



Approved 9.25.2024

Finance & Audit Committee Meeting

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

March 20, 2024

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

- Steve Ruettgers – 3200 Rio Mirada Drive, Bakersfield, CA 93308
- Jim Smith – 12109 Highway 166, Bakersfield, CA 93313

MEMBERS PRESENT

Chair: David Drake, Rincon del Diablo Municipal Water District
Vice Chair: Bruce Rupp, Humboldt Bay Municipal Water District
Kurtis Crawford, Yuba Water Agency
Edward Lyons, Cachuma Operation and Maintenance Board
Steve Ruettgers, Kern County Water Agency (via zoom)
Cindy Saks, San Bernardino Valley Municipal Water District
Jim Smith, Wheeler Ridge-Maricopa Water Storage (via zoom)

MEMBERS ABSENT

Jennifer Bryant, Helix Water District
Marwan Khalifa, Mesa Water District

STAFF PRESENT

Chief Executive Officer/Secretary: Adrienne Beatty
Cindy Buschmann, Accountant III
Chimene Camacho, Executive Assistant to the CEO
David deBernardi, Director of Finance
Adam Dedmon, Employee Benefits Manager
Robin Flint, Risk Control Manager
Robert Greenfield, General Counsel
Kyle Hutchings, Senior Accountant
Jennifer Jobe, Director of Pooled Programs (via Zoom)
Erik Kowalewski, Network/Systems Administrator
Dali Matias, Accountant III
Jennifer Nogosek, Liability/Property Claims Manager
Kevin Phillips, Director of Member Outreach
Jillian Sciancalepore, Administrative Assistant, III
Judy Shiu, Senior Claims Adjuster
Heidi Singer, Accountant II (*Recording Secretary*)

Dan Steele, Finance Manager
Kayla Villa, Litigation Manager
Tony Waterford, Human Resources Manager
Cece Wuchter, Lead Senior Claims Adjuster

OTHERS IN ATTENDANCE

Ernie Avila, Contra Costa Water District, ACWA VP (via Zoom)
Chris Kapheim, Kings River Conservation District
Szu Pei Lu-Yang, Rowland Water District
Melody McDonald, San Bernardino Valley Water Conservation District
Scott Ratterman, Calaveras County Water District
Randall J. Reed, Cucamonga Valley Water District
David Wheaton, Citrus Heights Water District
Bob Green, Gilbert CPAs

WELCOME

Chair Drake welcomed everyone in attendance.

CALL TO ORDER AND ANNOUNCEMENT OF QUORUM

Chair Drake called the meeting to order at 1:00 p.m. He announced there was a quorum.

PLEDGE OF ALLEGIANCE

Chair Drake led the Pledge of Allegiance.

EVACUATION PROCEDURES

Ms. Beatty gave the evacuation procedure instructions.

ANNOUNCEMENT RECORDING OF MEETING

Chair Drake announced that the meeting would be recorded to assist in preparation of minutes. Recordings are kept 30 days following the meeting, as mandated by the Ralph M. Brown Act. The introduction of Fireflies, an AI note taking service for recording and drafting of the meeting minutes, was noted.

PUBLIC COMMENT

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

HYBRID PARTICIPATION GUIDELINES

Ms. Beatty gave the hybrid participation guideline instructions.

INTRODUCTIONS

Chair Drake introduced the Finance & Audit Committee, staff, and others in attendance.

ADDITIONS TO OR DELETIONS FROM THE AGENDA

Chair Drake asked for any additions to, or deletions from, the agenda. Mr. Greenfield asked that a motion be made for the approval of excused absences of any Committee Members as this was not included in the consent agenda.

M/S/C (Rupp/Crawford) (Crawford-Yes; Lyons-Yes; Ruettgers-Yes; Saks-Yes; Smith-Yes; Rupp-Yes; Drake-Yes): That the Finance & Audit Committee approve excused absences of Committee Members.

CONSENT AGENDA

Chair Drake called for approval of the minutes of the September 27, 2023 meeting.

M/S/C (Rupp/Saks) (Crawford-Yes; Lyons-Yes; Ruettgers-Yes; Saks-Yes; Smith-Yes; Rupp-Yes; Drake-Yes): That the Finance & Audit Committee approve the minutes of the September 27, 2023 meeting.

ADMINISTRATION

Report on meetings attended on behalf of the JPIA.

Vice Chair Rupp, Director Kapheim, Director Ratterman, and President McDonald reported attending the Association of Governmental Risk Pools (AGRIP) Governance Conference. Chair Drake reported attending the Captive Insurance Companies Association (CICA) Conference.

Presentation of the Government Finance Officers Association (GFOA) Award

Chair Drake presented the Finance Team the GFOA Award for the year ending September 30, 2022.

FINANCIALS

Review and Make Recommendations on the Annual Comprehensive Financial Report

Mr. Green reported that the JPIA received an unmodified opinion that states that the financial statements present fairly and accurately, in all material respects, the financial position of the ACWA JPIA as of September 30, 2023, and the results of its operations and cash flows for the year finalized in conformity with generally accepted accounting principles (GAAP) in the United States of America.

As in the year prior, JPIA prepared an Annual Comprehensive Financial Report (ACFR) in accordance with the Government Finance Officers Association (GFOA) standards. Management intends to submit this report to the GFOA for review to obtain a Certificate of Achievement for Excellence in Financial Reporting once again. Consequently, the ACFR includes additional reports and schedules therein to meet these lofty standards.

M/S/C (Lyons/Crawford) (Crawford-Yes; Lyons-Yes; Ruettgers-Yes; Saks-Yes; Smith-Yes; Rupp-Yes; Drake-Yes): That the Finance & Audit

Committee recommend the Executive Committee approve the 2022-2023 Audited Financial Statements, as presented, and submit for final approval by the Board of Directors at the subsequent ACWA JPIA Spring Membership Summit in May 2024.

Review and Make Recommendations on the Proposed Operating Budget

Mr. deBernardi conveyed that the most significant changes to the General and Administrative Budget for the 2024-25 fiscal year are to the line items for staff salaries and office building. The primary increase in staff salaries is due to a 5% provision for potential raises/promotions. Additionally, there are placeholder funds for additional staff compared to the previous budget. Office buildings increase is primarily the result of anticipated additional space the JPIA will need to accommodate staff needs.

Executive Committee Member Expenses have an over 50% increase from the previous year's budget. This is due to the JPIA Executive Committee participating in significantly more meetings than the previous years where COVID-19 had severely limited these opportunities.

The overall increase in the Operating Budget is 10.2%.

M/S/C (Saks/Ruettgers) (Crawford-Yes; Lyons-Yes; Ruettgers-Yes; Saks-Yes; Smith-Yes; Rupp-Yes; Drake-Yes): That the Finance & Audit Committee recommend the Executive Committee approve the proposed Operating Budget for the fiscal year ending September 30, 2025, as presented, and submit for final approval by the Board of Directors at the subsequent ACWA JPIA Spring Membership Summit in May 2024.

Retrospective Contribution Adjustment (RCA) Process Update

Mr. Steele reported that per JPIA's policy to only process RCAs once a Program Year is fully five years matured, the newest year to be added into this year's calculation would be 2017-18. The 2018-2019 Liability and Property program years are currently showing considerable negative balances. Likely positive balances from the 2017-18 Program Year will need to be used to offset negative balances in the 2018-19 Program Year. Additionally, reserve balance changes and claims development could have a significant impact on the 2018-19 Program Year funded position by then. As such, the Executive Committee declined to adjust any prior years, at this time; however, modest refunds were approved to be issued to a small number of members based on adjustments from estimated to actual payroll and some members being overfunded in their portion of the JPIA's Catastrophic loss funds.

California Water Insurance Fund (CWIF) Update

Mr. Steele reported that since the last Finance & Audit Committee meeting, the following has transpired with the Captive:

As of December 31, 2023, the book value of the CWIF portfolio was \$162,137,835 vs a market value of \$168,097,781.

The rate of return since inception is approximately 5.43% whereas typical returns on the JPIA fixed-income portfolio range from 1% to 2% (per year) in most cases.

STAFF UPDATES

Director of Finance Update

Mr. deBernardi reported on relevant current issues. He also reported on the retirement of Committee Member Steve Ruettgers and thanked him for his many years of service.

UPCOMING MEETINGS

Future Agenda Items

None stated.

Availability for Upcoming Meeting

The next scheduled Finance & Audit Committee meeting is September 25, 2024.

The Finance & Audit Committee meeting adjourned at 2:50 p.m.