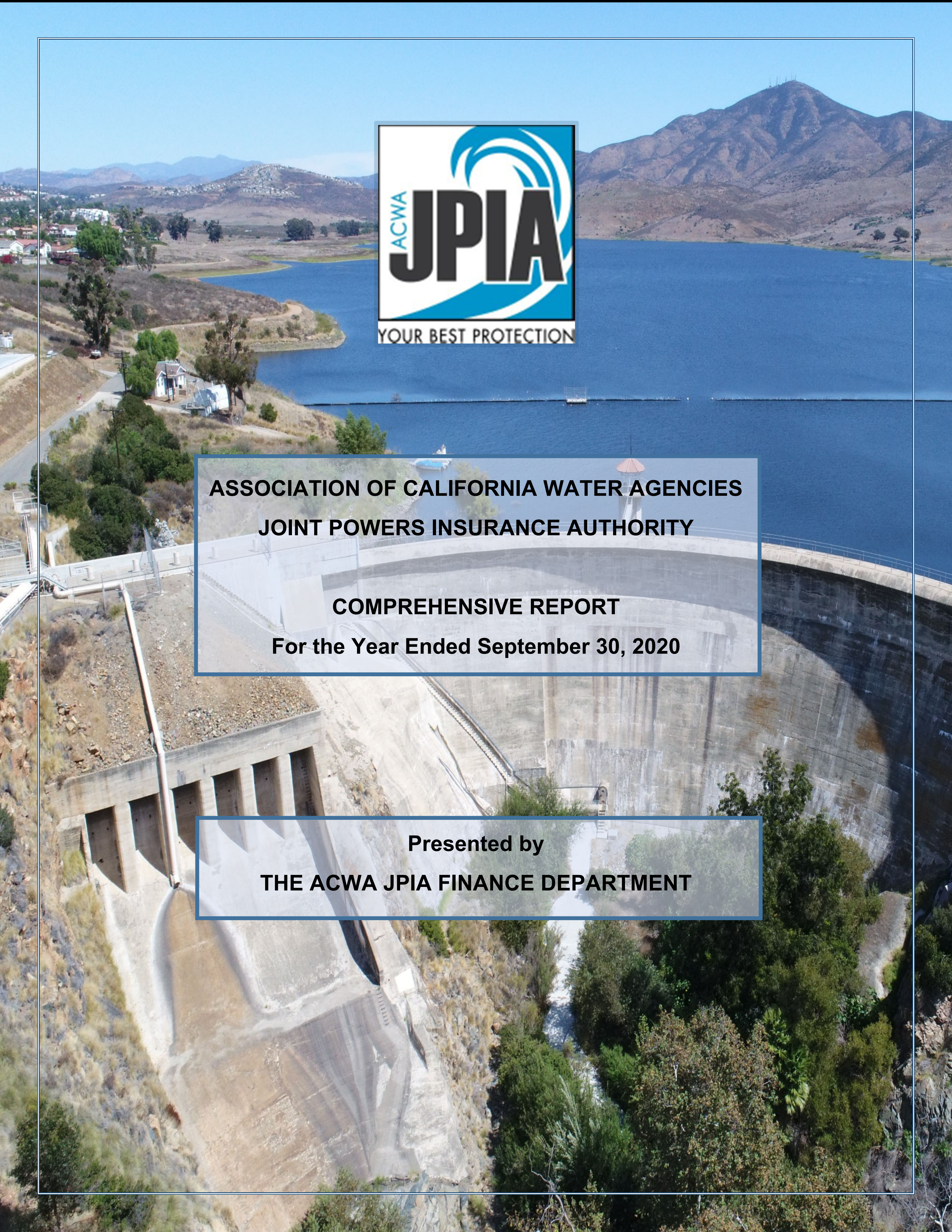

ASSOCIATION OF CALIFORNIA WATER AGENCIES

JOINT POWERS INSURANCE AUTHORITY

COMPREHENSIVE REPORT

For the Year Ended September 30, 2020

Presented by

THE ACWA JPIA FINANCE DEPARTMENT

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

Year Ended September 30, 2020

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YOUR BEST PROTECTION

April 7, 2021

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

Ladies and Gentlemen:

The Comprehensive Report of the Association of California Water Agencies Joint Powers Insurance Authority (JPIA) for the year ended September 30, 2020, is hereby respectfully submitted. The JPIA Finance Department prepared this report. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the JPIA. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the JPIA as measured by the financial activity of its various programs and policy periods; and that all disclosures necessary to enable the reader to gain the maximum understanding of the JPIA's financial affairs have been included.

Gilbert CPAs, a firm of licensed certified public accountants, has audited the JPIA's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the JPIA for the fiscal year ended September 30, 2020, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Also included is an assessment of the accounting principles used, significant estimates made by management, and an evaluation of the overall financial statement presentation. The auditor concluded, based upon audit, that there was a reasonable basis for rendering an unmodified opinion that the JPIA's financial statements for the fiscal year ended September 30, 2020 are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

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

ASSOCIATION OF CALIFORNIA WATER AGENCIES JOINT POWERS INSURANCE AUTHORITY PROFILE

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

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

As of September 30, 2020, the JPIA had 396 members. Each member selects one representative to serve as a director on the ACWA JPIA Board of Directors. From this body, eight members are elected to serve with staggered terms as members of ACWA JPIA's Executive Committee. The current vice president of the Association of California Water Agencies also serves as a voting member on the Executive Committee.

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

LOCAL ECONOMY

The national economy has been suffering through the worldwide pandemic caused by COVID 19. From October 2019 through September 2020, the national unemployment rate increased from 3.6% to 7.8%. During this period, the national unemployment rate spiked to just over 14% in March 2020. These have truly been unique times. Meanwhile in the State of California, the unemployment rate went from 3.9 % in September 2019 to 11.1% at the end of September 2020. After achieving a record low since 1976 in the previous year, this increase was alarming. This data suggests the lockdowns to curb the pandemic in California have had a negative effect on unemployment. The UCLA Anderson Forecast has indicated that California should start to see continued positive improvements in April 2021. A large part of this is due to the rollout of the vaccine for COVID 19. In the City of Roseville, where the JPIA office resides, the unemployment rate has moved from 2.6% in September 2019 to 8.7% in September 2020. While this change is negative significantly, Roseville continues to demonstrate better unemployment rates than the State as a whole. Investments are the area that the JPIA operates in that are most affected by the overall economy. Staffing continues to be stable within the JPIA. The number of JPIA employees have increased from 42 to 51 from fiscal year 2012 to fiscal year 2020. The JPIA continues to experience employees retiring as the employment force ages. Market conditions for both the Liability and Property Programs have been challenging. The JPIA was able hold off on any rate increases in the Liability Program but did implement a 10% rate increase in the Property Program. The Workers' Compensation Program has continued to see favorable loss experience and accordingly, the JPIA decreased all class code rates by 10% during the fiscal year. The Employee Benefits Program experienced an unusual year with the pandemic causing many participants to put off medical care in favor of not self-exposing themselves to COVID 19.

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 targeted just over $20 million. The 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, the 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 the ACWA JPIA Executive Committee as a result of this meeting. The JPIA had a strategic planning meeting in March 2020 where a SWOT analysis of the JPIA was the main discussion point. A strategic planning session is planned for early 2022.

In September 2012, the ACWA JPIA Executive Committee approved a monetary policy to cover funding for the Liability and Workers' Compensation Programs. The policy is two-fold, covering both the Rate Stabilization Fund and the Catastrophic Reserve Fund. The Rate Stabilization Fund is used to add and subtract monies from individual members' accounts as needed to true up policy years annually based on new 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 70% of their basic deposit premium, or approximately $16.9 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 the JPIA experiences adverse claims experience. The Catastrophic Reserve Fund is targeted using the ultimate losses estimated by the actuary for all open policy years using a 99% confidence level as a guide. The Catastrophic Fund goals are $25 million for the Liability Program and $15 million for the Workers' Compensation Program.

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

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

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

INTERNAL ACCOUNTING CONTROLS

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

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

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

AWARDS & ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the JPIA for its comprehensive report for the fiscal year ended September 30, 2019. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The JPIA is a member of the California Association of Joint Powers Authorities (CAJPA). CAJPA sponsors the nation's first risk management accreditation program. This program establishes a model of professional standards, which serves as a guideline for all risk management pools regardless of size, scope of operation or membership structure. The accreditation process entails a detailed examination of legal and operational documents, risk management, loss control and claims programs, and statutory compliance by an independent examiner. The JPIA has received CAJPA's "Accreditation with Excellence," the highest form of accreditation, for a three-year period ending in May, 2021.

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

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

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

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

Respectfully Submitted,

X

Walter "Andy" Sells
Chief Executive Officer

X

David deBernardi
Director of Finance

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

COMPREHENSIVE REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

EXECUTIVE COMMITTEE

Name	Office	District
E.G. “Jerry” Gladbach	President	Santa Clarita Valley WA
Thomas A. Cuquet	Vice-President	South Sutter Water District
Fred Bockmiller	Director	Mesa Water District
David A. Drake	Director	Rincon del Diablo MWD
Brent Hastey	Director	Yuba Water Agency
Melody A. McDonald	Director	San Bernardino Valley WCD
Randall Reed	Director	Cucamonga Valley WD
J. Bruce Rupp	Director	Humboldt Bay Municipal WD
Pamela Tobin	Director	San Juan Water District
Walter “Andy” Sells	Chief Executive Officer	ACWA JPIA

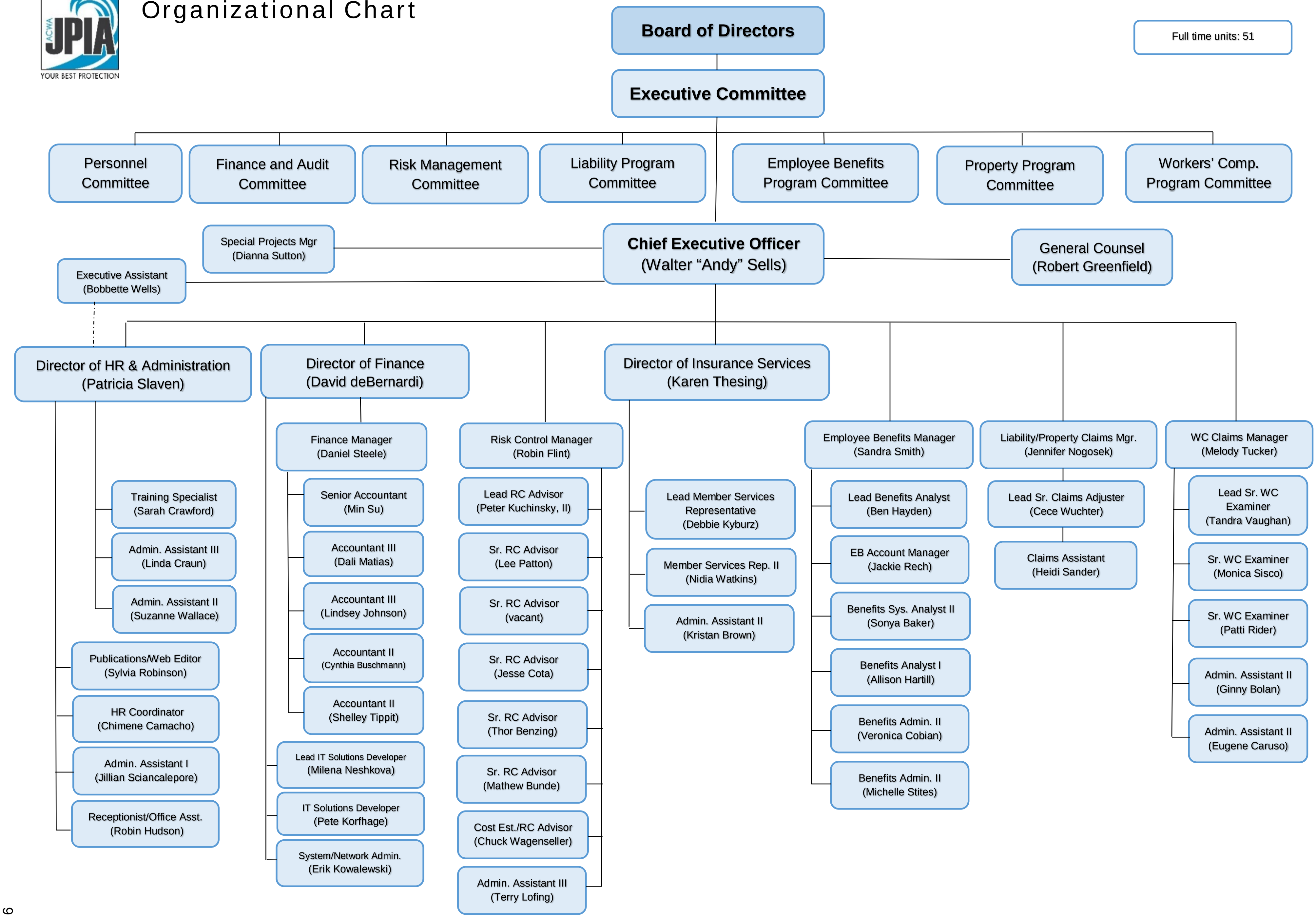
Office Address

2100 Professional Drive
Roseville, California 95661

Report Prepared by the
JPIA Finance Department

David deBernardi, CPA, Director of Finance
Dan Steele, Finance Manager
Min Su, Senior Accountant
Dalisay Matias, Accountant III
Lindsey Johnson, Accountant III
Cynthia Buschmann, Accountant II
Shelley Tippit, Accountant II

Organizational Chart



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, 2019

Christopher P. Morrill

Executive Director/CEO

CAJPA
California Association of
Joint Powers Authorities

Trusted Leadership
for California's Public
Risk Sharing Pools

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

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

Association of California Water Agencies JPIA

this

CERTIFICATE OF ACCREDITATION WITH EXCELLENCE

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

Accreditation Period: May 19, 2018 to May 19, 2021

David Clovis
President

Michael Fleming
Chairman, Accreditation Committee

James P. Marta
Accreditation Program Manager

FINANCIAL SECTION

GILBERT
Relax. We got this.SM

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 year ended September 30, 2020, 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

2880 Gateway Oaks Drive, Suite 100, Sacramento, CA 95833
Phone 916.646.6464 • Fax 916.929.6836 • GilbertCPA.com

Opinion

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, 2020, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information, on pages 16-26 and 53-62, 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 an opinion on the September 30, 2020 financial statements and the related notes to the financial statements that collectively comprise ACWA JPIA's basic financial statements. The Introductory Section, the "Memo only" column in the basic financial statements, the Supplementary Information section, and the Statistical Section, as 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 Supplementary Information section 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 Supplementary Information section is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory Section, the "Memo only" column in the basic financial statements, and the Statistical Section, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the September 30, 2020 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 7, 2021, on our consideration of ACWA JPIA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of ACWA JPIA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ACWA JPIA's internal control over financial reporting and compliance.

Gilbert CPAs

GILBERT CPAs
Sacramento, California

April 7, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Association of California Water Agencies Joint Powers Insurance Authority (ACWA JPIA or JPIA), we offer readers of the JPIA financial statements this narrative overview and analysis of the financial activities of the JPIA for the fiscal year ended September 30, 2020. We encourage readers to consider the information here in conjunction with the additional information that has been furnished in the letter of transmittal, which can be found on pages 3 to 7 of this report.

DESCRIPTION OF BASIC FINANCIAL STATEMENTS

The JPIA operates as an enterprise fund and utilizes an accrual basis of accounting. The report includes the basic financial statements for the JPIA in accordance with Generally Accepted Accounting Principles (GAAP). The Statement of Net Position presents a snapshot of the JPIA's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position as of September 30, 2020. The Statement of Revenues, Expenses, and Changes in Net Position reports the revenues and expenses for the fiscal year resulting in the changes to net position. The Statement of Cash Flows reports changes in net position and income accounts that affect cash and cash equivalents, and breaks the analysis down to operating, investing and financing activities. The Notes to the Financial Statements present the reader with additional information to enhance and complement understanding of the financial statements.

Comparative financial information is often presented alongside current year information for analysis of changes from the prior year. In the following comparative tables, 2019 balances are presented as originally reported in the financial statements.

CAPTIVE

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

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

CONDENSED STATEMENTS OF NET POSITION

	9/30/2020	9/30/2019	Variance
ASSETS			
Other Assets	$233,214,701	$207,560,817	$25,653,884
Capital Assets	4,310,372	4,539,034	(228,662)
Total Assets	237,525,073	212,099,851	25,425,222
DEFERRED OUTFLOWS			
Related to Pensions	741,645	480,729	260,916
Related to OPEB	313,105	73,061	240,044
Total Deferred Outflows	1,054,750	553,790	500,960
LIABILITIES			
Current Liabilities	55,629,664	49,702,296	5,927,368
Noncurrent Liabilities	57,445,500	62,344,624	(4,899,124)
Total Liabilities	113,075,164	112,046,920	1,028,244
DEFERRED INFLOWS			
Related to Pensions	1,281,433	1,070,024	211,409
Related to OPEB	536,019	602,195	(66,176)
Total Deferred Inflows	1,817,452	1,672,219	145,233
NET POSITION			
Net Investment in Capital Assets	4,310,372	4,539,034	(228,662)
Unrestricted	119,376,835	94,395,468	24,981,367
TOTAL NET POSITION	$123,687,207	$98,934,502	$24,752,705

HARD MARKETS

California's General Liability and Property markets over the last several years have proved most challenging to the risk pool insurance industry. These markets have made pricing negotiations with excess carriers even more difficult, and the member pool saw some slight increases in premiums as a result. The California wildfires, mudslides, and other natural disasters show few signs of subsiding and carriers have factored these unfortunate events into pricing across the industry.

COVID-19

In March of 2020, California Governor Gavin Newsom announced "shelter in place" measures to curb the spread of COVID-19. Consequently, non-emergency medical procedures, treatment, preventative care, dental, and vision appointments were delayed, deferred, or even cancelled altogether in some cases. This resulted in significantly fewer claims being incurred during 2020 than originally anticipated, when the premiums were set in June of 2019.

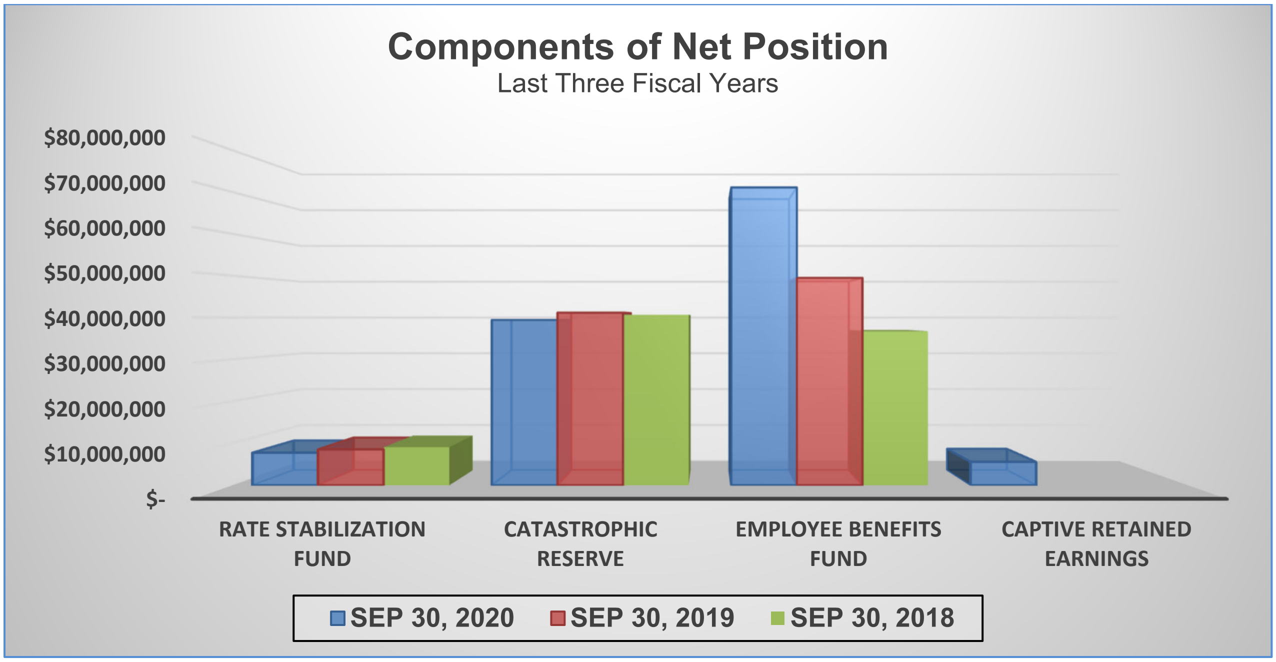
The JPIA's self-funded Anthem, Delta Dental, and Vision plans combined added over $12 million to the Employee Benefits fund. This excess of funds not paid out in expected claims resided within cash and/or investments throughout the 2020 year and contributed to the overall increase in Other Assets reported on the Statement of Net Position. Many of these claims may be deferred to later dates once COVID subsides. As a result, JPIA reported a $13 million increase in cash and cash equivalents on the Statement of Net Position.

Other key factors leading to the large $25 million increase in other assets:

- $3.5 million market adjustment between the investment portfolios for both JPIA and CWIF. $4.8 million increase in portfolio outside of this market adjustment.
- $3.5 million increase in member premiums receivable – COVID lockdowns influenced staffing levels and access to the office, making it more challenging for members to pay invoices. JPIA accounting staff made extensive efforts to help members under limited office access get their invoices paid. Over $1.1 million in property program premiums expected to be paid by September did not post until after October 1st. Additionally, a glitch in Banyan software (used to generate Employee Benefits invoices) caused invoices typically issued at the beginning of September to be delayed until later in the month. Consequently, many of those premiums were received after October 1st, contributing to the $2.4 million variance from 2019.
- $3.7 million increase in retrospective adjustment receivable balances for the liability, property, and workers compensation policy years that are now open for refunds (aged four years per JPIA policy).

NET POSITION

The components of Net Position graph (depicted on the following page) illustrate the year to year changes in the funds that comprise JPIA's net position from 2019 to 2020 (Natural Disaster Fund included with Catastrophic Reserve). The Employee Benefits Fund includes equity that transitioned over from the Health Benefits Authority in 2012, and the annual financial performance of the department altogether year after year.



The Rate Stabilization Fund net decrease of approximately $780,000 included several notable adjustments for the new year. Refunds to member districts were paid out in the early part of 2020 in the amount of $5.9 million. Retrospective premium adjustments for Liability, Property, and Workers' Compensation totaled close to $5.6 million to almost offset the refund reduction. Payroll reconciliations and other adjustments totaled just over $480,000 to bring that balance to $7.8 million.

The Catastrophic Reserve decreased over the year from $41 million to $39.4 million due to refunds within the rate stabilization fund process.

As mentioned in the COVID-19 section of this document, the Employee Benefits department's downward claims trend added an additional $12 million to the fund. Large credits totaling approximately $7 million were reconciled and paid back to the JPIA after working closely with Anthem Blue Cross. These credits were related to commercial and Employer Group Waiver Plan (EGWP) pharmacy incentives that helped reduce claim expenses from the end of 2018 through September 2019.

In addition, substantial credits totaling approximately $10 million were received from the medical plan's Pharmacy Benefit Manager, MedImpact. Some of these credits belonged to the 2019 policy year and some to the 2020 policy year. The change in the medical plan's Pharmacy Benefits Manager is just one of several changes that have favorably impacted the Employee Benefits program's financial performance.

The retrospective premium adjustment process used for other programs sponsored by JPIA is not practical to apply to the Employee Benefits program. Premium refunds would need to be allocated to contributing employees and/or retirees. Determining the period for which the refund would apply would not be feasible. Refunded amounts would also depend upon each employer's cost share arrangement with those employees and retirees, the individual's plan enrollment, family level enrollment, and employment status, which are all in a state of flux. Pricing adjustments on a go-forward basis is the option most applicable to managing the balance of the Employee Benefits fund.

As previous years have shown, the program is such that substantial growth to the fund can alternate with substantial losses to the fund. The fund effectively absorbs market volatility to provide long term favorable rates for members, made evident by the lack of premium increases in the last three plan years. Pricing stability keeps members from having to endure large swings when budgeting for insurance needs. The Executive Committee, the Employee Benefits Committee, and JPIA staff evaluate all options for pricing each year, based on expected costs and the balance in that fund.

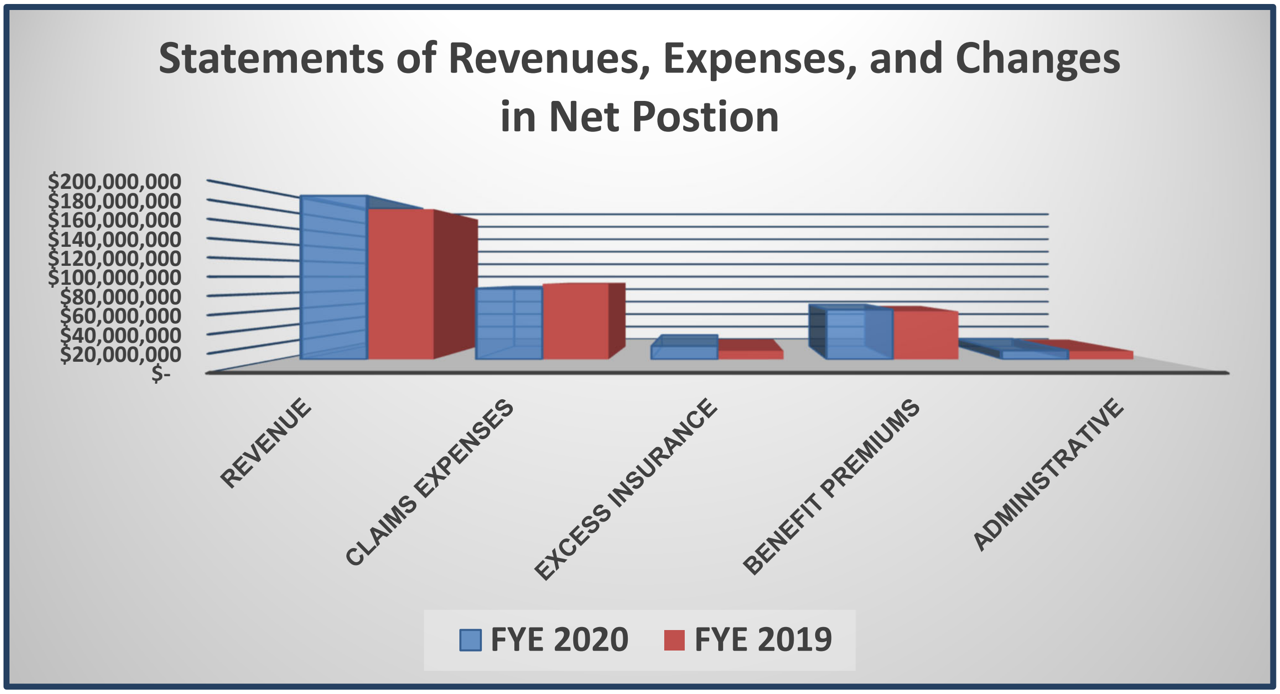
The final component of JPIA's net position is the addition of the new captive insurance company, California Water Insurance Fund (CWIF). Originally established in September 2019, the nonprofit captive's retained earnings comprise about $5.6 million of overall net position and represent the excess of premiums over costs for the fiscal year.

Though nothing has been finalized as of September 30th, 2020, any "earnings" by the captive should be considered potential dividends that could eventually be declared at a later time for the benefit of the members currently contributing to the RPA process. For the purposes of reporting September 30th, 2020 audited financials statements, the retained earnings of $5.6 million represent a portion of the Unrestricted Net Position number.

REVENUES, EXPENSES, & CHANGES IN NET POSITION

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

	9/30/2020	9/30/2019	Variance
OPERATING REVENUES			
Members Premiums	$194,507,327	$183,179,723	$11,327,604
Retrospective Premium Adjustments	(5,377,009)	(9,532,430)	4,155,421
Total Operating Revenues	189,130,318	173,647,293	15,483,025
OPERATING EXPENSES			
Provision for Claims	85,730,468	91,269,072	(5,538,604)
Excess Insurance	16,113,131	10,265,427	5,847,704
Benefit Premiums	60,126,984	57,973,208	2,153,776
General & Administrative	10,916,155	9,848,539	1,067,616
Total Operating Expenses	172,886,738	169,356,246	3,530,492
OPERATING INCOME	16,243,580	4,291,047	11,952,533
NON-OPERATING REVENUES			
Investment Income	8,509,125	8,177,851	331,274
CHANGE IN NET POSITION	24,752,705	12,468,898	12,283,807
NET POSITION, BEGINNING	98,934,502	86,465,604	12,468,898
NET POSITION, ENDING	$123,687,207	$98,934,502	$24,752,705



PREMIUMS

JPIA welcomed several large member districts to its liability program in 2019-20. These new members added an additional $2.7 million in premium revenue.

Recent wildfires and mudslides wreaked havoc on the property insurance industry in California, and the JPIA member pool endured a 10% pricing increase as a result, though that number could have been larger considering the hard excess market, but the Executive Committee elected to allow the RPA process to handle any shortage of premiums meant to cover the claims for this policy year.

A reassessment of covered assets occurred throughout the 2020 policy year for the sake of updating the new Risk Console software used for invoicing the new property year. During this reassessment, it was determined that the property member pool added an additional $1 billion in total-insured value (TIV) to be included in covered assets. The pricing increase, coupled with the added TIV, yielded $2 million additional premiums compared to 2019.

A new JPIA pass-thru energy program was introduced in 2019-20 and several members took advantage of the opportunity. This program added an additional $600,000 in premiums.

Employee Benefits premiums make up the bulk of the premium revenue year to year, dating back to inception during the 2012 fiscal year. From the medical side, both Anthem and Kaiser programs saw increased enrollment figures for 2020 and added an additional $4 million in premiums. The Kaiser plans are pass-thru only, and no claims are paid by JPIA. Anthem's PPO program is a self-insured plan in which JPIA pays claims and administers its own stop loss (self-insured retention) levels up to $500,000 per occurrence.

RETROSPECTIVE PREMIUM ADJUSTMENTS (RPA)

Changes in the RPAs this year can be identified by the following:

- $2.8 million net excess of revenues over costs for the fiscal year 2019-20 versus $9.3 million last year
- $780,000 reduction in the Rate Stabilization Fund (RSF) versus $519,000 last year
- $1.6 million reduction in catastrophic funds versus a $285,000 addition last year

These changes make up most of the $4 million variance from 2019.

PROVISION FOR CLAIMS

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

PROGRAM	**2020**	**2019**	VARIANCE
Liability	$13,395,505	$9,005,394	$4,390,111
Property	2,249,482	2,227,798	21,684
Workers Comp.	2,816,067	5,845,918	(3,029,851)
Employee Benefits	67,269,414	74,189,962	(6,920,548)
Totals:	$85,730,468	$91,269,072	$(5,538,604)

Large claims can sometimes have profound impacts on policy year costs relative to others. This was the case with the liability 2019-2020 year, as JPIA faced an expensive claim that reached well into the excess layers. This claim involved loss of life unfortunately and settled for over $14 million.

The $3 million reduction in workers compensation claims can be attributed to a reduction in ultimate loss figures from actuarial updates in July 2020. These numbers reduced the incurred but not reported (IBNR) liabilities for several open policy years at year end.

The COVID effect (cited previously) can easily be seen in the numbers for Employee Benefits, though increases in the Liability program stemmed from a 2018-19 policy year that had some larger claim payouts than expected.

EXCESS

Negotiations with excess carriers in California proved more challenging than years past since JPIA experienced some large losses that settled well into the excess layers. Liability program increases totaled over $2.2 million. The Executive Committee and staff aim to capitalize on the benefits of CWIF and its ability to possibly earn higher portfolio returns to offset market risk like this going forward.

The Property program, amid the hard market conditions, and increased total insured value of assets covered by the program, saw increases in the excess layers totaling, approximately $1.6 million in additional expenses for 2020.

Excess premiums can increase for the Employee Benefits programs based on enrollment from year to year, where the number of covered lives can vary. This was the case for the Kaiser Permanente medical plans and an additional $2.5 million was paid out to cover these additional enrollments.

CASH AND INVESTMENTS

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

The captive (CWIF) will allow JPIA to accomplish a more appropriate rate of return considering the amount of premiums paid to finance the long-term risk of liability (and eventually workers compensation) claims.

Over the course of the fiscal year, funds were transferred from the JPIA fixed-income portfolio over to CWIF. This was accomplished in two different transactions in January and February 2020. The total amount transferred was calculated around $31.4 million, enough to cover $19.4 million for the liability 19-20 policy year, as well as $22.2 million paid in capital from JPIA.

The CWIF portfolio is a blended portfolio comprised of open and closed-ended mutual funds. The target ratio approved by the CWIF committee ended up at 65% equity, 35%

fixed income, with a slight 5% variance allowance. This allocation mix was incorporated into the CWIF investment policy.

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

TYPE	**2020**	**2019**	VARIANCE
JPIA Cash/Equivalents	$61,019,857	$48,131,197	$12,888,660
CWIF Cash/Equivalents	407,837	250,000	157,837
JPIA Fixed Income	99,373,811	138,815,414	(39,441,603)
CWIF Mutual Funds – Equities	29,528,758	0	29,528,758
CWIF Mutual Funds – Fixed Income	14,788,472	0	14,788,472
Totals:	$205,118,735	$187,196,609	$17,922,124

CAPITAL ASSETS

The 2020 fiscal year had no material activity regarding acquiring capital assets. Depreciation expense for the period totaled $228,662.

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

ACWA JPIA is consistently preparing and planning for the future success of its member pool. There are always moving parts in motion that could have a financial impact, some as early as the next fiscal year (2020-2021). The following items play a role in JPIA's ongoing commitment to excellence to its members. Here are a couple of the highlights:

- External Impacts – CA Wildfires and Floods. The JPIA partners along the side of members to deliver best practices information regarding human safety, assets security, as well as serve as a resource and advisor when a disaster does strike.

The Camp Fire of November 2018 in Paradise, California had a profound impact, not only on JPIA members and their staff, but even employees of the JPIA as well. The risk management staff will take the lessons learned from this event and apply them to help other covered members prepare for risk mitigation that come with future California wildfires.

- CWIF – Continuing on with providing coverage up to the $5 million self-insured retention level, CWIF will once again take on the risk transfer of not only the liability 2020-21 policy year, but also the workers' compensation as well.
- Cyber Security – internally, the JPIA Information Technology department continues to assess cyber security threats and opportunities, and endeavors to protect the sanctity of sensitive information and data through various measures, such as multi-factored authentication for accessing software programs, more stringent password policies, and training centered on identifying malware, phishing scams, and other penetration-related risks. These measures are not only conducted internally with JPIA staff but recommended and taught to JPIA members as well.

CONCLUSION

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

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

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

	2020	Memo Only 2019
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 61,427,694	$ 48,381,197
Investments	10,852,100	11,339,320
Member premiums receivable	10,437,486	6,981,016
Investment income and other receivables	608,572	1,034,556
Excess insurance proceeds receivable	872,225	423,394
Retrospective premium adjustment receivable	421,030	2,419,023
Prepaid expenses	5,955,754	5,399,050
TOTAL CURRENT ASSETS	90,574,861	75,977,556
NONCURRENT ASSETS		
Investments	132,838,940	127,476,096
Retrospective premium adjustment receivable	8,249,460	2,191,785
Net OPEB asset	1,413,307	1,580,649
Net pension asset	138,133	334,731
Capital assets - net	4,310,372	4,539,034
TOTAL NONCURRENT ASSETS	146,950,212	136,122,295
TOTAL ASSETS	237,525,073	212,099,851
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pensions	741,645	480,729
Deferred outflows of resources related to OPEB	313,105	73,061
TOTAL DEFERRED OUTFLOWS	1,054,750	553,790
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	5,636,356	2,151,847
Unearned member premiums	19,491,759	18,214,212
Retrospective premium adjustment payables	12,512,318	8,771,664
Provision for claims	17,989,231	20,564,573
TOTAL CURRENT LIABILITIES	55,629,664	49,702,296
NONCURRENT LIABILITIES		
Retrospective premium adjustment payables	19,090,240	21,522,471
Claims reserves	14,593,059	13,612,687
Claims incurred but not reported	21,522,754	24,283,966
Unallocated loss adjustment liability	2,239,447	2,925,500
TOTAL NONCURRENT LIABILITIES	57,445,500	62,344,624
TOTAL LIABILITIES	113,075,164	112,046,920
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pensions	1,281,433	1,070,024
Deferred inflows of resources related to OPEB	536,019	602,195
TOTAL DEFERRED INFLOWS	1,817,452	1,672,219
NET POSITION		
Net investment in capital assets	4,310,372	4,539,034
Unrestricted	119,376,835	94,395,468
TOTAL NET POSITION	$ 123,687,207	$ 98,934,502

See accompanying notes to financial statements.

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2020

	2020	Memo Only 2019
OPERATING REVENUES		
Member premiums	$ 194,507,327	$ 183,179,723
Retrospective premium adjustments	(5,377,009)	(9,532,430)
TOTAL OPERATING REVENUES	189,130,318	173,647,293
OPERATING EXPENSES		
Claims expense:		
Claims paid	90,772,703	87,791,048
Change in claims reserves	(103,945)	3,253,830
Change in claims incurred but not reported	(4,252,240)	172,859
Change in unallocated loss adjustment expense	(686,050)	51,335
Total claims expense	85,730,468	91,269,072
Excess insurance	16,113,131	10,265,427
Benefit premiums	60,126,984	57,973,208
General and administrative	10,687,493	9,630,392
Depreciation	228,662	218,147
TOTAL OPERATING EXPENSES	172,886,738	169,356,246
OPERATING INCOME	16,243,580	4,291,047
NONOPERATING REVENUES		
Investment income	5,091,535	3,738,316
Net increase in investment fair value	3,417,590	4,439,535
TOTAL NONOPERATING REVENUES	8,509,125	8,177,851
CHANGE IN NET POSITION	24,752,705	12,468,898
NET POSITION, BEGINNING OF YEAR	98,934,502	86,465,604
NET POSITION, END OF YEAR	$ 123,687,207	$ 98,934,502

See accompanying notes to financial statements.

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2020

	2020	Memo Only 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from members	$ 189,153,896	$ 183,523,519
Cash received from excess/aggregate insurance	31,001,622	9,523,858
Payments for claims	(90,772,703)	(87,791,048)
Payments for excess/aggregate claims	(27,674,471)	(8,628,990)
Payments for excess insurance	(16,113,131)	(11,414,245)
Payments for benefit premiums	(60,126,984)	(57,973,208)
Payments for billings & RPA fund	(5,905,812)	(4,491,522)
Payments to vendors	(2,692,409)	(2,539,302)
Payments to employees	(7,995,084)	(7,091,090)
NET CASH PROVIDED BY OPERATING ACTIVITIES	8,874,924	13,117,972
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(12,607)	(115,600)
NET CASH USED BY FINANCING ACTIVITIES	(12,607)	(115,600)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	3,777,981	3,738,671
Purchase of investments	(121,986,702)	(75,552,001)
Proceeds from maturities of investments	122,392,901	73,579,545
NET CASH PROVIDED BY INVESTING ACTIVITIES	4,184,180	1,766,215
Increase in cash and cash equivalents	13,046,497	14,768,587
Cash and cash equivalents, beginning of year	48,381,197	33,612,610
Cash and cash equivalents, end of year	$ 61,427,694	$ 48,381,197
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	$ 16,243,580	$ 4,291,047
Adjustments to net cash provided by operating activities:		
Depreciation of capital assets	228,662	218,147
Change in member premiums receivable	(3,456,470)	993,711
Change in excess insurance proceeds receivable	(448,831)	820,874
Change in retrospective premium adjustment receivable	(4,059,682)	(1,625,165)
Change in net pension asset	196,598	532,719
Change in net OPEB asset	167,342	(611,520)
Change in other receivables and prepaids	(130,720)	(2,794,699)
Changes in deferred outflows/inflows related to net pension and OPEB	(355,727)	60,517
Changes in payables and accrued expenses and other expenses	2,946,437	212,859
Change in unearned member premiums	1,277,547	2,422,692
Change in retrospective premium adjustment payables	1,308,423	5,118,766
Change in claims liabilities	(5,042,235)	3,478,024
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 8,874,924	$ 13,117,972
NON CASH ITEMS		
Change in unrealized fair value of investments	$ 3,417,590	$ 4,439,535

See accompanying notes to financial statements.

(1) General Information

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

The JPIA currently offers five joint protection programs:

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

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

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

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

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

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

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

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

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

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

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

Years	SIR Amount
10/1/79 - 9/30/86	$ 500,000
10/1/86 - 9/30/87	1,000,000
10/1/87 - 9/30/05	500,000
10/1/05 - 9/30/11	1,000,000
10/1/11 - 9/30/16	2,000,000
10/1/16 - 9/30/19	5,000,000
10/1/19 – 9/30/20*	5,000,000

- *Excess: $1 to a total of $5,000,000 coverage by captive insurance company, California Water Insurance Fund (CWIF).
- $5,000,000 to a total of $60,000,000 coverage through various carriers.

Policy Year: October 1 through September 30.

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

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

Years	SIR Amount
1/1/83 - 3/31/85	Various
4/1/85 - 3/31/86	$5,000
4/1/86 - 3/31/88	50,000
4/1/88 - 3/31/01	10,000
4/1/01 - 3/31/13	50,000
4/1/13 - 6/30/20*	100,000
7/1/20 - 6/30/21	100,000

- Excess: $100,000 up to a total of $500,000,000 coverage with various sub limits through Alliant Property Insurance Program (APIP).

*Policy Year: April 1 through June 30 of 2019. Property Program changed policy year format to better align with APIP recommended coverage schedule. Going forward, the Property Program policy year will be July 1 through June 30.

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

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

Years	SIR Amount
7/1/86 - 6/30/87	$125,000
7/1/87 - 6/30/88	150,000
7/1/88 - 6/30/89	175,000
7/1/89 - 6/30/91	200,000
7/1/91 - 6/30/92	225,000
7/1/92 - 6/30/01*	250,000
7/1/01 - 6/30/02	350,000
7/1/02 - 6/30/03	650,000
7/1/03 - 6/30/20	2,000,000
7/1/20 – 6/30/21**	2,000,000

- *From July 1, 1995 through June 30, 1998, the Workers' Compensation Program functioned as a group purchase program.
- **Excess of $1 to a total of $2,000,000 per occurrence subject to a maximum aggregate limit of $9,370,900 coverage by captive insurance company, California Water Insurance Fund (CWIF).

Policy Year: July 1 through June 30

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

The JPIA carries reinsurance through Sun Life Financial, administered by Stealth Partner Group, LLC for coverage losses in excess of the 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.

(2) Significant Accounting Policies

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

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

Investments in debt securities are recorded at fair value. For purposes of these financial statements, fair value is equivalent to investment market value at September 30, 2020. Changes in the fair value of investments, both realized and unrealized, are included in the Statement of Revenues, Expenses, and Changes in Net Position as a component of non-operating revenues.

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

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

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

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

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

Premiums Receivable – These amounts represent unpaid invoices for policies written during the JPIA's fiscal year. Workers Compensation holds four different general ledger accounts to track receivables separately since the billing is done quarterly. A significant portion of premiums receivable are also recognized as unearned premiums for those policies extending into the subsequent year.

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

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

ULAE amounts recorded to the captive are prorated expenses based on contractual agreements set forth by the Executive Committee and amortized according to the development of the policy year to which they are assigned.

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.

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

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

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

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

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

Pensions – For purposes of measuring the net pension asset and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the JPIA's portion of the California Public Employees' Retirement System (CalPERS) Miscellaneous plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

(3) Cash and Investments

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS
Year Ended September 30, 2020

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

AUTHORIZED INVESTMENT TYPE	MAXIMUM MATURITY*	MAXIMUM PERCENTAGE OF PORTFOLIO	MAXIMUM INVESTMENT IN ONE ISSUER	MINIMUM CREDIT QUALITY
Federal Agency	5 years	100%	50%	None
Asset-Backed Securities/CMO	5 years	20%	5%	AA
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
Other State/Local Gov. 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.

CWIF Investment Policy

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

Investment Credit Risk - CWIF's investments on September 30, 2020 are summarized in the following table. The credit quality rating used is Standard and Poor's, a nationally recognized rating agency.

INVESTMENTS	FAIR VALUE	%	CREDIT QUALITY RATING
Mutual Funds – Equity	$29,528,758	67%	None
Mutual Funds – Fixed Income	14,788,472	33%	None
Total Investments	$44,317,230	100%	

Concentration of Credit Risk – As of September 30, 2020, investments in any one issuer, other than U.S. Treasury Securities, LAIF and LGIP, represent 5% or more of the total ACWA JPIA portfolio:

Issuer	Investment Type	Market Value
FNMA	Federal Agency	$10,884,961

Custodial Credit Risk is the risk that in the event of a bank failure, the JPIA's deposits may not be returned. California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the 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 the JPIA's name and places it ahead of general creditors of the institution.

Interest Rate Risk is the possibility that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As a means of highlighting exposure to interest rate risk, the fair value of all securities is calculated and reported monthly to the two oversight committees of the JPIA for investments. Investment fair value and duration at September 30, 2020 are as follows:

Authorized Investment Type	Market Value	Effective Duration
U.S. Treasury Obligations	$28,779,542	2.655
Federal Agency Securities	17,395,048	3.678
Federal Mortgage Backed Securities	3,879,407	1.260
Medium-Term Notes	20,996,868	2.834
Asset-Backed Securities/CMOs	5,203,965	1.722
Negotiable Certificates of Deposit	10,795,836	1.242
Commercial Paper	5,000,000	0.166
Municipal Bonds	5,695,810	3.562
Supranationals	1,627,334	1.653
Mutual Funds – Equity	29,528,758	N/A
Mutual Funds – Fixed Income	14,788,472	N/A

Local Agency Investment Funds (LAIF) – The JPIA is a participant in LAIF that is regulated by the California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the JPIA's investment in this pool is reported in the accompanying financial statements at amounts based upon the JPIA's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio. Financial information can be obtained from P.O. Box 942809, Sacramento, CA 94209-0001.

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

Investment Credit Risk – the JPIA and CWIF securities are summarized in the following table by the respective fair market values as of September 30, 2020. JPIA reports credit quality ratings by Moody's, a nationally recognized rating agency.

Disclosures Relating to Credit Risk

Authorized Investment	Amount	Aaa/P-1	Aa (1-3)	A (1-3)	Baa**	Not Rated
September 30, 2020						
Cash	$ 200	$ 0	$ 0	$ 0	$ 0	$ 200
Deposits with Financial Institutions	16,628,131					16,628,131
Asset-Backed Securities	5,203,965	2,467,568				2,736,397
Negotiable Certificates of Deposit	10,795,836		6,104,290	1,331,253		3,360,293
LGIP (Managed Pool Account) *	256,811					256,811
LAIF	44,542,552					44,542,552
U.S. Treasury Obligations	28,779,542	28,003,145				776,397
Federal Agency Securities	17,395,048	17,395,048				
Federal Mortgage-Backed Secur.	3,879,407	680,178				3,199,229
Municipal Bonds	5,695,810	1,884,440	2,918,527	130,933		761,910
Commercial Paper	5,000,000		5,000,000			
Medium-Term Notes	20,996,868	2,224,936	3,122,040	15,649,892		
Supranationals	1,627,334	1,627,334				
Mutual Funds – Equity***	29,528,758					29,528,758
Mutual Funds – Fixed Income***	14,788,472					14,788,472
Totals	$205,118,734	$54,282,649	$17,144,857	$17,112,078	$0	$116,579,150

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

*The managed pool account (LGIP) is comprised of $256,811 in CAMP. This investment is not rated by Moody's but is, however, rated AAAm by Standard and Poor's.
**Portfolio securities rated Baa by Moody's satisfy the ACWA JPIA Investment Policy minimum rating requirement with an "A" rating by Fitch.
***California Water Insurance Fund (CWIF), a captive insurance company and subsidiary of ACWA JPIA. Investment fund managed by PFM Asset Management LLC, with custodial US Bank.

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

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

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

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

The following schedule classifies the JPIA's security assets at fair value based on hierarchy level as of September 30, 2020:

Investments by Fair Value Level		Fair Value Measurements Using	
Debt Securities:		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
U.S. Treasury Obligations	$ 28,779,542	$ 28,779,542	
Asset-Backed Securities	5,203,965		$5,203,965
Negotiable Certificates of Deposit	10,795,836		10,795,836
Medium-Term Notes	20,996,868		20,996,868
Commercial Paper	5,000,000		5,000,000
Federal Agency Securities	21,274,455		21,274,455
Municipal Bonds	5,695,810		5,695,810
Supranationals	1,627,334		1,627,334
Mutual Funds – Closed-end	22,429,212	22,429,212	
Mutual Funds – Open-ended	21,888,018		21,888,018
Totals	**$143,691,040**	**$51,208,754**	**$92,482,286**

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

(4) Capital Assets

The following is a schedule of changes in capital assets for the year ended September 30, 2020:

	9/30/2019	Additions	9/30/2020
NON-DEPRECIABLE ASSETS:			
Land	$ 590,545	$ 0	$ 590,545
DEPRECIABLE ASSETS:			
Building & Improvements	5,336,035	0	5,336,035
Furniture & Equipment	724,010	0	724,010
Software	497,983	0	497,982
Total Depreciable Assets	6,558,028	0	6,558,028
LESS ACCUMULATED DEPRECIATION:			
Building & Improvements	(1,565,230)	(179,072)	(1,744,302)
Furniture & Equipment	(588,232)	(40,611)	(628,843)
Software	(456,077)	(8,979)	(465,056)
Total Accumulated Depreciation	(2,609,539)	(228,662)	(2,838,201)
Capital Assets - Net	$4,539,034	$(228,662)	$ 4,310,372

(5) Retrospective Premium Adjustments

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

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

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

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

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

The retrospective premium adjustments (RPA) for all applicable policy years have been estimated based on losses and other costs, net of investment income, incurred through September 30, 2020. RPAs are subject to change as the ultimate cost of claims becomes known, investment income is realized, and the JPIA’s indirect costs are allocated to each policy year. RPA's do not apply to the Employee Benefits Programs.

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

Beginning with fiscal year 1998-99, the JPIA established a Rate Stabilization Fund for the Liability Program to help stabilize future RPAs. The JPIA maintains a separate Rate Stabilization Fund for each member and future RPAs are to flow through the member's individual Rate Stabilization Fund. When the balance of a member's fund exceeds 50% of the current year's basic liability premium, any member that has a balance over this amount receives a refund for the difference. During the fiscal year 2002-03 the Rate Stabilization Fund was expanded to include the Property and Workers' Compensation Programs.

(6) Reconciliation of Claims Liabilities

As of September 30, 2020, unpaid losses of $56,695,947 are presented at the net present value of $56,344,491. These losses are discounted at a rate of 1% for Liability, 1.5% for Workers' Compensation, .5% for Property and 0% for Employee Benefits.

The following schedule represents changes in the aggregate liabilities for all programs during the past year ending September 30, 2020:

Discounted Unpaid Claims and Claim Adjustment Expenses at Beginning of Fiscal Year	$61,386,726
Incurred Claims and Claim Adjustment Expenses:	
Provision for Insured Events of the Current Fiscal Year	82,667,397
Increase in Provision of Insured Events of Prior Fiscal Years	3,063,071
Total Incurred Claims and Claim Adjustment Expenses	85,730,468
PAYMENTS:	
Claims and Claim Adjustment Expenses Attributable to Insured Events of the Current Fiscal Year	59,404,729
Claims and Claim Adjustment Expenses Attributable to Insured Events of Prior Fiscal Years	31,367,974
Total Payments	90,772,703
Discounted Unpaid Claims and Claim Adjustment Expenses at End of Fiscal Year	**$56,344,491**
Components of Claims Liability:	
Provision for Claims (Current)	$17,989,231
Claims Reserves	14,593,059
Claims Incurred but Not Reported	21,522,754
Unallocated Loss Adjustment Liability	2,239,447
Total Claims Liability	**$56,344,491**

(7) Net Position Designations

There are four categories that make up net position: the Catastrophic Reserve (CAT) Fund (includes the Natural Disaster Fund for the property program), Employee Benefits Fund, the Rate Stabilization Fund, and new to fiscal year 2020, the retained earnings of the captive insurance company.

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

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

The captive company reported an excess of earnings over expenses in the amount of $5,604,889 for fiscal year 2019-20.

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

September 30, 2020:	
Rate Stabilization Fund	$7,779,791
Catastrophic (CAT)/Natural Disaster Fund	39,397,813
Employee Benefits Fund	70,904,714
Captive's Retained Earnings (CWIF)	5,604,889
Net Position	$123,687,207

(8) Joint Venture

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

(9) Pension Plan

Plan Description

ACWA JPIA provides pension benefits to its employees through ACWA JPIA's Miscellaneous Plan (the Plan), a cost-sharing multiple-employer defined benefit pension plan maintained by CalPERS, an agency of the State of California. ACWA JPIA had less than 100 active members as of the June 30, 2020 actuarial valuation. As a result, qualified employees are covered under the Miscellaneous 2% at 55 Risk Pool. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. CalPERS issues a publicly available financial report that includes financial statements and required supplementary information for this plan. This report is available online at www.calpers.ca.gov.

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

Benefits Provided

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

Contributions

Section 20814(c) of the PERL requires employer contribution rates for all public employers be determined on an annual basis by the actuary and are effective on the July 1 following notice of a change in the rate. The contributions are determined through the CalPERS' annual actuarial valuation process. The Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. ACWA JPIA is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. ACWA JPIA's required contribution rate on covered payroll for the measurement period ended June 30, 2020 (the measurement date) was 9.15% and 7.072% of annual pay for Classic and PEPRA employees, respectively. Employer contributions rates may change if plan contracts are amended. For the year ended September 30, 2020, the employer contributions to the plan were $437,050, which included additional elective contributions totaling $413,307 to reduce the Net Pension Liability (NPL).

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

ACWA JPIA's Net Pension Liability (NPL) for the Plan is measured as the proportionate share of the NPL. The NPL of the Plan is measured as of June 30, 2020 for the year ended September 30, 2020. The total pension liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. As of September 30, 2020, ACWA JPIA's proportionate share of the Plan's net pension liability (NPL) was ($138,133).

Using ACWA JPIA's individual employer rate plan's share of the risk pool TPL and Fiduciary Net Position (FNP), the proportionate shares of the TPL and FNP at the measurement date are determined for ACWA JPIA by the actuary. ACWA JPIA's proportionate share of the net pension liability for the Plan as of June 30, 2019 and 2020 were as follows:

	Plan
Proportion - June 30, 2019	(.008359%)
Proportion - June 30, 2020	(.003275%)
Change	.005084%

For the year ended September 30, 2020, ACWA JPIA recognized pension expense of $997,449, and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience*	$ (7,118)	$ 0
Changes of assumptions	0	985
Net difference between projected and actual earnings on pension plan investments	(4,103)	0
Changes in proportions	628,951	
Changes in proportionate share of contributions		(1,282,418)
Contributions subsequent to the measurement date	123,915	
Total	$ 741,645	$ (1,281,433)

*It should be noted that differences between expected and actual experience and the net difference between projected and actual earnings on pension plan investments show as negative deferred outflows of resources due to JPIA sharing a negative proportion of the pool liability while having a net pension asset.

As of September 30, 2020, the $123,915 reported as deferred outflows of resources related to employer contributions subsequent to the measurement date will be recognized as an increase to the Net Pension Asset in the year ending September 30, 2021. As of September 30, 2020, other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized as pension expense (benefit) as follows:

Year Ended September 30	
2021	$ (368,841)
2022	(117,267)
2023	(175,627)
2024	(1,968)

Actuarial Methods and Assumptions

The collective TPL for the June 30, 2020 measurement period was determined by an actuarial valuation as of June 30, 2019, with update procedures used to roll forward the TPL to June 30, 2020. The collective TPL was based on the following assumptions:

Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Investment Rate of Return	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table [1]	Derived using CalPERS' Membership data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

[1] *The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016.*

Changes of Assumptions

There were no changes of assumptions for the measurement period ended June 30, 2020.

Discount Rate

The discount rate used to measure the total pension liability for PERF C was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS considered both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ 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 rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

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

Asset Class [(1)]	Assumed Asset Allocation	Real Return Years 1 – 10[(2)]	Real Return Years 11+[(3)]
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets		0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%		-0.92%
Total	100.00%		

[(1)] In the system's Comprehensive Report, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.
[(2)] An expected inflation of 2.00% was used for this period.
[(3)] An expected inflation of 2.92% was used for this period.

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

The following presents ACWA JPIA's Proportional Share of the NPL of the Plan as of the June 30, 2020 measurement date, calculated using the discount rate of 7.15%, as well as what ACWA JPIA's Proportional Share of the NPL would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate:

	Discount Rate – 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
ACWA JPIA's Proportionate Share of Plan's NPL(NPA)	$ 4,065,667	$ (138,133)	$ (3,611,601)

(10) OPEB

Plan Description

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

Benefits Provided

ACWA JPIA employees who retire at age 55 or older with a minimum of ten years of service with the organization are eligible to receive lifetime medical benefits. Benefits are also provided to spouses, surviving spouses and dependent children (up to age 26) of participating retirees. For employees hired after January 31, 2018, an allowance of up to $500 (up to $1000 with spouse or domestic partner coverage; no coverage for dependent children) will be provided for use towards medical premium using the same matrix below.

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

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

Employees Covered

As of the June 30, 2020 actuarial valuation, the following inactive and active employees were covered by the benefit terms under the OPEB Plan:

Inactive employees receiving benefits	16
Inactive employees entitled to but not receiving benefits	0
Participating active employees	49
Total	65

Contributions

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

Net OPEB Asset

The JPIA's net OPEB asset was measured as of June 30, 2020 and was determined by an actuarial valuation based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate	7.28%
Inflation	2.26%
Salary Increases (1)	3.50%
Investment Rate of Return (2)	7.28%
Mortality (3)	CalPERS' Membership Data
Health care cost trend rates	The rate for Post-65 participants is estimated at 5.00%. The rate for pre-65 is estimated as shown in the table below.

Year Beginning	Increase in Premium Rates
2020	Actual
2021	6.90%
2022	6.65%
2023	6.40%
2024	6.15%
2025	5.90%
2026	5.65%
2027	5.40%
2028	5.15%
2029 and later	5.00%

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

(2) Net of OPEB plan investment expense; includes inflation.

(3) The mortality rates used in this valuation are those used in the 2017 CalPERS demographic study.
Pre-Retirement: CalPERS 2017 Mortality
Post-Retirement: CalPERS 2017 Mortality

Assumption Changes

The average per capita claims cost was updated to reflect a baseline cost of $10,588 per year for pre-Medicare premiums, and $5,605 per year for post-Medicare premiums. The health care cost trend rate was updated to reflect 2020 industry survey data, the mortality, withdrawal, disablement, and retirement tables were updated to reflect the 2017 CalPERS studies. The population for curving and morbidity factors have also been updated to the 2017 CalPERS study.

There have been no other assumption changes since the last measurement date.

The arithmetic long-term expected rate of return on OPEB plan investments for the next ten years was provided by JP Morgan. For years thereafter, returns were based on historical average index real returns over the last 30 years assuming a similar equity/fixed investment mix and a 2.26% inflation rate.

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

Investment Class	**Target Allocation**	**Long-Term * Expected Real Rate of Return**
Equity	60.00%	5.49%
Fixed Income	32.00%	1.65%
Real Estate Investment Trusts	8.00%	5.06%
Total	100.00%	

*JPMorgan arithmetic Long-Term Capital Market assumptions and expected inflation of 2.26%.

Discount Rate

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

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

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

To determine a resulting (blended) rate, the amount of the plan's projected fiduciary net position (if any) and the amount of projected benefit payments are compared in each period of projected benefit payments. The discount rate used to measure the total OPEB liability on June 30, 2020 is based on these requirements and the following information:

Discount Rate	**Bond Buyer 20-Bond GO Index**
7.28%	2.21%

Changes in the Net OPEB Asset

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

	Increase (Decrease)		
	Total OPEB Liability (TOL) (a)	**Plan Fiduciary Net Position (b)**	**Net OPEB Liability (Asset) (a)-(b)**
Balance as of June 30, 2019	$ 6,844,314	$ 8,424,963	$ (1,580,649)
Changes recognized for the measurement period:			
Service cost	259,189		259,189
Interest	510,671		510,671
Contributions—employer		278,058	(278,058)
Net investment income		297,577	(297,577)
Differences between expected and actual experience	(31,073)		(31,073)
Change of assumptions			
Benefit payments	(180,755)	(180,755)	
Administrative expense		(4,190)	4,190
Net changes	558,032	390,690	167,342
Balance as of June 30, 2020 (Measurement date June 30, 2020)	$ 7,402,346	$ 8,815,653	$ (1,413,307)

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

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

	Discount Rate –1% (6.28%)	**Current Discount Rate (7.28%)**	**Discount Rate +1% (8.28%)**
Net OPEB Asset	$ 409,238	$ 1,413,307	$ 2,248,040

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

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

	Trend Rate -1%	Health Care Trend Rate	Trend Rate +1%
Net OPEB Asset	$ 2,344,510	$ 1,413,307	$ 272,566

OPEB plan fiduciary net position

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

Recognition of Deferred Outflows and Deferred Inflows of Resources

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

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

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

Net differences between projected and actual earnings on OPEB Trust investments	5 years
All other amounts	Expected average remaining service lives (EARSL) of plan participants

OPEB Expense and Deferred Outflows/Inflows Related to OPEB

For the year ended September 30, 2020, the JPIA recognized OPEB expense of $649,489 and reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions after the measurement date*	$ 24,807	$ 0
Changes in assumptions		378,097
Differences between expected and actual experience		157,922
Net difference between projected and actual earnings on OPEB plan investments	288,298	
Total	$ 313,105	$ 536,019

*The $24,807 reported as deferred outflows of resources related to contributions after the June 30, 2020 measurement date will be recognized as an increase in the net OPEB Asset during the fiscal year ending September 30, 2021.

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

Fiscal Year Ended September 30	Recognized Deferred Outflows/(Inflows) of Resources
2021	($25,665)
2022	(25,667)
2023	(15,935)
2024	(33,431)
2025	(97,249)
Thereafter	(49,774)
Total Deferred Resources:	($247,721)

(11) Deferred Compensation Plan

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

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

REQUIRED SUPPLEMENTARY INFORMATION

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

RECONCILIATION OF CLAIMS LIABILITIES BY TYPE OF CONTRACT

SEPTEMBER 30, 2020

	Liability Program	Property Program	Workers' Compensation Program	Employee Benefits Program	CWIF	Total
Unpaid Claims and Claim Adjustment at Beginning of the Fiscal Year	$ 26,508,016	$ 1,416,272	$ 26,659,416	$ 6,803,022	$ 0	$ 61,386,726
Incurred Claims and Allocated Claim Adjustment Expense:						
Provisions for Insured Events of the Current Fiscal Year	0	2,229,341	4,467,541	59,857,602	16,112,913	82,667,397
Increase (decrease) in Provision for Incurred Events of Prior Fiscal Years	(442,486)	20,141	(3,926,397)	7,411,813	0	3,063,071
Total Incurred Claims and Allocated Claim Adjustment Expenses	(442,486)	2,249,482	541,144	67,269,415	16,112,913	85,730,468
Payments						
Claims and Allocated Claim Adjustment Expenses Attributable to Insured Events of the Current Fiscal Year	0	610,939	1,366,759	54,545,602	2,881,429	59,404,729
Claims and Allocated Claim Adjustment Expenses Attributable to Insured Events of Prior Fiscal Years	13,304,612	233,640	3,614,880	14,214,842	0	31,367,974
Total Payments	13,304,612	844,579	4,981,639	68,760,444	2,881,429	90,772,703
Discounted Unpaid Claims and Allocated Claim Adjustment Expense at the End of the Fiscal Year	$ 12,760,918	$ 2,821,175	$ 22,218,921	$ 5,311,993	$ 13,231,484	$ 56,344,491
Components:						
Provision for Claims (Current)	$ 3,196,271	$ 667,949	$ 5,780,162	$ 5,311,993	$ 3,032,856	$ 17,989,231
Claims Reserves	6,696,807	1,905,651	3,707,074	0	2,283,527	14,593,059
Claims Incurred But Not Reported	2,640,239	108,086	10,859,328	0	7,915,101	21,522,754
Unallocated Loss Adjustment Liability	227,601	139,489	1,872,357	0	0	2,239,447
Total Claims Liability	$ 12,760,918	$ 2,821,175	$ 22,218,921	$ 5,311,993	$ 13,231,484	$ 56,344,491

ASSOCIATION CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

TEN YEAR CLAIMS DEVELOPMENT INFORMATION
AS OF SEPTEMBER 30, 2020

LIABILITY PROGRAM

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
1. Required contribution and investment revenue:										
Earned	$ 18,972,804	$ 19,830,855	$ 17,696,234	$ 16,974,918	$ 15,718,978	$ 15,822,903	$ 16,797,178	$ 18,709,681	$ 18,552,349	$ 21,068,969
Ceded	4,595,418	4,145,093	4,080,300	3,659,417	3,634,717	3,875,750	2,758,676	3,014,553	3,196,277	5,504,597
Net earned	14,377,386	15,685,762	13,615,934	13,315,501	12,084,261	11,947,153	14,038,502	15,695,128	15,356,072	15,564,372
2. Unallocated expenses	2,337,821	2,608,251	1,674,486	2,483,047	2,047,631	2,209,200	2,801,395	2,868,821	1,932,197	1,503,225
3. Estimated claims and expenses end of policy year:										
Incurred	9,537,161	11,501,735	11,340,999	11,992,230	14,740,360	15,010,541	12,623,498	12,521,301	14,101,240	17,805,506
Ceded	1,482,000	3,340,797	2,803,191	2,829,815	2,688,625	3,489,316	949,000	860,000	1,025,000	1,155,000
Net incurred	8,055,161	8,160,938	8,537,808	9,162,415	12,051,735	11,521,225	11,674,498	11,661,301	13,076,240	16,650,506
4. Net paid (cumulative) as of :										
End of policy year	1,304,594	980,968	1,327,647	2,058,691	2,355,454	2,313,638	1,702,912	1,827,061	1,622,001	2,812,515
One year later	2,536,953	2,347,481	2,892,313	3,985,953	4,630,229	5,197,925	3,375,115	3,176,237	9,430,733	
Two years later	3,380,763	5,333,836	4,419,948	5,066,762	5,405,345	9,257,380	6,537,956	5,560,989		
Three years later	3,840,217	6,184,173	4,569,894	5,883,558	7,270,381	9,148,742	6,713,185			
Four years later	4,731,053	6,176,719	4,592,713	6,077,650	7,010,514	9,158,435				
Five years later	4,572,283	6,345,207	4,647,004	6,112,400	7,283,663					
Six years later	4,572,301	6,496,242	4,647,004	7,996,565						
Seven years later	4,577,880	6,543,103	4,648,071							
Eight years later	4,577,880	7,310,419								
Nine years later	4,577,880									
5. Reestimated claims and expenses:	2,000	13,000	20,000	13,674,000	76,000	176,000	192,000	394,000	9,500,000	1,155,000
6. Reestimated net incurred claims and expenses:										
End of policy year	8,055,161	8,160,938	8,537,808	9,162,415	12,051,735	11,521,225	11,674,498	11,661,301	13,076,240	16,650,506
One year later	6,436,591	7,445,949	6,729,662	10,676,485	8,611,154	10,817,319	10,717,162	10,791,082	15,836,297	
Two years later	4,951,214	6,853,715	6,742,879	9,275,901	7,454,187	10,800,508	9,064,480	10,205,529		
Three years later	4,825,003	8,546,852	5,191,809	8,487,171	7,961,888	9,960,435	7,428,404			
Four years later	5,343,648	6,607,018	4,744,468	8,216,397	7,312,945	9,353,029				
Five years later	4,697,574	7,399,352	4,711,351	8,165,264	7,498,827					
Six years later	4,850,372	7,471,152	4,647,005	7,996,565						
Seven years later	4,924,499	7,403,311	4,655,076							
Eight years later	4,924,499	7,310,994								
Nine years later	4,928,000									
7. Increase (decrease) in estimated incurred claims and expense from end of policy year:	$ (3,127,161)	$ (849,944)	$ (3,882,732)	$ (1,165,850)	$ (4,552,908)	$ (2,168,196)	$ (4,246,094)	$ (1,455,772)	$ 2,760,057	$ 0

ASSOCIATION CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

TEN YEAR CLAIMS DEVELOPMENT INFORMATION
AS OF SEPTEMBER 30, 2020

PROPERTY PROGRAM

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
1. Required contribution and investment revenue:										
Earned	$ 4,397,768	$ 4,607,305	$ 4,875,627	$ 5,111,733	$ 5,313,836	$ 5,062,829	$ 5,286,924	$ 5,732,940	$ 5,960,866	$ 6,932,656
Ceded	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	4,838,728
Net earned	1,542,031	1,556,537	1,506,640	2,391,244	2,995,575	3,535,829	3,763,403	4,075,571	2,918,251	2,093,928
2. Unallocated expenses	200,019	309,319	192,097	421,225	1,754,005	1,666,819	1,937,092	1,215,507	1,588,389	1,304,959
3. Estimated claims and expenses end of policy year:										
Incurred	3,475,186	2,458,165	2,532,879	3,122,568	949,153	1,403,306	5,960,208	4,625,770	13,273,427	2,196,813
Ceded	2,653,624	1,665,007	1,815,000	1,917,000	96,880	531,733	4,226,383	3,316,000	10,419,000	455,000
Net incurred	821,562	793,158	717,879	1,205,568	852,273	871,573	1,733,825	1,309,770	2,854,427	1,741,813
4. Net paid (cumulative) as of :										
End of policy year	775,702	661,882	596,198	952,945	611,312	847,420	1,275,484	1,089,031	2,110,318	735,138
One year later	790,438	760,239	616,432	1,052,728	778,469	848,772	1,211,080	1,146,171	2,202,967	
Two years later	790,438	822,930	615,623	1,047,753	808,445	849,197	1,183,299	1,165,339		
Three years later	801,074	922,930	615,623	1,047,753	801,718	869,804	1,139,451			
Four years later	801,074	922,930	615,623	1,105,398	759,655	869,804				
Five years later	801,074	922,930	615,623	1,105,398	759,655					
Six years later	801,074	922,930	615,623	1,105,398						
Seven years later	801,074	922,930	615,623							
Eight years later	801,074	922,930								
Nine years later	801,074									
5. Reestimated claims and expenses:	1,730,927	1,635,784	699,338	359,408	0	398,104	4,825,000	2,533,000	9,780,000	455,000
6. Reestimated net incurred claims and expenses:										
End of policy year	821,562	793,158	717,879	1,205,568	852,273	871,573	1,733,825	1,309,770	2,854,427	1,741,813
One year later	810,318	767,256	618,919	1,052,729	1,039,107	870,772	1,512,876	1,148,440	2,582,914	
Two years later	790,438	899,853	615,623	1,047,754	809,445	871,272	1,259,393	1,167,503		
Three years later	801,074	922,930	615,623	1,107,754	801,718	871,272	1,253,000			
Four years later	801,074	922,930	615,623	1,105,399	759,655	871,272				
Five years later	801,074	922,930	615,623	1,105,399	759,655					
Six years later	801,074	922,930	615,623	1,105,399						
Seven years later	801,074	922,930	615,623							
Eight years later	801,074	922,930								
Nine years later	801,074									
7. Increase (decrease) in estimated incurred claims and expense from end of policy year:	$ (20,488)	$ 129,772	$ (102,256)	$ (100,169)	$ (92,618)	$ (301)	$ (480,825)	$ (142,267)	$ (271,513)	$ 0

ASSOCIATION CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

TEN YEAR CLAIMS DEVELOPMENT INFORMATION
AS OF SEPTEMBER 30, 2020

WORKERS' COMPENSATION

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
1. Required contribution and investment revenue:										
Earned	$ 12,213,719	$ 12,437,059	$ 13,321,108	$ 12,523,412	$ 12,435,039	$ 12,541,911	$ 12,800,434	$ 12,992,996	$ 13,610,561	$ 14,728,602
Ceded	466,931	413,858	516,165	523,904	431,752	506,645	556,796	499,119	488,946	510,476
Net earned	11,746,788	12,023,201	12,804,943	11,999,508	12,003,287	12,035,266	12,243,638	12,493,877	13,121,615	14,218,126
2. Unallocated expenses:	3,317,074	2,611,004	3,398,959	2,215,299	2,791,180	2,172,144	2,422,807	2,424,475	2,258,899	2,002,645
3. Estimated claims and expenses end of policy year:										
Incurred	5,645,152	6,404,310	5,915,673	6,196,556	5,805,056	5,698,539	7,202,203	6,645,736	6,903,658	7,513,616
Ceded	80,000	230,000	32,500	130,000	0	0	0	0	0	0
Net incurred	5,565,152	6,174,310	5,883,173	6,066,556	5,805,056	5,698,539	7,202,203	6,645,736	6,903,658	7,513,616
4. Net paid (cumulative) as of :										
End of policy year	1,316,557	1,512,505	1,665,717	1,472,839	1,332,057	1,151,894	1,611,621	1,365,070	1,379,721	1,908,694
One year later	2,473,734	2,351,310	3,039,536	2,499,754	2,726,529	1,666,309	2,345,827	2,248,484	2,343,026	
Two years later	3,042,230	2,901,384	3,944,478	3,207,520	3,343,412	2,086,129	2,657,368	2,579,285		
Three years later	3,579,172	3,238,077	4,974,571	3,675,577	3,828,609	2,274,301	2,995,480			
Four years later	4,165,524	3,408,547	5,612,187	4,198,011	4,131,207	2,561,481				
Five years later	4,437,992	3,554,532	5,947,094	4,452,783	4,412,425					
Six years later	4,555,980	4,989,772	6,449,578	4,527,664						
Seven years later	4,821,961	5,177,253	6,642,776							
Eight years later	4,918,635	5,386,729								
Nine years later	4,944,083									
5. Reestimated claims and expenses:	0	292,073	0	0	0	0	0	0	0	0
6. Reestimated net incurred claims and expenses:										
End of policy year	5,565,152	6,174,310	5,883,173	6,066,556	5,805,056	5,698,539	7,202,203	6,645,736	6,903,658	7,513,616
One year later	6,406,747	5,377,941	6,382,564	5,387,863	6,638,361	4,581,505	5,965,054	5,901,694	6,046,702	
Two years later	5,978,804	5,632,117	6,853,254	5,705,488	6,740,067	3,800,513	5,069,443	5,082,436		
Three years later	6,286,812	5,255,945	7,985,933	5,778,062	6,080,657	3,555,630	4,594,823			
Four years later	6,373,660	5,343,587	8,496,518	5,615,771	5,992,903	3,362,048				
Five years later	6,397,276	5,415,049	8,816,370	5,480,036	5,780,867					
Six years later	6,177,577	5,829,245	8,815,573	5,034,373						
Seven years later	5,355,995	6,104,408	8,152,415							
Eight years later	5,116,539	6,103,421								
Nine years later	5,078,399									
7. Increase (decrease) in estimated incurred claims and expense from end of policy year:	$ (486,753)	$ (70,889)	$ 2,269,242	$ (1,032,183)	$ (24,189)	$ (2,336,491)	$ (2,607,380)	$ (1,563,300)	$ (856,956)	$ 0

ASSOCIATION CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

TEN YEAR CLAIMS DEVELOPMENT INFORMATION
AS OF SEPTEMBER 30, 2020**

EMPLOYEE BENEFITS

	2012*	2013	2014	2015	2016	2017	2018	2019
1. Required contribution and investment revenue:								
Earned	$ 53,510,611	$ 114,063,809	$ 121,694,180	$ 122,178,969	$ 127,706,517	$ 140,433,366	$ 146,479,748	$ 149,244,401
Ceded	541,419	836,491	1,029,985	1,276,428	1,538,800	1,636,443	2,107,541	2,847,451
Net earned	52,969,192	113,227,318	120,664,195	120,902,541	126,167,717	138,796,923	144,372,207	146,396,950
2. Unallocated expenses:	737,231	1,734,193	2,878,450	3,651,318	2,904,526	2,821,573	2,468,713	2,674,762
3. Estimated claims and expenses end of policy year:								
Incurred	35,205,118	70,429,600	73,414,224	81,097,989	86,200,856	82,300,575	77,042,190	74,922,732
Ceded	3,262,087	755,783	691,553	1,908,777	4,646,895	1,220,439	2,580,695	1,199,949
Net incurred	31,943,031	69,673,817	72,722,671	79,189,212	81,553,961	81,080,136	74,461,495	73,722,783
4. Net paid (cumulative) as of :								
End of policy year	31,943,031	69,673,817	74,354,752	79,189,212	81,553,961	81,080,136	74,461,495	73,722,783
One year later	32,327,809	69,742,278	74,319,010	79,155,502	81,292,341	80,826,492	73,801,326	
Two years later	31,837,837	69,744,060	74,319,010	78,652,326	81,295,992	80,840,759		
Three years later	31,837,948	69,744,060	74,319,761	78,661,126	81,297,624			
Four years later	31,837,948	69,748,815	74,345,853	78,661,126				
Five years later	31,837,897	69,779,919	74,346,152					
Six years later	31,837,897	69,780,190						
Seven years later	31,840,108							
5. Reestimated claims and expenses:	3,262,087	755,783	691,553	1,908,777	4,690,073	1,218,617	2,580,839	1,199,949
6. Reestimated net incurred claims and expenses:								
End of policy year	31,943,031	69,673,817	72,722,671	79,189,212	81,553,961	81,080,136	74,461,495	73,722,783
One year later	35,484,702	70,594,649	74,319,010	79,155,502	81,292,341	80,826,492	73,801,326	
Two years later	34,609,952	69,744,060	74,319,010	78,652,326	81,295,992	80,840,759		
Three years later	31,837,948	69,744,060	74,319,761	78,661,126	81,297,624			
Four years later	31,837,948	69,748,815	74,345,853	78,661,126				
Five years later	31,837,897	69,779,919	74,346,152					
Six years later	31,837,897	69,780,190						
Seven years later	31,840,108							
7. Increase (decrease) in estimated incurred claims and expense from end of policy year:	$ (102,923)	$ 106,373	$ 1,623,481	$ (528,086)	$ (256,337)	$ (239,377)	$ (660,169)	$ 0

* First year of Program covered the period of July 1, 2012 through December 31, 2012.
** Policy year data is through December 31 of the previous calendar year

(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, Employee Benefit Programs, and the new captive company, CWIF.

(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

SCHEDULE OF THE PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
As Of September 30, 2020
Last 10 Years*

	Measurement Date					
	6/30/2015	**6/30/2016**	**6/30/2017**	**6/30/2018**	**6/30/2019**	**6/30/2020**
The JPIA's Proportion of the Net Pension Liability (Asset)	(0.01024%)	0.038815%	0.013959%	(0.023017%)	(0.008359%)	(0.003275%)
The JPIA's Proportionate Share of the Net Pension Liability (Asset)	($280,963)	$1,348,385	$550,282	($867,450)	($334,731)	($138,133)
The JPIA's Covered Payroll	$3,838,778	$4,240,054	$4,411,665	$4,470,013	$4,759,677	$5,063,961
The JPIA's Proportionate Share of the Net Pension Liability/Asset as a Percentage of its Covered Payroll	(7.32%)	31.80%	12.47%	(19.41%)	(7.03%)	(2.73%)
The JPIA's Proportionate Share of the Fiduciary Net Position as a Percentage of the JPIA's Total Pension Liability	101.34%	78.40%	73.31%	75.26%	75.26%	75.10%

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

Notes to Schedule:

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

Changes in assumptions - In 2018, demographic assumptions and inflation rate were changed in accordance with CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the financial reporting discount rate was lowered from 7.65% to 7.15%.

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, 2020
Last 10 Years*

SCHEDULE OF CONTRIBUTIONS TO THE DEFINED BENEFIT PENSION PLAN

	2015	2016	2017	2018	2019	2020
Actuarially determined contribution (actuarially determined)	$ 334,581	$ 352,666	$ 349,738	$ 361,115	$ 401,175	$ 437,050
Contributions in relation to the actuarially determined contributions	334,581	352,666	349,738	361,115	401,175	437,050
Contribution deficiency (excess)	0	0	0	0	0	0
Covered payroll	$3,917,613	$4,519,745	$4,428,325	$4,524,319	$4,837,414	$5,158,992
Contributions as a percentage of covered payroll	8.54%	7.80%	7.90%	7.98%	8.29%	8.47%

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

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

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

	2018	2019	2020
TOTAL OPEB LIABILITY			
Service cost	$ 269,165	$ 282,624	$ 259,189
Interest	476,950	518,285	510,671
Differences between expected and actual experience	(11)	(178,909)	(31,073)
Changes of assumptions	0	(516,365)	0
Benefit payments	(190,988)	(192,597)	(180,755)
NET CHANGE IN TOTAL OPEB LIABILITY	555,116	(86,962)	558,032
TOTAL OPEB LIABILITY, Beginning	6,376,160	6,931,276	6,844,314
TOTAL OPEB LIABILITY, Ending (a)	6,931,276	6,844,314	7,402,346
PLAN FIDUCIARY NET POSITION			
Contributions—employer	319,185	232,094	278,058
Net investment income	483,241	488,951	297,577
Benefit payments	(190,988)	(192,597)	(180,755)
Administrative expense	(3,795)	(3,890)	(4,190)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	607,643	524,558	390,690
PLAN FIDUCIARY NET POSITION, Beginning	7,292,762	7,900,405	8,424,963
PLAN FIDUCIARY NET POSITION, Ending (b)	7,900,405	8,424,963	8,815,653
NET OPEB LIABILITY (ASSET), Ending (a) - (b)	$ (969,129)	$ (1,580,649)	$ (1,413,307)
Plan fiduciary net position as a percentage of the total OPEB liability	113.98%	123.09%	119.09%
Covered payroll	$ 4,470,013	$ 5,092,412	$ 5,063,961
Net OPEB asset as a percentage of covered payroll	-21.68%	-31.04%	-27.91%

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

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

There have been no other assumption changes since the last measurement date.

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

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

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

	2018	2019	2020
Actuarial determined contribution	$ 221,901	$ 232,094	$ 278,058
Contributions in relation to the actuarially determined contribution	(221,901)	(232,094)	(278,058)
Contribution deficiency (excess)	0	0	0
Covered payroll	4,470,013	5,092,412	5,063,961
Contributions as a percentage of covered payroll	4.96%	4.56%	5.49%

Notes to Schedule:
Actuarial methods and assumptions used to set the actuarially determined contributions for Plan Year 2018 were from the June 30, 2017 actuarial valuation.

Methods and assumptions used to determine contributions:
The discount rate for determining the actuarially determined contribution has been set based on the assumption that assets will be sufficient to cover all future benefit payments under the plan, and that the employer will annually make contributions equal to the actuarially determined contribution.

For additional methods and assumptions refer to note 10 of the financial statements.

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

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

SUPPLEMENTARY INFORMATION

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION BY PROGRAM
YEAR ENDED SEPTEMBER 30, 2020

	LIABILITY	DAM FAILURE	PROPERTY	PASS - THROUGHS	WORKERS' COMP	STORAGE TANKS	EMPLOYEE BENEFITS	RPA ADJUSTMENTS	CWIF	INTER-FUND ELIMINATIONS	TOTALS
OPERATING REVENUES											
Member premiums	$ 20,528,815	$ 403,325	$ 7,250,343	$ 1,263,183	$ 13,981,112	$ 36,431	$ 151,044,118	$ 0	$ 22,756,563	$ (22,756,563)	$ 194,507,327
Retrospective premium adjustments	3,043,170	0	1,483,081	0	(7,350,482)	(20,601)	0	(2,532,177)			(5,377,009)
TOTAL OPERATING REVENUES	23,571,985	403,325	8,733,424	1,263,183	6,630,630	15,830	151,044,118	(2,532,177)	22,756,563	(22,756,563)	189,130,318
OPERATING EXPENSES											
Claims expense:											
Claims paid	13,304,612	0	844,579	0	4,981,639	0	68,760,444		2,881,429		90,772,703
Change in claims reserves	(6,176,251)	0	1,595,433	0	(839,510)	0	0		5,316,383		(103,945)
Change in claims incurred but not reported	(7,260,391)	0	(245,728)	0	(3,170,192)	0	(1,491,030)		7,915,101		(4,252,240)
Change in unallocated loss adjustment expense	(310,455)	0	55,199	0	(430,794)	0	0		0		(686,050)
Total claims expense	(442,485)	0	2,249,483	0	541,143	0	67,269,414	0	16,112,913	0	85,730,468
Excess insurance	21,804,597	381,913	5,047,922	1,423,979	2,821,529	17,187	3,258,729		0	(18,642,725)	16,113,131
Benefit premiums	0	0	0	0	0	0	60,126,984		0		60,126,984
General, Administrative & Depreciation	3,161,591	21,412	1,471,904	(160,796)	3,947,578	400	2,474,066		4,113,838	(4,113,838)	10,916,155
TOTAL OPERATING EXPENSES	24,523,703	403,325	8,769,309	1,263,183	7,310,250	17,587	133,129,193	0	20,226,751	(22,756,563)	172,886,738
OPERATING INCOME (LOSS)	(951,718)	0	(35,885)	0	(679,620)	(1,757)	17,914,925	(2,532,177)	2,529,812	0	16,243,580
NONOPERATING REVENUES											
Investment income	1,345,155	0	79,743	0	1,152,800	8,649	2,245,443		259,746		5,091,535
Net increase (decrease) in investment fair value	(393,437)	0	(43,858)	0	(473,180)	(3,464)	1,516,197		2,815,331		3,417,590
TOTAL NONOPERATING REVENUES	951,718	0	35,885	0	679,620	5,185	3,761,640	0	3,075,077	0	8,509,125
CHANGE IN NET POSITION	$ 0	$ 0	$ 0	$ 0	$ 0	$ 3,428	$ 21,676,565	$ (2,532,177)	$ 5,604,889	$ 0	$ 24,752,705

CALIFORNIA WATER INSURANCE FUND

STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

ASSETS:	
CURRENT ASSETS	
Cash and cash equivalents	$ 407,837
Premiums receivable	13,397,926
TOTAL CURRENT ASSETS	13,805,763
NONCURRENT ASSETS	
Investments	44,317,230
TOTAL ASSETS	58,122,993
LIABILITIES:	
CURRENT LIABILITIES	
Accounts payable	3,496,093
Claims reserves	2,283,527
Unearned premiums	10,069,688
TOTAL CURRENT LIABILITIES	15,849,308
NONCURRENT LIABILITIES	
Claims reserves	3,032,856
Claims incurred but not reported	7,915,101
Unallocated loss adjustment expenses	3,470,850
TOTAL NONCURRENT LIABILITIES	14,418,807
TOTAL LIABILITIES	30,268,115
NET POSITION:	
Capital stock	250,000
Unrestricted	27,604,878
TOTAL NET POSITION	$ 27,854,878

See accompanying notes to financial statements.

CALIFORNIA WATER INSURANCE FUND

STATEMENT OF CASH FLOWS
FROM INCEPTION SEPTEMBER 11, 2019 THROUGH SEPTEMBER 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received for premiums	$ 19,400,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Paid in capital from JPIA	22,249,989
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of securities	(58,239,137)
Proceeds from sales of investments	16,544,367
Investment earnings	508,651
Investment expenses	(56,033)
NET CASH USED BY INVESTING ACTIVITIES	(41,242,152)
Increase in cash and cash equivalents	407,837
Cash and cash equivalents, beginning	0
Cash and cash equivalents, end of year	$ 407,837
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	$ 2,529,812
Adjustments to net cash provided by operating activities:	
Change in member premiums receivable	(13,397,927)
Changes in accounts payable	3,496,093
Change in unearned member premiums	10,069,688
Change in claims liabilities	16,702,334
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 19,400,000
NON CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES	
Change in unrealized fair value of investments	$ 2,815,331

See accompanying notes to financial statements.

STATISTICAL SECTION

STATISTICAL SECTION

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

Financial Trends

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

Demographic and Economic Information

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

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

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

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

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

STATEMENTS OF NET POSITION
Last Ten Fiscal Years

	Fiscal Year September 30,									
	2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Assets										
Current assets	$ 47,799,175	$ 76,819,567	$ 88,718,697	$ 69,901,479	$ 72,465,623	$ 64,697,698	$ 67,511,963	$ 60,182,304	$ 75,977,556	$ 90,574,861
Noncurrent assets	78,970,791	111,214,183	106,104,907	125,682,527	122,029,131	124,869,063	131,853,381	128,161,913	136,122,295	146,950,212
TOTAL ASSETS	126,769,966	188,033,750	194,823,604	195,584,006	194,494,754	189,566,761	199,365,344	188,344,217	212,099,851	237,525,073
DEFERRED OUTFLOWS OF RESOURCES RELATED TO PENSIONS[1]					625,033	1,065,779	1,404,974	1,063,032	480,729	741,645
DEFERRED OUTFLOWS OF RESOURCES RELATED TO OTHER POSTEMPLOYMENT BENEFITS[2]								35,283	73,061	313,105
Liabilities										
Current liabilities	41,867,839	60,219,720	52,189,011	53,163,043	55,874,099	63,978,099	65,377,439	44,238,468	49,702,296	55,629,664
Noncurrent liabilities	37,590,083	40,450,696	48,118,825	54,463,790	57,465,715	57,496,224	58,494,030	56,582,233	62,344,624	57,445,500
TOTAL LIABILITIES	79,457,922	100,670,416	100,307,836	107,626,833	113,339,814	121,474,323	123,871,469	100,820,701	112,046,920	113,075,164
DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS[1]					846,155	1,802,985	1,576,175	2,117,303	1,070,024	1,281,433
DEFERRED INFLOWS OF RESOURCES RELATED TO OTHER POSTEMPLOYMENT BENEFITS[2]								38,924	602,195	536,019
Net Position										
Net investment in capital assets	6,862,991	6,904,191	6,560,350	6,206,203	5,302,885	5,072,656	4,839,789	4,641,581	4,539,034	4,310,372
Unrestricted	40,449,053	80,459,143	87,955,418	81,750,970	75,630,933	63,630,961	70,482,885	81,824,023	94,395,468	119,376,835
TOTAL NET POSITION	$ 47,312,044	$ 87,363,334	$ 94,515,768	$ 87,957,173	$ 80,933,818	$ 68,703,617	$ 75,322,674	$ 86,465,604	$ 98,934,502	$ 123,687,207

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

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Last Ten Fiscal Years

	Fiscal Year Ended September 30,									
	2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
REVENUES										
Member premiums	$ 32,175,664	$ 60,219,073	$ 147,247,532	$ 152,994,168	$ 154,042,184	$ 159,008,617	$ 171,496,710	$ 179,425,274	$ 183,179,723	$ 194,507,327
Retrospective premium adjustments	(4,026,190)	(1,782,760)	(6,957,472)	(10,979,765)	3,619,551	(12,017,219)	(1,504,527)	(3,380,970)	(9,532,430)	(5,377,009)
TOTAL OPERATING REVENUES	28,149,474	58,436,313	140,290,060	142,014,403	157,661,735	146,991,398	169,992,183	176,044,304	173,647,293	189,130,318
EXPENSES										
Claims paid	12,316,974	27,272,010	79,132,931	86,929,610	92,455,329	97,258,190	92,556,531	93,668,325	87,791,048	90,772,703
Change in excess aggregate recovery	(215,529)	(8,186)	399,779	0	0	0	0	0	0	0
Change in claim reserves	(451,162)	395,087	1,651,729	1,109,472	4,098,558	(1,008,442)	(255,677)	3,187,095	3,253,830	(103,945)
Change in claims incurred but not reported	383,658	3,058,785	(2,586,808)	616,144	4,153,850	(3)	3,832,135	(6,123,633)	172,859	(4,252,240)
Change in unallocated loss adjustment expenses	(153,673)	86,653	(154,761)	490,716	281,517	277,793	165,446	(304,308)	51,335	(686,050)
TOTAL CLAIMS EXPENSE	11,880,268	30,804,349	78,442,870	89,145,942	100,989,254	96,527,538	96,298,435	90,427,479	91,269,072	85,730,468
Excess insurance and premium payments	8,507,507	17,301,864	47,335,990	52,622,414	53,517,864	54,164,327	56,875,871	63,658,940	68,238,635	76,240,115
General and administrative	5,664,370	6,641,962	7,198,325	7,549,473	9,346,478	10,642,018	10,741,391	10,865,359	9,630,392	10,687,493
Depreciation	234,085	322,936	322,789	366,360	341,832	268,088	254,843	244,521	218,147	228,662
TOTAL OPERATING EXPENSES	26,286,230	55,071,111	133,299,974	149,684,189	164,195,428	161,601,971	164,170,540	165,196,299	169,356,246	172,886,738
OPERATING INCOME (LOSS)	1,863,244	3,365,202	6,990,086	(7,669,786)	(6,533,693)	(14,610,573)	5,821,643	10,848,005	4,291,047	16,243,580
SPECIAL ITEM										
Net position acquired from merger		34,986,207								
NONOPERATING REVENUES AND EXPENSES										
Net investment income	1,446,926	1,699,881	162,348	1,111,191	2,738,962	2,380,372	797,414	294,925	8,177,851	8,509,125
CHANGE IN NET POSITION	$ 3,310,170	$ 40,051,290	$ 7,152,434	$ (6,558,595)	$ (3,794,731)	$ (12,230,201)	$ 6,619,057	$ 11,142,930	$ 12,468,898	$ 24,752,705

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-Thru	Workers' Compensation	Underground Storage Tanks	Employee Benefits	CWIF	Interfund Eliminations	Change in Rate Stabilization Fund & GASB Adj's	Totals
2010-11	18,307,796	272,341	3,785,935	258,198	6,963,609	9,747				(1,226)	29,596,400
	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	$ 26,901,485			75,253	60,136,194
	28.83%	0.43%	6.77%	0.41%	18.68%	0.02%	44.73%			0.13%	
2012-13	16,490,152	265,276	3,946,776	250,736	8,044,738	12,271	112,521,087			(1,078,628)	140,452,408
	11.74%	0.19%	2.81%	0.18%	5.73%	0.01%	80.11%			-0.77%	
2013-14	11,430,667	255,503	4,925,813	260,521	10,965,338	12,378	119,699,883			(4,424,509)	143,125,594
	7.99%	0.18%	3.44%	0.18%	7.66%	0.01%	83.63%			-3.09%	
2014-15	21,062,280	255,500	4,316,367	253,987	10,025,093	12,682	122,243,564			2,231,224	160,400,697
	13.13%	0.16%	2.69%	0.16%	6.25%	0.01%	76.21%			1.39%	
2015-16	7,064,155	255,500	5,321,990	262,220	13,040,835	12,680	126,441,388			(3,026,998)	149,371,770
	4.73%	0.17%	3.56%	0.18%	8.73%	0.01%	84.65%			-2.03%	
2016-17	14,594,442	257,403	4,628,900	305,519	9,642,153	16,650	137,343,585			4,000,945	170,789,597
	8.55%	0.15%	2.71%	0.18%	5.65%	0.01%	80.42%			2.34%	
2017-18	17,147,781	261,024	5,259,036	372,025	7,709,196	14,079	143,957,698			1,618,390	176,339,229
	9.72%	0.15%	2.98%	0.21%	4.37%	0.01%	81.64%			0.92%	
2018-19	15,072,798	279,607	6,963,310	614,451	9,716,581	16,289	149,417,400			(255,292)	181,825,144
	8.29%	0.15%	3.83%	0.34%	5.34%	0.01%	82.18%			-0.14%	
2019-20	24,523,703	403,325	8,769,309	1,263,183	7,310,250	21,015	154,805,758	25,831,640	(22,756,563)	(2,532,177)	197,639,443
	12.41%	0.20%	4.44%	0.64%	3.70%	0.01%	78.33%	13.07%		-1.28%	

ASSOCIATION OF CALIFORNIA WATER AGENCIES

JOINT POWERS INSURANCE AUTHORITY

EXPENSES BY PROGRAM

For the Fiscal Year Ending September 30,

Fiscal Year	Liability	Dam	Property	Pass-Thru	Workers' Compensation	Underground Storage Tanks	Employee Benefits	CWIF	Interfund Eliminations	Totals
2010-11	16,161,779	272,341	3,785,935	258,198	5,797,445	10,532				26,286,230
	61.48%	1.04%	14.40%	0.98%	22.06%	0.04%				
2011-12	14,478,675	258,944	4,068,841	246,167	10,632,214	10,532	$ 25,375,738			55,071,111
	26.29%	0.47%	7.39%	0.45%	19.31%	0.02%	46.08%			
2012-13	16,006,207	265,276	3,946,774	250,736	7,499,767	10,438	105,320,776			133,299,974
	12.01%	0.20%	2.96%	0.19%	5.63%	0.01%	79.01%			
2013-14	11,430,667	255,503	4,925,813	260,522	10,965,338	10,260	121,836,086			149,684,189
	7.64%	0.17%	3.29%	0.17%	7.33%	0.01%	81.40%			
2014-15	21,062,280	255,500	4,066,367	253,987	10,025,093	10,564	128,521,637			164,195,428
	12.83%	0.16%	2.48%	0.15%	6.11%	0.01%	78.27%			
2015-16	7,064,155	255,500	4,821,990	262,220	13,040,834	10,564	136,146,708			161,601,971
	4.37%	0.16%	2.98%	0.16%	8.07%	0.01%	84.25%			
2016-17	14,594,442	257,403	4,128,900	305,519	9,642,153	14,243	135,227,880			164,170,540
	8.89%	0.16%	2.52%	0.19%	5.87%	0.01%	82.37%			
2017-18	17,147,781	261,024	4,759,037	372,025	7,709,196	11,720	134,935,516			165,196,299
	10.38%	0.16%	2.88%	0.23%	4.67%	0.01%	81.68%			
2018-19	15,072,798	279,607	6,713,310	614,451	9,716,581	13,464	136,946,035			169,356,246
	8.90%	0.17%	3.96%	0.36%	5.74%	0.01%	80.86%			
2019-20	24,523,703	403,325	8,769,309	1,263,183	7,310,250	17,587	133,129,193	20,226,751	(22,756,563)	172,886,738
	14.18%	0.23%	5.07%	0.73%	4.23%	0.01%	77.00%	11.70%	-13%	

ASSOCIATION OF CALIFORNIA WATER AGENCIES

JOINT POWERS INSURANCE AUTHORITY

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

Fiscal Year		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Liability											
Payroll Adjustments	*	$ (233,722)	$ (41,178)	$ 8,771	$ 77,449	$ 205,975	$ (21,465)	$ (54,358)	$ 63,818	$ (169,042)	$ (447,382)
RPA's	*	1,602,017	(414,298)	3,871,891	(1,193,460)	3,355,680	(707,907)	9,489,820	2,488,066	1,891,742	242,260
10% Program	*	(1,165,719)	(1,006,330)	(861,439)	(416,028)	(251,999)	(1,041,835)	(1,493,572)	0	(1,017,753)	(1,648,316)
Cat Funds	*	0	0	(5,357,186)	1,106,460	2,201,780	896,656	(603,846)	351,039	(146,026)	1,907,767
Property											
RPA's	*	496,479	770,282	1,497,493	747,493	422,814	324,287	699,465	891,754	431,317	531,326
Workers' Comp											
RPA's	*	5,745,357	5,120,265	(1,815,910)	(182,993)	(1,294,405)	(487,746)	75,039	5,013,647	3,184,330	4,749,199
Cat Funds				(911,678)	1,154,883	(752,710)	(631,586)	(872,242)	456,049	(138,797)	(209,062)
Underground - Storage Tanks											
RPA's	*	10,713	0	0	0	0	0	0	0	7,555	0
Cat Funds	*	2,521	0	0	0	0	0	0	0	0	0
UTEL											
RPA's	*	0	0	0	0	0	0	0	0	0	0
Cat Funds	*	0	0	0	0	0	0	0	0	0	0
Totals		$ 6,457,646	$ 4,428,741	$ (3,568,058)	$ 1,293,804	$ 3,887,135	$ (1,669,596)	$ 7,240,306	$ 9,264,373	$ 4,043,326	$ 5,125,791
Cash Flow											
Members Billed		89	2,766	8,551	7,556	115,297	0	0	0	6,530	0
Self Insured Fund into RSF		0	4,573,112	0	0	0	0	0	0	0	0
Refunds to Members		(6,458,960)	(4,356,252)	(3,787,895)	(3,464,519)	(3,565,724)	(1,077,368)	(4,713,370)	(6,840,987)	(4,569,107)	(5,905,812)
Net Total		$ (1,225)	$ 4,648,367	$ (7,347,402)	$ (2,163,159)	$ 436,708	$ (2,746,964)	$ 2,526,936	$ 2,423,386	$ (519,251)	$ (780,021)

* 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 Premiun 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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Liability										
Total Number of Claims (Cumulative)	10,063	10,309	10,614	10,792	9,393	11,294	11,586	11,908	12,200	12,555
Closed Claims (Cumulative)	9,897	10,158	10,402	10,640	10,872	11,127	11,373	11,612	11,867	12,169
Open Claims (at year end)	166	151	212	152	180	167	213	296	333	386
Covered Payroll (Cumulative)	$ 7,482,521	$ 7,970,475	$ 8,438,819	$ 8,937,912	$ 9,427,805	$ 9,952,261	$ 10,461,457	$ 11,045,237	$ 11,738,353	$ 12,502,652
Property										
Total Number of Claims (Cumulative)	1,978	2,079	2,181	2,275	2,373	2,463	2,589	2,693	2,816	2,950
Closed Claims (Cumulative)	1,944	2,030	2,142	2,244	2,336	2,417	2,532	2,645	2,759	2,875
Open Claims (at year end)	34	49	39	31	37	46	57	48	57	75
Covered Payroll (Cumulative)	$ 49,613,566	$ 54,070,573	$ 58,803,203	$ 63,798,940	$ 69,031,783	$ 74,533,519	$ 80,656,971	$ 87,762,361	$ 95,702,609	$ 104,858,066
Workers' Compensation										
Total Number of Claims (Cumulative)	8,435	8,808	9,164	9,507	9,822	10,145	10,453	10,750	11,070	11,363
Closed Claims (Cumulative)	7,996	8,378	8,724	9,075	9,373	9,712	10,046	10,336	10,670	10,983
Open Claims (at year end)	439	430	440	432	449	433	407	414	400	380
Covered Payroll (Cumulative)	$ 4,922,605	$ 5,350,300	$ 5,787,648	$ 6,241,955	$ 6,706,772	$ 6,720,301	$ 7,222,206	$ 7,743,749	$ 8,309,485	$ 8,944,051
Number of Employees	39	39	43	46	48	49	49	49	49	50
Ratio of Premium to Payroll/TIV										
Liability Program	3.59%	3.58%	3.57%	3.37%	3.02%	2.94%	2.92%	3.00%	2.54%	2.71%
Property Program	0.11%	0.11%	0.11%	0.11%	0.11%	0.10%	0.10%	0.09%	0.08%	0.09%
Workers' Comp. Program	2.61%	2.79%	2.81%	2.72%	2.64%	2.59%	2.46%	2.39%	2.29%	2.19%

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

Demographic Statistics by Employer

Employer	2019 Number of Employees	2019 Rank	2019 Percentage of Total City Employees	2010 Number of Employees	2010 Rank
The Permanente Medical Group & Foundation Group	5,794	1	6.54%	4,300	1
Sutter Roseville Medical Group	2,202	2	2.49%	1,922	4
City of Roseville	1,896	3	2.14%	1,291	5
Hewlett-Packard	1,154	4	1.30%	3,200	2
Roseville City School District	1,154	4	1.30%	897	6
PRIDE Industries	1,062	6	1.20%	800	9
Roseville Joint Union High School District	1,005	7	1.13%	803	8
Adventist Health	920	8	1.04%	0	
Union Pacific Railroad Company	569	9	0.64%	2,000	3
Wal-Mart	488	10	0.55%	862	7
Renesas (Formerly NEC Electronics)				800	9
Subtotal	16,244		18.33%	16,875	
Total Employment	88,597 (a)			74,000	

(a) 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.

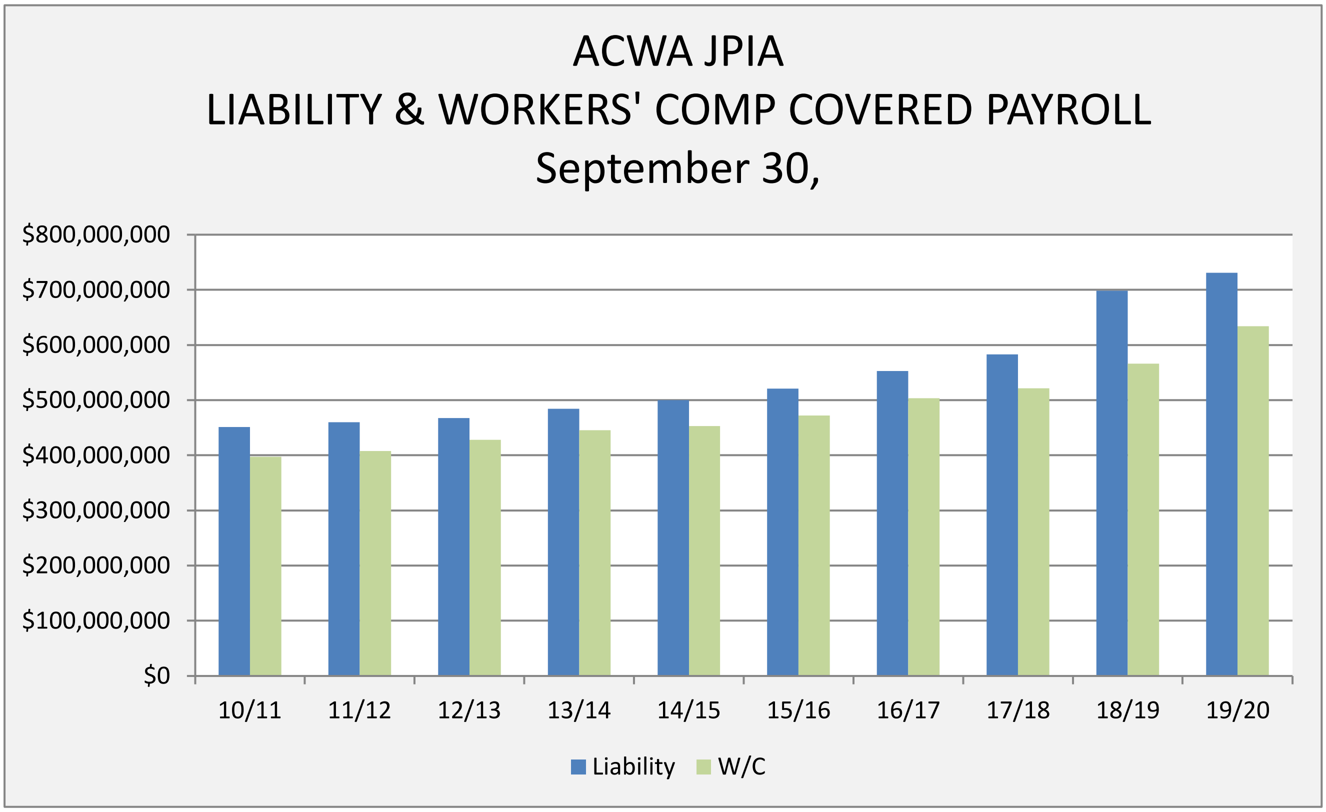
ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURNACE AUTHORITY

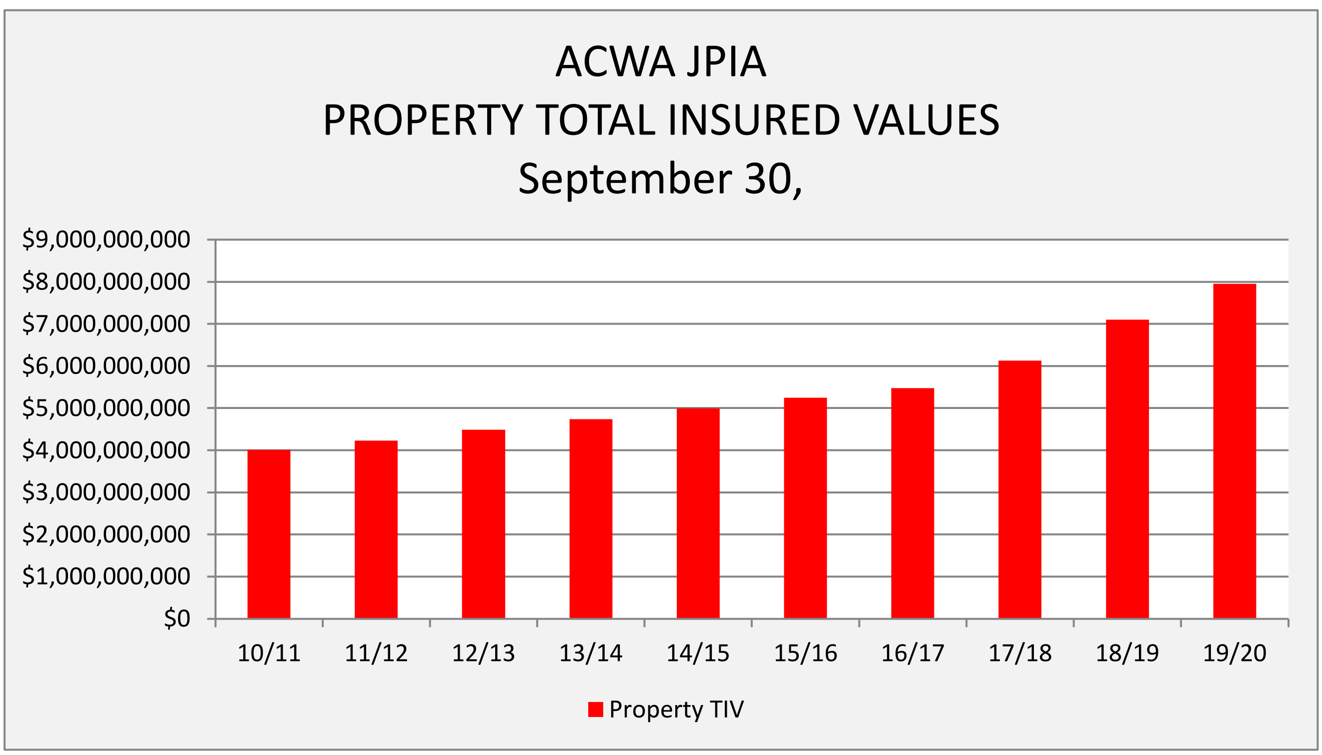
Demographic Statistics by Population

Fiscal Year	City of Roseville Population	County Total Personal Income (in thousands)	County Per Capita Personal Income	Unemployment Rate	Placer County Population	City Population % of County
2010	115,781	16,464,986	47,012	11.3%	347,102	33.36%
2011	120,593	17,312,666	48,476	11.4%	357,138	33.77%
2012	122,060	19,004,105	52,544	10.0%	355,328	34.35%
2013	124,255	20,174,068	54,924	7.5%	357,463	34.76%
2014	126,956	21,182,771	55,000	6.5%	366,000	34.69%
2015	128,832	21,240,299	57,000	5.3%	369,454	34.87%
2016	134,073	22,741,453	59,000	4.5%	373,796	35.87%
2017	135,868	24,527,289	63,000	3.8%	382,837	35.49%
2018	137,213	(a)	(a)	3.0%	389,532	35.23%
2019	139,643	(a)	(a)	3.5%	396,691	35.20%

(a) Information not available

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


ACWA JPIA
LIABILITY & WORKERS' COMP COVERED PAYROLL
September 30,
$800,000,000
$700,000,000
$600,000,000
$500,000,000
$400,000,000
$300,000,000
$200,000,000
$100,000,000
$0
10/11
11/12
12/13
13/14
14/15
15/16
16/17
17/18
18/19
19/20
Liability
W/C


ACWA JPIA
PROPERTY TOTAL INSURED VALUES
September 30,
$9,000,000,000
$8,000,000,000
$7,000,000,000
$6,000,000,000
$5,000,000,000
$4,000,000,000
$3,000,000,000
$2,000,000,000
$1,000,000,000
$0
10/11
11/12
12/13
13/14
14/15
15/16
16/17
17/18
18/19
19/20
Property TIV

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*

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Association of California Water Agencies Joint Powers Insurance Authority (ACWA JPIA), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise ACWA JPIA's basic financial statements, and have issued our report thereon dated April 7, 2021.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether ACWA JPIA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and recommendations as items 2020-001 and 2020-002.

ACWA JPIA's Response to Finding

ACWA JPIA's response to the findings identified in our audit is described in the accompanying schedule of findings and recommendations. ACWA JPIA's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Gilbert CPAs

GILBERT CPAs
Sacramento, California

April 7, 2021

FINDINGS AND RECOMMENDATIONS

COMPLIANCE FINDINGS

2020-001. BOARD MEETINGS

Condition:

CWIF’s board did not meet at least once a year in Utah.

Criteria:

According to Utah Code U.C.A. 31A-37-201-(2)(b), Captives are required to hold a Board of Directors meeting at least once a year in Utah.

Cause:

Due to the shelter-in-place and travel restrictions in connection with the COVID-19 pandemic, it was not possible to hold an in-person Board meeting in Utah.

Effect:

CWIF is non-compliant with Utah Code U.C.A. 31A-37-201-(2)(b).

Recommendation:

We recommend that CWIF attempt to schedule the required meeting as early in the fiscal year as possible to avoid unforeseen difficulties that would prevent holding a meeting in Utah each year.

Corrective Action Plan:

Circumstances beyond our control impacted the ability to hold the 2019-20 Board of Directors meeting in person. The Utah Insurance Department, while unable to formally waive the in-person requirement, assured us there would be no penalty or negative finding. Going forward, we will evaluate the best timing for 2020-21 and consider whether to schedule earlier in the year after that to avoid similar issues.

2020-002. CONFLICT OF INTEREST STATEMENTS

Condition:

CWIF did not file with its Board of Directors confict of interest statements for each officer, director, and key employee for the year ended September 30, 2020.

Criteria:

According to Utah Code U.A.C. R590-238-15 and U.A.C. R590-238-14(2-3), yearly disclosure, regarding the adopted conflict of interest statement, is to be filed with the board of directors for each officer, director, and key employee.

Cause:

CWIF was not aware of this compliance requirement.

Effect:

CWIF is non-compliant with Utah Code U.A.C. R590-238-15 and U.A.C. R590-238-14(2-3).

Recommendation:

We recommend that CWIF file with its Board of Directors confict of interest statements for each officer, director, and key employee annually

Corrective Action Plan:

CWIF recently obtained conflict of interest statements from its Board members. It is the intent of management to keep this up to date going forward.

STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS:

There were no findings for the year ended September 30, 2019.