 above that, with a maximum of \$50 million for any California public agency. It offers high liquidity because deposits can be converted to cash in twenty-four hours and no interest is lost. All interest is distributed to those agencies participating on a proportionate share determined by the amounts deposited and the length of time they are deposited. Interest is paid quarterly via direct deposit to the agency's LAIF account. The State keeps an amount for reasonable costs of making the investments, not to exceed one-quarter of one per cent of the earnings.

Local Government Investment Pool (LGIP) is a collection of funds from various governmental entities invested in a common portfolio. Each investor earns interest proportional to their investment in the overall pool.

Market Value is the price at which a security is trading and could presumably be purchased or sold.

Maturity is the date upon which the principal or stated value of an investment becomes due and payable.

Medium-Term Notes are debt obligations issued by corporations and banks, usually in the form of unsecured promissory notes. These are negotiable instruments that can be bought and sold in a large and active secondary market. For the purposes of California Government Code, the term “Medium Term” refers to a maximum remaining maturity of five years or less. They can be issued with fixed or floating-rate coupons, and with or without early call features, although the vast majority are fixed-rate and non-callable. Corporate notes have greater risk than Treasuries or Agencies because they rely on the ability of the issuer to make payment of principal and interest.

Money Market Fund is a type of safe investment comprising a variety of short-term securities with high quality and high liquidity. The fund provides interest to shareholders and must maintain a stable net asset value (NAV) of \$1 per share.

Municipal Obligations are debt instruments issued by a state or local government unit or public agency. The vast majority of municipals are exempt from state and federal income tax, although some non-qualified issues are taxable.

Nationally Recognized Statistical Rating Organization (NRSRO): A credit rating agency registered with the U.S. Securities and Exchange Commission (SEC) that provides ratings that indicate the agency’s opinion of the relative credit quality of securities. The three largest NRSROs are Standard & Poor’s, Moody’s Investors Service, and Fitch Ratings.

Principal describes the original cost of a security. It represents the amount of capital or money that the investor pays for the investment.

Repurchase Agreements are short-term investment transactions. Banks buy temporarily idle funds from a customer by selling him U.S. Government or other securities with a contractual agreement to repurchase the same securities on a future date at an agreed upon interest rate. Repurchase Agreements are typically for one to ten days in maturity. The customer receives interest from the bank. The interest rate reflects both the prevailing demand for Federal Funds and the maturity of the Repo. Repurchase Agreements must be collateralized.

Supranationals are United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), or Inter-American Development Bank (IADB), with maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States.

U.S. Treasury Issues are direct obligations of the United States Government. They are highly liquid and are considered the safest investment security. U.S. Treasury issues include:

1. **Treasury Bills** that are non-interest-bearing discount securities issued by the U.S. Treasury to finance the national debt. Bills are currently issued in one, three, six, and twelve month maturities.
2. **Treasury Notes** that have original maturities of one to ten years.
3. **Treasury Bonds** that have original maturities of greater than 10 years.

Yield to Maturity is the rate of income return on an investment, minus any premium above par or plus any discount with the adjustment spread over the period from the date of the purchase to the date of maturity of the bond.

ACWA JPIA
Long-term Investment Portfolio Update
September 09, 2019

BACKGROUND

In November 2008, PFM Asset Management, Inc. began managing approximately two-thirds of the JPIA's Investment Portfolio.

CURRENT SITUATION

Sarah Meacham of PFM Asset Management, Inc. will present a summary of the Investment Portfolio they manage. This presentation will include commentary on the current market and thoughts about managing the investments going forward.

RECOMMENDATION

None, informational only.

ACWA JPIA
Interim Financial Statements
September 9, 2019

BACKGROUND

Monthly Interim Financial Statements are generated by the Finance Department.

CURRENT SITUATION

Staff will present a review of the Interim Financial Statements, as of June 30, 2019.

RECOMMENDATION

None, informational only.

ACWA JPIA

RATIO ANALYSIS

JUNE 30, 2019

RATIO	CALCULATION	FY	6/30/19	FY	6/30/18	% CHANGE	CHANGE
CASH RATIO	CASH & EQUIVALENTS/CURRENT LIAB.	18/19	0.56	17/18	0.43	0.31	0.13
<i>Measures company ability to utilize cash and other liquid assets to pay short term obligations, should be as high as possible</i>							
CHANGE IN NET POSITION	NET POSITION (CY) - NET POSITION (PY)/NET POSITION (PY)	18/19	0.09				
<i>Measures year-to-year change in pool's overall financial condition. Industry range typically -.10 to .25</i>							
COMBINED RATIO	NET LOSSES+G&A/NET CONTRIBUTIONS	18/19	0.86	17/18	0.93	(0.08)	(0.07)
<i>Basic measure of pool's overall underwriting results in a year. Results below 100% indicate contributions greater than losses and expenses.</i>							
CONTRIBUTION LEVERAGE	NET CONTRIBUTIONS/NET POSITION	18/19	0.85	17/18	0.94	(0.10)	(0.09)
<i>Measures the degree of protection the pool's net position provides relative to contributions it expects to write. Industry range: 0 to 3.0</i>							
CURRENT RATIO	CURRENT ASSETS/LIABILITIES	18/19	2.09	17/18	2.05	0.02	0.04
<i>Measures company's liquid assets available to pay short term obligations, should be as high as possible</i>							
LIABILITIES TO ASSETS	TOTAL LIABILITIES/LIQUID ASSETS	18/19	0.57	17/18	0.59	(0.03)	(0.02)
<i>Provides an estimate of financial implications if liquidation of the pool becomes necessary for any reason. Declining ratio could indicate reduction in reserve levels.</i>							
LOSS RATIO	CLAIMS/NET CONTRIBUTIONS	18/19	0.77	17/18	0.82	(0.06)	(0.05)
<i>Measures pool's net incurred losses relative to contributions net of reinsurance. Typical industry range is .75-.90. Fluctuates based on confidence level pricing.</i>							
OPERATING RATIO	(NET LOSSES+G&A-INV INC)/NET CONTRIBUTIONS	18/19	0.82	17/18	0.90	(0.09)	(0.08)
<i>Measures pool's financial stability/solvency. Takes investment income into consideration. Ratio under 1.0 indicates proper income to cover all organizational costs.</i>							
RESERVE LEVERAGE	RESERVES/NET POSITION	18/19	0.83	17/18	0.82	0.01	0.01
<i>Measures the pool's financial ability to absorb costs in excess of booked reserves. Industry range of 0.5 to 2.0, depending on reserving practices.</i>							
RETENTION (LIABILITY)	NET POSITION/POOL RETENTION (\$5,000,000)	18/19	6.61	17/18	6.75	(0.02)	(0.14)
RETENTION (PROPERTY)	NET POSITION/POOL RETENTION (\$100,000)	18/19	106.58	17/18	103.59	0.03	2.99
RETENTION (WORK COMP)	NET POSITION/POOL RETENTION (\$2,000,000)	18/19	11.69	17/18	12.10	(0.03)	(0.40)
RETENTION (EMP BEN)	NET POSITION/POOL RETENTION (\$500,000)	2019	101.28	2018	84.30	0.20	16.98
<i>Total Estimated loss-per-risk the pool retains on the balance sheet and evaluates the adequacy of surplus to withstand multiple large losses at the retention level. Industry range is typically 10 to 70 but a pool's net position varies depending on how it classifies its net assets (CAT funds, Emp Ben reserves, RSF, etc).</i>							

*ACWA JPIA plans to utilize industry-specific benchmarks (provided by AGRIP's Financial Benchmarking Initiative) to incorporate in financial analysis as they become available in the near future.

ACWA JPIA

STATEMENT OF NET POSITION

JUNE 30, 2019

	PRIMARY		EXCESS		TOTALS		\$ CHANGE	% CHANGE
	6/30/19	6/30/18	6/30/19	6/30/18	6/30/19	6/30/18		
ASSETS								
1 Cash & Investments	\$ 179,277,853	\$ 169,362,884	\$ 0	\$ 0	\$ 179,277,853	\$ 169,362,884	\$ 9,914,969	5.9%
2 Accounts Receivable	42,123	471,239			42,123	471,239	(429,116)	-91.1%
3 Deposit Premiums Receivable	10,194,309	8,051,584			10,194,309	8,051,584	2,142,725	26.6%
4 Payment Expected from Excess Insurer	695,249	1,156,063	21,182,542	18,524,237	21,877,791	19,680,300	2,197,491	11.2%
6 Deposits and Prepaid Expenses	324,573	329,327			324,573	329,327	(4,754)	-1.4%
7 Prepaid Insurance Premiums	961,072	2,828,869			961,072	2,828,869	(1,867,797)	-66.0%
8 Prepaid Other Post Employment Benefits (OPEB)	2,335,567	2,335,567			2,335,567	2,335,567	0	0.0%
9 Retrospective Premium Adjustments Receivables	4,101,426	2,533,611			4,101,426	2,533,611	1,567,815	61.9%
10 Capital Assets	4,581,080	4,679,014			4,581,080	4,679,014	(97,934)	-2.1%
11 TOTAL ASSETS	203,392,015	192,476,531	21,182,542	18,524,237	224,574,558	211,000,768	13,573,790	6.4%
LIABILITIES								
12 Reserves for Reported Claims	30,334,192	23,685,862	17,791,317	13,408,404	48,125,509	37,094,266	11,031,243	29.7%
13 Reserves for Unreported Claims	31,637,716	32,687,128	3,391,224	5,115,833	35,028,940	37,802,961	(2,774,021)	-7.3%
14 Accounts Payable & Misc. Short Term Accrued Liabilities	2,064,626	2,131,810			2,064,626	2,131,810	(67,184)	-3.2%
15 Collected Premiums, Not Yet Earned	16,902,386	21,077,757			16,902,386	21,077,757	(4,175,371)	-19.8%
16 Net Pension Liability	0	1,090,034			0	1,090,034	(1,090,034)	-100.0%
17 Retrospective Premium Adjustments Payables	21,989,060	19,973,287			21,989,060	19,973,287	2,015,773	10.1%
18 TOTAL LIABILITIES	102,927,980	100,645,878	21,182,542	18,524,237	124,110,522	119,170,115	4,940,407	4.1%
NET ASSETS								
19 Rate Stabilization Fund	8,658,263	9,150,774			8,658,263	9,150,774	(492,511)	-5.4%
20 Reserve for Catastrophic/Natural Disaster Losses	41,166,771	40,530,324			41,166,771	40,530,324	636,447	1.6%
21 Employee Benefits Fund	50,639,001	42,149,555			50,639,001	42,149,555	8,489,446	20.1%
22 Total FUND BALANCE	100,464,035	91,830,653	0	0	100,464,035	91,830,653	8,633,382	9.4%
23 TOTAL NET POSITION	\$ 203,392,015	\$ 192,476,531	\$ 21,182,542	\$ 18,524,237	224,574,557	\$ 211,000,768	\$ 13,573,790	6.4%

ACWA JPIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE PERIOD FROM OCTOBER 1, 2018 THROUGH JUNE 30, 2019

	PRIMARY		EXCESS		TOTALS		\$ CHANGE	% CHANGE
	6/30/19	6/30/18	6/30/19	6/30/18	6/30/19	6/30/18		
REVENUE								
1 Member Contributions	\$ 135,308,283	\$ 133,293,643	\$ 0	\$ 0	\$ 135,308,283	\$ 133,293,643	\$ 2,014,640	1.5%
2 Net Investment & Other Income	2,620,963	1,800,870			2,620,963	1,800,870	820,093	45.5%
3 Administrative Fees (Employee Benefits)	980,768	972,214			980,768	972,214	8,554	0.9%
4 Expected "Specific" Excess Insur. Recoveries	0	0	9,772,239	5,861,272	9,772,239	5,861,272	3,910,967	66.7%
5 TOTAL REVENUE	138,910,015	136,066,727	9,772,239	5,861,272	148,682,254	141,927,999	6,754,255	4.8%
EXPENSES								
6 Paid Claims	65,233,900	70,577,347	7,779,670	3,540,716	73,013,570	74,118,063	(1,104,493)	-1.5%
8 Reserves for Reported Claims	4,849,426	1,441,316	1,451,691	1,721,173	6,301,117	3,162,489	3,138,628	99.2%
9 Reserves for Unreported Claims/Claims Dev.	5,560,462	1,745,545	540,878	599,383	6,101,340	2,344,928	3,756,412	160.2%
10 CLAIMS EXPENSE SUB-TOTAL	75,643,788	73,764,208	9,772,239	5,861,272	85,416,027	79,625,480	5,790,547	7.3%
11 Purchased Insurance and Excess Insurance	50,313,808	47,157,960			50,313,808	47,157,960	3,155,848	6.7%
12 General & Administrative Expenses	7,446,240	9,103,225			7,446,240	9,103,225	(1,656,985)	-18.2%
13 TOTAL EXPENSES	133,403,836	130,025,393	9,772,239	5,861,272	143,176,075	135,886,665	7,289,410	5.4%
14 Catastrophic/Natural Disaster Funds	251,974	376,700			251,974	376,700	(124,726)	-33.1%
15 Employee Benefits Fund	6,293,842	6,248,197			6,293,842	6,248,197	45,645	0.7%
16 EXCESS OF REVENUE OVER EXPENSES								
17 Retrospective Premium Adjustments (Due From Members)	\$ (1,039,638)	\$ (583,563)	\$ 0	\$ 0	\$ (1,039,638)	\$ (583,563)	\$ (456,074)	-78.2%

ACWA JPIA

RETROSPECTIVE PREMIUM ADJUSTMENTS (RPA) SCHEDULE
JUNE 30, 2019

LIABILITY

Policy Year	Paid Losses	Reserves	Write-Offs	IBNR's	G&A Expenses	Interest Income	Excess Ins	Cat Fund	RPA Costs	Deposit Prem's	Prior RPA (Due to) From	Current RPA (Due to) From
Prior Years	\$ 74,979,687	\$ 0	\$ 1,789,127	\$ 0	\$ 26,725,765	\$ (28,895,542)	\$ 41,907,124	\$ 15,200,140	\$ 129,249,720	\$ 142,867,995	\$ (13,720,080)	\$ 84,405
10/1/99-00	4,851,860	0	0	0	1,845,832	(1,286,491)	2,667,217	1,031,434	9,109,851	10,314,350	(1,203,519)	(979)
10/1/09-10	5,122,798	0	414	3,202	2,067,190	(770,492)	4,608,867	1,595,616	13,175,013	15,956,157	(2,781,293)	150
10/1/10-11	4,577,880	318,167	0	31,953	2,282,460	(567,541)	4,595,419	1,620,467	13,429,489	16,204,671	(2,791,558)	16,376
10/1/11-12	6,529,366	802,125	5,036	149,509	2,552,489	(546,060)	4,145,093	1,646,218	16,457,106	16,458,664	(46,940)	45,381
10/1/12-13	4,647,004	0	0	64,996	1,673,519	(539,462)	4,080,300	472,772	10,399,128	16,683,953	(6,287,901)	3,076
10/1/13-14	6,105,470	1,891,095	679	241,435	2,353,982	(608,428)	3,659,417	0	13,643,649	16,340,128	(2,805,380)	108,901
10/1/14-15	6,971,351	152,920	15	851,729	2,000,219	(605,592)	3,634,717	0	13,005,358	15,113,236	(2,145,321)	37,442
10/1/15-16	9,201,314	173,790	0	1,456,896	2,054,452	(492,401)	3,875,750	0	16,269,801	15,308,635	0	961,166
10/1/16-17	4,001,794	3,895,423	0	2,969,782	2,425,533	(593,247)	2,758,676	0	15,457,963	16,137,595	0	(679,632)
10/1/17-18	2,840,820	6,234,801	0	2,786,379	1,841,861	(553,502)	3,014,553	0	16,164,912	17,506,221	0	(1,341,309)
10/1/18-19	849,641	3,452,174	0	5,227,684	778,729	(527,650)	2,352,854	(6,354)	12,127,079	12,946,303	0	(819,224)
TOTALS	184,291,820	16,920,497	1,795,270	13,783,568	66,525,448	(45,647,238)	117,768,789	34,029,006	389,357,211	436,535,850	(45,611,787)	(1,584,252)

PROPERTY

Policy Year	Paid Losses	Reserves	Write-Offs	IBNR's	G&A Expenses	Interest Income	Excess Ins	Disaster Fund	RPA Costs	Deposit Prem's	Prior RPA	Current RPA
Prior Years	4,587,833	0	0	0	5,214,078	(2,056,851)	12,796,283	0	20,541,343	29,583,247	(9,041,904)	0
4/1/04-05	676,527	0	0	0	368,304	(39,656)	1,867,051	0	2,872,227	2,908,668	(35,871)	(570)
4/1/09-10	682,871	0	310	0	193,540	(98,104)	2,643,369	0	3,421,985	4,045,223	(619,428)	(3,810)
4/1/14-15	759,655	0	0	42,063	1,747,483	(52,526)	5,218,261	0	4,814,936	5,261,181	(455,184)	8,939
4/1/15-16	869,804	1,468	0	0	1,666,693	(71,543)	1,527,000	500,000	4,493,422	4,991,249	0	(497,827)
4/1/16-17	1,182,042	18,370	0	55,489	1,832,119	(77,054)	1,523,521	500,000	5,034,487	5,207,693	0	(173,206)
4/1/17-18	1,146,871	2,992	0	107,137	1,185,453	(68,722)	1,657,369	500,000	4,531,100	5,663,519	0	(1,132,419)
4/1/18-19	1,332,434	1,408,136	0	0	1,059,592	(75,321)	3,042,615	500,000	7,267,455	5,871,217	0	1,396,238
TOTALS	11,915,999	1,430,966	323	204,690	9,725,156	(1,367,032)	33,019,335	2,000,000	56,929,437	64,204,866	(6,873,375)	(402,624)

WORKERS' COMP

Policy Year	Paid Losses	Reserves	Write-Offs	IBNR's	G&A Expenses	Interest Income	Excess Ins	Cat Fund	RPA Costs	Deposit Prem's	Prior RPA	Current RPA
7/1/88-89	744,515	26,652	0	48,834	461,785	(280,116)	66,753	114,866	1,183,290	1,148,659	29,966	4,664
7/1/92-93	1,444,698	16,511	0	0	607,588	(377,909)	132,168	252,809	2,075,864	2,528,091	(472,836)	20,609
7/1/93-94	1,034,841	0	0	27,159	445,228	(287,348)	164,505	235,388	1,619,774	2,353,870	(735,757)	1,661
7/1/98-99	2,323,554	0	0	141,446	1,406,239	(325,432)	76,609	253,342	3,875,758	2,533,425	1,333,643	8,690
7/1/99-00	2,265,738	5,297	0	11,965	1,145,987	(409,816)	94,805	287,633	3,401,609	2,876,330	524,222	1,057
7/1/00-01	4,078,273	58,314	918	67,412	1,681,214	(417,316)	75,377	345,395	5,889,588	3,453,944	2,427,761	7,883
7/1/01-02	3,486,560	25,840	0	56,599	2,443,667	(573,212)	193,270	476,437	6,109,161	4,764,369	1,339,745	5,048
7/1/02-03	3,903,728	10,264	0	41,009	3,255,147	(687,425)	705,711	826,634	8,055,067	8,266,345	(214,419)	3,142
7/1/03-04	3,563,152	276,180	0	0	4,023,698	(1,431,315)	723,416	1,187,121	8,747,364	11,871,214	(3,154,040)	30,191
7/1/04-05	3,200,511	117,535	0	0	3,657,930	(1,787,846)	811,186	1,424,085	7,877,665	14,240,849	(6,419,559)	56,375
7/1/05-06	2,608,456	92,842	0	350,703	4,397,927	(1,836,422)	709,319	1,419,640	8,139,684	14,196,396	(6,083,626)	26,914
7/1/06-07	2,081,346	1,350	0	1,501	2,451,557	(1,480,387)	783,738	1,248,939	5,462,725	12,489,395	(7,026,035)	(635)
7/1/07-08	3,792,927	825,344	0	505,730	3,463,762	(976,732)	691,916	1,025,858	9,328,804	10,258,577	(1,011,854)	82,081
7/1/08-09	6,826,728	669,852	0	0	3,463,117	(646,583)	494,603	0	10,807,718	9,289,962	842,386	675,370
7/1/09-10	4,855,509	76,962	0	50,529	2,742,963	(403,357)	481,560	920,200	9,011,606	9,202,000	(164,460)	(25,935)
7/1/10-11	4,905,720	130,394	0	385,887	3,266,062	(488,131)	466,931	1,037,704	10,012,528	10,371,251	(393,028)	34,305
7/1/11-12	5,122,518	585,009	(10,120)	225,473	2,403,680	(455,846)	413,858	559,306	8,843,877	11,377,298	(2,588,773)	55,353
7/1/12-13	6,251,057	1,367,879	0	1,552,064	2,857,588	(471,583)	516,165	727,565	12,800,735	12,025,072	591,056	184,607
7/1/13-14	4,280,682	575,168	0	935,150	1,991,418	(353,685)	523,904	0	7,952,638	12,127,621	(4,269,187)	94,204
7/1/14-15	4,061,416	1,016,038	0	1,281,547	2,363,062	(380,276)	431,752	0	8,773,538	11,982,323	(3,355,932)	147,146
7/1/15-16	2,204,603	708,773	0	1,077,624	1,887,066	(283,448)	506,645	0	6,101,264	12,209,144	0	(6,107,880)
7/1/16-17	2,606,100	1,241,150	0	2,475,750	1,872,673	(316,788)	556,796	0	8,435,680	12,389,670	0	(3,953,989)
7/1/17-18	2,086,770	1,785,121	0	3,296,109	1,580,430	(400,141)	494,703	0	8,842,992	12,447,749	0	(3,604,757)
7/1/18-19	889,774	2,370,256	0	5,116,969	1,011,488	(407,411)	484,530	0	9,465,607	12,688,367	0	(3,222,760)
TOTALS	\$ 85,663,603	\$ 11,982,729	\$ (6,202)	\$ 17,649,460	\$ 58,004,514	\$ (17,263,998)	\$ 16,931,546	\$ 13,420,047	\$ 188,608,180	\$ 233,056,422	\$ (28,971,591)	\$ (15,476,650)

A = Appropriated from Cat Fund R = Refunded Cat Fund S-T = Self Insured Excess Fund transferred to RSF Fund (No longer active)

RPA	Liability	1,255,914
	Property	(493,237)
	Workers' Comp	(4,695,145)
	Total	(3,932,468)

ACWA JPIA

ACCOUNTS RECEIVABLE - EXCESS CARRIER SUMMARY
JUNE 30, 2019

<u>POLICY YEAR</u>	<u>SIR</u>	<u>AMOUNT OVER SIR</u>	<u>DOUBTFUL RECOVERIES</u>	<u>EXCESS CARRIER PAYMENTS</u>	<u>JPIA PAID</u>	<u>JPIA RESERVED</u>	<u>TOTALS</u>
LIABILITY							
10/1/13-14	\$ 2,000,000	\$ 8,280,024	\$ 0	\$ 0	\$ 0	\$ 8,280,024	\$ 8,280,024
10/1/17-18	5,000,000	120	0	0	0	120	120
			<u>0</u>	<u>0</u>	<u>0</u>	<u>8,280,144</u>	<u>8,280,144</u>
PROPERTY							
4/1/16-17	0	3,453,000	0	3,337,906	35,697	79,397	115,094
4/1/17-18	100,000	228,000	0	0	59,071	168,929	228,000
4/1/17-18	100,000	2,765,000	0	1,580,080	5,170	1,179,749	1,184,920
4/1/18-19	100,000	600,000	0	0	0	600,000	600,000
4/1/18-19	100,000	1,700,000	0	500,000	0	1,200,000	1,200,000
4/1/18-19	100,000	25,000	0	0	0	25,000	25,000
4/1/18-19	100,000	123,000	0	0	0	123,000	123,000
4/1/18-19	100,000	6,900,000	0	1,000,000	250,000	5,650,000	5,900,000
4/1/18-19	100,000	38,000	0	0	0	38,000	38,000
4/1/18-19	500,000	105,000	0	0	0	105,000	105,000
4/1/18-19	100,000	5,000	0	0	0	5,000	5,000
			<u>0</u>	<u>6,417,986</u>	<u>349,938</u>	<u>9,174,075</u>	<u>9,524,014</u>
WORKERS' COMPENSATION							
7/1/84-85	100,000	71,948	0	30,418	0	41,530	41,530
7/1/91-92	225,000	261,234	3,000	181,861	1,805	74,569	76,373
7/1/99-00	250,000	575,731	0	466,123	561	109,048	109,608
7/1/01-02	350,000	197,111	0	0	102,284	94,827	197,111
7/1/08-09	2,000,000	22,983	0	0	5,859	17,125	22,983
			<u>3,000</u>	<u>678,402</u>	<u>110,508</u>	<u>337,098</u>	<u>447,606</u>
EMPLOYEE BENEFITS							
2018	500,000	234,802	0	0	234,802	0	234,802
			<u>0</u>	<u>0</u>	<u>234,802</u>	<u>0</u>	<u>234,802</u>
			<u>\$ 3,000</u>	<u>\$ 7,096,388</u>	<u>\$ 695,249</u>	<u>\$ 17,791,317</u>	<u>\$ 18,486,566</u>
					0	2,875,849	2,875,849
					0	349,351	349,351
					0	166,025	166,025
					<u>\$ 695,249</u>	<u>\$ 21,182,541</u>	<u>\$ 21,877,790</u>

ACWA JPIA

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
COMBINED PRIMARY AND EXCESS LAYERS
FOR THE PERIOD OCTOBER 1, 2018 THROUGH JUNE 30, 2019**

	<u>LIABILITY</u>	<u>DAM FAILURE</u>	<u>PROPERTY</u>	<u>PASS - THROUGHS</u>	<u>WORKERS' COMP</u>	<u>STORAGE TANKS</u>	<u>TOTALS</u>	
REVENUE:								
1	Deposit Premiums Earned	\$ 13,134,734	\$ 209,705	\$ 3,534,191	\$ 294,490	\$ 9,502,655	\$ 19,743	\$ 26,695,519
2	Net Investment & Other Income	769,185	0	49,195	0	721,301	5,339	1,545,020
3	Expected "Specific" Excess Insur. Recoveries	838,500	0	6,608,961	0	32,095	0	7,479,556
4	Total Revenue	<u>14,742,419</u>	<u>209,705</u>	<u>10,192,347</u>	<u>294,490</u>	<u>10,256,051</u>	<u>25,082</u>	<u>35,720,095</u>
EXPENSES:								
5	Paid Claims - JPIA - Primary	2,278,199	0	1,048,808	0	4,510,514	0	7,837,521
6	Paid Claims - JPIA - Excess	0	0	5,465,734	0	21,254	0	5,486,987
7	Reserves for Reported Claims - Primary	3,794,641	0	536,525	0	518,261	0	4,849,426
8	Reserves for Reported Claims - Excess	120	0	1,434,624	0	16,947	0	1,451,691
9	Res for Unreported Claims/Claims Dev.-Primary	3,538,931	0	110,492	0	1,911,040	0	5,560,462
10	Res for Unreported Claims/Claims Dev.-Excess	838,380	0	(291,396)	0	(6,106)	0	540,878
11	Claims Expense Sub-Total	<u>10,450,271</u>	<u>0</u>	<u>8,304,785</u>	<u>0</u>	<u>6,971,909</u>	<u>0</u>	<u>25,726,965</u>
12	Purchased Excess Insurance	2,352,854	209,711	1,830,426	222,063	347,732	9,475	4,972,261
13	General & Administrative Expenses	2,007,273	(5)	936,712	72,427	2,408,688	0	5,425,095
14	Direct Expenses	108,035	0	28,955	0	246,448	0	383,437
15	Total Expenses	<u>14,918,433</u>	<u>209,706</u>	<u>11,100,877</u>	<u>294,490</u>	<u>9,974,777</u>	<u>9,475</u>	<u>36,507,758</u>
16	Catastrophic/Natural Disaster Fund Contributions	0	0	250,000	0	0	1,974	251,975
EXCESS OF REVENUE OVER EXP:								
17	Retro Prem Adj (Due From members)	<u>\$ (176,013)</u>	<u>\$ 0</u>	<u>\$ (1,158,530)</u>	<u>\$ 0</u>	<u>\$ 281,274</u>	<u>\$ 13,632</u>	<u>\$ (1,039,638)</u>

ACWA JPIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
CUMULATIVE FROM INCEPTION THROUGH JUNE 30, 2019

	LIABILITY	DAM FAILURE	PROPERTY	PASS - THROUGHS	WORKERS' COMP	STORAGE TANKS	UTEL	TOTAL	
REVENUE									
1	Deposit Premiums Earned	\$ 436,535,850	\$ 12,758,905	\$ 96,696,781	\$ 7,479,665	\$ 233,056,422	\$ 1,417,761	\$ 357,585	\$ 788,302,969
2	Net Investment & Other Income	45,647,238		3,463,539		17,263,998	282,468	71,745	66,728,987
3	Expected "Specific" Excess Insur. Recoveries	61,471,292		36,928,366	424,984	5,505,620			104,330,262
4	Less: Doubtful Recoveries	(1,795,271)		(323)		6,202			(1,789,391)
5	Total Revenue	<u>541,859,109</u>	<u>12,758,905</u>	<u>137,088,363</u>	<u>7,904,650</u>	<u>255,832,241</u>	<u>1,700,229</u>	<u>429,330</u>	<u>957,572,827</u>
EXPENSES									
6	Paid Claims - JPIA - Primary	184,291,820	0	17,180,359	0	85,663,603	28,119	256,404	287,420,305
7	Paid Claims - JPIA - Excess	50,315,301		27,404,939	424,984	5,002,499			83,147,723
8	Expected "Aggregate" Excess Insur.Recoveries	(1,775,777)		0		0			(1,775,777)
9	Reserves for Reported Claims - Primary	16,920,497		1,430,966		11,982,729			30,334,192
10	Reserves for Reported Claims - Excess	8,280,144		9,174,075	0	337,099			17,791,318
11	Reserves for IBNR Claims/Claims Dev. - Primary	13,783,567		204,690		17,649,459			31,637,716
12	Reserves for IBNR Claims/Claims Dev. - Excess	2,875,849		349,351		166,026			3,391,225
13	Claims Expense Sub-Total	<u>274,691,401</u>	<u>0</u>	<u>55,744,380</u>	<u>424,984</u>	<u>120,801,414</u>	<u>28,119</u>	<u>256,404</u>	<u>451,946,703</u>
14	Purchased Excess Insurance	117,768,789	12,571,869	47,682,670	7,038,636	16,931,546	664,570	200,716	202,858,797
15	General & Administrative Expenses	65,975,862	187,036	15,158,646	441,029	56,824,332	88,990	30,419	138,706,314
16	Direct Expenses (Beginning 10/01/2014)	549,586	0	148,893	0	1,180,182	0	0	1,878,661
17	Total Expenses	<u>458,985,638</u>	<u>12,758,906</u>	<u>118,734,588</u>	<u>7,904,649</u>	<u>195,737,475</u>	<u>781,679</u>	<u>487,539</u>	<u>795,390,475</u>
18	Catastrophic/Natural Disaster Fund Contributions	34,011,605		2,000,000		13,420,046	137,230	35,759	49,604,640
19	Self Insured Excess Fund	2,346,634				2,226,480			4,573,113
20	Appropriated Catastrophic Funds for Members	(680,806)				0			(680,806)
21	EXCESS REVENUE OVER EXPENSES								
	Retro Prem Adj (Due From Member)	<u>\$ 47,196,038</u>	<u>\$ 0</u>	<u>\$ 16,353,775</u>	<u>\$ 0</u>	<u>\$ 44,448,240</u>	<u>\$ 781,320</u>	<u>\$ (93,968)</u>	<u>\$ 108,685,406</u>
22	Catastrophic Fund Contributions	\$ 34,011,605	\$ 0	\$ 2,000,000	\$ 0	\$ 13,420,046	\$ 137,230	\$ 35,759	\$ 49,604,640
23	Catastrophic Funds Returned to Members	(10,518,754)				(387,306)	(68,809)	(35,759)	(11,010,627)
24	Appropriated Catastrophic Funds for Members	(680,806)				0			(680,806)
25	Rolled into RSF Fund	(6,281,003)				(3,673,350)			(9,954,353)
26	Appropriated from RSF Fund	7,832,127				5,369,437			13,201,565
27	Less CWIF	6,354							6,354
28	Total Catastrophic Fund Contributions	<u>\$ 24,369,524</u>	<u>\$ 0</u>	<u>\$ 2,000,000</u>	<u>\$ 0</u>	<u>\$ 14,728,827</u>	<u>\$ 68,421</u>	<u>\$ 0</u>	<u>\$ 41,166,771</u>

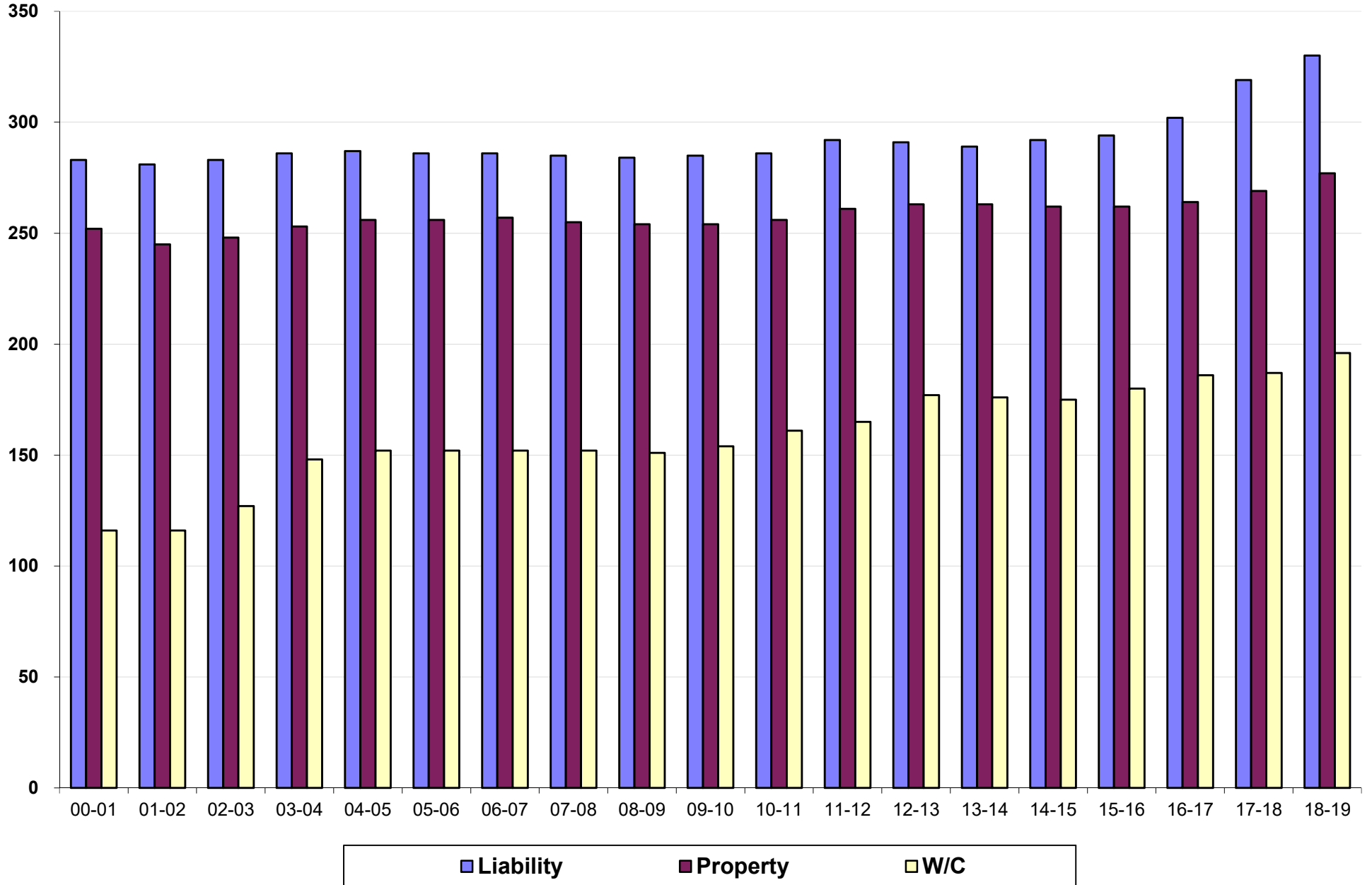
ACWA JPIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
CUMULATIVE FROM INCEPTION THROUGH JUNE 30, 2019

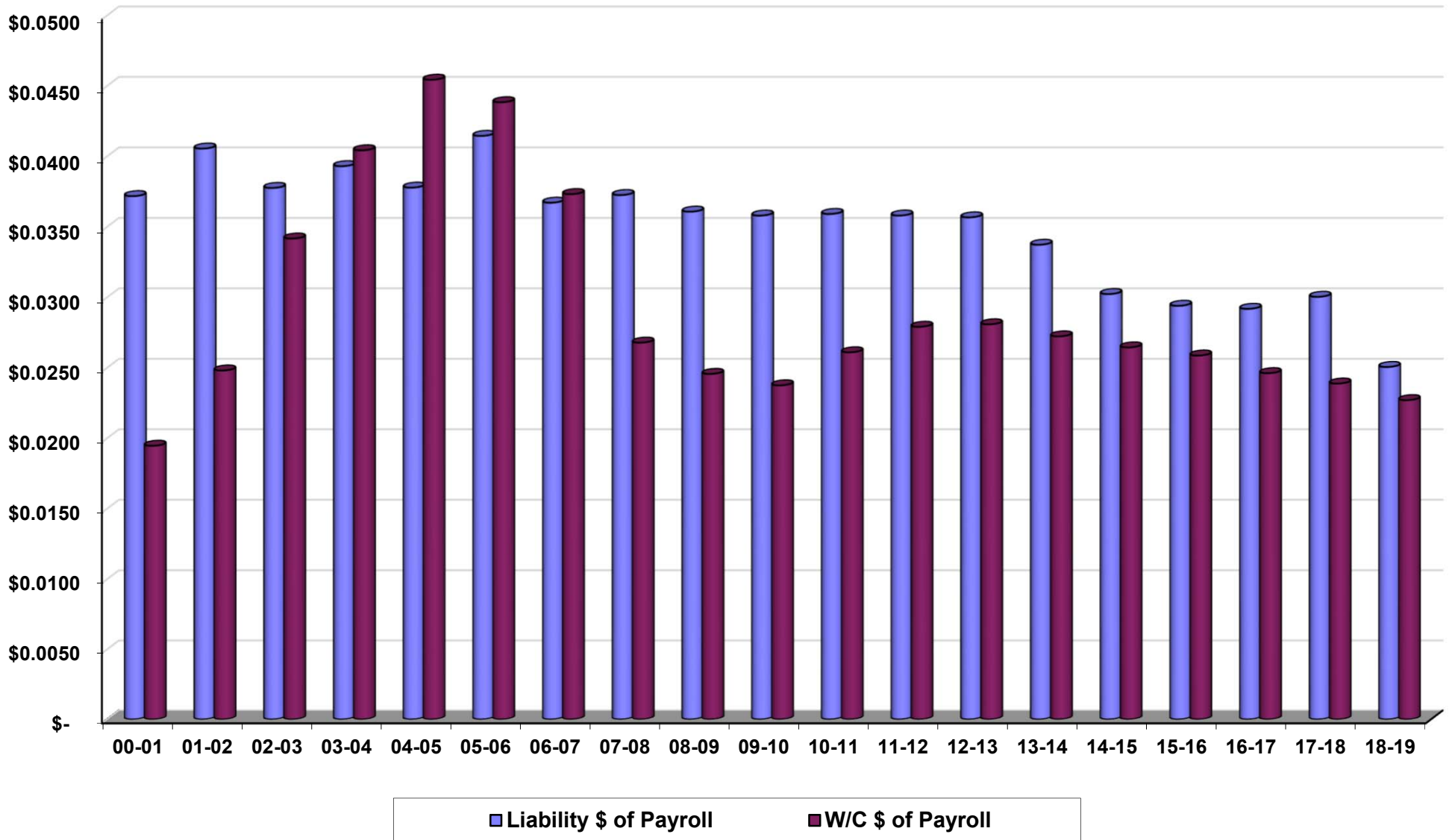
PROPERTY PROGRAM

	Policy Year 4/1/09-10	Policy Year 4/1/10-11	Policy Year 4/1/11-12	Policy Year 4/1/12-13	Policy Year 4/1/13-14	Policy Year 4/1/14-15	Policy Year 4/1/15-16	Policy Year 4/1/16-17	Policy Year 4/1/17-18	Policy Year 4/1/18-6/30/19	Total
REVENUE											
Deposit Premiums Earned	\$ 4,045,223	\$ 4,319,163	\$ 4,536,453	\$ 4,814,907	\$ 5,031,145	\$ 5,261,181	\$ 4,991,249	\$ 5,207,693	\$ 5,663,519	\$ 5,871,217	\$ 96,696,781
Net Investment & Other Income	98,104	78,605	70,864	60,720	80,588	52,526	71,543	77,054	68,722	75,321	3,463,539
Exp. "Specific" Excess Insur. Rec.	2,355,484	1,693,575	1,585,784	657,678	342,512	8,000	446,000	4,885,283	3,371,000	9,513,577	36,928,366
Less: Doubtful Recoveries	(310)	0	(12)	0	0	0	0	0	0	0	(323)
Total Revenue	6,498,501	6,091,343	6,193,089	5,533,305	5,454,245	5,321,707	5,508,792	10,170,030	9,103,241	15,460,116	137,088,363
EXPENSES											
Paid Claims - JPIA - Primary	682,871	801,074	922,930	615,623	1,105,398	759,655	869,804	1,182,042	1,146,871	1,332,434	17,180,359
Paid Claims - JPIA - Excess	2,355,484	1,693,575	1,585,784	657,678	342,512	0	398,104	4,805,886	1,728,868	1,767,577	27,404,939
Reserves Reported Claims-Primary	0	0	0	0	0	0	1,468	18,370	2,992	1,408,136	1,430,966
Reserves Reported Claims-Excess	0	0	0	0	0	0	0	79,397	1,348,678	7,746,000	9,174,075
Reserves IBNR Claims Dev.-Primary	0	0	0	0	0	42,063	0	55,489	107,137	0	204,690
Reserves IBNR Claims Dev.-Excess	0	0	0	0	0	8,000	47,896	0	293,455	0	349,351
Claims Expense Sub-Total	3,038,354	2,494,649	2,508,715	1,273,301	1,447,910	809,718	1,317,272	6,141,184	4,628,000	12,254,147	55,744,380
Purchased Excess Insurance	2,643,369	2,855,737	3,050,768	3,368,987	2,720,489	2,318,261	1,527,000	1,523,521	1,657,369	3,042,615	47,682,670
General & Administrative Expenses	193,540	200,019	309,319	192,097	421,226	1,743,771	1,631,938	1,796,135	1,156,522	1,014,081	15,158,646
Direct Expenses (Beginning 10/01/2014)	0	0	0	0	0	3,712	34,755	35,984	28,931	45,511	148,893
Total Expenses	5,875,263	5,550,405	5,868,802	4,834,385	4,589,625	4,875,462	4,510,965	9,496,824	7,470,822	16,356,354	118,734,588
Natural Disaster Fund	0	0	0	0	0	0	500,000	500,000	500,000	500,000	2,000,000
EXCESS REVENUE OVER EXPENSES											
Retro Prem Adj (Due From Member)	\$ 623,237	\$ 540,938	\$ 324,288	\$ 698,921	\$ 864,620	\$ 446,245	\$ 497,827	\$ 173,206	\$ 1,132,419	\$ (1,396,238)	\$ 16,353,775
Excess Ins vs Excess Claims Exp (Savings) Cost	287,885	1,162,162	1,464,984	2,711,309	2,377,977	2,310,261	1,081,000	(3,361,762)	(1,713,631)	(6,470,963)	10,754,305
Number of Program Members	254	256	261	263	263	262	262	264	269	277	
Total Insured Value or TIV (000 Omitted)	\$ 3,717,575	\$ 4,011,601	\$ 4,231,900	\$ 4,485,924	\$ 4,737,606	\$ 4,992,736	\$ 5,245,000	\$ 5,473,942	\$ 6,129,710	\$ 7,097,437	\$ 87,753,871
Ratio of Incurred Losses to TIV	\$0.0920	\$0.0942	\$0.0995	\$0.0918	\$0.0879	\$0.0964	\$0.0857	\$0.0920	\$0.0739	\$0.0819	\$0.0916
Ratio of Premium to TIV	0.11%	0.11%	0.11%	0.11%	0.11%	0.11%	0.10%	0.10%	0.09%	0.07%	0.11%
Net Premiums (Deposit Premium + RPAs)	\$ 3,421,985	\$ 3,778,225	\$ 4,212,165	\$ 4,115,987	\$ 4,166,525	\$ 4,814,936	\$ 4,493,422	\$ 5,034,487	\$ 4,531,100	\$ 5,813,964	\$ 80,343,004
										Annualized	

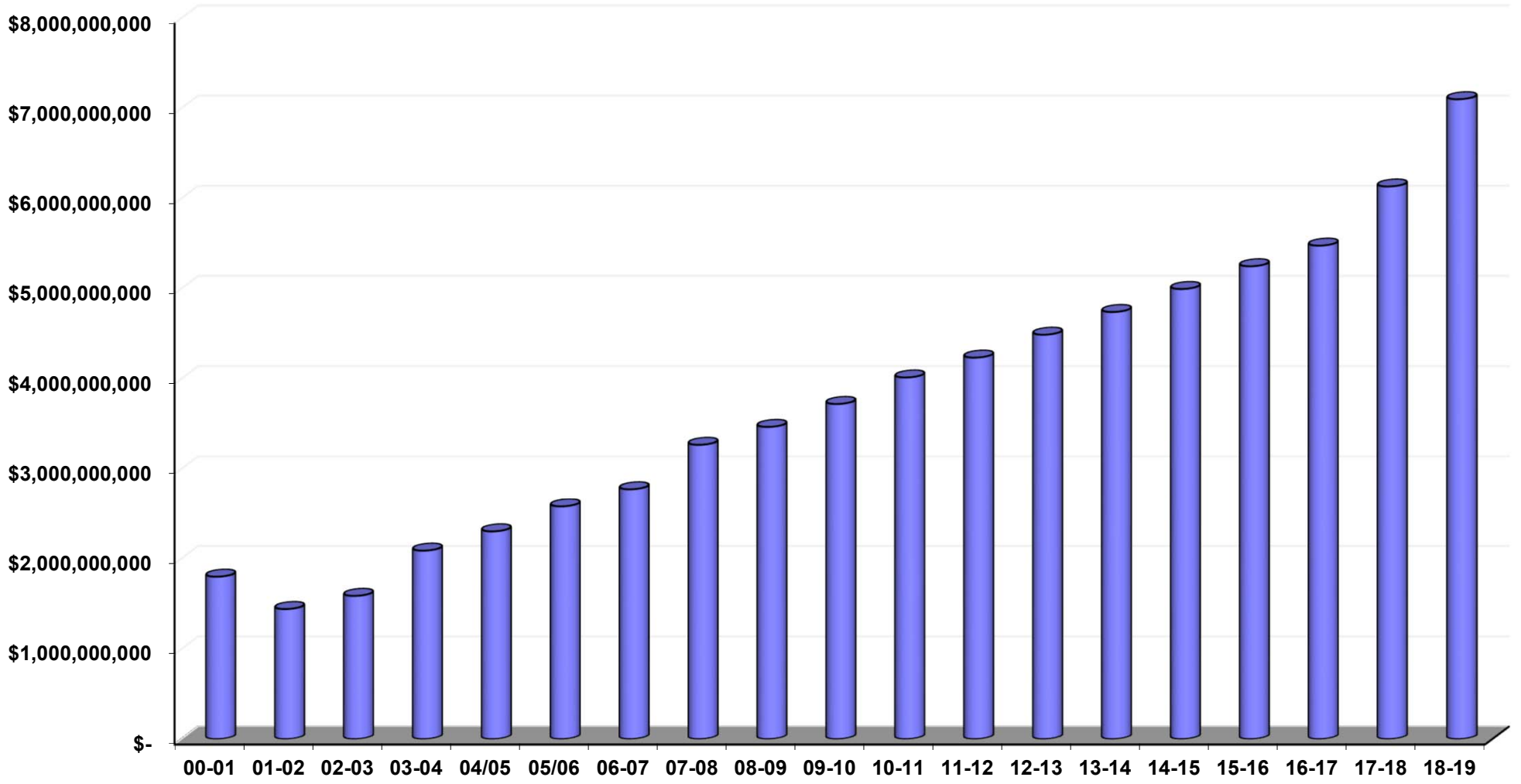
**ACWA JPIA
Number of Members
June 30, 2019**



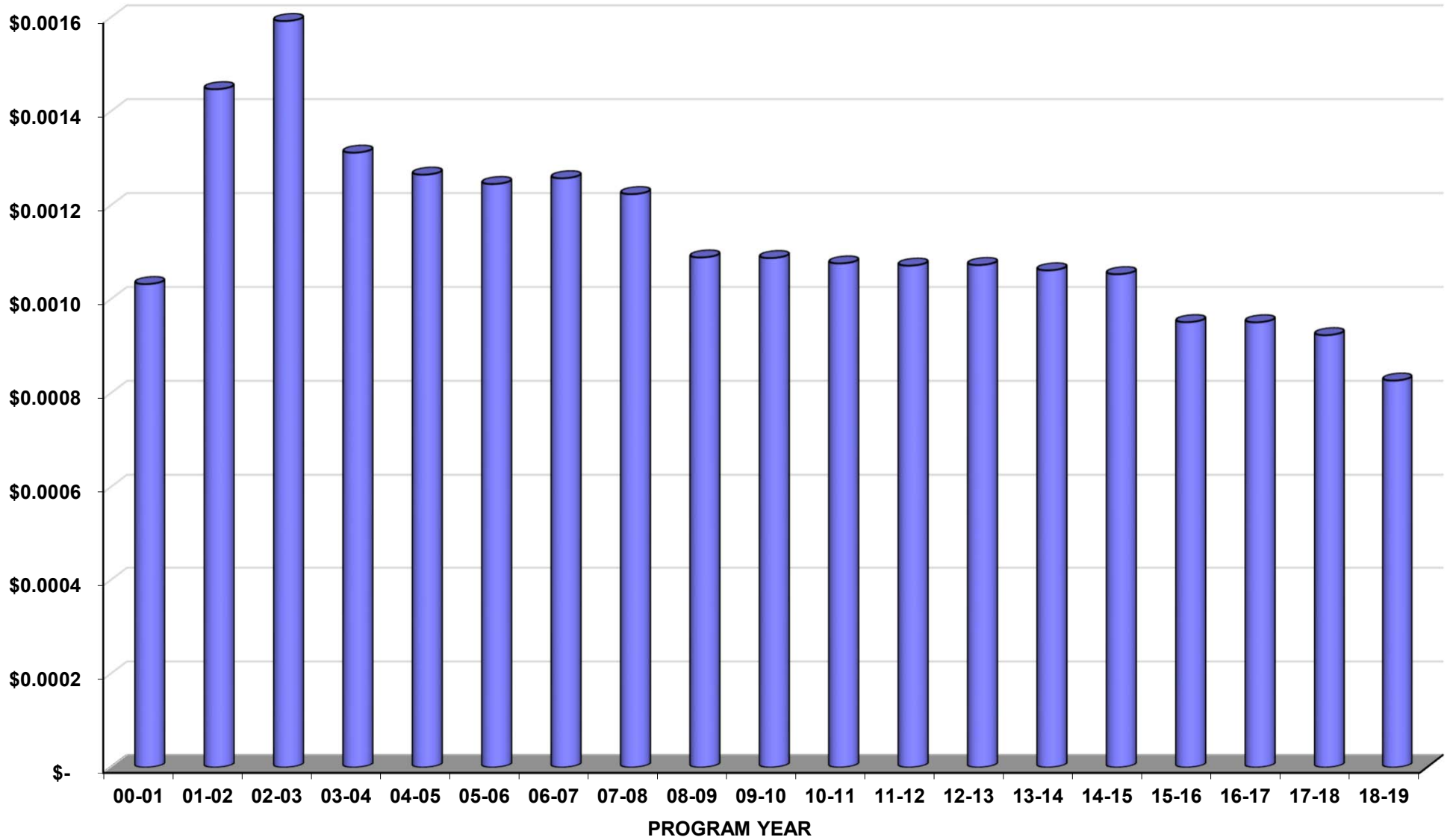
**ACWA JPIA
Member Contributions % Payroll
June 30, 2019**



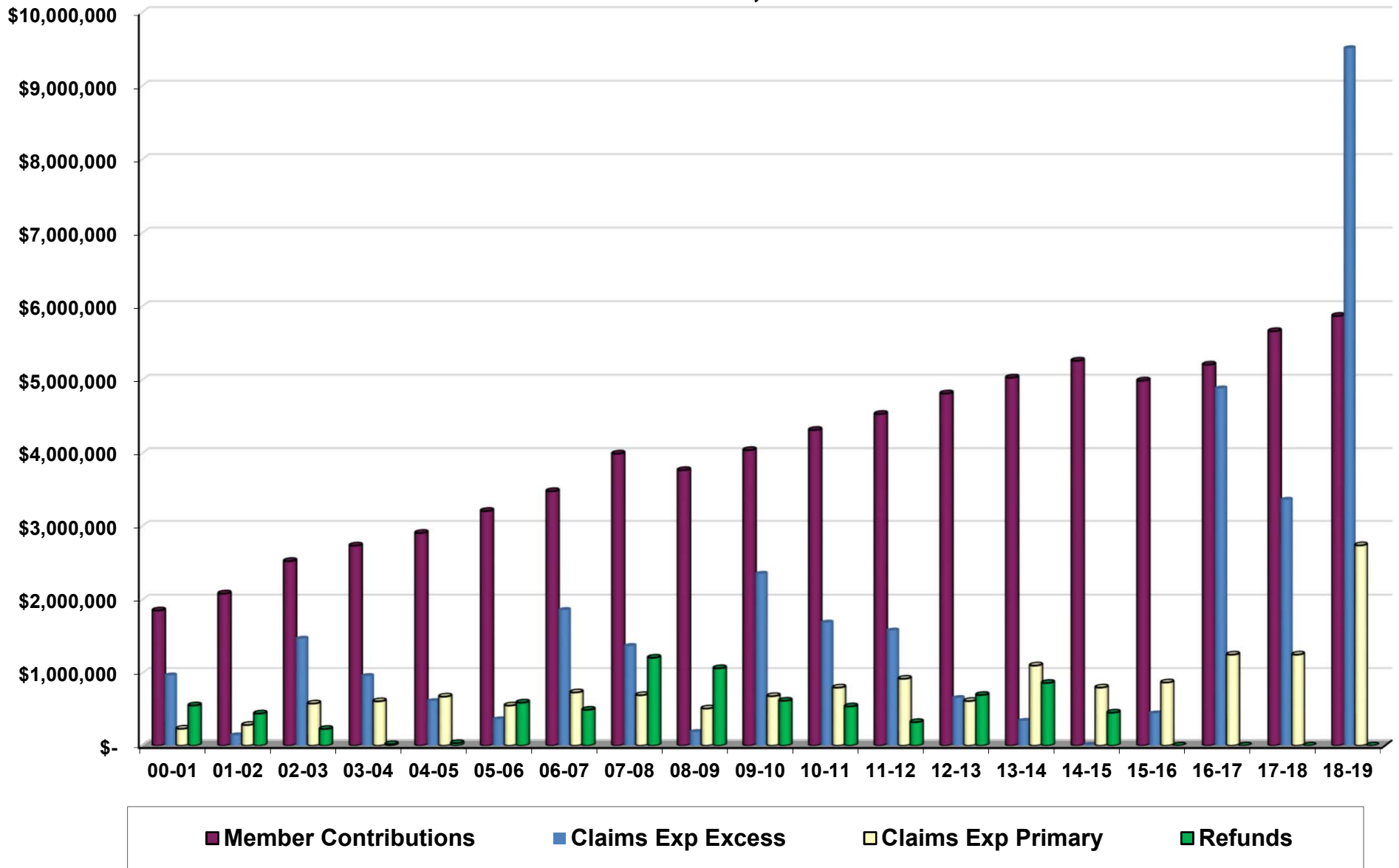
**ACWA JPIA
Property Program
Total Insured Value (TIV)
June 30, 2019**



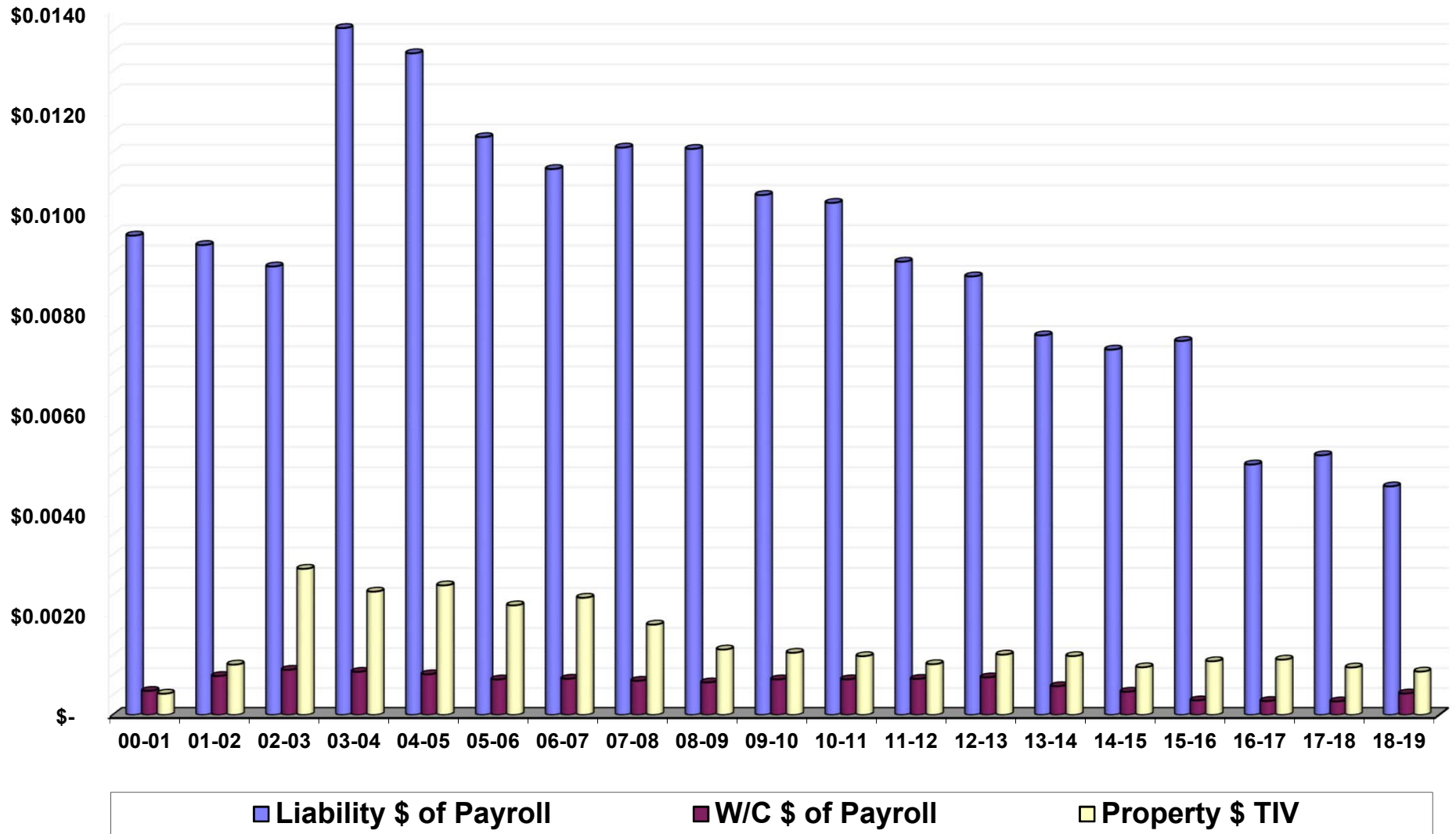
**ACWA JPIA
Property Member Contributions % TIV
June 30, 2019**



ACWA JPIA Property Financial Overview June 30, 2019



ACWA JPIA Excess Insurance \$ of Payroll or TIV June 30, 2019



ACWA JPIA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
CUMULATIVE FROM JULY 1, 2012 THROUGH JUNE 30, 2019

EMPLOYEE BENEFITS by PROGRAM YEARS

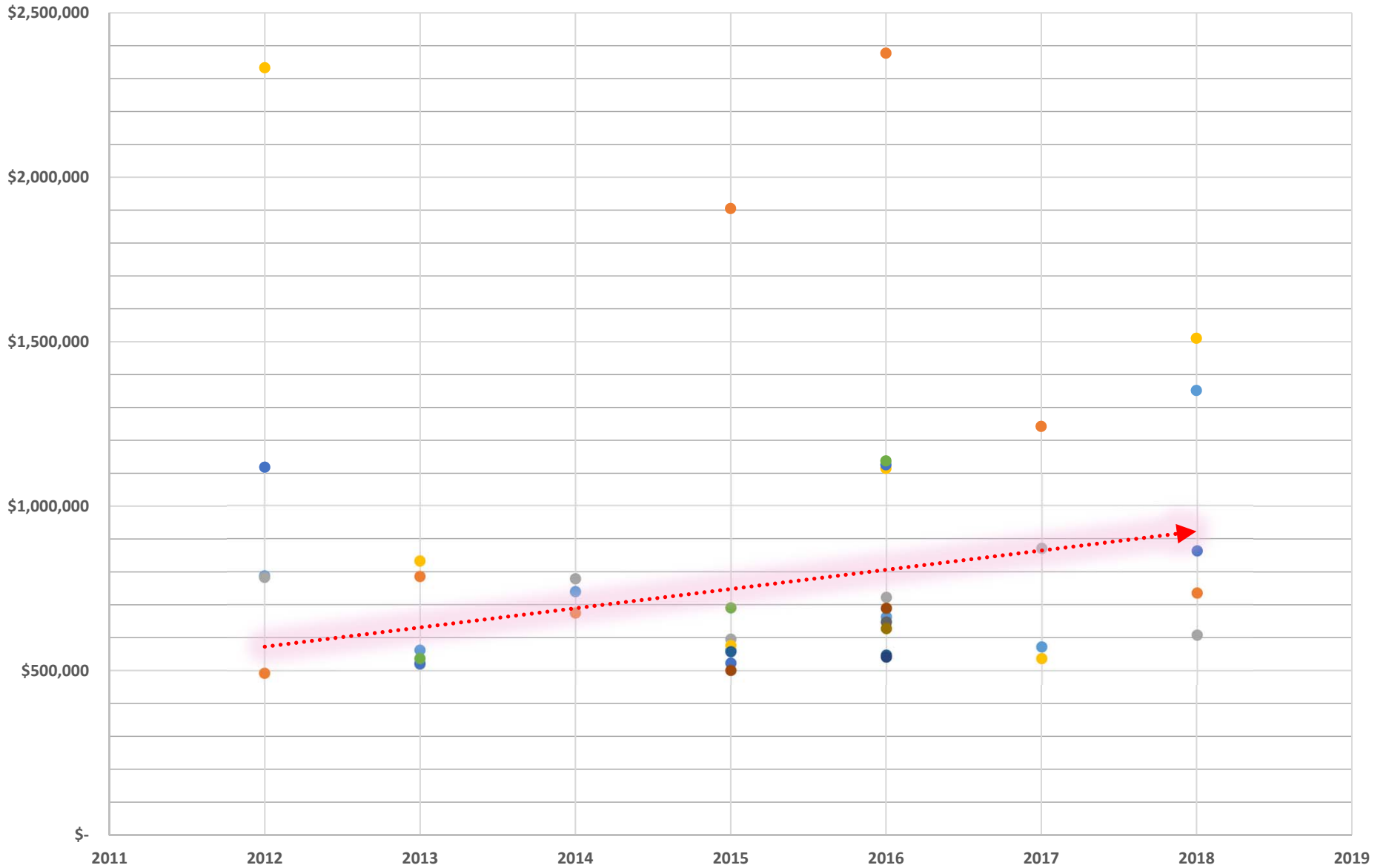
	2012	2013	2014	2015	2016	2017	2018	2019	Total	
REVENUE:										
1	Deposit Premiums Earned	\$ 52,887,792	\$ 113,153,445	\$ 120,156,284	\$ 120,504,552	\$ 126,122,113	\$ 138,407,245	\$ 144,096,972	\$ 72,529,175	\$ 887,857,578
2	Net Investment & Other Income	64,039	218,274	347,011	555,210	752,216	740,114	1,088,728	744,838	4,510,430
3	Administrative Fee	604,593	1,205,005	1,226,119	1,231,559	1,256,170	1,286,007	1,294,042	654,922	8,758,418
4	Exp. "Specific" Excess Insur. Rec.	2,772,115	754,583	691,553	1,908,777	4,690,073	1,220,439	2,566,135	0	14,603,675
5	Less: Doubtful Recoveries	(45,814)	(512,914)	(35,233)	(119)	0	0	0	0	(594,080)
6	Total Revenue	56,282,726	114,818,392	122,385,734	124,199,980	132,820,573	141,653,805	149,045,877	73,928,935	915,136,021
EXPENSES:										
7	Paid Claims - Primary	31,837,897	69,779,059	74,329,191	78,661,103	81,293,749	80,820,746	75,644,365	41,154,299	533,520,408
8	Paid Claims - Excess	2,772,115	754,582	691,553	1,908,777	4,690,073	1,220,439	2,566,135	0	14,603,674
9	Claims Expense Sub-Total	34,610,012	70,533,641	75,020,744	80,569,880	85,983,822	82,041,185	78,210,499	41,154,299	548,124,083
10	Purchased Carrier Insurance (ASO)	17,915,051	39,253,109	46,141,302	45,688,977	46,400,650	50,985,127	56,869,085	29,120,807	332,374,108
11	Purchased Excess Insurance	541,419	836,491	1,029,985	1,276,428	1,538,801	1,636,443	2,107,541	1,416,869	10,383,976
12	General & Administrative Expenses	737,231	1,647,194	1,903,854	2,733,941	2,082,993	2,148,424	1,945,539	865,295	14,064,472
13	Direct Expenses (Beginning 10/01/2014)	0	86,999	974,596	947,446	911,463	654,120	384,167	197,289	4,156,079
14	Total Expenses	53,803,714	112,357,434	125,070,481	131,216,671	136,917,728	137,465,298	139,516,832	72,754,559	909,102,718
15	HMO 2012 PY Set Aside Fund	426,923	0	0	0	0	0	0	0	426,923
EXCESS REVENUE OVER EXPENSES										
16	Employee Benefits Net Change in Funds:	\$ 2,905,935	\$ 2,460,958	\$ (2,684,747)	\$ (7,016,692)	\$ (4,097,155)	\$ 4,188,506	\$ 9,529,045	\$ 1,174,377	\$ 6,460,227

ACWA JPIA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
CUMULATIVE FROM JULY 1, 2012 THROUGH JUNE 30, 2019

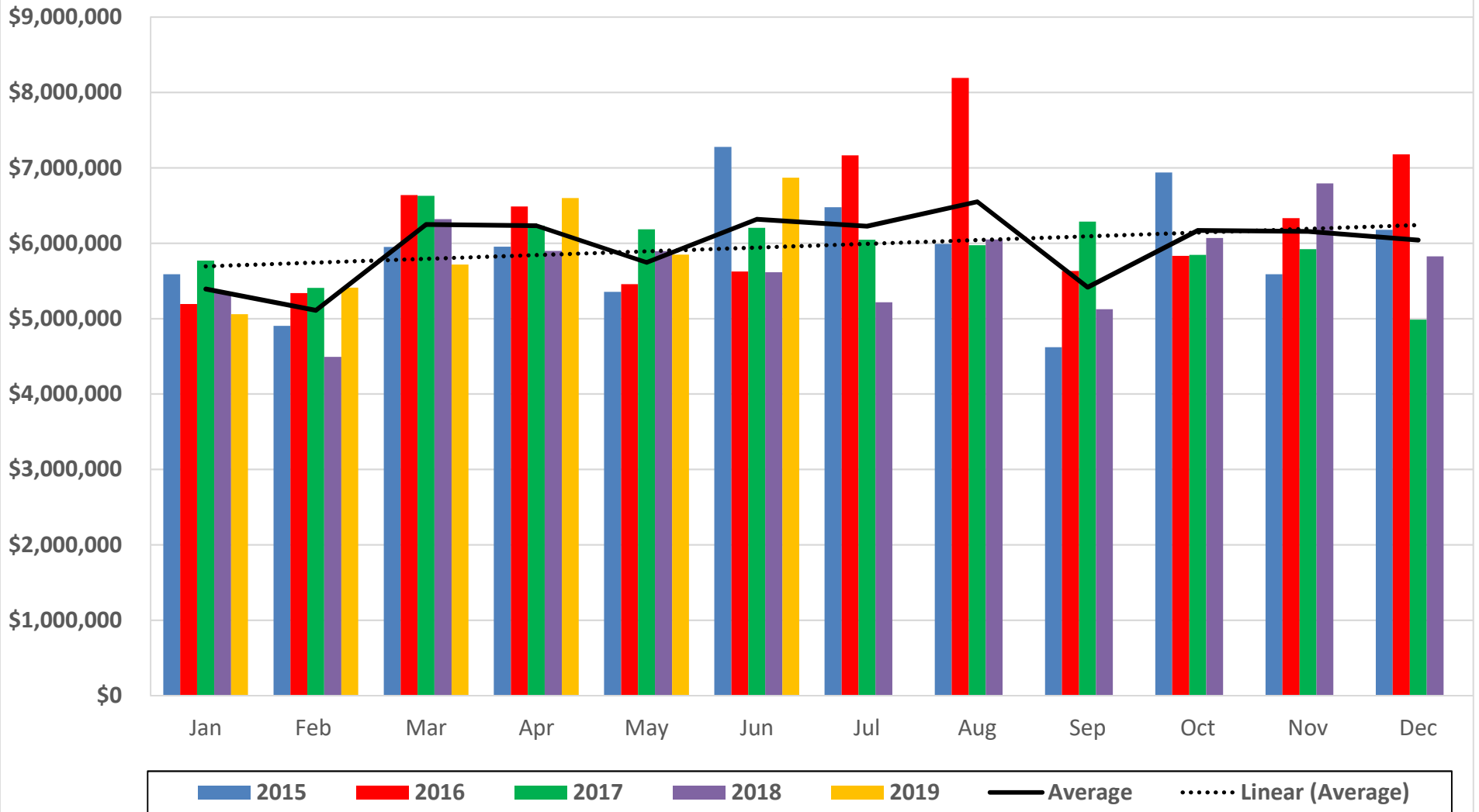
EMPLOYEE BENEFITS by PROGRAMS

	Anthem HMO	Anthem PPO	Anthem EAP	Kaiser North	Kaiser South	Delta Dental	Life	Vision	Delta Care	Totals Policy Year	
REVENUE:											
1	Deposit Premiums Earned	\$ 182,132,831	\$ 505,117,817	\$ 539,016	\$ 30,603,716	\$ 82,036,129	\$ 70,876,677	\$ 4,579,385	\$ 11,478,448	\$ 493,558	\$ 887,857,578
2	Net Investment & Other Income	195,147	3,285,344	0	0	0	924,615	0	105,323	0	4,510,430
3	Administrative Fee	1,288,560	3,726,386	90,872	249,388	744,765	1,542,541	204,767	886,846	24,294	8,758,418
4	Exp. "Specific" Excess Insur. Rec.		14,603,675	0	0	0	0	0	0	0	14,603,675
5	Less: Doubtful Recoveries	(5,841)	(489,710)	(2,551)	(14,702)	(13,366)	(59,196)	(168)	(8,091)	(454)	(594,080)
6	Total Revenue	183,610,696	526,243,512	627,337	30,838,402	82,767,527	73,284,636	4,783,984	12,462,527	517,398	915,136,021
EXPENSES:											
7	Paid Claims - JPIA - Primary	3,287,512	464,554,253	0	0	0	59,665,801	0	6,012,842	0	533,520,408
8	Paid Claims - JPIA - Excess	0	14,603,674	0	0	0	0	0	0	0	14,603,674
9	Claims Expense Sub-Total	3,287,512	479,157,928	0	0	0	59,665,801	0	6,012,842	0	548,124,083
10	Purchased Carrier Insurance (ASO)	184,096,367	19,091,829	527,567	30,639,881	82,119,562	6,103,152	4,583,807	4,743,859	468,083	332,374,108
11	Purchased Excess Insurance	0	10,383,976	0	0	0	0	0	0	0	10,383,976
12	General & Administrative Expenses	1,288,560	7,930,598	90,872	249,388	744,765	2,517,533	204,767	1,013,696	24,294	14,064,472
13	Direct Expenses (Beginning 10/01/2014)	435,123	3,231,179	1,383	76,456	205,846	164,777	11,225	28,631	1,460	4,156,079
14	Total Expenses	189,107,561	519,795,510	619,822	30,965,725	83,070,173	68,451,264	4,799,799	11,799,028	493,836	909,102,718
15	HMO 2012 PY Set Aside Fund	426,923	0	0	0	0	0	0	0	0	426,923
EXCESS REVENUE OVER EXPENSES											
16	Employee Benefits Net Change in Funds:	\$ (5,069,942)	\$ 6,448,002	\$ 7,515	\$ (127,322)	\$ (302,645)	\$ 4,833,372	\$ (15,814)	\$ 663,499	\$ 23,562	\$ 6,460,227

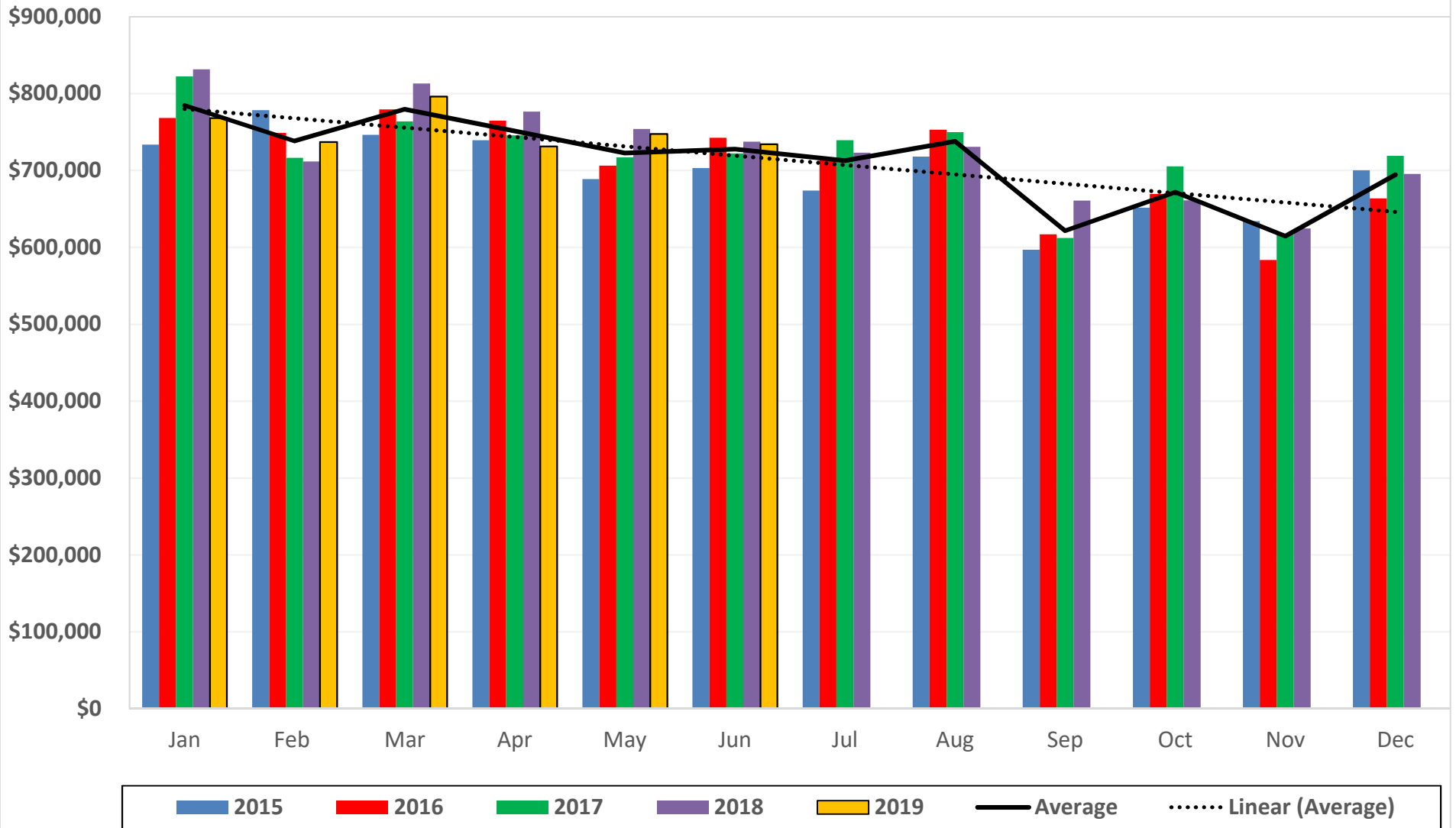
ACWA JPIA Employee Benefits Excess Claims by Year



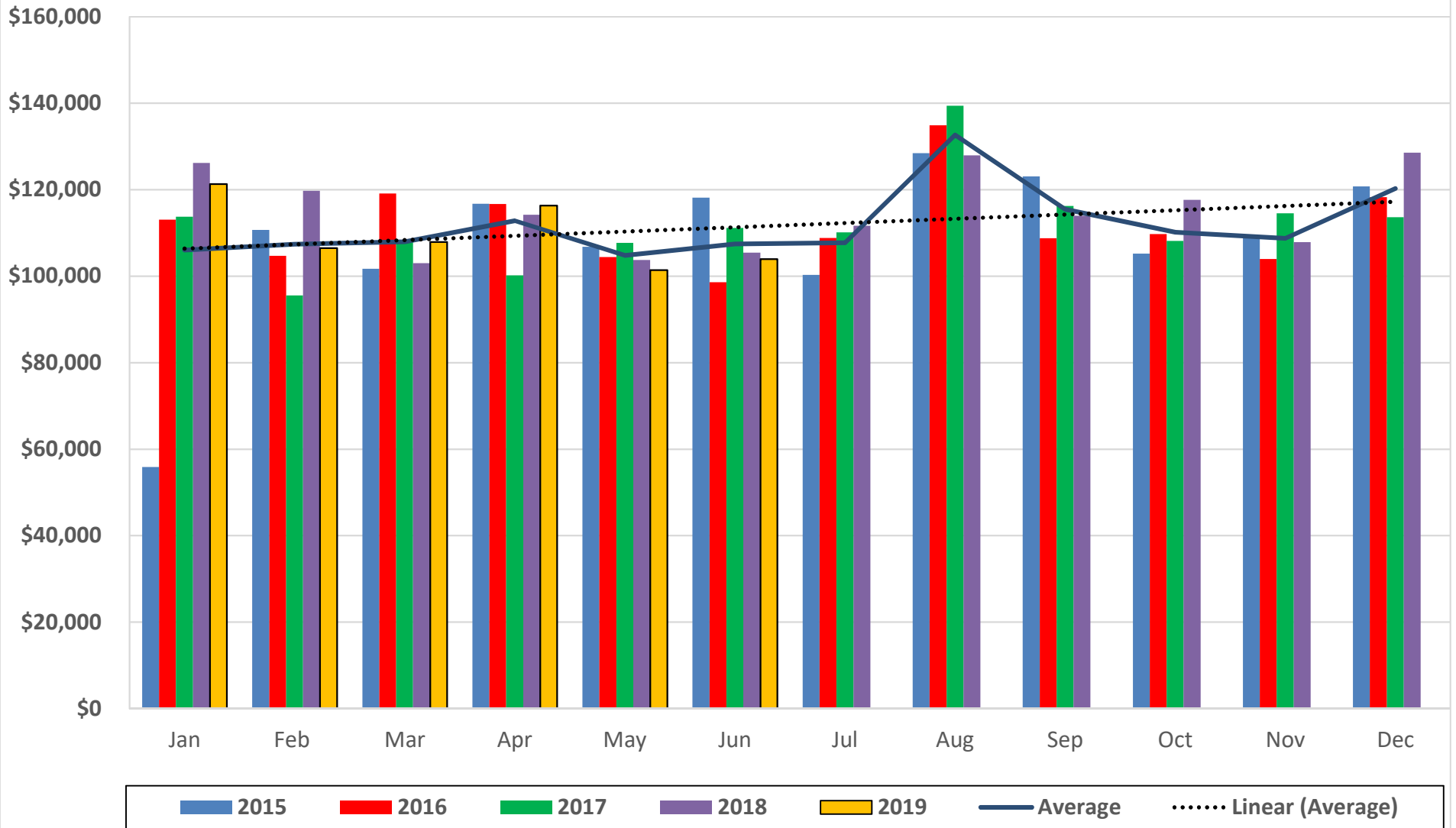
ACWA JPIA
 EMPLOYEE BENEFITS
 Anthem PPO Program
 Claim Expenses by Month
 June 30, 2019



ACWA JPIA
EMPLOYEE BENEFITS
 Delta Dental Self Insured Program
 Claims by Month
 June 30, 2019



ACWA JPIA
EMPLOYEE BENEFITS
 Vision Self Insured Program
 Claims by Month
 June 30, 2019



ACWA JPIA
Captive Insurance Company Update
September 9, 2019

BACKGROUND

At the November 26, 2018 meeting, the Board of Directors approved a resolution to proceed with forming a Captive Insurance Company. The Captive will be a private company wholly owned by the JPIA, domiciled in the state of Utah.

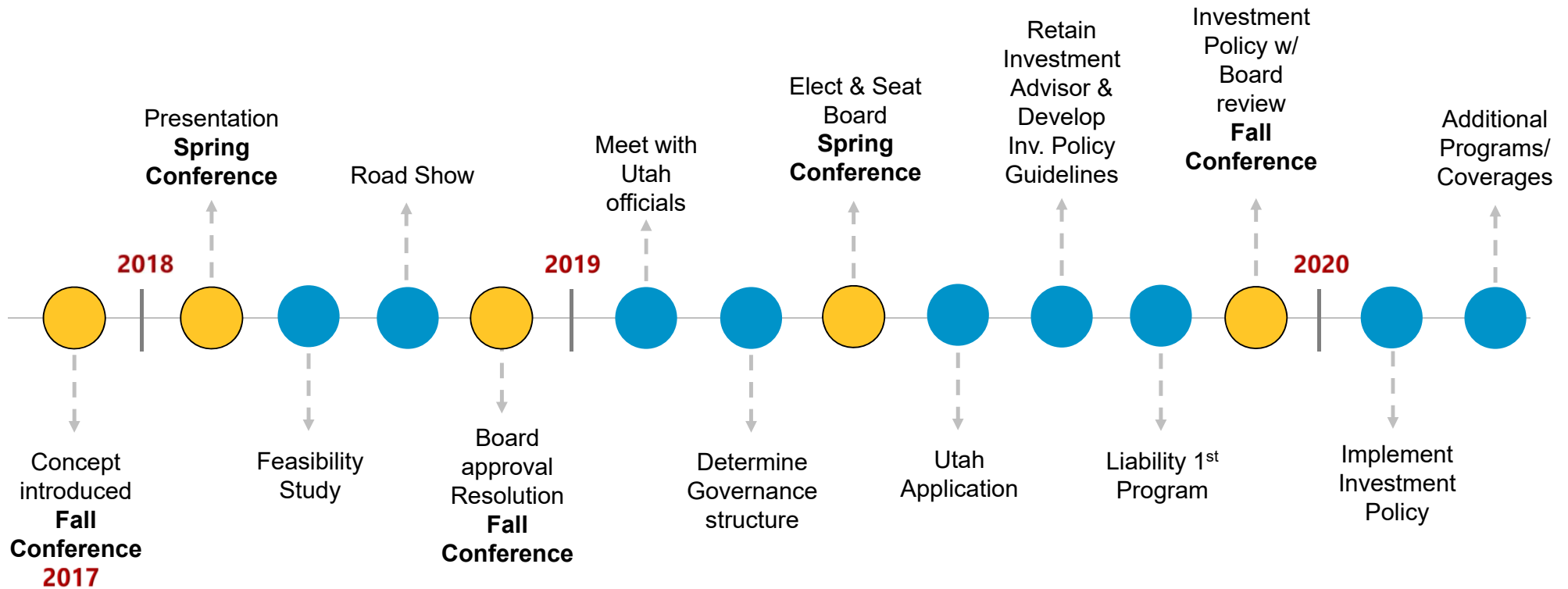
CURRENT SITUATION

The Captive Board met on August 28, 2019 to select an investment advisor. An update will be provided at the meeting.

RECOMMENDATION

None, informational only.

Captive Timeline





JPIA MEETING & CONFERENCE CALENDAR – 2019

MEETING DATES	BOARD OF DIRECTORS	EXECUTIVE	PERSONNEL	FINANCE & AUDIT	PROGRAMS				RISK MGMT	CAPTIVE CWIF
					Emp. Benefits	Liability	Property	Work Comp		
JAN 15			10:00 AM ONTARIO							
JAN 29		8:30 AM								
MAR 20				1:00 PM				10:00 AM		
MAR 21		8:30 AM								
MAY 6	1:30 PM	10:30 AM				8:00 AM	9:15 AM			
ACWA CONFERENCE MAY 7 TO 10 – MONTEREY										
MAY 30			12:00 PM ONTARIO							
JUNE 4		8:30 AM								
JUNE 19		7:30 AM								
JUNE 24		1:00 PM			9:00 AM					
AUG 28									8:30 AM	
SEPT 9		1:00 PM		10:15 AM		8:30 AM				
CAJPA CONFERENCE SEPTEMBER 10 TO 13 – SOUTH LAKE TAHOE CA										
OCT 2			12:00 PM							
Nov 5		8:30 AM								
DEC 2	1:30 PM	10:15 AM		8:30 AM						
ACWA CONFERENCE DECEMBER 3 TO DECEMBER 6 – SAN DIEGO										