

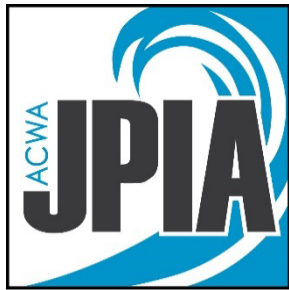
# Finance & Audit Committee Meeting



ACWA JPIA  
2100 Professional Drive  
Roseville, CA 95661

Thursday  
March 26, 2026  
1:00 PM

Chair: J Bruce Rupp, Humboldt Bay Municipal Water District  
Vice Chair: Chris Kapheim, Kings River Conservation District  
Jennifer Bryant, Helix Water District  
Kurtis Crawford, Yuba Water Agency  
Edward Lyons, Cachuma Operation and Maintenance Board  
Brett Miller, San Benito County Water District  
Cindy Saks, San Bernardino Valley Municipal Water District  
Jim Smith, Wheeler Ridge-Maricopa Water Storage  
Taylor White, Kern County Water Agency



# FINANCE AND AUDIT COMMITTEE MEETING

## AGENDA

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

**Thursday, March 26, 2026 – 1:00 PM**

**Zoom Link** Meeting ID: 230 407 0027; Password: 5742; Telephone No.: 1 (669) 900-6833

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

- Bryant – 7811 University Avenue, La Mesa
- Smith – 12109 Highway 166, Bakersfield
- White – 8711 Albion Court, Bakersfield

### **WELCOME, CALL TO ORDER, ANNOUNCEMENT OF QUORUM, AND INTRODUCTIONS**

### **PLEDGE OF ALLEGIANCE**

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

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

**HYBRID PARTICIPATION GUIDELINES** (See back page of the packet)

### **ADDITIONS TO OR DELETIONS FROM THE AGENDA**

Presenter

Page #

#### **I. CONSENT AGENDA**

\* A. Approve the Minutes of the September 29, 2025, Meeting

**4**

B. Approve an Excused Absence for Any Committee Member

#### **II. ADMINISTRATION**

A. Report on Meetings Attended on Behalf of the JPIA

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Rupp	* B. Presentation of Government Finance Officers Association (GFOA) Award	9
<b>III. <u>FINANCIALS</u></b>		
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deBernardi	* E. Review and Provide Recommendation on Revision to Calculation of Program Funding for the Liability Program	118
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Rupp	* A. Review Availability of Committee Members for the Next Finance and Audit Committee Meeting on September 24, 2026, at 1:00 PM	127

## **ADJOURN**

\*Related items enclosed.

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

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



**FINANCE AND AUDIT COMMITTEE MEETING**

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

**September 29, 2025**

**MEMBERS PRESENT**

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Chair: J Bruce Rupp, Humboldt Bay Municipal Water District  
Vice Chair: Chris Kapheim, Kings River Conservation District  
Jennifer Bryant, Helix Water District (*via Zoom*)  
Edward Lyons, Cachuma Operation and Maintenance Board (*via Zoom*)  
Brett Miller, San Benito County Water District  
Cindy Saks, San Bernardino Valley Municipal Water District (*via Zoom*)  
Jim Smith, Wheeler Ridge-Maricopa Water Storage

**MEMBERS ABSENT**

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Kurtis Crawford, Yuba Water Agency

**STAFF PRESENT**

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Chief Executive Officer: Adrienne Beatty  
Chimene Camacho, Senior Executive Assistant to the CEO  
David deBernardi, Director of Finance  
Robin Flint, Risk Control Manager  
Robert Greenfield, General Counsel  
Jennifer Jobe, Director of Pooled Programs  
Erik Kowalewski, Information Technology Manager  
Jillian Sciancalepore, Administrative Assistant III (*Recording Secretary*)  
Judy Shiu, Liability & Property Claims Manager  
Heidi Singer, Accountant II  
Dan Steele, Finance Manager  
Kayla Villa, Litigation Manager  
Tony Waterford, Human Resources Manager

**OTHERS IN ATTENDANCE**

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Brent Hastey, Reclamation District 784  
Szu Pei Lu-Yang, Rowland Water District  
Melody McDonald, San Bernardino Valley Water Conservation District  
Scott Ratterman, Calaveras County Water District (*arrived at 1:51 PM*)  
Randall Reed, Cucamonga Valley Water District  
David Wheaton, Citrus Heights Water District  
Andrew Brown, PFM (*via Zoom*)

## **WELCOME, CALL TO ORDER, ANNOUNCEMENT OF QUORUM, AND INTRODUCTIONS**

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Chair Rupp welcomed everyone in attendance and called the meeting to order at 1:00 PM. He announced there was a quorum. He requested that the Finance and Audit Committee, the Executive Committee, staff, and others in attendance introduce themselves.

## **PLEDGE OF ALLEGIANCE**

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Chair Rupp led the Pledge of Allegiance.

## **ANNOUNCEMENT OF RECORDING OF MEETING**

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Chair Rupp 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.

## **PUBLIC COMMENT**

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Chair Rupp noted that, as the agenda stated, members of the public would be allowed to address the Finance and 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 welcome. None were noted.

## **ADDITIONS TO OR DELETIONS FROM THE AGENDA**

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Chair Rupp asked for any additions to, or deletions from, the agenda. None were noted.

## **I. CONSENT AGENDA**

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Chair Rupp called for approval of the Consent Agenda:

M/S/C (Miller/Lyons) (Smith-Yes; Saks-Yes; Miller-Yes; Lyons-Yes; Bryant-Yes; Kapheim-Yes; Rupp-Yes): That the Finance and Audit Committee approve the minutes of the March 27, 2025, meeting, as presented; and approve an excused absence for any Committee member.

## **II. ADMINISTRATION**

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Report on Meetings Attended on Behalf of the JPIA  
None.

## **III. FINANCIALS**

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### CWIF Investment Portfolio Update

Andrew Brown, CFA, Senior Investment Strategist/Portfolio Manager, PFM, informed the Committee that the California Water Insurance Fund (CWIF) portfolio delivered a 7.1% return for the quarter ending June 30, 2025, slightly below the 7.7% benchmark, primarily due to a strategic underweight in equities during the quarter. He explained the underweight equity position was driven by tariff risks and defensive positioning in international equities, notably the Goldman Sachs GQG fund's heavy weighting in tobacco stocks. Mr. Brown noted this positioning was a cautious response to uncertain

trade policies at the start of the year, but with hindsight, maintaining a neutral equity stance would have yielded better results given the market rally. The team has since reversed the underweight position as of mid-July, signaling a return to a more balanced equity allocation to capture ongoing market gains. The investment outlook remains cautious, with inflation rated neutral and political/policy risks negative, but certain policies, such as the “One Big Beautiful Bill” tax act, are expected to boost corporate cash flows and market performance.

#### Review and Provide Recommendation Regarding the Investment Policy

Mr. deBernardi informed the Committee that modest changes to the Investment Policy, reflecting improvements in compliance and clarity, are being recommended. The change recommended to the “Limitations/Diversification” section is being driven by Senate Bill 1489. A change in terminology in reference to “Standard and Poor’s” has been made to the definition of “Nationally Recognized Statistical Rating organization (NRSRO)” in the Glossary to better reflect the brand name of the credit rating agency, “S&P Global.”

M/S/C (Miller/Smith) (Smith-Yes; Saks-Yes; Miller-Yes; Lyons-Yes; Bryant-Yes; Kapheim-Yes; Rupp-Yes): That the Finance and Audit Committee recommends that the Executive Committee approve the changes to the Investment Policy and forward it to the Board of Directors at the 2025 ACWA JPIA Fall Membership Summit for final approval.

#### California Water Insurance Fund (CWIF) Update

Ms. Beatty informed the Committee that CWIF continues to operate cautiously and strategically with the captive now in its fifth active year, primarily reinsuring three layers: the Dollar One-5M Liability Program layer, the Dollar One-2M Workers’ Compensation Program layer, and a \$10M standalone layer for the Liability Program at the \$10M excess of \$10M layer. The Board met twice since the last Finance & Audit Committee meeting, including a full-day in-person session in Utah used for orientation of new Board members, strategic discussions, and planning. She further explained that the Board continues to explore new coverage opportunities, including parametric insurance for the Property Program and Stop Loss coverage for the Employee Benefits Program. CWIF remains dedicated to serving ACWA JPIA’s coverage programs exclusively, reinforcing its role as a captive insurer focused on supporting the pool’s risk management needs. Any expansion will follow the established principle of starting small and building over time to avoid overextension and ensure financial stability.

Ms. Beatty further informed the Committee that a recent governance update included appointing John Pang of Tahoe City Public Utility District to fill a CWIF Board vacancy, maintaining strong member representation. The Board also approved a \$20M dividend, which will be allocated back to ACWA JPIA, pending the Committee’s discussion of the allocation occurring later in this meeting and subsequent Executive Committee approval.

### 2024-25 Budget to Actual Review

Mr. deBernardi informed the Committee that as of June 30, the overall budget is trending slightly over by about 1-2% on a \$15M budget, driven primarily by increased computer equipment purchases, travel, and Summit attendance costs. The IT department doubled computer purchases this year to standardize equipment across staff, improving manageability. Executive Committee expenses rose due to higher travel and lodging costs post-COVID, including an additional onboarding event in July 2025. Summit attendance expanded from roughly 10-12 to 22-24 employees, largely to onboard new staff and managers unfamiliar with risk pool operations. However, this is expected to taper down in future years as new employees become acclimated. In addition, ACWA Conference fees have increased, and ongoing negotiations with ACWA are underway regarding the potential doubling of sponsorship fees from \$20,000 to \$40,000, reflecting rising costs and the perceived value of the partnership. Staff salaries and benefits are under budget due to open positions, and a lower-than-budgeted 10% medical cost increase versus the planned 12% is helping to offset recruiting expenses. Office building expenses are under budget, partially due to unutilized lease payments and external claims administration costs, which will align closer to budget after expected catch-up payments.

### Review and Provide Recommendation Regarding the Transition of the Fiscal Year to 7/1-6/30

Mr. deBernardi informed the Committee that, to align with most members and improve audit timelines and relevance, staff recommends shifting the fiscal year-end from September 30 to June 30. This change shortens the upcoming fiscal year to nine months (October 1 to June 30) and thereafter would adopt a 12-month cycle starting July 1, bringing budget approval closer to the fiscal start and audit reporting from an eight-month to a five-month lag after year-end. The shift addresses current challenges in forecasting costs and staffing needs when budgets are prepared eight months before the fiscal year begins, improving accuracy and responsiveness. There are no major downsides anticipated, though audit timing may be affected as June 30 is a busier time for auditors, however, costs are expected to remain stable. This change would also require CWIF to align its fiscal year accordingly for consolidated reporting.

M/S/C (Miller/Kapheim) (Smith-Yes; Saks-Yes; Miller-Yes; Lyons-Yes; Bryant-Yes; Kapheim-Yes; Rupp-Yes): That the Finance and Audit Committee recommends that the Executive Committee approve the change to JPIA's fiscal year from September 30 to June 30.

### Review and Provide Recommendation Regarding the Allocation of \$20M CWIF Dividend

Mr. Steele informed the Committee that at the CWIF Board meeting in June 2025, a dividend of \$20M was declared to ACWA JPIA. Staff would like to formalize the process for this dividend allocation to ensure equity of program allocation and consistency of process for this and future dividends. The current dividend is apportioned with 31% (\$6.2M) to the Employee Benefits Reserve Fund based on its capital contribution, and the remainder (\$13.8M) split across the Liability, Property, and Workers' Compensation

Programs via a pro rata formula that considers each open program year's proportionate share of total claims liabilities. This approach standardizes dividend allocation, easing administration and enabling predictability of future dividends, which are typically expected to be 5% of the portfolio annually, equating to about \$10M per year if portfolio levels remain stable.

M/S/C (Kapheim/Smith) (Smith-Yes; Saks-Yes; Miller-Yes; Lyons-Yes; Bryant-Yes; Kapheim-Yes; Rupp-Yes): That the Finance and Audit Committee recommends that the Executive Committee approve the allocation of the \$20 million dividend, as presented, as well as the standardization of this allocation process going forward for treatment of dividends received from CWIF.

#### **IV. STAFF UPDATES**

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##### Director of Finance Update

Mr. deBernardi informed the Committee that finance operations are stable, and staffing adjustments following Lindsey Johnson's retirement have been managed smoothly through the redistribution of duties, resulting in cost savings. In addition, ongoing work on the Insurance Data Management System (IDMS) for billing continues, with the Workers' Compensation billing module expected to be operational for first-quarter billing in October, marking a key milestone in system modernization.

#### **V. UPCOMING MEETINGS**

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The Finance & Audit Committee is scheduled to meet next on Thursday, March 26, 2026, at 1:00 PM.

The Finance and Audit Committee meeting adjourned at 2:18 PM.

**ACWA JPIA**  
**Presentation of Government Finance Officers Association (GFOA)**  
**Award**  
**March 26, 2026**

**BACKGROUND**

JPIA membership with the Government Finance Officers Association (GFOA) aims to educate staff on current trends and best practices in public-sector financial and accounting fields. The JPIA Finance Department has proudly earned this award for excellence in financial reporting each year since 2014.

**CURRENT SITUATION**

Bruce Rupp, Chair of the JPIA Finance and Audit Committee, will present the most recent GFOA 2024 award to the JPIA Finance Department.

**RECOMMENDATION**

None, information only.



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 Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

September 30, 2024

*Christopher P. Morill*

Executive Director/CEO

**ACWA JPIA**  
**Annual Comprehensive Financial Report (ACFR) for Year Ended**  
**September 30, 2025**  
**March 26, 2026**

**BACKGROUND**

Every fiscal year, the JPIA provides for an independent audit of the annual financial statements. Gilbert CPAs executed a successful audit covering the period October 1, 2024, through September 30, 2025.

**CURRENT SITUATION**

Gilbert CPAs issued an unmodified opinion that states that the financial statements present fairly and accurately, in all material respects, the financial position of ACWA JPIA as of September 30, 2025, 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. Consequently, the ACFR includes additional reports and schedules therein to meet these lofty standards.

**RECOMMENDATION**

That the Finance and Audit Committee recommend that the Executive Committee approve the 2024-25 Audited Financial Statements, as presented, and submit for final approval by the Board of Directors at the subsequent ACWA JPIA Spring Membership Summit in Sacramento, CA – May 2026.



March 26, 2026

# SUMMARY OF AUDIT RESULTS



Finance & Audit Committee – September 30, 2025



# ITEMS TO DISCUSS

## 01

**Overview of the 2025 Audit and  
Communications with Those  
Charged with Governance**



# OVERVIEW OF THE AUDIT PROCESS

- Planning phase completed the week of October 27<sup>th</sup>
- Majority of testing was completed the weeks of Nov. 3<sup>rd</sup> and 10<sup>th</sup>
- Review of work completed by early December
- California Water Insurance Fund (CWIF) issued Dec. 19<sup>th</sup>
- CalPERS Pension Liability (GASB 68) reports were produced early February
- Review of updated ACFR February/early March
- ACWA JPIA report is in draft form but ready to be finalized once approved



**COMMUNICATIONS WITH THOSE  
CHARGED WITH GOVERNANCE**

**Professional standards require that we provide you with information related to our audit of ACWA JPIA.**

**This information is summarized as follows:**

## **Responsibilities and Opinion**

- Financial statements are the responsibility of management
- Our responsibility is to express an audit opinion
- We plan on issuing an unmodified opinion (the best we can give)



# INTERACTIONS WITH MANAGEMENT

**Management and Staff were Well-Prepared and Cooperative**

**Disagreements with Management or Difficulties Encountered**

**None**

**Management Representations**

**Anticipated after this meeting**

# QUALITATIVE ASPECTS OF ACCOUNTING PRACTICES

## Significant Accounting Policies and Changes in Those Policies

- No changes

## Management Judgments and Accounting Estimates

- Claims liabilities, investment values, net pension liability, net OPEB asset
- Appropriate and in-line with standards

# RESULTS OF THE AUDIT

<b>Planned Scope and Timing</b>	<b>Findings Identified in Performing the Audit</b>	<b>Significant Adjustments or Disclosures Not Reflected in the Financial Statements</b>
Scope and timing as anticipated	None	None



# INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL & COMPLIANCE

- Issued Separately
- No Material Weaknesses identified
- No instances of noncompliance identified
- The best report we can give



# QUESTIONS?

916.646.6464 | BGreen@GilbertCPA.com | www.GilbertCPA.com

Relax. We got this.™



**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**For the Year Ended September 30, 2025**

**Presented by  
THE ACWA JPIA FINANCE DEPARTMENT  
Roseville, California**

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

Year Ended September 30, 2025

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YOUR BEST PROTECTION

March 27, 2026

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, 2025, 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 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, 2025, 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, 2025, 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, Employee Benefits coverage and other member risk needs. 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, 2025, the JPIA had 400 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.

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 economy stabilized last year, with unemployment rising from 4.1% to 4.4% between October 2024 and September 2025. In the State of California, the unemployment rate exhibited minimal fluctuation, increasing slightly from 5.5% in October 2024 to 5.6% by the end of September 2025. The national inflation rate increased from 2.4% in September 2024 to 3% in September 2025. This data suggests the economy is moving towards less confidence, but the changes are not significant enough to draw major concerns. Although steps are attempting to be made to quell the rise in inflation, inflation will continue to play some part in our economic concerns. The UCLA Anderson Forecast has suggested the State will continue to see unemployment rates above 5% and that inflation will hover around 3%. The state's economy is anticipated to be driven by sectors such as technology, construction, education, government, and health care. In the City of Roseville, where the JPIA office resides, the unemployment rate has moved from 5.6% in September 2024 to 5.2% in September 2025. This change contradicts the overall change in the State suggesting that the local economy is more stable than statewide. Investments represent the segment of JPIA's operations that is most significantly influenced by broader economic conditions.

Staffing has been growing within the JPIA. The number of JPIA employees has increased by approximately 15% in the last couple of years alone. The JPIA continues to experience

employees retiring as the employment force ages. Market conditions for both the Liability and Property Programs have been less than ideal. The JPIA implemented a 5% rate increase in the Liability Program. For the Property Program the JPIA increased rates by 10% to keep up with increased costs. The Workers' Compensation Program has continued to see favorable loss experience and accordingly rates were to remain the same as 2025 with no increase or decrease. The Employee Benefits Program experienced a record high in losses for the year signaling an aging population and proposed a 10% increase as well.

## **LONG-TERM FINANCIAL PLANNING**

In April of 2023, the ACWA JPIA Executive Committee approved a new 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 those losses will be equal to or less than the estimate provided. The board recently approved to increase the targeted Employee Benefits Reserve Fund, from \$34 million to \$39 million based on the most recent actuarial reports. The JPIA is significantly above this goal on September 30, 2025. The JPIA management intends to budget the program in future years to bring the current reserves to the stated goal.

The JPIA regularly conducts strategic and long-term financial planning. Key meetings included a SWOT analysis in March 2020, program review and funding discussions in June 2022, and a focus on organizational values in January 2024. In July 2025, management held onboard training to align committee members' vision and objectives. Most recently, in February 2026, senior management and the Executive Committee mapped out priorities for the next decade.

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 actuarial estimates of losses. This process commences when a policy year reaches five 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 \$17 million in total.

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 \$29 million for the Liability Program and \$12 million for the Workers' Compensation Program. In September 2024, the JPIA Executive Committee approval a CAT Fund goal of \$14 million for the Property 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. The JPIA recently purchased a new building as well located just 4 miles away from the existing location. The move from current location will be a meticulous process that will span multiple years to ensure a smooth operational transition. Currently, financial plans for the current building are still undetermined in terms of leasing or selling.

The JPIA created a fully owned captive in the State of Utah for purposes of housing strategically selected self-insured risks. Management believes placing certain risks within the new captive will allow long-term investments to be leveraged more effectively over time.

## **INTERNAL ACCOUNTING CONTROLS**

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 following 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 provides 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, 2025. 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 2027. The JPIA is also a member of the Association of Governmental Risk Pools (AGRiP). AGRiP provides training, resources, and operational best practices to risk pools throughout the world. AGRiP provides members with Advisory Standards for its Recognition Program which also provides a model of professional standards its member pools are encouraged to follow. AGRiP recognition took place in 2024 and was presented this award at the 2025 Spring Summit.

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 JPIA.

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

Respectfully Submitted,

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Adrienne Beatty  
Chief Executive Officer



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David deBernardi  
Director of Finance

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

**ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

**EXECUTIVE COMMITTEE**

<u>Name</u>	<u>Office</u>	<u>District</u>
Melody A. McDonald	President	San Bernardino Valley WCD
J. Bruce Rupp	Vice-President	Humboldt Bay Municipal WD
Ernesto Avila	Director	Contra Costa County WD
Brent Haste	Director	Reclamation District 784
Chris Kapheim	Director	Kings River CD
Szu Pei Lu-Yang	Director	Rowland WD
Scott Ratterman	Director	Calaveras County WD
Randall Reed	Director	Cucamonga Valley WD
David Wheaton	Director	Citrus Heights WD
Adrienne Beatty	Chief Executive Officer	ACWA JPIA

Office Address

2100 Professional Drive  
Roseville, California 95661

Report Prepared by the  
JPIA Finance Department

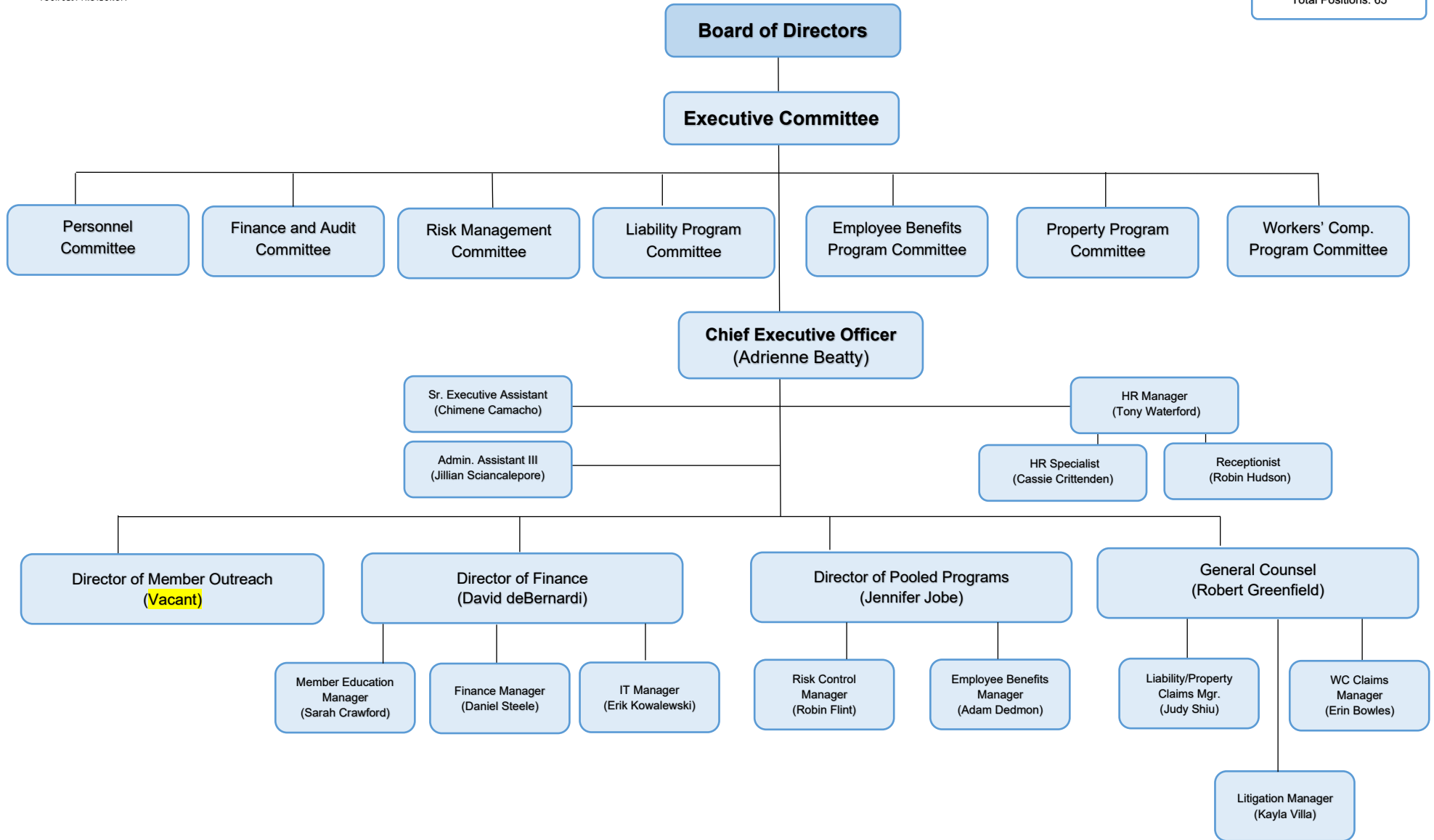
David deBernardi, CPA, Director of Finance  
Dan Steele, Finance Manager  
Kyle Hutchings, Senior Accountant  
Dalisay Matias, Accountant III  
Cynthia Buschmann, Accountant III  
Heidi Singer, Accountant III



# Organizational Chart

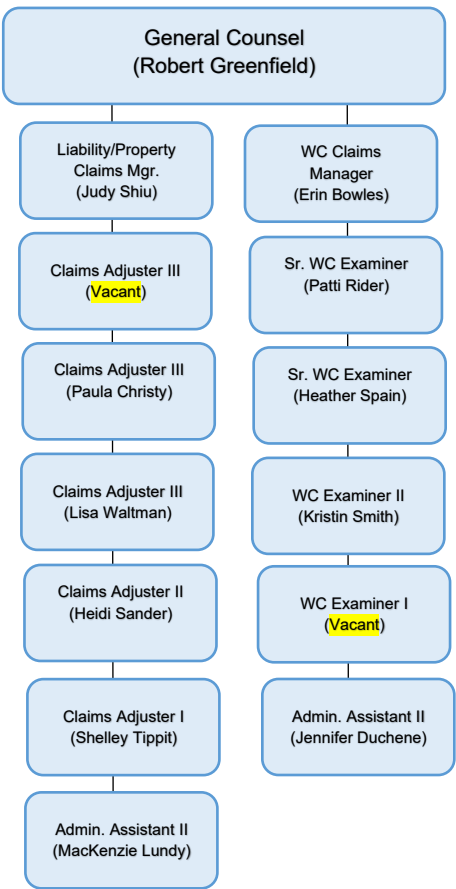
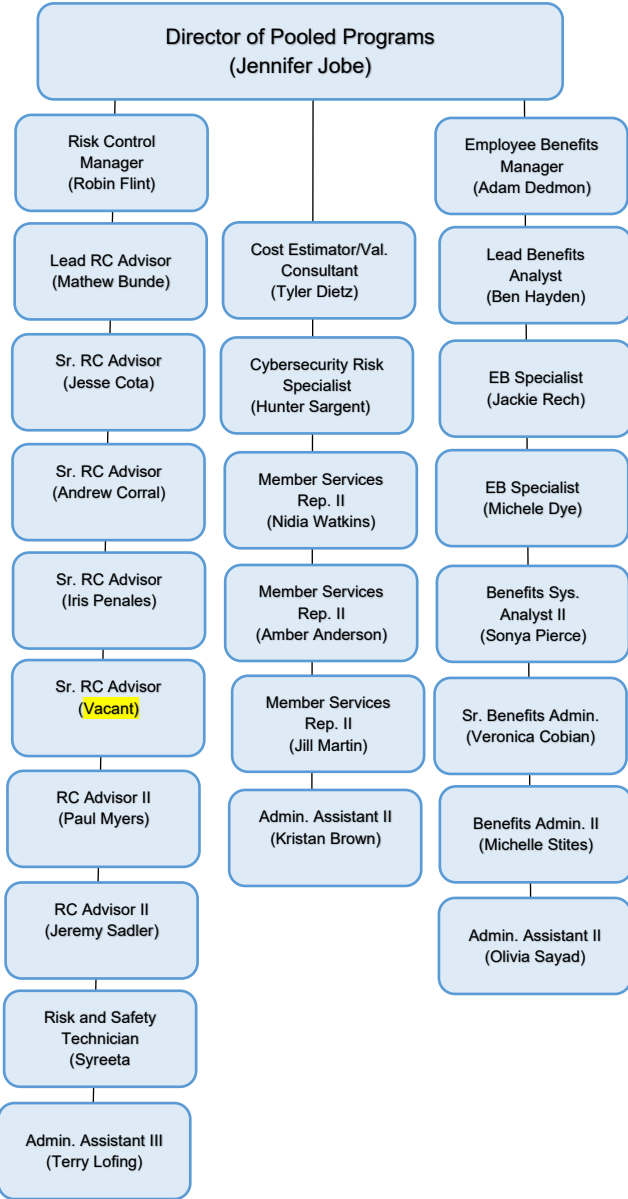
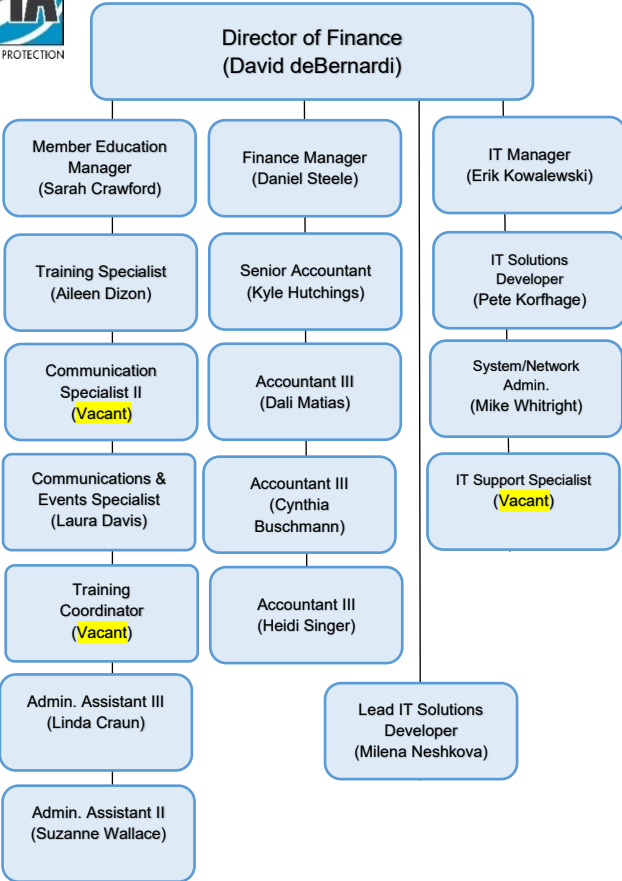
Effective October 27, 2025

Full time employees: 58  
Total Positions: 65





# 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 Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

September 30, 2024

*Christopher P. Morill*

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, 2024 – May 19, 2027*

*Marinda Griese  
 President*

*James P. Marta  
 Accreditation Program Manager*

*David deBernardi  
 Chair, Accreditation Committee*

**FINANCIAL SECTION**

## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

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, 2024, and the related notes to the financial statements, which collectively comprise ACWA JPIA's basic financial statements as listed in the table of contents.

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, 2024, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ACWA JPIA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about ACWA JPIA's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee

that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of ACWA JPIA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about ACWA JPIA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, reconciliation of claims liabilities by type of contract, ten-year claims development information, schedule of changes in the net OPEB asset and related ratios, schedule of OPEB contributions, schedule of the proportionate share of the net pension liability (NPL), and schedule of contributions to the defined benefit pension plan on pages 17-31 and 61-70 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise ACWA JPIA’s basic financial statements. The accompanying schedule of revenues, expenses, and change in net position by program, CWIF statement of net position, and CWIF statement of cash flows (collectively, supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.


***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections and the “comparative totals” column in the basic financial statements but does not include the basic financial statements and our auditor’s report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2025, 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**  
Sacramento, California

**March 27, 2025**



## MANAGEMENT’S DISCUSSION AND ANALYSIS

On behalf of management at the Association of California Water Agencies Joint Powers Insurance Authority (ACWA JPIA or JPIA), this section provides readers with a summary and analysis of JPIA's financial activities for the fiscal year ending September 30, 2025. It is recommended that readers review the contents of this report in conjunction with the supplementary details provided in the letter of transmittal, located on page 3 of this document.

### 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 JPIA's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position as of September 30, 2025. 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 data is shown with the current year's figures to highlight changes from the previous year. The tables below present 2024 balances as reported in the financial statements.

## CAPTIVE

In September 2019, the Executive Committee authorized the establishment of a captive insurance agency. California Water Insurance Fund (CWIF), which is domiciled in Utah and regulated by the Utah Department of Insurance, subsequently commenced operations.

CWIF enables the JPIA to transfer risk cost-effectively, aiming to optimize premium investment for members. Its governing body includes the Executive Committee, at-large members, and Utah counsel. The following is a blended JPIA Statement of Net Position.

<b>CONDENSED STATEMENTS OF NET POSITION</b>			
	9/30/2025	9/30/2024	Variance
<b>ASSETS</b>			
Other Assets	\$ 306,049,560	\$ 304,662,779	\$ 1,386,781
Capital Assets	11,414,199	3,481,687	7,932,512
Total Assets	317,463,759	308,144,466	9,319,293
<b>DEFERRED OUTFLOWS</b>			
Related to Pensions	1,243,185	2,186,450	(943,265)
Related to OPEB	1,622,762	912,660	710,102
Total Deferred Outflows	2,865,947	3,099,110	(233,163)
<b>LIABILITIES</b>			
Current Liabilities	64,684,055	73,022,867	(8,338,812)
Noncurrent Liabilities	128,311,055	104,683,243	23,627,812
Total Liabilities	192,995,110	177,706,110	15,289,000
<b>DEFERRED INFLOWS</b>			
Related to Pensions	1,471,047	1,350,001	121,046
Related to OPEB	2,541,508	3,007,740	(466,232)
Total Deferred Inflows	4,012,555	4,357,741	(345,186)
<b>NET POSITION</b>			
Net Investment in Capital Assets	11,414,199	3,481,687	7,932,512
Restricted	4,078,282	4,713,366	(635,084)
Unrestricted	107,829,560	120,984,672	(13,155,112)
<b>TOTAL NET POSITION</b>	\$ 123,322,041	\$ 129,179,725	\$ (5,857,684)

## ASSETS

ACWA JPIA's assets include cash and cash equivalents, a variety of receivables, investments, prepaid expenses, as well as physical assets such as buildings, equipment, and hardware (capital assets). Currently, JPIA's Other Post-Employment Benefits (OPEB) fiduciary net position exceeds the agency's liability, creating a Net OPEB Asset. This asset is reported as restricted net position.

## CASH, CASH EQUIVALENTS, AND INVESTMENTS

ACWA JPIA's cash and investments blend various bank accounts used for operations, Local Group Investment Pools (LGIP) like Local Area Investment Fund (LAIF) and California Asset Management Program (CAMP), along with the blended equity and fixed income portfolio held at CWIF.

At the end of September 2025, CAMP and LAIF made up about \$16.2 million of total cash and investments, compared to \$18.4 million the year before. JPIA staff maintain liquidity for claims and contributions, while earning short-term returns. CAMP's average yields ranged from 4% to 4.5% in fiscal year 2024-2025.

CWIF's mutual fund portfolio ended last year with a fair value of \$196.2 million. Throughout the fiscal year, PFM Asset Management, LLC purchased \$200.5 million in equities and fixed income assets, while \$163.3 million worth of assets were sold. This brought total assets to subtotal of \$233.4 million. By September 30, 2025, the fair value of these assets had decreased by \$8.1 million from the previous year, closing at \$225.3 million.

## CAPITAL ASSETS

Early in the 2024–2025 fiscal year, JPIA staff communicated to the Executive Committee the pressing need for additional employee workspace to accommodate organizational growth. New positions were added in the Risk Management, Member Services, and Claims departments.

These roles, such as the newly created Cybersecurity Risk Specialist, were designed to address the increased workload associated with a growing membership, higher total payroll exposures, expanded claims activity, and an overall increase in risk management demands.

For example, in the Liability Program, the total covered payroll of the risk pool was approximately \$484 million in program year 2013–2014. Ten years later, that figure had nearly doubled to \$965 million, representing an increase of almost 100%. Despite this growth, staffing levels within these member-facing departments remained relatively unchanged, resulting in steadily rising workloads for existing employees.

The current JPIA headquarters at 2100 Professional Drive in Roseville, California, has served the organization reliably since its purchase in 2011. However, the building's original design, with storage areas configured for paper files and limited open workspace, now constrains JPIA's ability to accommodate modern operations and necessary staffing increases. As a result, the Executive Committee authorized staff to pursue a more suitable facility.

In July 2025, JPIA completed the purchase of a building located at 532 Gibson Drive in Roseville, California, for \$8,078,400. The facility encompasses approximately 50,000 square feet—sufficient to meet current and anticipated needs while also offering the potential for future sublease income from unused space.

This Gibson Drive acquisition accounts for the majority of the 2024–2025 capital asset variance. Depreciation expense for the fiscal year totaled \$184,343.

## RETROSPECTIVE CONTRIBUTION ADJUSTMENTS

Retrospective contribution adjustments (RCAs) represent program year reconciliations between member contributions and ultimate program costs as actuarially determined for each policy year. As of September 30, 2024, total RCA adjustments were approximately \$46.8 million, reflecting the ongoing application of the JPIA's retrospective rating plan and consistent with prior year-end reconciliation practices.

For the fiscal year ended 2025, RCA receivables (amounts due from members) decreased to \$31.7 million, while RCA liabilities (amounts payable to members) rose from \$42.0 million to \$55.1 million. This movement from a net receivable to an increased net payable is primarily attributable to the \$21.7 million dividend declared and distributed by the California Water Insurance Fund (CWIF), of which \$13.8 million was allocated to the Liability, Property, and Workers' Compensation programs in accordance with the allocation model approved by the JPIA's Executive Committee.

According to GASB guidelines, JPIA reports CWIF dividends as investment income in its own financial statements but completely removes them from the inter-agency transactions section of blended statements. This ensures that the net position is not distorted and prevents revenue from being counted twice within the consolidated entity. These adjustments affect RCA balances, which are shown in JPIA's final net position and member equity. This process supports JPIA's commitment to fairly returning excess surplus, maintaining actuarial integrity, and ensuring transparent program funding.

## LIABILITIES

ACWA JPIA's liabilities include claims reserves (reported and unreported), short-term accounts payable, unearned contributions, and retrospective contribution adjustments payable.

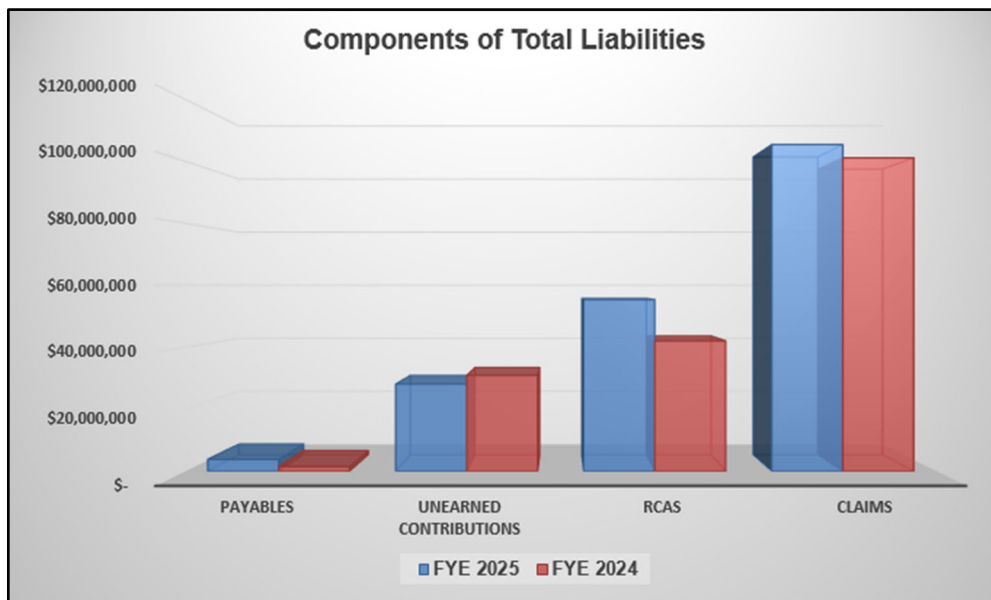
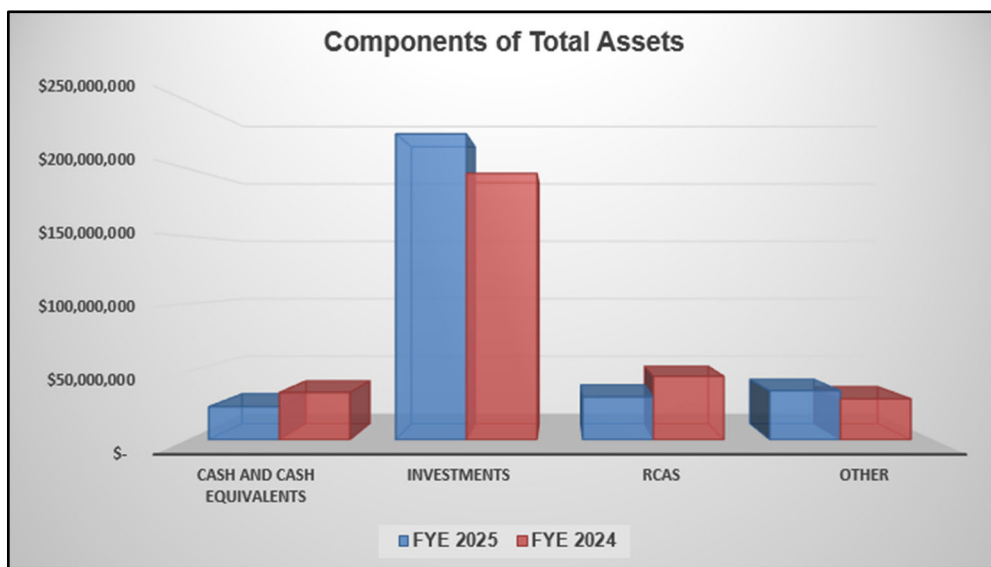
## CLAIMS DEVELOPMENT

The JPIA monitors claims development by evaluating year-over-year changes in total claims reserves, including adjustments to reported claims and incurred but not reported ("IBNR") liabilities, as well as unallocated loss adjustment expenses ("ULAE"). Actuarial analyses are performed annually to discount reserves and IBNRs to reflect their net present value, representing management's best estimate of ultimate losses attributable to each program year. For the fiscal year ended 2025, JPIA experienced a measured increase in total claims liabilities of slightly more than \$4.3 million, with most of the growth concentrated in IBNR balances across

the Liability, Property, and Workers' Compensation programs. The development of claims liabilities, including IBNR and ULAE components, remains inherently variable, influenced by timing and outcomes of independent actuarial valuations and evolving program experience. JPIA's accounting staff promptly records all changes in ultimate loss projections to ensure financial statements reflect the most current cost estimates available.

## ASSETS AND LIABILITIES (CONTINUED)

These comparative charts display the major components of JPIA's reported assets and liabilities as of September 30, 2025, and September 30, 2024.

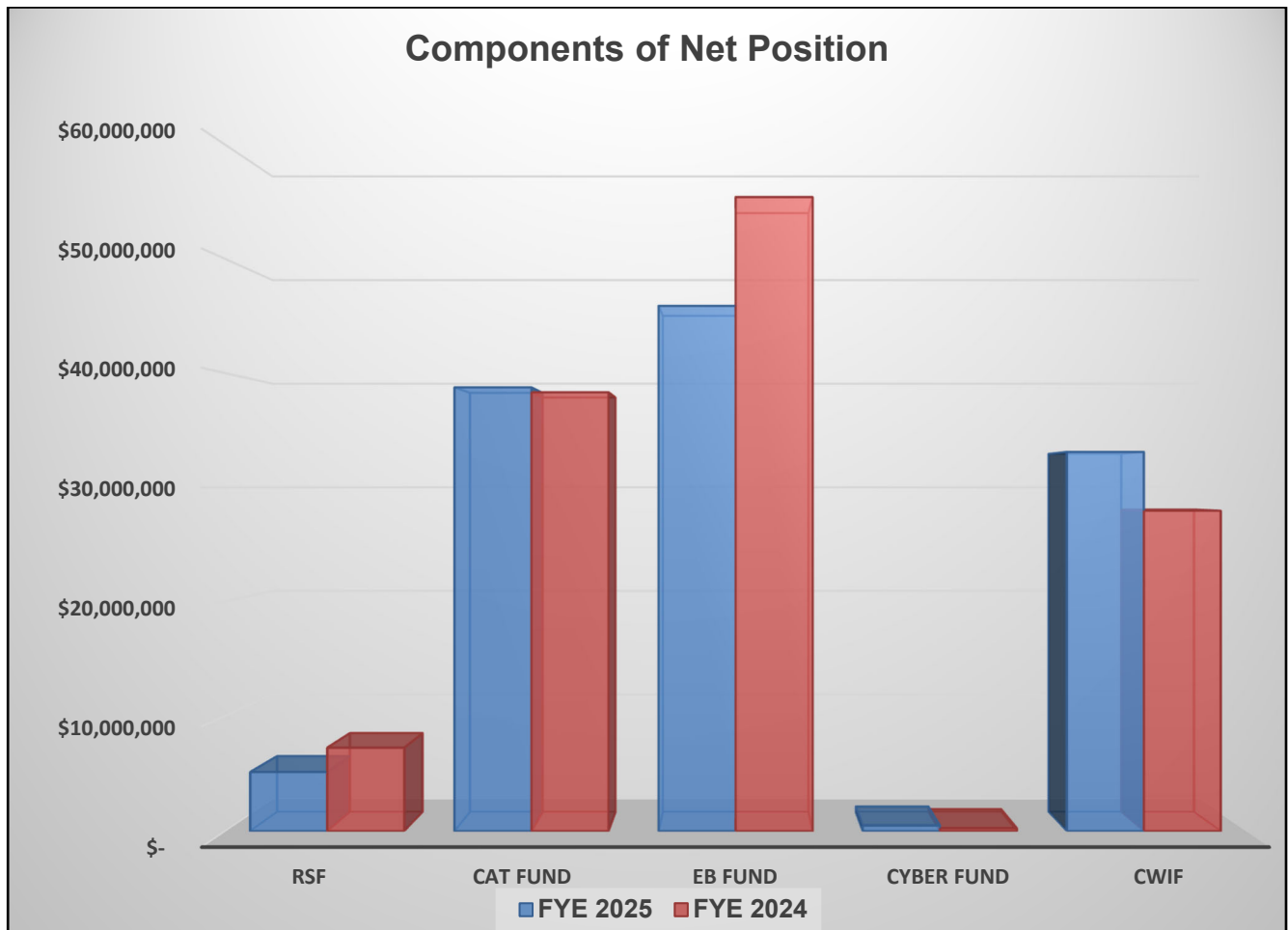


## PROGRAM EQUITY

Program equity and rate stabilization remain key components of JPIA's long-term financial strategy. The movement in RCA balances and the distribution of surplus dividends contribute to maintaining appropriate program equity levels, ensuring the risk pool is adequately funded for future obligations while equitably returning excess contributions to members. These practices support ongoing fiscal sustainability, transparency in member transactions, and compliance with GASB standards for governmental risk pools.

The graph below shows year-to-year changes in JPIA's surplus funds from 2024 to 2025, with the Property Program's Natural Disaster Fund grouped under the Catastrophic Fund. The Employee Benefits (EB) Fund includes equity carried over from the Health Benefits Authority in 2012 and tracks annual program performance.

Starting in fiscal year 2022-2023, the Cyber Liability Fund sets aside reserves from excess revenue after direct costs for cyber liability coverage. This reserve can help offset future carrier cost increases, like the EB Fund.



## REFUNDS TO MEMBERS

Refunds to member agencies have decreased as JPIA addresses recent program year revenue shortfalls. In 2025, staff distributed just over \$260,000 to qualifying members with positive RSF balances, up from \$116,000 last year. JPIA leadership delayed retrospective contribution adjustments (RCAs) to future fiscal years to offset underperforming liability and property programs. RCAs typically have the greatest effect on the RSF annually.

## CATASTROPHIC FUND

The Catastrophic (CAT) Fund experienced a reduction of slightly more than \$571,000 during the fiscal year, attributed to revised workers' compensation target equity. This adjustment involved decreasing the threshold from \$15 million to \$12 million while maintaining a 99% confidence level.

In contrast, the Liability target equity increased, with the threshold rising from \$25 million to \$29 million. This change accounts for a greater number of members and heightened inflationary risks, ensuring alignment with program cost projections at the same confidence level.

## EMPLOYEE BENEFITS FUND

JPIA's Employee Benefits surplus comes from Health Benefits Authority (HBA) equity (purchased in 2011) and operational income from its three self-insured benefit programs. This surplus provides pricing flexibility and coverage options beyond those of competitors.

Medical claims have risen, amounting to \$101 million in 2024 and expected to surpass \$100 million again in 2025, making these the highest annual expenditures since the program began. This fund assists the pool in addressing increasing costs related to hospitalizations, prescription drug benefits, and surgeries for employees and their dependents.

## CAPTIVE

The retained earnings associated with JPIA's captive insurance company, California Water Insurance Fund (CWIF), form the final part of JPIA's net position. In 2021, the CWIF Board approved a dividend policy to set procedures for returning funds to JPIA based on three main events:

1. Favorable actuarial adjustments
2. Realized investment income
3. Other factors

Realized investment income includes interest or dividends earned during the fiscal year, less broker fees, and is recognized as dividends payable or receivable between JPIA and CWIF. This approach gives JPIA members an immediate advantage from the CWIF portfolio through income allocations that directly affect RCAs each year.

Favorable actuarial adjustments arise when claim projections become more accurate over time. If initial estimates reveal claims liabilities are lower than anticipated, CWIF can provide dividends to reimburse JPIA for these net gains after five years—the benchmark when JPIA starts the RCA process.

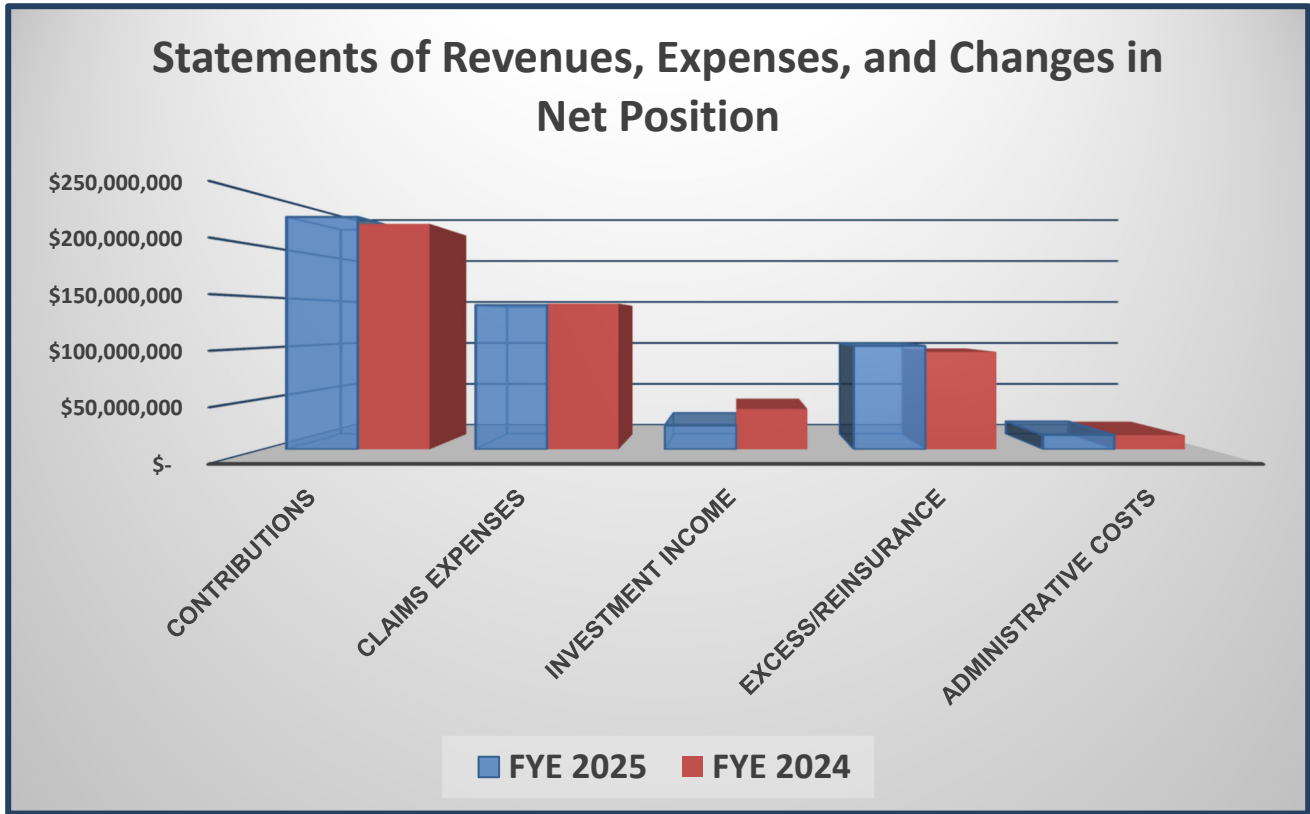
Reporting investments at market value had the greatest effect on CWIF's net earnings at the end of the year. With investment income totaling \$30.4 million and subtracting an \$8.1 million fair value adjustment, CWIF posted nonoperating revenues exceeding \$22.2 million.

This sum helped mitigate some of the \$21.7 million dividend's impact on net position. As a result, CWIF's net position rose from \$137.2 million at the end of last year to \$144.1 million, marking an \$6.9 million surplus gain.

## REVENUES, EXPENSES, & CHANGES IN NET POSITION

<b>CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION</b>	9/30/2025	9/30/2024	Variance
<b>OPERATING REVENUES</b>			
Member contributions	\$257,539,389	\$232,269,685	\$25,269,704
Retrospective contribution adjustments	(29,237,765)	(10,045,692)	(19,192,073)
Total operating revenues	228,301,624	222,223,993	6,077,631
<b>OPERATING EXPENSES</b>			
Provision for claims	142,186,223	143,546,824	(1,360,601)
Excess insurance	20,775,642	19,617,548	1,158,094
Benefit premiums	81,083,793	76,381,396	4,702,397
Pension expense	285,105	1,922,557	(1,637,452)
General & administrative	13,400,848	11,960,792	1,440,056
Total operating expenses	257,731,611	253,429,117	4,302,494
<b>OPERATING LOSS</b>	(29,429,987)	(31,205,124)	1,775,137
<b>NON-OPERATING REVENUES</b>			
Investment income	23,572,303	39,671,937	(16,099,634)
<b>CHANGE IN NET POSITION</b>	(5,857,684)	8,466,813	(14,324,497)
<b>NET POSITION, BEGINNING</b>	129,179,725	120,712,912	8,466,813
<b>NET POSITION, ENDING</b>	\$123,322,041	\$129,179,725	\$(5,857,684)

The following comparative chart displays the major components of JPIA's reported revenues, expenses, and changes in net position as of September 30, 2025, and September 30, 2024.



## MEMBER CONTRIBUTIONS

### GENERAL LIABILITY PROGRAM

JPIA bases its annual Liability Program contributions on each member's estimated payroll for the upcoming program year. This approach ensures that contributions reflect the relative exposure and proportionate share of the actuarially determined funding needed to meet projected claims obligations.

Each member's contribution is adjusted by a unique e-mod factor reflecting their loss experience compared to the pool. The rate also covers expected rises in excess coverage costs and administrative expenses.

In September 2024, the Liability Committee recommended, and the Executive Committee approved, a 7.5 percent increase in the contribution rate for the 2024–2025 program year. The adopted budget projects total deposit contributions of approximately \$33.9 million. Based on current projections, a retrospective adjustment of about \$1.5 million would be required to align

actual contributions with total program costs. Overall, claims and related costs for 2024–2025 are expected to increase by more than 10 percent compared to the prior year.

After Liability Program years conclude, actual payroll is acquired from members to “true-up” the contribution collected for the year. This can be an adjustment up or down, depending on how well members estimate their payroll for the upcoming year. Rather than assess additional invoices or rebates, the dollar amount adjustment is incorporated into the member’s rate stabilization fund yearend calculations.

## PROPERTY PROGRAM

The Property Program determines each member’s share of expected pooling costs using total insured value (TIV) as the primary risk metric, rather than estimated payroll. TIV captures the full scope of covered assets—including buildings, equipment (fixed and mobile), personal property, business interruption exposures, and licensed vehicles.

The excess property insurance marketplace has seen persistent cost escalation in recent years, driven by factors such as inflationary pressures, rising property replacement costs, and increased frequency and severity of natural catastrophes impacting California and beyond. Reflecting these conditions, the Executive Committee approved a 15 percent rate increase for the 2024–2025 program year.

For this period, the pooled layer funding requirement—measured as the loss rate per \$100 of TIV—rose by 19.3 percent. This increase is attributable not only to market-wide premium adjustments, but also to higher claims activity and an expanding appetite for coverage among members.

Additionally, the pool’s total insured value has grown significantly from \$11.3 billion to \$12.7 billion over the past two years, due in part to members’ acquisition of new assets, property value reassessments, and ongoing inflation in construction and replacement costs.

## WORKERS’ COMPENSATION

For the 2024–2025 program year, the Workers’ Compensation Program’s total pool contribution requirement decreased by 5 percent compared to the previous year. This reduction reflects improved loss experience and stable program management. JPIA’s excess carrier, Safety National, continues to recognize the program’s favorable loss profile; for 2024–2025, Safety National offered a rate of \$0.0796 per \$100 of payroll, representing a 3 percent reduction from the prior year’s excess rate.

The program’s strong recent performance is further evidenced by nearly \$27 million in retrospective contribution adjustments returned to member rate stabilization fund (RSF) balances for program years 2014–2018. If current projections hold, the 2024–2025 plan year is expected to generate an additional refund of approximately \$6 million to member RSF balances.

## EMPLOYEE BENEFITS

Pricing of JPIA's medical plans remains volatile following the COVID-19 pandemic, with actuarial projections indicating a 16.8 percent increase in pool contributions for the 2025 plan year. These projections are driven primarily by rising costs in hospitalization, increased demand for surgical solutions, and significant pharmacy cost inflation. In response to ongoing market volatility, staff have recommended the continued incremental use of Employee Benefits reserve funds to help stabilize member rates and mitigate the fiscal impact of rising healthcare expenses.

While the direct effects of COVID-19 on the system have diminished, contract negotiations and evolving government regulations, especially those affecting Medicare drug benefits, continue to introduce uncertainty, notably with pending changes to Medicare Advantage rates. General inflationary trends persist, fueling higher medical professional wage demands and compounding shortages in healthcare staffing, particularly in primary care. Notably, the increasing utilization and excessive costs of newer weight loss medications have emerged as significant drivers behind rising pharmacy expenses. Members continue to face access challenges, especially in remote areas where the supply of healthcare professionals is limited.

To address premium volatility and gradually reduce the Program's reserve balance—approximately \$73 million—staff has recommended a measured approach to aligning future premium returns with actual expenses. Committee deliberations considered multiple rate increase options (10%, 12%, and 16.8%) with careful attention to the budgetary impact on smaller member agencies.

Within the dental program, Delta Dental maintains the largest PPO network in California; however, some member agencies, especially in rural communities, have reported difficulty locating in-network providers. In response, JPIA issued a Request for Proposal (RFP) to assess alternative dental plan options. The RFP process revealed that switching carriers would not substantially improve network access for most members. Nevertheless, as a direct outcome of the RFP, Delta Dental reduced administrative service fees from 8.95 percent to 8.00 percent, effective January 1, 2025, through December 31, 2027.

After reviewing overall claims experience, staff determined that, instead of lowering rates, maintaining costs at current levels while enhancing benefits would provide greater value to members. Two PPO plan enhancements were adopted: the addition of a third annual cleaning and implementation of a Diagnostic/Preventative Max Waiver, allowing diagnostic and preventive services without impacting the annual benefit maximum.

## RETROSPECTIVE CONTRIBUTION ADJUSTMENTS (RCAs)

Every year, changes in the RCAs are treated as adjustments to member contributions and shown under operating revenues in the Statement of Revenues, Expenses, and Changes in Net Position. The key factors to these changes are indicated below:

- \$26.5 million net excess of collected contributions and investment income over pool expenses for the fiscal year 2024-2025 versus a \$9 million change in RCAs in the previous year.
- \$2.1 million adjustment for net changes in the member Rate Stabilization Fund (RSF) to the RCAs applied.
- \$571K change to member's catastrophic funds versus a \$900,000 change in the opposite direction last year.

These retrospective adjustments to contributions help smooth the financial impact on members over time, curbing volatility and preventing a constant need to exchange checks between members and their risk pool. Total RCAs recorded for the year were over \$29 million, and reduced the JPIA's operating revenues to \$228 million total, compared to \$222 million the year before.

### PROVISION FOR CLAIMS

The following table shows changes related to the provision for claims by program (these figures include paid claims, primary reserve changes incurred but not reported changes, and changes to unallocated loss adjustment expenses) from 2024 to 2025:

PROGRAM	2025	2024	VARIANCE
Liability	\$19,596,378	\$15,023,802	\$4,572,576
Property	3,852,980	8,621,545	(4,768,565)
Workers Comp.	9,015,516	11,508,384	(2,492,868)
Employee Benefits	109,721,349	108,393,093	1,328,256
Totals:	\$142,186,223	\$143,546,824	\$(1,360,601)

### GENERAL AND ADMINISTRATIVE

The most significant changes to the General and Administrative Budget for fiscal year 2024–2025 were observed in the line items for staff salaries and office building expenses. The primary reason behind the increase in staff salaries was a 5 percent provision to account for potential pay increases and promotions, as well as the inclusion of contingency funds for staff additions related to the previous budget.

Office building costs are projected to rise due to anticipated need for additional workspace to support planned staff expansion. Executive Committee member expenses were budgeted to increase by over 50 percent from the prior year, reflecting a return to more frequent in-person meetings and participation compared to the previous budget periods, when COVID-19 restricted such activities.

Overall, these factors contributed to a 10.2 percent increase in the Operating Budget for fiscal year 2024–2025.

## INVESTMENT INCOME

Investment income reported on JPIA's Statement of Revenues, Expenses, and Changes in Net Position represents all nonoperating revenue related to investments. This includes realized gains and dividends, as well as changes in fair market value from the prior fiscal year.

The California Water Insurance Fund (CWIF) portfolio is a blended investment comprised of both open-end and closed-end mutual funds. The CWIF Committee set a target allocation of 65% equity and 35% fixed income, with an allowable variance of 5%. This allocation mix forms the basis of the CWIF investment policy.

During fiscal year 2024–2025, CWIF generated most of the investment income, recording realized gains exceeding \$25 million from asset sales throughout the year. The portfolio also earned \$5.6 million in dividends credited back to the fund.

JPIA's California Asset Management Program (CAMP) contributed an additional \$1.1 million in realized income. CAMP's returns ranged between approximately 4 and 4.5 percent during the year and served as a key source of liquidity to meet JPIA's cash flow needs.

Overall, the portfolio experienced a net decrease in fair value that reduced investment income by \$8.1 million compared to the prior year. Despite this, the CWIF portfolio increased in value from \$196 million on June 30, 2024, to \$225 million on June 30, 2025.

The following table summarizes the blended cash and investment balances at year-end, reported at fair market value:

TYPE	<b>2025</b>	<b>2024</b>	VARIANCE
JPIA Cash/Equivalents	\$ 22,755,643	\$ 33,667,982	\$ (10,912,339)
CWIF Cash/Equivalents	1,658,883	1,236,297	422,586
CWIF Mutual Funds	225,274,632	196,228,421	29,046,211
<b>Totals:</b>	<b>\$ 249,689,158</b>	<b>\$ 231,132,700</b>	<b>\$ 18,556,458</b>

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

ACWA JPIA maintains a proactive approach to addressing both external and internal factors impacting its membership. For fiscal year 2025–2026, several economic trends are projected to influence JPIA's financial position and operational outcomes:

- **California Economic Climate:** Slower statewide economic growth is projected, with GDP and employment gains moderating compared to prior years. California's real GDP is forecast to increase by just 1.4 percent in 2025, below long-term averages. Unemployment rates are expected to remain elevated, potentially reaching 5.5–5.8 percent. Persistent inflation—including rising costs for insurance, labor, healthcare, and building maintenance—will pressure operating budgets, while higher interest rates increase financing costs for capital improvements and can limit portfolio returns.
- **Impact of External Events:** More frequent and severe wildfires and floods increase claims exposure and can strain risk pool resources, driving up program costs and requiring careful reserve management. These disasters also create volatility around insured losses and can disrupt member operations and revenue streams.
- **Membership & Infrastructure Changes:** The acquisition and planned renovation of the new Gibson Drive building, classified as a capital investment, will necessitate significant upfront funding, with long-term impacts on depreciation and operating expenses. Labor market pressures and inflation continue to affect staffing costs as members and JPIA adapt to a competitive wage environment and ongoing shortages.
- **Insurance and Investment Market Shifts:** Market volatility and higher inflation rates may impact both insurance program costs (through higher reinsurance premiums and increased loss monitoring portfolio allocations and investment strategies to maintain adequate liquidity and income.frequency/severity) and investment returns.
- **ACWA JPIA intends to change its fiscal year end from September 30 to June 30 beginning next year. Fiscal year 2025-2026 will run September 30, 2025 through June 30, 2026. This decision was made in part to align with CalPERS' fiscal year for more accurate OPEB and pension reporting that uses June 30 measurement dates in**

actuarial studies. Having a June 30<sup>th</sup> fiscal year end also provides for better timing related to the board's approval of the budget with the beginning of the fiscal year.

These combined economic factors are expected to materially impact both future financial position and operational results, requiring ongoing strategic planning, rate setting, and risk management.

## CONCLUSION

This financial report is intended to provide a comprehensive overview of ACWA JPIA's financial position and results of operations for fiscal year 2024–2025. It demonstrates JPIA's continued commitment to transparency, accountability, and prudent stewardship of member resources. Through rigorous and independent auditing processes, members and stakeholders are assured of the integrity and reliability of the financial information presented.

For additional details, including the most current approved and independently audited financial reports, please visit ACWA JPIA's website at [www.acwajpia.com](http://www.acwajpia.com).

ACWA JPIA remains dedicated to continuous improvement in financial management and reporting to best serve its membership and maintain public trust. Questions or requests for further information regarding this report may be directed to:

**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, 2025

	<b>2025</b>	<b>Comparative Totals 2024</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 24,414,526	\$ 34,904,279
Member contributions receivable	10,323,018	9,418,140
Investment income and other receivables	1,375	7,597
Excess insurance proceeds receivable	4,002,989	3,718,401
Retrospective contribution adjustment receivables	16,202,104	14,986,201
Prepaid expenses	6,270,925	8,885,232
<b>TOTAL CURRENT ASSETS</b>	<b>61,214,937</b>	<b>71,919,850</b>
<b>NONCURRENT ASSETS</b>		
Investments	225,274,632	196,228,421
Retrospective contribution adjustment receivables	15,481,709	31,801,142
Net OPEB asset	4,078,282	4,713,366
Capital assets - net	11,414,199	3,481,687
<b>TOTAL NONCURRENT ASSETS</b>	<b>256,248,822</b>	<b>236,224,616</b>
<b>TOTAL ASSETS</b>	<b>317,463,759</b>	<b>308,144,466</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows of resources related to pensions	1,243,185	2,186,450
Deferred outflows of resources related to OPEB	1,622,762	912,660
<b>TOTAL DEFERRED OUTFLOWS</b>	<b>2,865,947</b>	<b>3,099,110</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	3,823,932	1,510,292
Unearned member contributions	28,105,391	30,914,140
Retrospective contribution adjustment payables	7,698,611	15,725,437
Claims reserves	25,056,121	24,872,998
<b>TOTAL CURRENT LIABILITIES</b>	<b>64,684,055</b>	<b>73,022,867</b>
<b>NONCURRENT LIABILITIES</b>		
Retrospective contribution adjustment payables	47,397,744	26,317,801
Claims reserves	22,039,525	22,101,178
Claims incurred but not reported	54,720,918	50,692,792
Net pension liability	608,857	2,181,258
Unallocated loss adjustment liability	3,544,011	3,390,214
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>128,311,055</b>	<b>104,683,243</b>
<b>TOTAL LIABILITIES</b>	<b>192,995,110</b>	<b>177,706,110</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows of resources related to pensions	1,471,047	1,350,001
Deferred inflows of resources related to OPEB	2,541,508	3,007,740
<b>TOTAL DEFERRED INFLOWS</b>	<b>4,012,555</b>	<b>4,357,741</b>
<b>NET POSITION</b>		
Net investment in capital assets	11,414,199	3,481,687
Restricted for OPEB	4,078,282	4,713,366
Unrestricted	107,829,560	120,984,672
<b>TOTAL NET POSITION</b>	<b>\$ 123,322,041</b>	<b>\$ 129,179,725</b>

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, 2025

	<b>2025</b>	<b>Comparative Totals 2024</b>
<b>OPERATING REVENUES</b>		
Member contributions	\$ 257,539,389	\$ 232,269,685
Retrospective contribution adjustments	(29,237,765)	(10,045,692)
<b>TOTAL OPERATING REVENUES</b>	<b>228,301,624</b>	<b>222,223,993</b>
<b>OPERATING EXPENSES</b>		
Claims expense:		
Claims paid	137,882,832	143,775,652
Change in claims reserves	121,475	(18,682,345)
Change in claims incurred but not reported	4,028,119	18,021,834
Change in unallocated loss adjustment expense	153,797	431,683
<b>Total claims expense</b>	<b>142,186,223</b>	<b>143,546,824</b>
Excess insurance	20,775,642	19,617,548
Benefit premiums	81,083,793	76,381,396
Pension expense	285,105	1,922,557
General and administrative	13,216,505	11,752,222
Depreciation	184,343	208,570
<b>TOTAL OPERATING EXPENSES</b>	<b>257,731,611</b>	<b>253,429,117</b>
<b>OPERATING LOSS</b>	<b>(29,429,987)</b>	<b>(31,205,124)</b>
<b>NONOPERATING REVENUES</b>		
Investment income	31,721,259	4,873,679
Net increase (decrease) in investment fair value	(8,148,956)	34,798,258
<b>TOTAL NONOPERATING REVENUES</b>	<b>23,572,303</b>	<b>39,671,937</b>
<b>CHANGE IN NET POSITION</b>	<b>(5,857,684)</b>	<b>8,466,813</b>
<b>NET POSITION, BEGINNING OF YEAR</b>	<b>129,179,725</b>	<b>120,712,912</b>
<b>NET POSITION, END OF YEAR</b>	<b>\$ 123,322,041</b>	<b>\$ 129,179,725</b>

See accompanying notes to financial statements.

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

STATEMENT OF CASH FLOWS  
YEAR ENDED SEPTEMBER 30, 2025

	<u>2025</u>	<u>Comparative Totals 2024</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from members	\$ 255,685,204	\$ 229,639,270
Cash received from excess/aggregate insurance	1,792,703	2,632,373
Payments for claims	(137,882,830)	(143,775,652)
Payments for excess/aggregate claims	(1,529,792)	(6,065,512)
Payments for excess insurance	(20,775,642)	(19,617,548)
Payments for benefit premiums	(81,083,793)	(76,381,396)
Payments for billings & RSF fund	(262,335)	(116,351)
Payments to vendors	(2,838,639)	(3,112,345)
Payments to employees	(10,377,866)	(9,619,280)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>2,727,010</u>	<u>(26,416,441)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchase of capital assets	(8,116,854)	0
NET CASH USED BY FINANCING ACTIVITIES	<u>(8,116,854)</u>	<u>0</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of securities	(200,543,667)	(24,942,365)
Proceeds from sales of investments	163,348,500	25,434,011
Investment earnings	32,482,372	44,649,625
Investment expenses	(387,113)	(314,152)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(5,099,908)</u>	<u>44,827,119</u>
Increase (decrease) in cash and cash equivalents	(10,489,752)	18,410,678
Cash and cash equivalents, beginning of year	34,904,279	16,493,601
Cash and cash equivalents, end of year	<u>\$ 24,414,526</u>	<u>\$ 34,904,279</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating loss	\$ (29,429,987)	\$ (31,205,124)
Adjustments to net cash used by operating activities:		
Change in member contributions receivable	(904,878)	(1,073,591)
Change in excess insurance proceeds receivable	(284,588)	(3,688,076)
Change in retrospective contribution adjustment receivable	15,103,530	20,658
Change in other receivables and prepaids	2,620,078	(519,602)
Change in net OPEB asset	635,084	50,988
Depreciation of capital assets	184,343	208,570
Changes in accounts payable and other accrued expenses	1,716,045	(1,353,754)
Change in unearned member contributions	(2,808,749)	3,995,817
Change in retrospective contribution adjustment payables	13,053,117	8,185,867
Change in claims liabilities	4,303,393	(228,828)
Change in net pension liability	(1,572,401)	(96,659)
Changes in deferred outflows/inflows related to net pension and OPEB	112,023	(712,707)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 2,727,010</u>	<u>\$ (26,416,441)</u>
<b>NON CASH ITEMS</b>		
Change in unrealized fair value of investments	\$ (8,148,956)	\$ 34,798,258

See accompanying notes to financial statements.

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

**NOTES TO FINANCIAL STATEMENTS  
Year Ended September 30, 2025**

**(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 six joint protection programs:

- Public Auto and General Liability
- Workers' Compensation
- Property Insurance
- Cyber 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.

Starting in fiscal year 2022-2023, the cyber liability program was moved out of the liability program and became its own pass-through. In fiscal year 2024-2025 the program was no longer a pass-through but a joint protection program. This program year begins July 1 and ends June 30.

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.

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

NOTES TO FINANCIAL STATEMENTS  
Year Ended September 30, 2025

**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 the Liability program by program year are as follows:

<u>Years</u>	<u>SIR Amount</u>
10/1/79 - 9/30/86	\$ 500,000
10/1/86 - 9/30/87	1,000,000
10/1/87 - 9/30/05	500,000
10/1/05 - 9/30/11	1,000,000
10/1/11 - 9/30/16	2,000,000
10/1/16 - 9/30/19	5,000,000
10/1/19 - 9/30/25*	5,000,000

- \*Excess: \$1 to a total of \$5,000,000 coverage by captive insurance company, California Water Insurance Fund (CWIF). CWIF is also responsible for the 10X of 10 layer (\$10,000,000 – 20,000,000) for the last four policy years covering 10/1/20 - 9/30/25.
- \$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 the Property program by program year are as follows:

<u>Years</u>	<u>SIR Amount</u>
1/1/83 - 3/31/85	Various
4/1/85 - 3/31/86	\$5,000
4/1/86 - 3/31/88	50,000
4/1/88 - 3/31/01	10,000
4/1/01 - 3/31/13	50,000
4/1/13 - 6/30/19*	100,000
7/1/19 - 6/30/22**	100,000
7/1/22 - 6/30/25	10,000,000

- Excess: currently \$10,000,000 up to a total of \$500,000,000 coverage with various sub limits based.

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

**NOTES TO FINANCIAL STATEMENTS  
Year Ended September 30, 2025**

- \*Program Year 2018-2019: April 1 through June 30 of 2019. Property Program changed policy year format to better align with excess carrier (APIP - Alliant Property Insurance Program) recommended coverage schedule. From that point on, the Property Program policy year would run from July 1 through June 30.
- \*\*Program years 2019-2020 through 2021-2022: Included a \$1 million aggregate claims requirement before excess applied.

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

JPIA provides the following insurance coverage and SIR:

Member District RAP: \$250 to \$25,000

The SIRs for the Workers' Compensation program by program year are as follows:

<u>Years</u>	<u>SIR Amount</u>
7/1/86 - 6/30/87	\$125,000
7/1/87 - 6/30/88	150,000
7/1/88 - 6/30/89	175,000
7/1/89 - 6/30/91	200,000
7/1/91 - 6/30/92	225,000
7/1/92 - 6/30/01*	250,000
7/1/01 - 6/30/02	350,000
7/1/02 - 6/30/03	650,000
7/1/03 - 6/30/20	2,000,000
7/1/20 - 6/30/25**	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 by captive insurance company, 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 JPIA's Executive Committee. The JPIA utilizes a third party to administer these claims on behalf of participating members.

The JPIA carried reinsurance through Sun Life Financial, administered by Stealth Partner Group, LLC for coverage losses in excess of the self-insured retention of \$750,000 per beneficiary incurred during the policy period January 1<sup>st</sup> through December 31<sup>st</sup>, 2022, and paid during the policy period and six-month period immediately following the end of the policy period in 2023. JPIA currently self-insures all claims from January 1<sup>st</sup>, 2023, going forward.

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

**NOTES TO FINANCIAL STATEMENTS  
Year Ended September 30, 2025**

**(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 equities and fixed income securities are recorded at fair value. For purposes of these financial statements, fair value is equivalent to investment market value on September 30, 2025. Changes in the fair value of investments, both realized and unrealized, are included in the Statement of Revenues, Expenses, and Changes in Net Position as a component of non-operating revenues.

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

**Member Contributions Receivable** – These amounts represent unpaid invoices for policies written during the JPIA's fiscal year. A significant portion of contributions receivable are also recognized as unearned member contributions 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 independent actuary, in connection with other loss development information, determined these amounts.

**Member Contributions (previously referred to as 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

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

**Operating and Non-operating Revenues** – Operating revenues include all member contributions, which include 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 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.

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**(3) Cash and Investments**

**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.

INVESTMENT TYPE	% OF PORTFOLIO	% OF ISSUER	MAX MATURITY	MINIMUM RATING
US Treasury	100%	100%	5 Years	-
Federal Agency	100%	50%	5 Years	-
California State Obligations	100%	5%	5 Years	A
California Local Obligations	100%	5%	5 Years	A
Other State Obligations	100%	5%	5 Years	A
Bankers' Acceptances	20%	5%	180 Days	Highest by NRSRO
Commercial Paper	40% / 25%*	5%	270 Days	Highest by NRSRO
Medium Term Notes	30%	5%	5 Years	A
Negotiable CD's	30%	5%	5 Years	A
Time CD's	30%	FDIC / NCUA	5 Years	Banks / S&I / CU Insured
LGIP	50%	N/A	-	AAAm
LAIF	50%	N/A	Daily	N/A
Money Market Funds	20%	20%	-	Treasury / Agency
Repurchase Agreements	20%	20%	92 Days	Primary Dealer
Supranationals	20%	20%	5 Years	AAA
Asset-backed Securities	20%	5%	5 Years	AAA

\* The limit is 25% if the Authority has less than \$100 million of investment assets

**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.

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**Investment Credit Risk** - CWIF's investments on September 30, 2025, are summarized in the following table and are broken out by mutual fund type with the appropriate portfolio representation:

INVESTMENTS	FAIR VALUE	PORTFOLIO %	CREDIT QUALITY RATING
Mutual Funds – Equity	\$ 112,621,529	50%	None
Mutual Funds – Fixed Income	35,695,825	16%	None
Mutual Funds – Other*	76,957,278	34%	None
Total Investments	\$225,274,632	100%	

\*Mutual funds classified as “other” cannot be classified as strictly “equity” or “fixed income” securities.

**Concentration of Credit Risk** – As of September 30, 2025, no investments in any one issuer, other than U.S. Treasury Securities, LAIF and LGIP, represent 5% or more of the total ACWA JPIA portfolio.

**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 fair value of 110% of the JPIA's cash on deposit, or first trust deed mortgage notes with a fair 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 of these are shown above and none of these investments have an effective duration.

**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 the LAIF website: [treasurer.ca.gov](http://treasurer.ca.gov).

**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 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** – JPIA and CWIF investment securities are summarized in the following table by respective fair values as of September 30, 2025. JPIA reports credit quality ratings by Moody's, a nationally recognized rating agency.

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**Disclosures Relating to Credit Risk**

<u>Authorized Investment</u>	<u>Amount</u>	<u>Aaa/P-1</u>	<u>Aa (1-3)</u>	<u>A (1-3)</u>	<u>Not Rated</u>
Deposits with Financial Institutions	\$ 8,202,157				\$ 8,202,157
LGIP (Managed Pool Account) *	16,024,864				16,024,864
LAIF	187,505				187,505
Mutual Funds – Equity**	112,621,529				112,621,529
Mutual Funds – Fixed Income**	35,695,825				35,695,825
Mutual Funds – Other**	76,957,278				76,957,278
<b>Totals</b>	<b><u>\$ 249,689,158</u></b>				<b><u>\$249,689,158</u></b>

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 \$16,024,864 in California Asset Management Program (CAMP). This investment is not rated by Moody's but is, however, rated AAAM by Standard and Poor's.*

*\*\*California Water Insurance Fund (CWIF), a captive insurance company and blended component of ACWA JPIA. Investment fund managed by PFM Asset Management LLC, with custodian services provided by Bank of New York Mellon.*

**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.

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The following schedule classifies the JPIA's security assets at fair value based on hierarchy level as of September 30, 2025:

Investments by Fair Value Level		Fair Value Measurements Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Debt Securities:			
Mutual Funds – Equity	\$112,621,529	\$112,621,529	
Mutual Funds – Fixed Income	35,695,825	35,695,825	
Mutual Funds – Other	76,957,278	76,957,278	
<b>Totals</b>	<b>\$225,274,632</b>	<b>\$225,274,632</b>	<b>\$0</b>

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 and CAMP 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 ending September 30, 2025:

	<u>9/30/2024</u>	<u>Additions</u>	<u>Deductions</u>	<u>9/30/2025</u>
<b><u>NON-DEPRECIABLE ASSETS:</u></b>				
Land	\$ 590,545	\$ 0	\$ 0	\$ 590,545
*New Roseville Building	0	8,116,855	0	8,116,855
Total Non-Depreciable Assets:	590,545	8,116,855	0	8,707,400
<b><u>DEPRECIABLE ASSETS:</u></b>				
Building & Improvements	5,336,035	0	0	5,336,035
Furniture & Equipment	766,610	0	(550,737)	215,873
Software	497,983	0	(193,936)	304,047
Total Depreciable Assets	6,600,628	0	(744,673)	5,855,955
<b><u>LESS ACCUMULATED DEPRECIATION:</u></b>				
Building & Improvements	(2,455,471)	(177,266)	0	(2,632,737)
Furniture & Equipment	(756,032)	(7,077)	550,737	(212,372)
Software	(497,983)	0	193,936	(304,047)
Total Accumulated Depreciation	(3,709,486)	(184,343)	744,673	(3,149,156)
Capital Assets - Net	\$3,481,687	\$7,932,512	\$0	\$ 11,414,199

\*New Gibson Drive, Roseville building considered work in progress for JPIA expansion. Estimated completion 2026-2027 fiscal year.

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**(5) Retrospective Contribution Adjustments**

Retrospective contribution 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 members' 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 contribution adjustments (RCA) for all applicable policy years have been estimated based on losses and other costs, net of investment income, incurred through September 30, 2025. RCAs are subject to change as the ultimate cost of claims becomes known, investment income is realized, and JPIA's indirect costs are allocated to each policy year. RCA's do not apply to the Employee Benefits Programs.

The initial RCA is made at the end of the fourth full year of operations of each the JPIA programs. After that, RCAs represent annual cumulative adjustments to the original premiums (net of prior RCAs, if any) previously billed and held at the JPIA. Although accrued RCA payables and receivables to/from program members are calculated monthly, the accrual billing/refunding process takes place only once per year. RCAs 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 RCAs. The JPIA maintains a separate Rate Stabilization Fund for each member and future RCAs are to flow through the member's individual Rate Stabilization Fund. When the balance of a member's fund exceeds 70% 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, 2025, unpaid losses of \$108,516,289 are presented at the net present value of \$105,360,575. These losses are discounted at a rate of approximately 1% for Liability, 1.5% for Workers' Compensation, 0.5% for Property and 0% for Employee Benefits.

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

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<b>Discounted Unpaid Claims and Claim Adjustment</b>	<b>2025</b>	<b>2024</b>
<b>Expenses at Beginning of Fiscal Year</b>	<b>\$101,057,182</b>	<b>\$101,286,010</b>
Incurring Claims and Claim Adjustment Expenses:		
Provision for Insured Events of the Current Fiscal Year	129,976,543	129,831,548
Increase in Provision of Insured Events of Prior Fiscal Years	12,209,680	13,715,276
<b>Total Incurred Claims and Claim Adjustment Expenses</b>	<b>142,186,223</b>	<b>143,546,824</b>
<b>PAYMENTS:</b>		
Claims and Claim Adjustment Expenses Attributable to Insured Events of the Current Fiscal Year	95,008,875	95,183,228
Claims and Claim Adjustment Expenses Attributable to Insured Events of Prior Fiscal Years	42,873,955	48,592,424
<b>Total Payments</b>	<b>137,882,830</b>	<b>143,775,652</b>
<b>Discounted Unpaid Claims and Claim Adjustment Expenses at End of Fiscal Year</b>	<b>\$105,360,575</b>	<b>\$101,057,182</b>
<u>Components of Claims Liability:</u>		
Claims Reserves (Current)	\$25,056,121	\$24,872,998
Claims Reserves (Noncurrent)	22,039,525	22,101,178
Claims Incurred but Not Reported	54,720,918	50,692,792
Unallocated Loss Adjustment Liability	3,544,011	3,390,214
<b>Total Claims Liability</b>	<b>\$105,360,575</b>	<b>\$101,057,182</b>

**(7) Net Position Designations**

There are five 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, Cyber Liability Fund, and 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. CWIF reported an excess of earnings over expenses in the amount of \$6,916,349 for fiscal year 2024-25.

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Net position is designated in the following manner:

September 30, 2025:	
Rate Stabilization Fund (RSF)	\$ 5,131,072
Catastrophic (CAT)/Natural Disaster Fund	38,755,295
Employee Benefits Fund	45,833,171
Cyber Liability Fund	499,493
Captive's Retained Earnings (CWIF)*	33,103,010
Net Position	\$ 123,322,041

*\*Difference of retained earnings reported on this schedule varies by \$15,456,467 with the CWIF Annual Financial Report due to a portion of CWIF's retained earnings rolling into the RSF and/or the CAT fund.*

**(8) 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, 2025, 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](http://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 July 1 following notice of a change in the rate. The contributions are determined

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through 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, 2025 (the measurement date) was 11.49% and 8.18% of annual pay for Classic and PEPRAs employees, respectively. Employer contributions rates may change if plan contracts are amended. For the year ended September 30, 2025, the employer contributions to the plan were \$650,957, plus an additional \$142,238 in elective contributions billed from PERS using actuarial valuations calculating additional unfunded liability payments in this fiscal year.

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, 2025, for the year ended September 30, 2025. The total pension liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of June 30, 2024, rolled forward to June 30, 2025, using standard update procedures. As of September 30, 2025, ACWA JPIA's proportionate share of the Plan's net pension liability (NPL) was \$608,857.

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, 2024, and 2025 were as follows:

	<b>Plan</b>
Proportion - June 30, 2024	.045099%
Proportion - June 30, 2025	.015263%
Change	(.029836)%

For the year ended September 30, 2025, ACWA JPIA recognized a pension expense of 285,105. Reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 72,956	\$ 0
Changes of assumptions		
Net difference between projected and actual earnings on pension plan investments		82,385
Changes in proportions	1,016,482	
Changes in proportionate share of contributions		1,388,662
Contributions subsequent to the measurement date	153,747	
Total	\$ 1,243,185	\$ 1,471,047

As of September 30, 2025, the \$153,747 reported as deferred outflows of resources related to employer contributions

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subsequent to the measurement date will be recognized as an adjustment to the net pension liability in the year ending September 30, 2026. As of September 30, 2025, other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized as pension expense (benefit) as follows:

<b>Year Ended September 30</b>	
2026	\$ (149,211)
2027	(118,144)
2028	(82,806)
2029	(31,448)

**Actuarial Methods and Assumptions**

The collective TPL for the June 30, 2025, measurement period was determined by an actuarial valuation as of June 30, 2024, with update procedures used to roll forward the TPL to June 30, 2025. The collective TPL was based on the following assumptions:

Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Investment Rate of Return	<b>6.90%</b>
Inflation	<b>2.30%</b>
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table <sup>(1)</sup>	Derived using CalPERS' Membership data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

<sup>(1)</sup> *The mortality table used was developed based on CalPERS' specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.*

**Changes of Assumptions**

There were no assumption changes in 2025.

**Discount Rate**

The discount rate used to measure the total pension liability for PERF C was 6.90%. 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.

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to

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discount liabilities was informed by the long-term projected portfolio return.

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

<u>Asset Class <sup>(1)</sup></u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1 – 10<sup>(1,2)</sup></u>
Public Equity	37.00%	4.56%
Private Equity	17.00%	5.56%
Fixed Income	28.00%	2.53%
Real Assets	15.00%	3.03%
Private Debt	8.00%	4.93%
Leverage	(5.00%)	(1.40)%
Total	100.00%	

*(1) An expected inflation of 2.30% used for this period.*

*(2) Figures are based on the 2024 Asset Liability Management mid-cycle review.*

**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, 2025, measurement date, calculated using the discount rate of 6.90%, 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 (5.90%) or 1 percentage-point higher (7.90%) than the current rate:

	<u>Discount Rate – 1% (5.90%)</u>	<u>Current Discount Rate (6.90%)</u>	<u>Discount Rate + 1% (7.90%)</u>
ACWA JPIA’s Proportionate Share of Plan’s NPL (NPA)	\$ 6,643,401	\$ 608,857	\$ (4,357,509)

**(9) 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. 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

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with the terms of the participating employers' plans. 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 \$1,000 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.

<b>Age plus Years of Service</b>	<b>ACWA JPIA Percentage of Premium Payment</b>
65	55%
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, 2025, actuarial valuation, the following inactive and active employees were covered by the benefit terms under the OPEB Plan using a measurement date of June 30, 2025:

<b>Inactive employees receiving benefits</b>	0
<b>Retired members and beneficiaries</b>	27
<b>Participating active employees</b>	62
<b>Total</b>	89

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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.

As of the measurement date June 30, 2025, the actuarially determined contribution has been zero. Plan assets cover 120% of the Present Value of Future Benefits (PVFB). This means that if all assumptions are exactly realized, assets are sufficient to cover all future benefits for current employees and retirees. Contributions may again be recommended in future years if the funding status falls below 100% PVFB due to Plan changes, adverse experience, assumption changes or future hires.

In August of 2025, the trust reimbursed JPIA \$221,256 of pay as you go premiums paid out over PERS fiscal year 2024-25. Since this amount was received in August, it will be classified as a deferred inflow for JPIA in fiscal year 2024-25 and recognized as a reduction in OPEB expense in the following fiscal year 2025-26.

Net OPEB Asset

The JPIA's net OPEB asset was measured as of June 30, 2025, and was determined by an actuarial valuation based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry-Age, Level Percent of Pay
Actuarial Assumptions:	
Discount Rate	6.40%
Inflation	2.30%
Salary Increases <sup>(1)</sup>	2.80%
Investment Rate of Return <sup>(2)</sup>	6.40%
Mortality <sup>(3)</sup>	CalPERS' Membership Data
Health care cost trend rates	6.22 percent for 2026, 6.07 percent 2027, 5.84 percent 2028, 5.55 percent 2029, 5.25 percent 2030, 4.96 percent 2031, 4.66 percent 2032, 4.37 percent 2033, 4.16 percent 2034, 4.14 percent 2035 to 2075, and 3.94 percent from 2076 and beyond.

(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) Mortality rates were based on the most recent experience study for CalPERS members.  
**Pre-Retirement:** CalPERS Public Agency Miscellaneous and Schools Pre-Retirement Mortality, with fully generational mortality improvement using 80% of MP-2020 (2021 CalPERS Experience Study)  
**Post-Retirement:** CalPERS Public Agency Post-Retirement Mortality with fully generational mortality improvement using 80% of MP-2020 (2021 CalPERS Experience Study)

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Assumption Changes

The discount rate did not change during the measurement date June 30, 2025.

The following are assumption changes from June 30, 2024, to June 30, 2025:

1. Inflation was reduced from 2.50% to 2.30%
2. Trend updated to blend in SOA 2025 Getzen Model of Long-Run Medical Costs Trend
3. Salary growth was reduced to 2.80%

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.

JPIA has an irrevocable trust account for prefunding OPEB liabilities. Plan assets are expected to be sufficient. The discount rate used to measure the total OPEB liability is equal to the long-term expected rate of return.

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

<u>Investment Class</u>	<u>Target Allocation</u>	<u>Long-Term * Expected Real Rate of Return</u>
Global ex-U.S. Equity	49.00%	6.80%
U.S. Fixed Income	23.00%	3.70%
Real Estate	20.00%	6.00%
TIPS & Commodities	8.00%	2.80%
Total	<u>100.00%</u>	

\*JPMorgan arithmetic Long-Term Capital Market assumptions and expected inflation of 3.50%.

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Changes in the Net OPEB Asset

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

	<u>Increase (Decrease)</u>		
	Total OPEB Liability (TOL) (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a)-(b)
Balance as of September 30, 2024 (Measurement date June 30, 2024)	\$ 6,200,060	\$ 10,913,426	\$ (4,713,366)
Changes recognized for the measurement period:			
Service cost	256,992		256,992
Interest	405,052		405,052
Contributions—employer		13,092	(13,092)
Net investment income		1,337,736	(1,337,736)
Differences between expected and actual experience	857,426		857,426
Change of assumptions	462,718		462,718
Benefit payments	(260,257) <sup>a</sup>	(260,257) <sup>b</sup>	0
Administrative expense		(3,724)	3,724
Net changes	<u>1,721,931</u>	<u>1,086,847</u>	<u>635,084</u>
Balance as of September 30, 2025 (Measurement date June 30, 2025)	<u>\$ 7,921,991</u>	<u>\$ 12,000,273</u>	<u>\$ (4,078,282)</u>

a) Current year benefit payments

b) Sum of current year benefit payments and 23/24 benefit payment reimbursement

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:

	<u>Discount Rate -1% (5.40%)</u>	<u>Current Discount Rate (6.40%)</u>	<u>Discount Rate +1% (7.40%)</u>
Net OPEB Liability (Asset)	\$ (3,003,950)	\$ (4,078,282)	\$ (4,971,733)

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:

	<u>Trend Rate -1%</u>	<u>Health Care Trend Rate</u>	<u>Trend Rate +1%</u>
Net OPEB Liability (Asset)	\$ (5,085,529)	\$ (4,078,282)	\$ (2,841,406)

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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 an Annual Comprehensive 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 is 5 years.

OPEB Expense and Deferred Outflows/Inflows Related to OPEB

For the year ending September 30, 2025, the JPIA recognized an OPEB credit of \$528,157, and reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>		<b>Deferred Inflows of Resources</b>
OPEB contributions after the measurement date*	\$ 46,962	\$	0
Changes in assumptions	801,886		781,334
Distributions from the OPEB trust subsequent to the measurement date**			221,256
Differences between expected and actual experience	773,914		1,289,421
Net difference between projected and actual earnings on OPEB plan investments			249,497
Total	\$ 1,622,762	\$	2,541,508

\*The \$46,962 reported as deferred outflows of resources related to contributions after the June 30, 2025, measurement date will be recognized as an increase in the net OPEB asset during the fiscal year ending June 30, 2026.

\*\*Reimbursed funds from the trust to pay JPIA for pay as you go premiums paid over PERS fiscal year 2024-25, recognized as deferred inflow due to the timing of the receipt of funds in August 2025. This amount will be recognized as a reduction in the net OPEB asset during the fiscal year ending June 30, 2026.

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

<b>Fiscal Year Ended September 30</b>	<b>Recognized Deferred Outflows/(Inflows) of Resources</b>
2026	\$(98,319)
2027	(516,566)
2028	(429,402)
2029	(94,861)
2030	239,386
Thereafter	155,310
Total Deferred Resources:	\$(744,452)

**(10) 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 Financial 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 JPIA's property and are not subject to its control, they have been excluded from these financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

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Notes to Required Supplementary Information  
For The Year Ended September 30, 2025

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

These schedules represent the changes in claims liabilities in the past year for the Liability, and Workers' Compensation Programs.

**(2) Claims Development Information**

The table illustrates how earned revenue (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses as of the end of each of the past ten years.

The rows of the table are defined as follows:

1. This line shows the total of each fiscal year's gross earned contribution revenue and investment revenue, contribution revenue ceded to reinsurers, and net earned contribution revenue and reported investment revenue.
2. This line shows each fiscal year's other operating costs including overhead and claims expense not allocable to individual claims.
3. This line shows the gross incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred.
4. This section of ten rows shows the cumulative net amounts paid as of the net of successive years for each policy year.
5. This line shows the latest re-estimated number 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.

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RECONCILIATION OF CLAIMS LIABILITIES BY TYPE OF CONTRACT

SEPTEMBER 30, 2025

	Liability Program	Property Program	Workers' Compensation Program	Employee Benefits Program	Total
Unpaid Claims and Claim Adjustment at Beginning of the Fiscal Year	\$ 50,575,745	\$ 12,635,828	\$ 27,982,619	\$ 9,862,990	\$ 101,057,182
Incurred Claims and Allocated Claim Adjustment Expense:					
Provisions for Insured Events of the Current Fiscal Year	25,839,711	5,542,275	7,102,042	91,492,515	129,976,543
Increase (Decrease) in Provision for Incurred Events of Prior Fiscal Years	(6,243,333)	(1,689,295)	1,913,474	18,228,834	12,209,680
Total Incurred Claims and Allocated Claim Adjustment Expenses	19,596,378	3,852,980	9,015,516	109,721,349	142,186,223
Payments					
Claims and Allocated Claim Adjustment Expenses Attributable to Insured Events of the Current Fiscal Year	3,174,380	1,134,342	1,686,579	89,013,574	95,008,875
Claims and Allocated Claim Adjustment Expenses Attributable to Insured Events of Prior Fiscal Years	13,502,460	3,485,044	4,817,576	21,068,875	42,873,955
Total Payments	16,676,840	4,619,386	6,504,155	110,082,449	137,882,830
Discounted Unpaid Claims and Allocated Claim Adjustment Expense at the End of the Fiscal Year	<u>\$ 53,495,283</u>	<u>\$ 11,869,422</u>	<u>\$ 30,493,980</u>	<u>\$ 9,501,890</u>	<u>\$ 105,360,575</u>
Components:					
Claims Reserves (Current)	\$ 14,295,266	\$ 4,302,895	\$ 6,457,960	\$ 0	\$ 25,056,121
Claims Reserves (Noncurrent)	14,782,483	0	7,257,042	0	22,039,525
Claims Incurred But Not Reported	23,524,983	6,941,814	14,752,231	9,501,890	54,720,918
Unallocated Loss Adjustment Liability	892,551	624,713	2,026,747	0	3,544,011
Total Claims Liability	<u>\$ 53,495,283</u>	<u>\$ 11,869,422</u>	<u>\$ 30,493,980</u>	<u>\$ 9,501,890</u>	<u>\$ 105,360,575</u>

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TEN YEAR CLAIMS DEVELOPMENT INFORMATION  
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LIABILITY PROGRAM

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
1. Required contribution and investment revenue:										
Earned	\$ 15,832,560	\$ 16,851,722	\$ 19,173,020	\$ 19,721,861	\$ 21,873,662	\$ 23,513,983	\$ 23,154,024	\$ 28,295,369	\$ 33,915,748	\$ 39,996,879
Ceded	3,875,750	2,758,676	3,014,553	3,196,277	5,504,597	5,693,446	7,337,241	7,948,641	9,149,052	10,046,222
Net earned	11,956,810	14,093,046	16,158,467	16,525,584	16,369,065	17,820,537	15,816,783	20,346,728	24,766,696	29,950,657
2. Unallocated expenses	2,225,344	2,926,018	3,939,111	3,880,737	4,713,774	2,215,707	2,542,867	2,638,770	2,446,624	1,232,341
3. Estimated claims and expenses end of policy year:										
Incurred	15,010,541	12,623,498	12,521,301	14,101,240	14,992,990	15,852,797	19,045,029	23,470,446	25,771,836	28,066,726
Ceded	3,489,316	949,000	860,000	1,025,000	1,155,000	1,222,000	1,810,000	2,868,000	2,366,000	2,625,000
Net incurred	11,521,225	11,674,498	11,661,301	13,076,240	13,837,990	14,630,797	17,235,029	20,602,446	23,405,836	25,441,726
4. Net paid (cumulative) as of :										
End of policy year	2,313,638	1,702,912	1,827,061	1,622,001	2,812,515	2,909,828	2,684,900	3,102,299	3,375,022	3,174,380
One year later	5,197,925	3,375,115	3,176,237	9,430,733	6,238,788	6,932,966	6,565,613	6,221,445	8,064,953	
Two years later	9,257,380	6,537,956	5,560,989	10,866,250	7,358,677	11,052,357	10,319,425	10,682,102		
Three years later	9,148,742	6,713,185	6,826,024	11,371,388	11,215,421	11,016,892	11,815,425			
Four years later	9,158,435	6,844,171	7,396,393	12,595,360	24,378,776	11,255,860				
Five years later	9,156,252	7,179,702	7,824,146	13,510,331	24,558,359					
Six years later	9,156,252	10,825,781	7,935,991	15,788,099						
Seven years later	9,156,252	10,828,188	7,954,413							
Eight years later	9,156,252	10,826,981								
Nine years later	9,156,252									
5. Reestimated claims and expenses:	3,000	0	55,000	9,665,000	6,339,000	221,000	399,000	889,000	1,805,000	2,625,000
6. Reestimated net incurred claims and expenses:										
End of policy year	11,521,225	11,674,498	11,661,301	13,076,240	13,837,990	14,630,797	17,235,029	20,602,446	23,405,836	25,441,726
One year later	10,817,319	10,717,162	10,791,082	15,836,297	13,526,276	13,992,690	17,446,683	18,611,322	23,364,231	
Two years later	10,800,508	9,064,480	10,205,529	17,077,914	16,359,364	13,318,819	15,682,331	17,705,794		
Three years later	9,960,435	7,428,404	10,999,841	17,849,788	28,251,878	13,873,596	14,857,671			
Four years later	9,353,029	7,366,721	10,879,814	20,086,765	26,093,651	13,363,402				
Five years later	9,156,253	10,850,607	11,354,126	18,956,169	24,919,718					
Six years later	9,156,253	10,858,535	8,452,664	17,769,862						
Seven years later	9,220,224	10,828,225	8,266,213							
Eight years later	9,224,451	10,828,178								
Nine years later	9,218,938									
7. Increase (decrease) in estimated incurred claims and expense from end of policy year:	\$ (2,302,287)	\$ (846,320)	\$ (3,395,088)	\$ 4,693,622	\$ 11,081,728	\$ (1,267,395)	\$ (2,377,358)	\$ (2,896,652)	\$ (41,605)	\$ 0

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TEN YEAR CLAIMS DEVELOPMENT INFORMATION  
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PROPERTY PROGRAM

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
1. Required contribution and investment revenue:										
Earned	\$ 5,063,088	\$ 5,290,455	\$ 5,735,370	\$ 5,964,381	\$ 6,958,596	\$ 8,480,621	\$ 10,634,242	\$ 14,055,112	\$ 17,612,143	\$ 22,840,579
Ceded	1,527,000	1,523,521	1,657,369	3,042,615	4,831,663	6,464,344	8,109,461	7,103,652	8,716,812	9,651,482
Net earned	3,536,088	3,766,934	4,078,001	2,921,766	2,126,933	2,016,277	2,524,781	6,951,460	8,895,331	13,189,097
2. Unallocated expenses	1,669,072	1,978,078	1,275,499	1,710,461	2,243,285	1,100,033	919,762	3,114,556	1,179,928	1,202,523
3. Estimated claims and expenses end of policy year:										
Incurred	1,403,306	5,960,208	4,625,770	13,273,427	2,196,813	4,460,497	36,527,468	12,727,112	7,297,615	6,617,644
Ceded	531,733	4,226,383	3,316,000	10,419,000	455,000	1,326,000	34,019,000	425,000	421,000	381,000
Net incurred	871,573	1,733,825	1,309,770	2,854,427	1,741,813	3,134,497	2,508,468	12,302,112	6,876,615	6,236,644
4. Net paid (cumulative) as of :										
End of policy year	847,420	1,275,484	1,089,031	2,110,318	735,138	1,902,445	1,535,697	2,001,041	2,620,957	1,190,778
One year later	848,772	1,211,080	1,146,171	2,202,967	1,203,955	2,685,157	2,648,685	7,520,909	3,395,737	
Two years later	849,197	1,183,299	1,165,339	2,427,451	1,576,645	2,779,604	2,621,307	10,014,894		
Three years later	869,804	1,139,451	1,079,440	2,388,914	1,675,095	2,879,745	2,728,166			
Four years later	869,804	1,141,746	1,078,912	2,378,823	1,995,607	2,745,122				
Five years later	869,804	1,141,746	1,054,236	2,369,299	1,989,027					
Six years later	869,804	1,124,746	1,054,027	2,360,399						
Seven years later	869,264	1,112,746	1,046,323							
Eight years later	865,408	1,102,746								
Nine years later	865,408									
5. Reestimated claims and expenses:	398,104	4,771,209	2,529,516	26,329,096	1,406,443	1,618,000	33,170,000	705,000	177,000	381,000
6. Reestimated net incurred claims and expenses:										
End of policy year	871,573	1,733,825	1,309,770	2,854,427	1,741,813	3,134,497	2,508,468	12,302,112	6,876,615	6,236,644
One year later	870,772	1,512,876	1,148,440	2,582,914	2,318,206	3,331,348	2,826,590	13,280,171	4,074,956	
Two years later	871,272	1,259,393	1,167,503	2,459,948	2,439,874	2,782,378	2,711,449	13,724,931		
Three years later	871,272	1,253,000	1,079,441	2,397,909	1,675,769	2,879,930	2,737,591			
Four years later	871,272	1,153,356	1,078,913	2,386,750	1,996,281	2,745,122				
Five years later	871,272	1,153,356	1,054,236	2,377,225	1,989,701					
Six years later	871,272	1,142,726	1,054,027	2,368,326						
Seven years later	870,732	1,131,726	1,053,631							
Eight years later	866,876	1,119,726								
Nine years later	866,876									
7. Increase (decrease) in estimated incurred claims and expense from end of policy year:	\$ (4,697)	\$ (614,099)	\$ (256,139)	\$ (486,101)	\$ 247,888	\$ (389,375)	\$ 229,123	\$ 1,422,819	\$ (2,801,659)	\$ 0

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

TEN YEAR CLAIMS DEVELOPMENT INFORMATION  
AS OF SEPTEMBER 30, 2025

WORKERS' COMPENSATION

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
1. Required contribution and investment revenue:										
Earned	\$ 12,656,026	\$ 13,109,272	\$ 13,327,145	\$ 14,095,759	\$ 15,604,696	\$ 14,922,956	\$ 14,931,747	\$ 16,361,975	\$ 18,025,786	\$ 18,605,707
Ceded	506,645	556,796	499,119	507,276	534,177	549,670	606,774	623,972	750,361	820,470
Net earned	12,149,381	12,552,476	12,828,026	13,588,483	15,070,519	14,373,286	14,324,973	15,738,003	17,275,425	17,785,237
2. Unallocated expenses:	2,366,134	2,994,409	3,012,753	3,033,544	3,564,705	3,644,488	3,503,390	3,248,173	2,667,013	1,700,733
3. Estimated claims and expenses end of policy year:										
Incurred	5,698,539	7,202,203	6,645,736	6,903,658	7,513,616	6,810,448	5,521,091	6,231,494	7,650,224	8,228,660
Ceded	0	0	0	0	0	0	0	0	0	0
Net incurred	5,698,539	7,202,203	6,645,736	6,903,658	7,513,616	6,810,448	5,521,091	6,231,494	7,650,224	8,228,660
4. Net paid (cumulative) as of :										
End of policy year	1,151,894	1,611,621	1,365,070	1,379,721	1,908,694	1,741,263	1,336,009	1,412,292	1,819,565	2,291,722
One year later	1,666,309	2,345,827	2,248,484	2,343,026	3,104,064	2,767,921	2,579,668	2,736,597	3,122,176	
Two years later	2,086,129	2,657,368	2,579,285	3,008,537	4,258,175	3,918,710	3,224,525	3,376,621		
Three years later	2,274,301	2,995,480	2,828,582	3,324,110	4,715,610	5,463,754	3,656,016			
Four years later	2,561,481	3,149,659	3,397,262	3,442,873	4,981,861	6,284,855				
Five years later	2,635,281	3,261,608	3,705,088	3,637,213	5,477,011					
Six years later	2,684,846	3,324,793	3,846,580	3,684,059						
Seven years later	2,704,005	3,369,418	3,895,675							
Eight years later	2,740,572	3,391,103								
Nine years later	2,750,605									
5. Reestimated claims and expenses:	0	0	0	0	0	0	0	0	0	0
6. Reestimated net incurred claims and expenses:										
End of policy year	5,698,539	7,202,203	6,645,736	6,903,658	7,513,616	6,810,448	5,521,091	6,231,494	7,650,224	8,228,660
One year later	4,581,505	5,965,054	5,901,694	6,046,702	6,668,007	6,276,953	5,513,901	6,831,762	7,358,604	
Two years later	3,800,513	5,069,443	5,082,436	5,131,153	6,675,886	6,852,465	5,704,479	6,445,843		
Three years later	3,555,630	4,594,823	4,543,984	4,438,211	7,079,100	7,654,602	6,143,937			
Four years later	3,362,048	4,350,572	4,339,326	4,450,160	7,273,779	8,435,711				
Five years later	3,220,651	4,084,561	4,414,937	4,733,262	7,583,841					
Six years later	2,998,026	3,998,881	4,511,568	4,480,405						
Seven years later	3,038,512	4,266,622	4,249,433							
Eight years later	2,855,639	4,070,193								
Nine years later	2,854,021									
7. Increase (decrease) in estimated incurred claims and expense from end of policy year:	\$ (2,844,518)	\$ (3,132,010)	\$ (2,396,303)	\$ (2,423,253)	\$ 70,225	\$ 1,625,263	\$ 622,846	\$ 214,349	\$ (291,620)	\$ 0

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

TEN YEAR CLAIMS DEVELOPMENT INFORMATION  
AS OF SEPTEMBER 30, 2025\*

EMPLOYEE BENEFITS

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
1. Required contribution and investment revenue:										
Earned	\$ 122,291,203	\$ 128,130,500	\$ 140,433,366	\$ 146,479,743	\$ 148,127,454	\$ 152,480,559	\$ 157,960,331	\$ 149,282,369	\$ 149,846,574	\$ 169,221,386
Ceded	1,276,428	1,538,801	1,636,443	2,107,541	2,847,451	3,042,473	2,135,657	2,086,039	0	0
Net earned	121,014,775	126,591,699	138,796,923	144,372,202	145,280,003	149,438,086	155,824,674	147,196,330	149,846,574	169,221,386
2. Unallocated expenses:	3,681,387	2,994,455	2,817,544	2,443,630	2,677,795	2,636,603	2,549,898	2,463,542	2,955,031	2,860,502
3. Estimated claims and expenses end of policy year:										
Incurred	81,097,989	86,200,856	82,300,575	77,042,190	74,922,732	69,713,938	79,489,644	81,814,475	82,608,248	111,326,835
Ceded	1,908,777	4,646,895	1,220,439	2,580,695	1,199,949	1,139,603	2,394,846	724,691	0	0
Net incurred	79,189,212	81,553,961	81,080,136	74,461,495	73,722,783	68,574,335	77,094,798	81,089,784	82,608,248	111,326,835
4. Net paid (cumulative) as of :										
End of policy year	79,189,212	81,553,961	81,080,136	74,461,495	73,722,783	68,574,335	77,094,798	81,089,784	82,608,248	111,326,835
One year later	79,155,502	81,292,341	80,826,492	73,801,326	71,802,955	67,435,994	76,521,368	81,078,400	82,608,248	
Two years later	78,652,326	81,295,992	80,840,759	73,346,741	71,802,750	67,436,016	76,520,799	81,078,400		
Three years later	78,661,126	81,297,624	80,840,661	73,346,741	71,802,750	67,436,016	76,520,799			
Four years later	78,661,126	81,297,624	80,840,661	73,346,741	71,803,152	67,436,016				
Five years later	78,661,126	81,297,624	80,840,661	73,346,741	71,803,152					
Six years later	78,661,126	81,297,624	80,841,532	73,346,741						
Seven years later	78,661,126	81,297,624	80,841,532							
Eight years later	78,661,126	81,297,624								
Nine years later	78,661,126									
5. Reestimated claims and expenses:	1,908,777	4,646,895	1,220,439	2,580,695	1,199,949	1,139,603	2,394,846	724,691	0	0
6. Reestimated net incurred claims and expenses:										
End of policy year	79,189,212	81,553,961	81,080,136	74,461,495	73,722,783	68,574,335	77,094,798	81,089,784	82,608,248	111,326,835
One year later	79,155,502	81,292,341	80,826,492	73,801,326	71,802,955	67,435,994	76,521,368	81,078,400	82,608,248	
Two years later	78,652,326	81,295,992	80,840,759	73,346,741	71,802,750	67,436,016	76,520,799	81,078,400		
Three years later	78,661,126	81,297,624	80,840,661	73,346,741	71,802,750	67,436,016	76,520,799			
Four years later	78,661,126	81,297,624	80,840,661	73,346,741	71,803,152	67,436,016				
Five years later	78,661,126	81,297,624	80,840,661	73,346,741	71,803,152					
Six years later	78,661,126	81,297,624	80,841,532	73,346,741						
Seven years later	78,661,126	81,297,624	80,841,532							
Eight years later	78,661,126	81,297,624								
Nine years later	78,661,126									
7. Increase (decrease) in estimated incurred claims and expense from end of policy year:	\$ (528,086)	\$ (256,337)	\$ (238,604)	\$ (1,114,754)	\$ (1,919,631)	\$ (1,138,319)	\$ (573,999)	\$ (11,384)	\$ 0	\$ 0

\* Policy year data is through December 31 of the previous calendar year

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

SCHEDULE OF OPEB CONTRIBUTIONS  
AS OF SEPTEMBER 30,  
LAST 10 YEARS\*

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>**2024</u>	<u>2025</u>
Actuarial determined contribution	\$ 221,901	\$ 232,094	\$ 278,058	\$ 291,961	\$ 0	\$ 0	\$ 0	\$ 0
Contributions in relation to the actuarially determined contribution	(221,901)	(232,094)	(278,058)	(201,239)	0	0	0	0
Active implicit rate subsidy transferred to OPEB	0	0	0	0	(204,153)	(30,280)	(35,587)	(13,092)
Contribution deficiency (excess)	<u>0</u>	<u>0</u>	<u>0</u>	<u>90,722</u>	<u>(204,153)</u>	<u>(30,280)</u>	<u>(35,587)</u>	<u>(13,092)</u>
Covered payroll	4,524,319	4,837,414	5,158,992	5,354,008	5,594,705	6,365,520	6,616,656	6,878,248
Contributions as a percentage of covered payroll	4.90%	4.80%	5.39%	3.76%	3.65%	0.48%	0.54%	0.19%

**Notes to Schedule:**

Actuarial methods and assumptions used to set the actuarially determined contributions for all plan years were from June 30 actuarial valuations.

**Methods and assumptions used to determine contributions:**

Employers who set a discount rate based on the assumption that assets will cover all future benefit payments under the plan are assumed to make annual contributions equal to the ADC. Annual contributions that are substantially less than the ADC require additional justification for using a discount rate equal to the long-term expected return on trust assets.

Covered-Employee Payroll, as defined by GASB 75, is the total payroll of employees eligible for benefits under the OPEB plan.

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

\*\* Fiscal year 2024 was originally reported with a covered payroll of \$5,050,817 in error.

**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	2021	2022	2023	2024	2025
<b>TOTAL OPEB LIABILITY</b>								
Service cost	\$ 269,165	\$ 282,624	\$ 259,189	\$ 272,149	\$ 242,007	\$ 254,108	\$ 203,570	\$ 256,992
Interest	476,950	518,285	510,671	551,507	543,802	582,243	387,774	405,052
Differences between expected and actual experience	(11)	(178,909)	(31,073)	150,000	(67,937)	(2,308,540)	0	857,426
Changes of assumptions	0	(516,365)	0	(846,669)	0	(944,478)	588,199	462,718
Benefit payments	(190,988)	(192,597)	(180,755)	(201,239)	(204,153)	(199,661)	(204,968)	(260,257)
<b>NET CHANGE IN TOTAL OPEB LIABILITY</b>	555,116	(86,962)	558,032	(74,252)	513,719	(2,616,328)	974,575	1,721,931
<b>TOTAL OPEB LIABILITY, Beginning</b>	6,376,160	6,931,276	6,844,314	7,402,346	7,328,094	7,841,813	5,225,485	6,200,060
<b>TOTAL OPEB LIABILITY, Ending (a)</b>	6,931,276	6,844,314	7,402,346	7,328,094	7,841,813	5,225,485	6,200,060	7,921,991
<b>PLAN FIDUCIARY NET POSITION</b>								
Contributions—employer	319,185	232,094	278,058	201,239	204,153	30,280	35,587	13,092
Net investment income (loss)	483,241	488,951	297,577	2,421,291	(1,502,948)	613,677	1,101,771	1,337,736
Benefit payments	(190,988)	(192,597)	(180,755)	(201,239)	(204,153)	(374,550)	(204,968)	(260,257)
Administrative expense	(3,795)	(3,890)	(4,190)	(3,335)	(5,459)	(4,770)	(8,803)	(3,724)
<b>NET CHANGE IN PLAN FIDUCIARY NET POSITION</b>	607,643	524,558	390,690	2,417,956	(1,508,407)	264,637	923,587	1,086,847
<b>PLAN FIDUCIARY NET POSITION, Beginning</b>	7,292,762	7,900,405	8,424,963	8,815,653	11,233,609	9,725,202	9,989,839	10,913,426
<b>PLAN FIDUCIARY NET POSITION, Ending (b)</b>	7,900,405	8,424,963	8,815,653	11,233,609	9,725,202	9,989,839	10,913,426	12,000,273
<b>NET OPEB LIABILITY (ASSET), Ending (a) - (b)</b>	\$ (969,129)	\$ (1,580,649)	\$ (1,413,307)	\$ (3,905,515)	\$ (1,883,389)	\$ (4,764,354)	\$ (4,713,366)	\$ (4,078,282)
Plan fiduciary net position as a percentage of the total OPEB liability	113.98%	123.09%	119.09%	153.30%	124.02%	191.18%	176.02%	151.48%
Covered payroll	\$ 4,470,013	\$ 5,092,412	\$ 5,063,961	\$ 5,346,015	\$ 5,496,891	\$ 6,365,520	\$ 5,050,817	\$ 6,878,248
Net OPEB asset as a percentage of covered payroll	-21.68%	-31.04%	-27.91%	-73.05%	-34.26%	-74.85%	-93.32%	-59.29%

**Notes to Schedule:**

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

**Assumption Changes:**

1. Inflation was reduced from 2.5% to 2.3%
2. Trend updated to blend in SOA 2025 Getzen Model of Long-Run Medical Costs Trend
3. Salary growth was reduced to 2.8%

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

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

SCHEDULE OF THE PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
As Of September 30, 2025  
Last 10 Years

	<u>6/30/2016</u>	<u>6/30/2017</u>	<u>6/30/2018</u>	<u>6/30/2019</u>	<u>6/30/2020</u>	<u>6/30/2021</u>	<u>6/30/2022</u>	<u>6/30/2023</u>	<u>6/30/2024</u>	<u>6/30/2025</u>
The JPIA's Proportion of the Net Pension Liability (Asset)	0.038815%	0.013959%	(0.023017%)	(0.008359%)	(0.003275%)	(0.25097%)	0.030884%	0.045555%	0.045099%	0.015263%
The JPIA's Proportionate Share of the Net Pension Liability (Asset)	\$1,348,385	\$550,282	(\$867,450)	(\$334,731)	(\$138,133)	(\$4,765,400)	\$1,445,119	\$2,277,917	\$2,181,258	\$608,857
The JPIA's Covered Payroll	\$4,240,054	\$4,411,665	\$4,470,013	\$4,759,677	\$5,063,961	\$5,549,223	\$5,496,891	\$5,961,012	\$6,557,369	\$6,878,248
The JPIA's Proportionate Share of the Net Pension Liability/Asset as a Percentage of its Covered Payroll	31.80%	12.47%	(19.41%)	(7.03%)	(2.73%)	(85.88%)	26.29%	38.21%	33.26%	8.85%
The JPIA's Proportionate Share of the Fiduciary Net Position as a Percentage of the JPIA's Total Pension Liability	78.40%	73.31%	75.26%	75.26%	75.10%	88.29%	76.68%	76.21%	78.08%	82.43%

**Notes to Schedule:**

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

**Changes in assumptions** - There were no assumption changes in 2023 through 2025. Effective with the June 30, 2021, valuation date (June 30, 2022, measurement date), the account discount rate was reduced from 7.15% to 6.9%. In determining the long-term expected rate of return, CalPERS took into account the long-term market return expectations as well as the expected pension fund cash flows. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The account discount rate was 7.15% for measurement dates June 30, 2017, through June 30, 2021, and 7.65% for measurement date June 30, 2016.

**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, 2025  
Last 10 Years

SCHEDULE OF CONTRIBUTIONS TO THE DEFINED BENEFIT PENSION PLAN

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Actuarially determined contribution (actuarially determined)	\$ 352,666	\$ 349,738	\$ 361,115	\$ 401,175	\$ 437,050	\$ 478,790	\$ 498,192	\$ 556,198	\$ 615,173	\$ 650,957
Contributions in relation to the actuarially determined contributions	<u>352,666</u>	<u>1,698,126</u>	<u>1,431,686</u>	<u>410,030</u>	<u>850,357</u>	<u>482,809</u>	<u>557,530</u>	<u>556,198</u>	<u>642,818</u>	<u>793,196</u>
Contribution deficiency (excess)	<u>0</u>	<u>(1,348,388)</u>	<u>(1,070,571)</u>	<u>(8,855)</u>	<u>(413,307)</u>	<u>(4,019)</u>	<u>(59,338)</u>	<u>0</u>	<u>(27,645)</u>	<u>(142,239)</u>
Covered payroll	\$4,519,745	\$4,428,325	\$4,524,319	\$4,837,414	\$5,158,992	\$5,354,008	\$5,594,705	\$6,189,694	\$6,616,656	\$6,975,295
Contributions as a percentage of covered payroll	7.80%	38.35%	31.64%	8.48%	16.48%	9.02%	9.97%	8.99%	9.72%	11.37%

**SUPPLEMENTARY INFORMATION**

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

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION BY PROGRAM  
YEAR ENDED SEPTEMBER 30, 2025

	LIABILITY	DAM FAILURE	PROPERTY	PASS - THROUGHS	WORKERS' COMP	STORAGE TANKS	EMPLOYEE BENEFITS	CYBER LIABILITY	RSF ADJUSTMENTS	CWIF	INTER-FUND ELIMINATIONS	TOTALS
<b>OPERATING REVENUES</b>												
Member contributions	\$ 37,408,552	\$ 744,100	\$ 22,395,872	\$ 1,183,253	\$ 16,472,246	\$ 53,077	\$ 177,946,618	\$ 1,335,671	\$ 0	\$ 38,783,416	\$ (38,783,416)	\$ 257,539,389
Retrospective contribution adjustments	(9,686,937)	0	(8,143,014)	0	(8,706,507)	(19,966)	0	0	(2,681,341)	0	0	(29,237,765)
<b>TOTAL OPERATING REVENUES</b>	<b>27,721,615</b>	<b>744,100</b>	<b>14,252,858</b>	<b>1,183,253</b>	<b>7,765,739</b>	<b>33,111</b>	<b>177,946,618</b>	<b>1,335,671</b>	<b>(2,681,341)</b>	<b>38,783,416</b>	<b>(38,783,416)</b>	<b>228,301,624</b>
<b>OPERATING EXPENSES</b>												
Claims expense:												
Claims paid	16,676,840	0	4,619,388	0	6,504,155	0	110,082,449	0	0	19,468,624	(19,468,624)	137,882,832
Change in claims reserves	2,376,060	0	(2,479,597)	0	225,012	0	0	0	0	8,158,247	(8,158,247)	121,475
Change in claims incurred but not reported	495,455	0	1,744,631	0	2,149,133	0	(361,100)	0	0	4,842,286	(4,842,286)	4,028,119
Change in unallocated loss adjustment expense	48,023	0	(31,442)	0	137,216	0	0	0	0	0	0	153,797
Total claims expense	19,596,378	0	3,852,980	0	9,015,516	0	109,721,349	0	0	32,469,157	(32,469,157)	142,186,223
Excess insurance	10,046,222	674,100	9,582,306	1,322,062	836,627	29,496	60,000	1,090,771	0	0	(2,865,942)	20,775,642
Benefit premiums	0	0	0	0	0	0	81,083,793	0	0	0	0	81,083,793
Pension expense	85,531	0	39,915	0	102,638	0	57,021	0	0	0	0	285,105
General, Administrative & Depreciation	3,799,270	70,000	1,900,566	(138,809)	4,771,242	2,400	2,996,179	0	0	21,686,003	(21,686,003)	13,400,848
<b>TOTAL OPERATING EXPENSES</b>	<b>33,527,401</b>	<b>744,100</b>	<b>15,375,767</b>	<b>1,183,253</b>	<b>14,726,023</b>	<b>31,896</b>	<b>193,918,342</b>	<b>1,090,771</b>	<b>0</b>	<b>54,155,160</b>	<b>(57,021,102)</b>	<b>257,731,611</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(5,805,786)</b>	<b>0</b>	<b>(1,122,909)</b>	<b>0</b>	<b>(6,960,284)</b>	<b>1,215</b>	<b>(15,971,724)</b>	<b>244,900</b>	<b>(2,681,341)</b>	<b>(15,371,744)</b>	<b>18,237,686</b>	<b>(29,429,987)</b>
<b>NONOPERATING REVENUES</b>												
Investment income	5,805,786	0	2,122,909	0	6,960,284	4,094	6,391,137	0	0	30,437,049	(20,000,000)	31,721,259
Net decrease in investment fair value	0	0	0	0	0	0	0	0	0	(8,148,956)	0	(8,148,956)
<b>TOTAL NONOPERATING REVENUES</b>	<b>5,805,786</b>	<b>0</b>	<b>2,122,909</b>	<b>0</b>	<b>6,960,284</b>	<b>4,094</b>	<b>6,391,137</b>	<b>0</b>	<b>0</b>	<b>22,288,093</b>	<b>(20,000,000)</b>	<b>23,572,303</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,000,000</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 5,309</b>	<b>\$ (9,580,587)</b>	<b>\$ 244,900</b>	<b>\$ (2,681,341)</b>	<b>\$ 6,916,349</b>	<b>\$ (1,762,314)</b>	<b>\$ (5,857,684)</b>

## CALIFORNIA WATER INSURANCE FUND

### SCHEDULE OF NET POSITION SEPTEMBER 30, 2025

	2025	Comparative Totals 2024
<b>ASSETS:</b>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,658,883	\$ 1,236,297
Premiums receivable	9,756,800	14,922,525
TOTAL CURRENT ASSETS	11,415,683	16,158,822
NONCURRENT ASSETS		
Investments	225,274,632	196,228,421
<b>TOTAL ASSETS</b>	236,690,315	212,387,243
<b>LIABILITIES:</b>		
CURRENT LIABILITIES		
Claim reimbursements payable	11,598,316	9,787,929
Dividends payable	1,686,003	0
Unearned premiums	7,317,600	6,427,800
Claims reserves	18,741,451	14,812,065
TOTAL CURRENT LIABILITIES	39,343,370	31,027,794
NONCURRENT LIABILITIES		
Claims reserves	17,354,711	13,125,850
Claims incurred but not reported	35,894,312	31,052,026
TOTAL NONCURRENT LIABILITIES	53,249,023	44,177,876
<b>TOTAL LIABILITIES</b>	92,592,393	75,205,670
<b>NET POSITION:</b>		
Capital stock	250,000	250,000
Paid-in capital	95,288,445	95,288,445
Unrestricted	48,559,477	41,643,128
<b>TOTAL NET POSITION</b>	\$ 144,097,922	\$ 137,181,573

See accompanying notes to financial statements.

**CALIFORNIA WATER INSURANCE FUND**

SCHEDULE OF CASH FLOWS  
YEAR ENDED SEPTEMBER 30, 2025

	<u>2025</u>	<u>Comparative Totals 2024</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received for premiums	\$ 44,838,941	\$ 35,734,100
Dividends paid back to JPIA	(20,000,000)	(9,271,065)
Payments for claims	(19,468,624)	(29,711,513)
Other claims-related receipts	1,810,387	0
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>7,180,704</u>	<u>(3,248,478)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of securities	(200,543,667)	(24,942,365)
Proceeds from sales of investments	163,348,500	24,038,234
Investment earnings	30,818,192	4,812,405
Investment expenses	(381,143)	(279,570)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(6,758,118)</u>	<u>3,628,704</u>
Increase in cash and cash equivalents	422,586	380,226
Cash and cash equivalents, beginning	1,236,297	856,071
<b>Cash and cash equivalents, end of year</b>	<u>\$ 1,658,883</u>	<u>\$ 1,236,297</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating loss	\$ (15,371,744)	\$ (5,064,872)
Adjustments to net cash provided (used) by operating activities:		
Change in member premiums receivable	5,165,725	150,425
Change in claims reimbursements payable	1,810,387	(9,020,276)
Change in dividends payable	1,686,003	(678,677)
Change in unearned member premiums	889,800	75,675
Change in claims liabilities	13,000,533	11,289,247
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 7,180,704</u>	<u>\$ (3,248,478)</u>
<b>NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Change in unrealized fair value of investments	\$ (8,148,956)	\$ 32,933,309

**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.

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Statements of Revenues, Expenses and Changes in Net Position.....	76
Revenues by Program.....	77
Expenses by Program.....	78
Schedule of Rate Stabilization Fund Activity.....	79

## 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.

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Demographic Statistics by Employer.....	81
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Covered Payrolls/Property Values.....	83

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,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Assets</b>										
Current assets	\$ 64,697,698	\$ 67,511,963	\$ 60,182,304	\$ 75,977,556	\$ 90,574,861	\$ 55,041,382	\$ 62,751,382	\$ 44,388,883	\$ 71,919,850	\$ 61,214,937
Noncurrent assets	124,869,063	131,853,381	128,161,913	136,122,295	146,950,212	216,728,977	183,863,832	244,073,620	236,224,616	256,248,822
TOTAL ASSETS	189,566,761	199,365,344	188,344,217	212,099,851	237,525,073	271,770,359	246,615,214	288,462,503	308,144,466	317,463,759
<b>DEFERRED OUTFLOWS OF RESOURCES RELATED TO PENSIONS</b>	1,065,779	1,404,974	1,063,032	480,729	741,645	1,027,236	5,034,164	3,716,126	2,186,450	1,243,185
<b>OTHER POST EMPLOYMENT BENEFITS</b>			35,283	73,061	313,105	161,906	1,074,398	938,785	912,660	1,622,762
<b>Liabilities</b>										
Current liabilities	63,978,099	65,377,439	44,238,468	49,702,296	55,629,664	49,931,094	54,139,990	61,493,533	73,022,867	66,159,505
Noncurrent liabilities	57,496,224	58,494,030	56,582,233	62,344,624	57,445,500	73,627,596	82,986,616	105,710,134	104,683,243	126,835,605
TOTAL LIABILITIES	121,474,323	123,871,469	100,820,701	112,046,920	113,075,164	123,558,690	137,126,606	167,203,667	177,706,110	192,995,110
<b>DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS</b>	1,802,985	1,576,175	2,117,303	1,070,024	1,281,433	(2,780,885)	1,634,493	1,503,278	1,350,001	1,471,047
<b>OTHER POST EMPLOYMENT BENEFITS</b>			38,924	602,195	536,019	2,371,164	1,178,756	3,697,557	3,007,740	2,541,508
<b>Net Position</b>										
Net investment in capital assets	5,072,656	4,839,789	4,641,581	4,539,034	4,310,372	4,104,251	3,910,782	3,690,257	3,481,687	11,414,199
Restricted								4,764,354	4,713,366	4,078,282
Unrestricted	63,630,961	70,482,885	81,824,023	94,395,468	119,376,835	145,706,281	108,873,139	112,258,301	120,984,672	107,829,560
TOTAL NET POSITION	\$ 68,703,617	\$ 75,322,674	\$ 86,465,604	\$ 98,934,502	\$ 123,687,207	\$ 149,810,532	\$ 112,783,921	\$ 120,712,912	\$ 129,179,725	\$ 123,322,041

1- 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,

	2016	2017	2018	2019	2020	2021*	2022*	2023	2024	2025
<b>REVENUES</b>										
Member premiums	\$ 159,008,617	\$ 171,496,710	\$ 179,425,274	\$ 183,179,723	\$ 194,507,327	\$ 200,775,298	\$ 198,914,797	\$ 207,897,962	\$ 232,269,685	\$ 257,539,389
Retrospective premium adjustments	(12,017,219)	(1,504,527)	(3,380,970)	(9,532,430)	(5,377,009)	(11,457,566)	10,775,431	21,946,181	(10,045,692)	(29,237,765)
<b>TOTAL OPERATING REVENUES</b>	<b>146,991,398</b>	<b>169,992,183</b>	<b>176,044,304</b>	<b>173,647,293</b>	<b>189,130,318</b>	<b>189,317,732</b>	<b>209,690,228</b>	<b>229,844,143</b>	<b>222,223,993</b>	<b>228,301,624</b>
<b>EXPENSES</b>										
Claims paid	97,258,190	92,556,531	93,668,325	87,791,048	90,772,703	85,905,737	96,142,905	111,260,343	143,775,652	137,882,832
Change in claim reserves	(1,008,442)	(255,677)	3,187,095	3,253,830	(103,945)	4,749,782	8,863,387	24,773,057	(18,682,345)	121,475
Change in claims incurred but not reported	(3)	3,832,135	(6,123,633)	172,859	(4,252,240)	2,807,404	3,498,215	(469,404)	18,021,834	4,028,119
Change in unallocated loss (gain) adjustment expenses	277,793	165,446	(304,308)	51,335	(686,050)	1,301,398	(806,973)	224,653	431,683	153,797
<b>TOTAL CLAIMS EXPENSE</b>	<b>96,527,538</b>	<b>96,298,435</b>	<b>90,427,479</b>	<b>91,269,072</b>	<b>85,730,468</b>	<b>94,764,321</b>	<b>107,697,534</b>	<b>135,788,649</b>	<b>143,546,824</b>	<b>142,186,223</b>
Excess insurance and premium payments	54,164,327	56,875,871	63,658,940	68,238,635	76,240,115	79,743,790	87,558,006	89,688,165	95,998,944	101,859,435
General and administrative	10,642,018	10,741,391	10,865,359	9,630,392	10,687,493	28,733	17,171,910	14,387,334	13,674,779	13,501,610
Depreciation	268,088	254,843	244,521	218,147	228,662	223,612	218,578	220,525	208,570	184,343
<b>TOTAL OPERATING EXPENSES</b>	<b>161,601,971</b>	<b>164,170,540</b>	<b>165,196,299</b>	<b>169,356,246</b>	<b>172,886,738</b>	<b>174,760,456</b>	<b>212,646,028</b>	<b>240,084,673</b>	<b>253,429,117</b>	<b>257,731,611</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(14,610,573)</b>	<b>5,821,643</b>	<b>10,848,005</b>	<b>4,291,047</b>	<b>16,243,580</b>	<b>14,557,276</b>	<b>(2,955,800)</b>	<b>(10,240,530)</b>	<b>(31,205,124)</b>	<b>(29,429,987)</b>
<b>NONOPERATING REVENUES AND EXPENSES</b>										
Net investment income (loss)	2,380,372	797,414	294,925	8,177,851	8,509,125	11,566,049	(34,070,811)	18,169,521	39,671,937	23,572,303
<b>CHANGE IN NET POSITION</b>	<b>\$ (12,230,201)</b>	<b>\$ 6,619,057</b>	<b>\$ 11,142,930</b>	<b>\$ 12,468,898</b>	<b>\$ 24,752,705</b>	<b>\$ 26,123,325</b>	<b>\$ (37,026,611)</b>	<b>\$ 7,928,991</b>	<b>\$ 8,466,813</b>	<b>\$ (5,857,684)</b>

\*General and administrative expenses reflect significant pension expense adjustments in accordance with GASB 68 (see MD&A for details)

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

REVENUES BY PROGRAM (NET OF RETROSPECTIVE CONTRIBUTION ADJUSTMENTS)  
For the Fiscal Year Ending September 30,

Fiscal Year	Liability	Dam	Property	Pass- Thru	Workers' Compensation	Underground Storage Tanks	Employee Benefits	Cyber Liability*	CWIF	Interfund Eliminations	Change in Rate	Totals
											Fund & GASB Adj's	
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%	-11.51%	-1.28%	
2020-21	18,330,243	439,753	10,659,051	680,693	4,534,361	20,603	155,652,807		45,812,966	(38,636,413)	3,389,717	200,883,781
	9.12%	0.22%	5.31%	0.34%	2.26%	0.01%	77.48%		22.81%	-19.23%	1.69%	
2021-22	37,537,627	512,250	12,657,851	1,139,584	9,389,928	22,479	148,397,136		3,007,072	(37,825,867)	781,357	175,619,417
	21.37%	0.29%	7.21%	0.65%	5.35%	0.01%	84.50%		1.71%	-21.54%	0.44%	
2022-23	45,670,224	559,975	21,242,469	1,885,786	13,317,613	24,671	148,591,866	1,079,906	30,879,810	(30,879,810)	(2,528,367)	229,844,143
	19.87%	0.24%	9.24%	0.82%	5.79%	0.01%	64.65%	0.47%	13.44%	-13.44%	-1.10%	
2023-24	26,252,954	682,818	18,262,971	1,174,200	14,519,318	11,396	161,981,733	1,177,770	35,508,000	(35,508,000)	(1,839,167)	222,223,993
	11.81%	0.31%	8.22%	0.53%	6.53%	0.01%	72.89%	0.53%	15.98%	-15.98%	-0.83%	
2024-25	27,721,615	744,100	14,252,858	1,183,253	7,765,739	33,111	177,946,618	1,335,671	38,783,416	(38,783,416)	(2,681,341)	228,301,624
	12.47%	0.33%	6.41%	0.53%	3.49%	0.01%	80.08%	0.60%	17.45%	-17.45%	-1.21%	

\*New to fiscal year 2022-2023

**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	Cyber Liability*	CWIF	Interfund Eliminations	Totals
2015-16	7,064,155 4.37%	255,500 0.16%	4,821,990 2.98%	262,220 0.16%	13,040,834 8.07%	10,564 0.01%	136,146,708 84.25%				161,601,971
2016-17	14,594,442 8.89%	257,403 0.16%	4,128,900 2.52%	305,519 0.19%	9,642,153 5.87%	14,243 0.01%	135,227,880 82.37%				164,170,540
2017-18	17,147,781 10.38%	261,024 0.16%	4,759,037 2.88%	372,025 0.23%	7,709,196 4.67%	11,720 0.01%	134,935,516 81.68%				165,196,299
2018-19	15,072,798 8.90%	279,607 0.17%	6,713,310 3.96%	614,451 0.36%	9,716,581 5.74%	13,464 0.01%	136,946,035 80.86%				169,356,246
2019-20	24,523,703 14.18%	403,325 0.23%	8,769,309 5.07%	1,263,183 0.73%	7,310,250 4.23%	17,587 0.01%	133,129,193 77.00%		20,226,751 11.70%	(22,756,563) -13%	172,886,738
2020-21	18,330,243 10.49%	439,753 0.25%	10,659,051 6.10%	680,693 0.39%	4,534,361 2.59%	17,053 0.01%	137,569,489 78.72%		32,200,683 18.43%	(29,670,870) -17%	174,760,456
2021-22	37,537,627 17.65%	512,250 0.24%	12,657,851 5.95%	1,139,584 0.54%	9,389,928 4.42%	18,605 0.01%	154,198,029 72.51%		34,866,736 16.40%	(37,674,582) -17.72%	212,646,028
2022-23	47,416,815 19.75%	559,975 0.23%	21,295,164 8.87%	1,885,786 0.79%	13,598,843 5.66%	22,229 0.01%	156,462,236 65.17%	924,523 0.39%	28,794,565 11.99%	(30,875,463) -12.86%	240,084,673
2023-24	28,246,277 11.15%	682,818 0.27%	19,465,205 7.68%	1,174,200 0.46%	17,352,825 6.85%	27,414 0.01%	187,925,817 74.15%	1,078,561 0.43%	40,572,872 16.01%	(43,096,872) -17.01%	253,429,117
2024-25	33,527,401 13.01%	744,100 0.29%	15,375,767 5.97%	1,183,253 0.46%	14,726,023 5.71%	31,896 0.01%	193,918,342 75.24%	1,090,771 0.42%	54,155,160 21.01%	(57,021,102) -22.12%	257,731,611

\*New to fiscal year 2022-2023

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

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

Fiscal Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Liability</b>										
Payroll Adjustments	* \$ (21,465)	\$ (54,358)	\$ 63,818	\$ (169,042)	\$ (447,382)	\$ (238,047)	\$ 90,827	\$ 88,520	\$ (593,804)	\$ (819,222)
RCA's	* (707,907)	9,489,820	2,488,066	1,891,742	242,260	4,299,266	(15,516)	(1,739,374)	0	(4,387,228)
10% Program	* (1,041,835)	(1,493,572)	0	(1,017,753)	(1,648,316)	(1,633,975)	(839,995)	(1,354,816)	(1,129,007)	0
Cat Funds	* 896,656	(603,846)	351,039	(146,026)	1,907,767	121,757	(295,422)	166,257	(1,115,937)	(2,277,084)
<b>Property</b>										
RCA's	* 324,287	699,465	891,754	431,317	531,326	0	0	158,557	0	(402,905)
<b>Workers' Comp</b>										
RCA's	* (487,746)	75,039	5,013,647	3,184,330	4,749,199	7,233,304	5,445,202	484,238	0	3,189,909
Cat Funds	(631,586)	(872,242)	456,049	(138,797)	(209,062)	230,896	229,437	42,350	214,518	2,848,823
<b>Underground - Storage Tanks</b>										
RCA's	* 0	0	0	7,555	0	0	0	0	0	0
Cat Funds	* 0	0	0	0	0	0	0	0	0	0
<b>UTEL</b>										
RCA's	* 0	0	0	0	0	0	0	0	0	0
Cat Funds	* 0	0	0	0	0	0	0	0	0	0
<b>Totals</b>	<b>\$ (1,669,596)</b>	<b>\$ 7,240,306</b>	<b>\$ 9,264,373</b>	<b>\$ 4,043,326</b>	<b>\$ 5,125,792</b>	<b>\$ 10,013,201</b>	<b>\$ 4,614,533</b>	<b>\$ (2,154,268)</b>	<b>\$ (2,624,230)</b>	<b>\$ (1,847,707)</b>
<b>Cash Flow</b>										
Members Billed	0	0	0	6,530	0	0	366,541	106,973	0	438
Self Insured Fund into RSF	0	0	0	0	0	0	0	0	0	0
Refunds to Members	(1,077,368)	(4,713,370)	(6,840,987)	(4,569,107)	(5,905,812)	(6,210,994)	(4,265,700)	(268,823)	(116,351)	(262,334)
<b>Net Total</b>	<b>\$ (2,746,964)</b>	<b>\$ 2,526,936</b>	<b>\$ 2,423,386</b>	<b>\$ (519,251)</b>	<b>\$ (780,020)</b>	<b>\$ 3,802,207</b>	<b>\$ 715,374</b>	<b>\$ (2,316,118)</b>	<b>\$ (2,740,581)</b>	<b>\$ (2,109,603)</b>

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

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

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

<u>Fiscal Year</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<u>Liability</u>										
Total Number of Claims (Cumulative)	11,294	11,586	11,908	12,200	12,555	12,842	13,183	13,948	13,749	14,163
Closed Claims (Cumulative)	11,127	11,373	11,612	11,867	12,169	12,461	12,770	13,109	13,485	13,786
Open Claims (at year end)	167	213	296	333	386	381	413	839	264	377
Covered Payroll (Cumulative)	\$ 9,952,261	\$ 10,461,457	\$ 11,045,237	\$ 11,738,353	\$ 12,502,652	\$ 13,267,403	\$ 14,055,164	\$ 14,942,451	\$ 15,904,501	\$ 169,396,675
<u>Property</u>										
Total Number of Claims (Cumulative)	2,463	2,589	2,693	2,816	2,950	3,072	3,229	3,349	3,468	3,576
Closed Claims (Cumulative)	2,417	2,532	2,645	2,759	2,875	3,004	3,139	3,248	3,369	3,501
Open Claims (at year end)	46	57	48	57	75	68	90	101	99	75
Total Insured Value (Cumulative)	\$ 74,533,519	\$ 80,656,971	\$ 87,762,361	\$ 95,702,609	\$ 104,858,066	\$ 95,702,608	\$ 112,816,437	\$ 138,373,313	\$ 152,328,893	\$ 166,549,637
<u>Workers' Compensation</u>										
Total Number of Claims (Cumulative)	10,145	10,453	10,750	11,070	11,363	11,676	11,955	12,257	12,618	13,004
Closed Claims (Cumulative)	9,712	10,046	10,336	10,670	10,983	11,270	11,576	11,875	12,163	12,562
Open Claims (at year end)	433	407	414	400	380	406	379	382	455	442
Covered Payroll (Cumulative)	\$ 6,720,301	\$ 7,222,206	\$ 7,743,749	\$ 8,309,485	\$ 8,944,051	\$ 9,624,663	\$ 10,334,448	\$ 11,107,574	\$ 11,971,587	\$ 12,879,288
Number of Employees	49	49	49	49	50	50	52	55	56	62
<u>Ratio of Premium to Payroll/TIV</u>										
Liability Program	2.94%	2.92%	3.00%	2.54%	2.71%	2.81%	2.75%	3.05%	3.38%	3.63%
Property Program	0.10%	0.10%	0.09%	0.08%	0.09%	0.12%	0.10%	0.12%	0.14%	0.17%
Workers' Comp. Program	2.59%	2.46%	2.39%	2.29%	2.19%	1.95%	0.17%	1.94%	2.09%	1.96%

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

Demographic Statistics by Employer

Employer	2024			2015	
	Number of Employees	Rank	Percentage of Total City Employees	Number of Employees	Rank
Kaiser Permanente Medical Group & Foundation Group	5,830	1	6.42%	3,231	1
Sutter Health Roseville Medical Group	5,080	2	5.59%	1,654	3
City of Roseville	1,730	3	1.91%	1,102	6
Adventist Health	1,620	4	1.78%	1,000	7
Roseville City School District	1,240	5	1.37%	1,000	8
Penumbra	1,100	6	1.21%		
Roseville Joint Union High School District	1,080	7	1.19%	1,434	4
Flexcare LLC	875	8	0.96%		
PRIDE	650	9	0.72%	550	9
Hewlett-Packard	630	10	0.69%	2,548	2
Union Pacific Railroad Company				1,180	5
Solar City				475	10
Subtotal	19,835		21.84%	14,174	
Total Employment	90,800 (a)			70,969	

(a) Total Employment (as used above) represents the estimated 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 INSURANCE AUTHORITY**

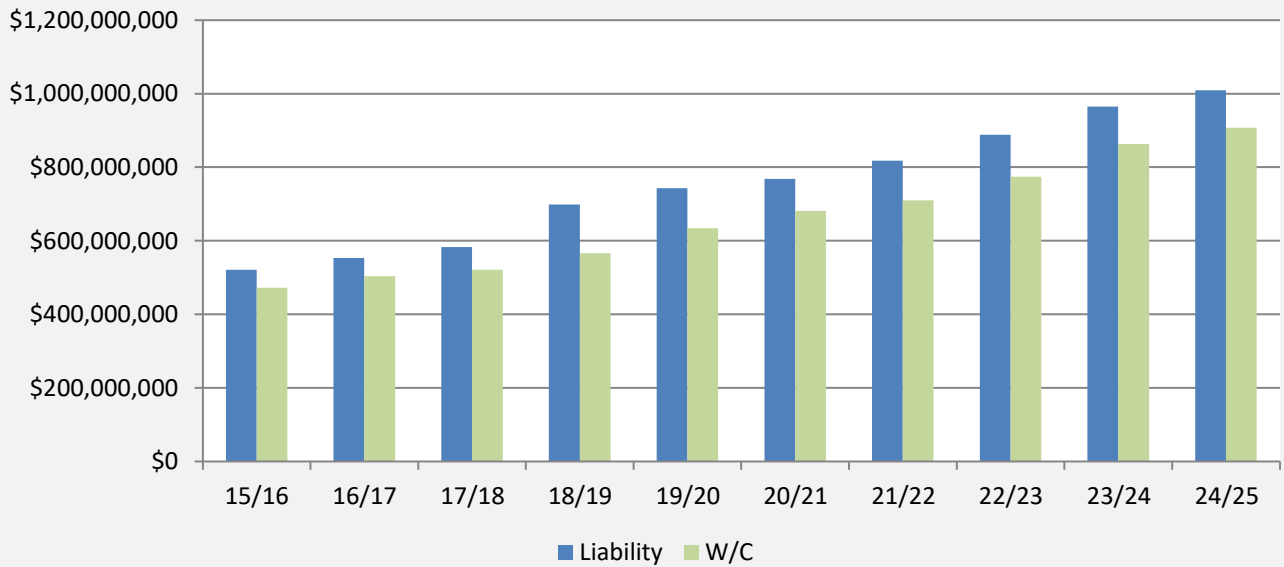
Demographic Statistics by Population

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
2015	128,832	21,658,527	58,000	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	26,223,081	67,000	3.0%	389,532	35.23%
2019	139,643	27,459,330	69,000	3.5%	396,691	35.20%
2020	145,163	29,124,683	72,000	3.0%	403,711	35.96%
2021	146,875	31,684,782	77,000	5.5%	404,994	36.27%
2022	151,034	34,170,169	82,000	2.8%	409,025	36.93%
2023	152,928	(a)	(a)	3.0%	410,305	37.27%
2024	154,329	(a)	(a)	3.8%	412,844	37.38%

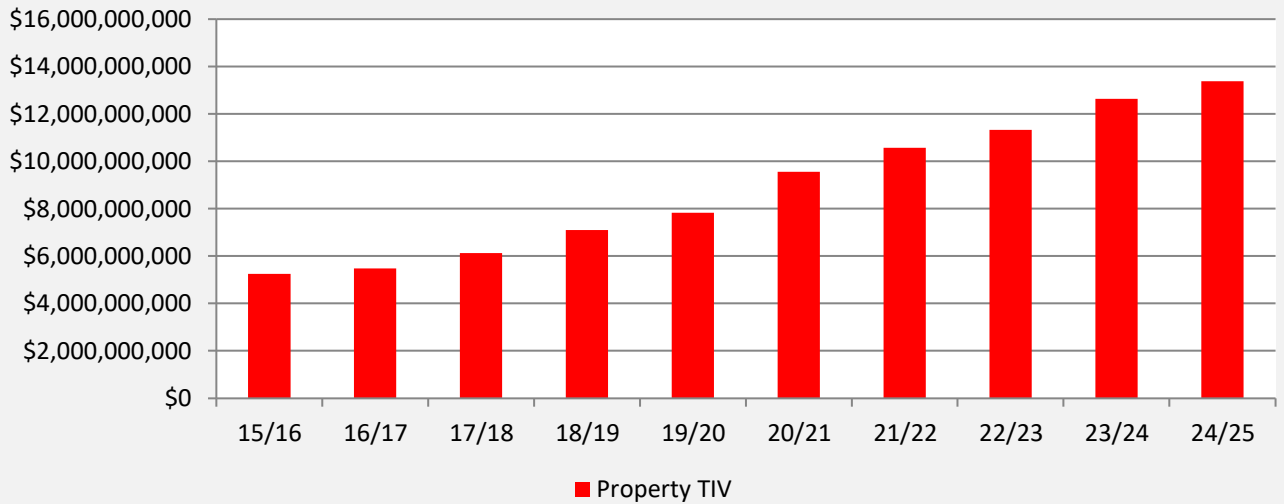
(a) Information not available

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

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



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



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Association of California Water Agencies Joint Powers Insurance Authority (ACWA JPIA), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise ACWA JPIA’s basic financial statements, and have issued our report thereon dated March 27, 2025.

**Report on 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 or significant deficiencies may exist that were not identified.

**Report on 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 grant 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**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**

**March 27, 2025**

**ACWA JPIA**  
**Proposed Operating Budget for Fiscal Year 2026-27**  
**March 26, 2026**

**BACKGROUND**

In March of each year, a proposed operating budget is submitted to the Finance and Audit Committee and then to the Executive Committee for review. At the ACWA JPIA Spring Membership Summit, the proposed operating budget is presented to the Board of Directors for approval. The budget covers General & Administrative (G&A) Expenses for the fiscal year ending June 30, 2027. This is the first budget presented for the new fiscal year, ending June 30.

**CURRENT SITUATION**

The most significant changes to the G&A budget for the fiscal year are Depreciation on Capital Assets, Computer Equipment Software, Office Furniture, and Staff Salaries (lines 13, 10, and 1, respectively).

Depreciation on Capital Assets budget has increased in anticipation of the JPIA's new building being put into operation. Since this is expected to happen halfway through the fiscal year, only half a year's depreciation was added to the budget. A full year's depreciation for the new building is estimated to be approximately \$600-700 thousand.

Computer Equipment and Software, Office Furniture are up \$110,000 from the current-year budget. This is due to new claims software included in the budget.

Staff Salaries primary increase is due to a Member Services Manager position being under budget for the first time. There are 64 full-time positions included in this budget compared to 65 in the prior year.

The overall increase in the Operating Budget is 6.6% (line 36). Salaries remain the largest line item in the budget.

**RECOMMENDATION**

That the Finance and Audit Committee recommend that the Executive Committee approve the proposed Operating Budget for the fiscal year ending June 30, 2027, as presented, and submit for final approval by the Board of Directors at the subsequent ACWA JPIA Spring Membership Summit in Sacramento, CA – May 2026.

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

**GENERAL & ADMINISTRATIVE EXPENSES**

	BUDGETED FYE 9/30/25	ACTUAL FYE 9/30/25	DIFFERENCE ACT - BUD	APPROVED BUDGET FYE 9/30/26	PROPOSED BUDGET FYE 6/30/27	DIFFERENCE 2026 vs. 2027	% OF CHANGE 26 vs. 27
<b><u>ACWA JPIA STAFF SERVICES</u></b>							
1 Staff Salaries & Temporary Services	\$ 7,780,000	\$ 7,566,733	\$ (213,267)	\$ 8,590,000	\$ 8,790,000	\$ 200,000	2.3%
2 Staff Employee Benefits (excluding pension)	3,400,000	2,244,134	(1,155,866)	3,010,000	2,120,000	(890,000)	-29.6%
3 Pension Expense	-	-	-	0	980,000	980,000	0.0%
4 Office Buildings	256,000	157,092	(98,908)	200,000	300,000	100,000	50.0%
5 Postage and Freight	53,000	53,623	623	54,000	55,000	1,000	1.9%
6 Telephone Service	50,000	70,838	20,838	66,000	70,000	4,000	6.1%
7 Outside Printing	16,000	16,744	744	22,000	23,000	1,000	4.5%
8 JPIA Office Insurance	26,000	26,882	882	28,000	50,000	22,000	78.6%
9 General Office Supplies	45,000	30,538	(14,462)	45,000	35,000	(10,000)	-22.2%
10 Computer Equipment Software, Office Furniture	920,000	1,502,871	582,871	1,260,000	1,370,000	110,000	8.7%
11 Dues, Subscriptions, & Misc. Publications	116,000	123,980	7,980	100,000	130,000	30,000	30.0%
12 Staff Ed/Training Seminars & Coursework Reimbs	120,000	234,765	114,765	240,000	240,000	-	0.0%
13 Depreciation on Capital Assets	190,000	184,343	(5,657)	190,000	500,000	310,000	163.2%
14 Staff Travel Related Expenses	143,000	156,208	13,208	143,000	160,000	17,000	11.9%
15 Staff Risk Assessment Travel Related Expenses	75,000	43,506	(31,494)	75,000	65,000	(10,000)	-13.3%
16 Member Informational Workshops	115,000	177,956	62,956	135,000	190,000	55,000	40.7%
17 Lending Library	1,000	495	(505)	1,000	1,000	0	0.0%
18 Member Safety & Loss Control Incentive Awards	110,000	105,588	(4,412)	110,000	210,000	100,000	90.9%
<b>19 Total ACWA/JPIA Staff Services</b>	<b>13,416,000</b>	<b>12,696,296</b>	<b>(719,704)</b>	<b>14,269,000</b>	<b>15,289,000</b>	<b>1,020,000</b>	<b>7.1%</b>
<b><u>COMMITTEES &amp; BD. OF DIRECTORS' SERVICES</u></b>							
20 Executive Committee Member Expenses	281,000	361,876	80,876	300,000	360,000	60,000	20.0%
21 Advisory Committee Expenses	32,000	31,869	(131)	33,000	33,000	-	0.0%
22 Membership Summit & ACWA Conf. Expense	200,000	286,717	86,717	230,000	290,000	60,000	26.1%
<b>23 Total Committees &amp; Board of Directors' Services</b>	<b>513,000</b>	<b>680,462</b>	<b>167,462</b>	<b>563,000</b>	<b>683,000</b>	<b>120,000</b>	<b>21.3%</b>
<b><u>EXTERNAL CONSULTING AND PROF. SERVICES</u></b>							
24 Insurance Program Actuarial Analysis	30,000	59,137	29,137	21,000	23,000	2,000	9.5%
25 Consulting Services	25,000	56,847	31,847	145,000	100,000	(45,000)	-31.0%
26 Occu-Med	105,000	107,537	2,537	110,000	180,000	70,000	63.6%
27 Vector Solutions	145,320	150,770	5,450	157,000	157,000	-	0.0%
28 General Legal/Attorney Services	15,000	23,514	8,514	20,000	25,000	5,000	25.0%
29 Specific Claims & Coverage Related Legal Fees	50,000	7,846	(42,154)	50,000	30,000	(20,000)	-40.0%
30 DIR Assessment & Other Mandated Fees (External Claims Admin)	310,000	274,397	(35,603)	370,000	290,000	(80,000)	-21.6%
31 Financial Audit	75,000	72,100	(2,900)	70,000	75,000	5,000	7.1%
32 Insurance Programs Claims Audits	12,000	30,400	18,400	-	14,000	14,000	0.0%
33 Personnel Consulting Services	15,000	34,738	19,738	20,000	30,000	10,000	0.0%
<b>34 Total External Consulting/Professional Services</b>	<b>782,320</b>	<b>817,286</b>	<b>34,966</b>	<b>963,000</b>	<b>924,000</b>	<b>(39,000)</b>	<b>-4.0%</b>
35 PROGRAM DEVELOPMENT/CONTINGENCIES	150,000	-	(150,000)	150,000	100,000	(50,000)	0.0%
<b>36 TOTAL GENERAL &amp; ADMINISTRATIVE EXPENSES</b>	<b>\$ 14,861,320</b>	<b>\$ 14,194,044</b>	<b>\$ (667,276)</b>	<b>\$ 15,945,000</b>	<b>\$ 16,996,000</b>	<b>\$ 1,051,000</b>	<b>6.6%</b>

ACWA JPIA  
10+ YEAR HISTORY BUDGET INFORMATION

<u>Fiscal Year</u>	<u>G&amp;A Budget</u>	<u>Staff Salaries</u>	<u>Staff EE</u>		<u>Ratio Salaries +</u>		<u>JPIA #</u>	<u>Ratio of EE's to</u>
			<u>Benefits</u>	<u>Total Revenue*</u>	<u>Benefits/G&amp;A</u>	<u>Ratio Budget</u>		
2014	7,271,880	3,576,076	1,719,204	152,994,168	72.8%	4.8%	56	129,855
2015	8,071,434	3,944,425	1,896,009	154,042,184	72.4%	5.2%	53	152,291
2016	9,029,188	4,351,144	1,968,044	159,008,617	70.0%	5.7%	56	161,236
2017	9,604,589	4,466,377	2,007,712	171,496,710	67.4%	5.6%	50	192,092
2018	9,841,140	4,647,237	2,074,603	179,425,274	68.3%	5.5%	52	189,253
2019	10,897,434	4,991,001	3,308,933	183,179,723	76.2%	5.9%	53	205,612
2020	10,908,091	5,301,425	2,891,166	194,507,327	75.1%	5.6%	53	205,813
2021	11,264,865	5,650,806	2,790,059	200,775,298	74.9%	5.6%	54	208,609
2022	12,379,819	5,830,533	3,605,286	198,914,797	76.2%	6.2%	54	229,256
2023	12,270,000	6,200,000	3,100,000	207,897,962	75.8%	5.9%	59	207,966
2024	13,483,000	6,840,000	3,410,000	234,110,000	76.0%	5.8%	59	228,525
2025	14,861,320	7,780,000	3,400,000	248,528,563	75.2%	6.0%	61	243,628
2026	15,945,000	8,590,000	3,010,000	268,410,848	72.8%	5.9%	65	245,308
2027	16,996,000	8,790,000	3,100,000	295,000,000	70.0%	5.8%	64	265,563

\* estimated based on recent funding by program

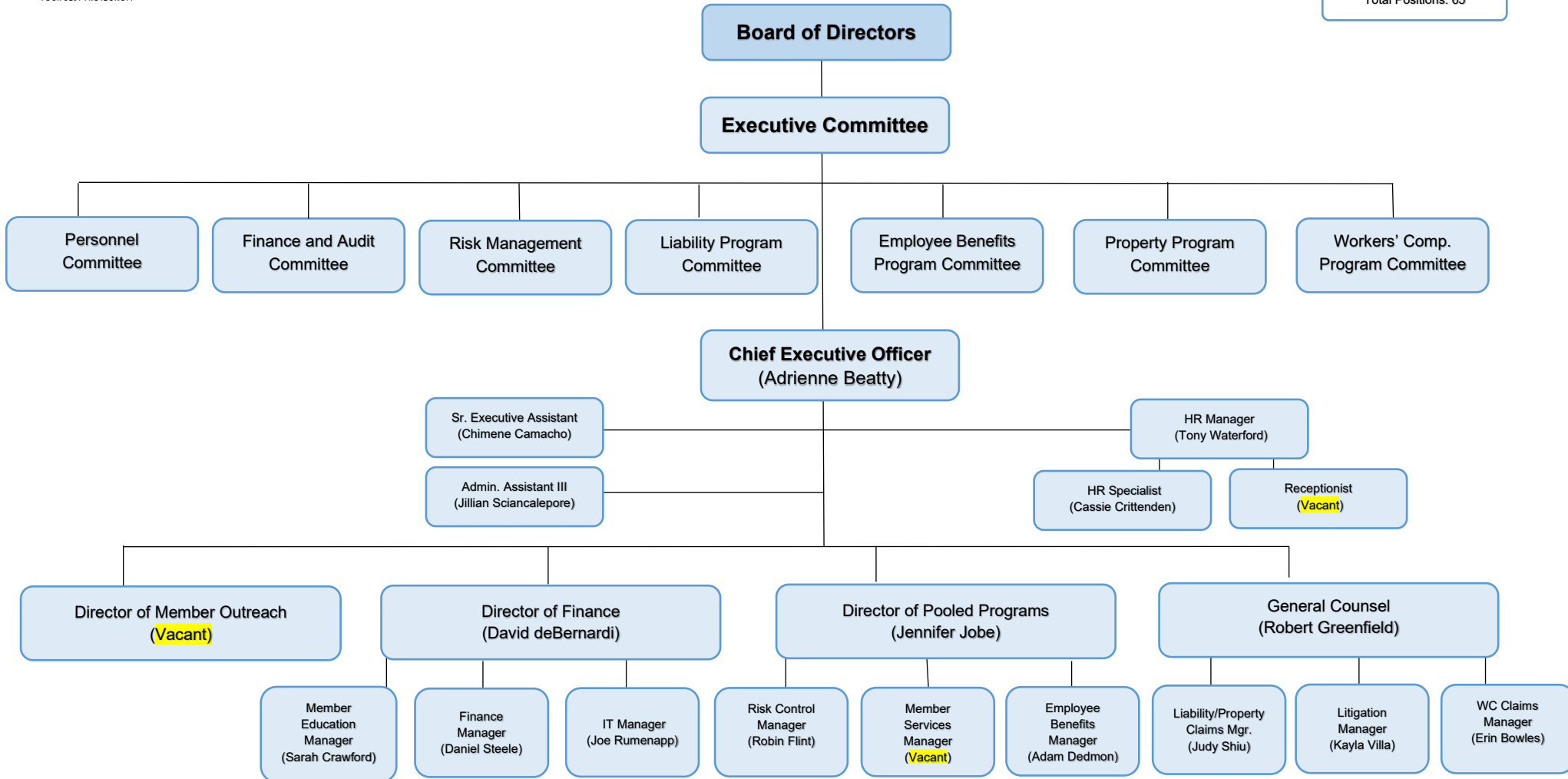


# Organizational Chart

Effective March 4, 2026

Full time employees: 59

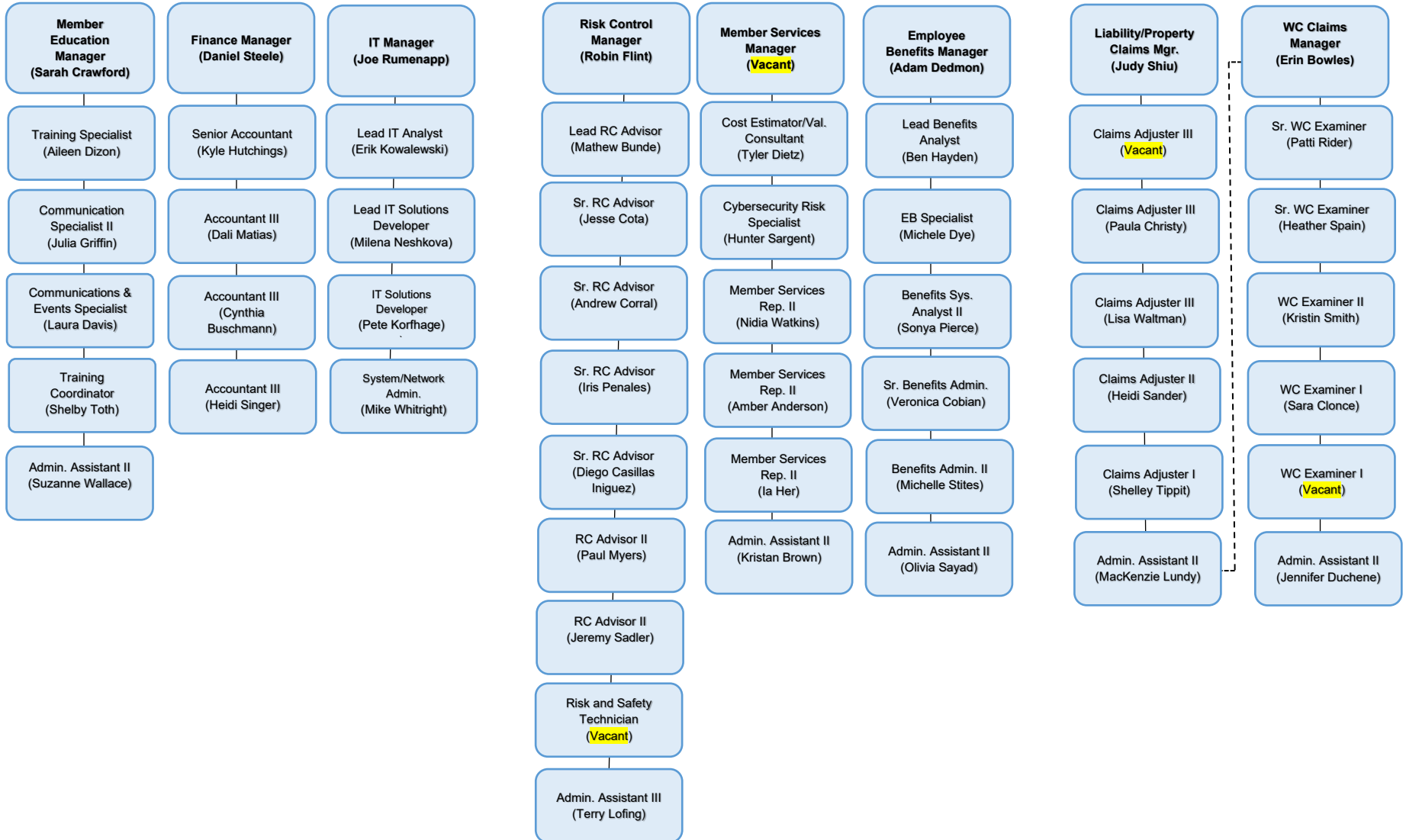
Total Positions: 65





# Organizational Chart

Effective March 4, 2026



**ACWA JPIA**  
**Retrospective Contribution Adjustment Process Update**  
**March 26, 2026**

**BACKGROUND**

Refunds for the member agencies are processed through the Rate Stabilization Fund (RSF). Refunds are based on an individual member's balance in their RSF account. When a member's balance exceeds 70% of their basic Liability Program contribution, the difference is refunded to the member. Balances in a member's RSF account are based on retrospective contribution adjustments (RCA) for prior program years and Catastrophic Reserve Fund adjustments.

The basic RCA calculation is:

Claims expense	\$ XXX
(+) Excess Insurance expense	XXX
(+) G&A expense	XXX
(+) Contributions (refunds) to (from) the Catastrophic Reserve Fund	XXX
(-) Investment/Other Income	<u>(XXX)</u>
Total Expense	XXX
(-) Deposit Contributions	<u>(XXX)</u>
Retrospective Contributions Adjustment	<u>\$ XXX</u>

**CURRENT SITUATION**

In Fiscal Year 2024-25, CWIF declared \$21.6 million in dividends to the JPIA. These dividends were recorded as investment income on JPIA's books and allocated to the open program years for all pooled programs. This investment income helps to offset expenses for open program years.

Investment income is allocated to open program years and tends to favor more recent years with higher reserve/IBNR amounts. The pool's RSF balance of \$5.3 million is insufficient to cover the RCAs due currently.

At the January 2026 Executive Committee meeting, JPIA staff recommended holding out RCAs for at least one more year. The Committee approved **\$130,194** in member refunds and **\$431,817** in member assessments for those districts owing money to bring their RSF balances to the negative 40% threshold.

**RECOMMENDATION**

None, information only.

**ACWA JPIA**  
RSF Refunds  
September 30, 2025

<b>JID</b>	<b>Member</b>	<b>Refund</b>
K001	Kern County Water Agency	\$ 60,326.67
J002	Joshua Basin Water District	36,941.19
S059	Sunnyslope County Water District	12,075.37
A000	ACWA JPIA	11,869.67
M027	Montara Water and Sanitary District	4,286.02
Z008	Orosi Public Utility District	2,276.28
A005	Alta Irrigation District	1,895.11
L022	Lost Hills Water District	444.09
R009	Reclamation District No. 2047	79.21
	Total:	<u><u>\$ 130,193.61</u></u>

## ACWA JPIA

Rate Stabilization Fund Activity - Members Owing JPIA

September 30, 2025

JID	Member	Amount Due
C003	Santa Clarita Valley Water Agency	\$ 233,734
W023	Elsinore Valley Municipal Water District	84,691
F002	Fallbrook Public Utility District	40,640
C112	Chino Basin Desalter Authority	22,492
L007	Lower Tule River Irrigation District	11,455
P002	Palo Verde Irrigation District	7,405
F012	Frazier Park Public Utility District	5,193
S069	Santa Rosa Regional Resources Authority	4,329
R022	Reclamation District No. 1500	3,265
C103	Clearlake Oaks County Water District	2,890
R017	Redwood Valley County Water District	2,706
R010	Reclamation District No. 999	1,975
L010	Laguna Irrigation District	1,884
P015	Pinedale County Water District	1,648
B004	Butte Water District	1,628
M033	Merced Integrated Regional Water Management Authority	682
G001	Glenn-Colusa Irrigation District	665
F017	Fresno Slough Water District	532
S078	South Bay Water	532
S077	Solano Subbasin Groundwater Sustainability Agency	515
A018	Antelope Valley Watermaster	425
E013	East Turlock Subbasin Groundwater Sustainability Agency	367
N010	North Kings Groundwater Sustainability Agency	335
S079	Santa Clarita Valley Groundwater Sustainability Agency	275
S075	Santa Margarita Groundwater Agency	239
L024	Lower Tule River Irrigation District Groundwater Sustainability Agency	225
D016	Deer Creek Storm Water District	212
P032	Pixley Irrigation District Groundwater Sustainability Agency	200
M034	Mid-Valley Water District	160
M035	McMullin Area Groundwater Sustainability Agency	159
M010	Mariana Ranchos County Water District	139
E012	El Rico Groundwater Sustainability Agency	124
R025	Root Creek Water District	96
		<u>\$ 431,817</u>

## ACWA JPIA

### Rate Stabilization Fund Activity September 30, 2025

Beginning Balance	\$	5,387,671
Liability Billing Adj w/ Actual Payroll		(870,658)
Liability Cat Fund Refunds		312,729
Work/Comp Cat Fund Refunds		282,632
Liability CAT Fund Appropriations		(368,794)
Work Comp CAT Fund Appropriations		(367,102)
RSF Payments from Members		437
Proposed Refunds		(130,194)
Ending Balance	<u>\$</u>	<u><u>4,246,723</u></u>

Current (9/30/25)

Next Year (6/30/26)

Year After (6/30/27)

**LIABILITY PROGRAM**

Program Year	Current RCA (Due to) From
2001-02	\$ 317
2009-10	8,938
2010-11	(963,910)
2015-16	(5,428)
2016-17	(99)
2017-18	(177,598)
2018-19	(1,101,510)
2019-20	13,309,644
Total	\$ 11,070,354

**PROPERTY PROGRAM**

2009-10	\$ (3,111)
2016-17	(11,482)
2017-18	(332)
2018-19	(8,105)
2019-20	2,145,442
Total	\$ 2,122,412

**WORKERS COMP PROGRAM**

1988-89	(1,003)
1998-99	(15,666)
2000-01	(1,368)
2001-02	(260)
2002-03	263
2003-04	(918)
2004-05	(328)
2005-06	2,177
2006-07	(2,578)
2007-08	(128,940)
2008-09	26,351
2009-10	(34,146)
2010-11	(90,728)
2011-12	(94,482)
2012-13	361,708
2013-14	236,259
2014-15	103,191
2015-16	(3,880)
2016-17	(203,124)
2017-18	(242,636)
2018-19	(256,200)
2019-20	(3,828,598)
Total	(4,174,906)

**LIABILITY PROGRAM**

Program Year	Current RCA (Due to) From
2001-02	\$ 317
2009-10	8,938
2010-11	(963,910)
2015-16	(5,428)
2016-17	(99)
2017-18	(177,598)
2018-19	(1,101,510)
2019-20	13,309,644
2020-21	(2,255,528)
Total	\$ 8,814,826

**PROPERTY PROGRAM**

2009-10	\$ (3,111)
2016-17	(11,482)
2017-18	(332)
2018-19	(8,105)
2019-20	2,145,442
2020-21	1,832,219
Total	\$ 3,954,631

**WORKERS COMP PROGRAM**

1988-89	(1,003)
1998-99	(15,666)
2000-01	(1,368)
2001-02	(260)
2002-03	263
2003-04	(918)
2004-05	(328)
2005-06	2,177
2006-07	(2,578)
2007-08	(128,940)
2008-09	26,351
2009-10	(34,146)
2010-11	(90,728)
2011-12	(94,482)
2012-13	361,708
2013-14	236,259
2014-15	103,191
2015-16	(3,880)
2016-17	(203,124)
2017-18	(242,636)
2018-19	(256,200)
2019-20	(3,828,598)
Total	(6,496,288)

**LIABILITY PROGRAM**

Program Year	Current RCA (Due to) From
2001-02	\$ 317
2009-10	8,938
2010-11	(963,910)
2015-16	(5,428)
2016-17	(99)
2017-18	(177,598)
2018-19	(1,101,510)
2019-20	13,309,644
2020-21	(2,255,528)
2021-22	1,566,348
Total	\$ 10,381,174

**PROPERTY PROGRAM**

2009-10	\$ (3,111)
2016-17	(11,482)
2017-18	(332)
2018-19	(8,105)
2019-20	2,145,442
2020-21	1,832,219
2021-22	1,131,912
Total	\$ 5,086,543

**WORKERS COMP PROGRAM**

1988-89	(1,003)
1998-99	(15,666)
2000-01	(1,368)
2001-02	(260)
2002-03	263
2003-04	(918)
2004-05	(328)
2005-06	2,177
2006-07	(2,578)
2007-08	(128,940)
2008-09	26,351
2009-10	(34,146)
2010-11	(90,728)
2011-12	(94,482)
2012-13	361,708
2013-14	236,259
2014-15	103,191
2015-16	(3,880)
2016-17	(203,124)
2017-18	(242,636)
2018-19	(256,200)
2019-20	(3,828,598)
2020-21	(2,321,382)
2021-22	(4,634,335)
Total	(11,130,623)

RSF Impact

\$ 9,017,860

RSF Impact

116

\$ 6,273,169

RSF Impact

\$ 4,337,094

**ACWA JPIA**  
**Comprehensive Plan to Stabilize the Rate Stabilization Fund**  
**March 26, 2026**

**BACKGROUND**

Member funding for pooled programs is never an exact science. The JPIA either does not collect enough money from members or collects too much. Decades ago, the JPIA created the Rate Stabilization Fund (RSF), into which member surpluses and shortfalls would flow. These funds are allowed to grow to a certain threshold of the member's base deposit contribution before refunds are issued. Conversely, balances are allowed to go negative up to a certain threshold before members are billed additional amounts. The RSF has created stability for the JPIA membership by acting as a buffer between receiving refunds from the JPIA and being billed extra for funding shortages.

**CURRENT SITUATION**

The current threshold for RSF balances is 70% of the basic deposit contribution, as shown on their Liability Program invoice. In aggregate, this represents approximately \$31 million. The floor allowed in member RSF accounts is negative 40% of the basic contribution. These amounts are subject to change year by year based on the amount billed to members. Over time, it gradually increased with rates and members' payrolls. Historically, the overall member RSF balances have been \$20 million or less. As of January 31, 2026, member RSF balances total \$5.3 million. This fund has been in decline in recent years, with the prior-year balance of \$7.2 million.

On principal, it is detrimental to the Program as a whole to allow members to carry a negative balance. As such, staff recommends removing the negative 40% floor incrementally, aiming for a goal of zero. This would start by moving the floor to negative 30%, then to negative 20%, and so on, annually, until zero is reached.

Furthermore, it is recommended to move the ceiling from 70% to 80%. While this change would have little impact in the short term, its long-term implications provide greater stability for the membership and position the JPIA-funded status favorably for adverse program years.

**RECOMMENDATION**

That the Finance and Audit Committee recommend that the Executive Committee approve incrementally increasing the floor for RSF member balances from negative 40% to zero and increase the ceiling for RSF member balances from 70% to 80%.

**ACWA JPIA**  
**Revision to Calculation of Program Funding for the Liability Program**  
**March 26, 2026**

**BACKGROUND**

Member contributions for the Liability Program are based on payroll. Payroll is the standard industry measure used to estimate risk. Members with larger payroll pay higher contributions than those with smaller payroll because they have more employees and therefore more exposure to claims. Member billings are intended to reflect our best estimate of each member's cost. Any difference between the billed amount and the actual cost (positive or negative) is recorded in the member's rate stabilization fund.

**CURRENT SITUATION**

Each year, the Finance Department collects estimated payroll figures from every member in the Liability Program because billing occurs at the beginning of the year, before actual payroll data is available. After the program year ends, Finance then requests the actual payroll from members and compares it to the initial estimate. The resulting difference in member contributions is processed through the member's Rate Stabilization Fund (RSF). This process is time-consuming for JPIA staff.

Eliminating the reconciliation process and simply billing based on each member's prior year actual payroll will significantly reduce staff time and allow for greater efficiencies in the billing process.

The benefit to members is reduced member staff time via a reduction in JPIA information requests; reduction in the risk of members under- or over-reporting estimated payroll; increased consistency in exposure base as each member's method of estimating payroll may not be homogenous; and eliminating the need for the payroll reconciliation process to be part of the Retrospective Contribution Process, thereby streamlining this process and positively impacting RSF balances no longer needed to offset payroll reconciliations.

**RECOMMENDATION**

That the Finance and Audit Committee recommend that the Executive Committee approve revising the calculation of program funding for the Liability Program to use an exposure base of prior year's actual payroll.

**ACWA JPIA**  
**California Water Insurance Fund (CWIF) Update**  
**March 26, 2026**

**BACKGROUND**

At the November 26, 2018, meeting, the Board of Directors approved a resolution to proceed with the formation of a captive insurance company. The California Water Insurance Fund (CWIF) is a private company wholly owned by the JPIA, domiciled in the State of Utah. In addition to paid in equity, the JPIA also cedes losses at the primary level for the Liability and Workers' Compensation Programs. CWIF also provides a layer of reinsurance for JPIA's Liability Program at the \$10M excess of the \$10M layer.

**CURRENT SITUATION**

Paid in Equity	\$97.0 million
Prepaid Claims and Expenses	108.3 million
Realized Investment Income	46.8 million
Dividends Paid to JPIA	(38.6 million)
Book Value 12/31/2025	\$213.5 million
Market Value 12/31/2025	\$232.1 million
<b>Unrealized Gain</b>	<b>\$18.6 million</b>
<b>Rate of Return since inception (As of December 31, 2025)</b>	<b>8.11%</b>
<i>Blended Benchmark</i>	<i>8.57%</i>

As of December 31, 2025, the book value of the CWIF mixed-asset portfolio was \$213,470,619 vs. a market value of \$232,087,666. The rate of return since inception is approximately 8.11%, compared with CAMP's rate of return of 3.89% for the same period.

The President of the California Water Insurance Fund, Adrienne Beatty, will update the Committee on the program's status.

The California Water Insurance Fund Vice Chair, Scott Ratterman, will update the Committee on the content/actions taken at the September 30, 2025, and December 1, 2025, CWIF meetings that occurred subsequent to the last Finance and Audit Committee meeting.

**RECOMMENDATION**

None, information only.

Prepared by: Dan Steele, Finance Manager

Date prepared: March 13, 2026

**CALIFORNIA WATER INSURANCE FUND**

**FLOW OF CASH BY PROGRAM  
CUMULATIVE FROM INCEPTION THROUGH DECEMBER 31, 2025**

**ALL PROGRAMS**

	<b>LIABILITY</b>	<b>WORKERS' COMP</b>	<b>EMPLOYEE BENEFITS</b>	<b>Total</b>
<b>1 REVENUE</b>				
2 Deposit Premiums Earned (SIR)	\$ 132,494,836	\$ 52,648,685	\$ 0	\$ 185,143,521
3 Deposit Premiums Earned (10x10)	10,278,686	0	0	10,278,686
4 Realized Investment Income (Loss)	24,779,177	9,399,435	12,627,881	46,806,493
<b>5 Total Revenue</b>	<b>167,552,699</b>	<b>62,048,120</b>	<b>12,627,881</b>	<b>242,228,700</b>
<b>6 EXPENSES</b>				
7 Paid Claims	52,453,846	16,077,881	0	68,531,727
8 General/Administrative	9,818,043	8,512,678	1,295	18,332,017
9 Dividends paid to JPIA	21,606,161	7,400,120	9,680,147	38,686,427
<b>10 Total Expenses</b>	<b>83,878,050</b>	<b>31,990,679</b>	<b>9,681,443</b>	<b>125,550,171</b>
11 Paid in capital	22,560,890	14,477,555	60,000,000	97,038,445
<b>12 Book balance</b>	<b>\$ 106,235,539</b>	<b>\$ 44,534,996</b>	<b>\$ 62,946,438</b>	<b>\$ 213,716,973</b>

## CALIFORNIA WATER INSURANCE FUND

### FLOW OF CASH BY PROGRAM CUMULATIVE FROM INCEPTION THROUGH DECEMBER 31, 2025

#### \*LIABILITY PROGRAM

		Policy Year 10/1/19-20	Policy Year 10/1/20-21	Policy Year 10/1/21-22	Policy Year 10/1/22-23	Policy Year 10/1/23-24	Policy Year 10/1/24-25	Total
<b>REVENUE</b>								
Deposit Premiums Earned (SIR)	\$	19,400,000	\$ 21,054,700	\$ 20,422,300	\$ 20,078,087	\$ 24,489,275	\$ 27,050,474	\$ 132,494,836
Deposit Premiums Earned (10x10)		0	1,386,700	1,421,146	2,080,898	2,524,000	2,865,942	10,278,686
Realized Investment Income (Loss)		2,731,032	6,960,360	5,189,770	4,751,235	4,738,199	408,582	24,779,177
<b>Total Revenue</b>		<b>22,131,032</b>	<b>29,401,760</b>	<b>27,033,216</b>	<b>26,910,220</b>	<b>31,751,474</b>	<b>30,324,998</b>	<b>167,552,699</b>
<b>EXPENSES</b>								
Paid Claims		16,300,000	11,166,306	11,286,045	7,321,698	5,431,081	948,716	52,453,846
General/Administrative		3,108,584	3,182,059	3,526,947	453	0	0	9,818,043
Dividends paid to JPIA		2,254,529	6,205,427	4,454,952	5,836,761	2,854,491	0	21,606,161
<b>Total Expenses</b>		<b>21,663,113</b>	<b>20,553,792</b>	<b>19,267,944</b>	<b>13,158,912</b>	<b>8,285,573</b>	<b>948,716</b>	<b>83,878,050</b>
Paid in capital		22,249,990	0	0	310,900	0	0	22,560,890
<b>Book balance</b>	<b>\$</b>	<b>22,717,909</b>	<b>\$ 8,847,967</b>	<b>\$ 7,765,272</b>	<b>\$ 14,062,208</b>	<b>\$ 23,465,902</b>	<b>\$ 29,376,282</b>	<b>\$ 106,235,539</b>

**CALIFORNIA WATER INSURANCE FUND**

**FLOW OF CASH BY PROGRAM  
CUMULATIVE FROM INCEPTION THROUGH DECEMBER 31, 2025**

**WORKERS COMPENSATION PROGRAM**

	Policy Year 7/1/20-21	Policy Year 7/1/21-22	Policy Year 7/1/22-23	Policy Year 7/1/23-24	Policy Year 7/1/24-25	Total
<b>REVENUE</b>						
Deposit Premiums Earned	\$ 13,426,250	\$ 13,377,935	\$ 8,804,600	\$ 8,469,500	\$ 8,570,400	\$ 52,648,685
Deposit Premiums Earned (10x10)	0	0	0	0	0	0
Realized Investment Income (Loss)	4,248,071	2,945,943	1,630,224	458,147	117,050	9,399,435
<b>Total Revenue</b>	<b>17,674,321</b>	<b>16,323,878</b>	<b>10,434,824</b>	<b>8,927,647</b>	<b>8,687,450</b>	<b>62,048,120</b>
<b>EXPENSES</b>						
Paid Claims	5,937,746	3,433,025	3,122,432	2,535,799	1,048,878	16,077,881
General/Administrative	4,055,625	4,457,009	45	0	0	8,512,678
Dividends paid to JPIA	3,776,755	2,338,462	1,061,160	223,743	0	7,400,120
<b>Total Expenses</b>	<b>13,770,126</b>	<b>10,228,496</b>	<b>4,183,636</b>	<b>2,759,542</b>	<b>1,048,878</b>	<b>31,990,679</b>
Paid in capital	0	14,700,000	(222,445)	0	0	14,477,555
<b>Book balance</b>	<b>\$ 3,904,195</b>	<b>\$ 20,795,382</b>	<b>\$ 6,028,742</b>	<b>\$ 6,168,105</b>	<b>\$ 7,638,571</b>	<b>\$ 44,534,996</b>

**CALIFORNIA WATER INSURANCE FUND**

**FLOW OF CASH BY PROGRAM  
CUMULATIVE FROM INCEPTION THROUGH DECEMBER 31, 2025**

**EMPLOYEE BENEFITS PROGRAM**

	Policy Year 2022	Policy Year 2023	Policy Year 2024	Policy Year 2025	Total
<b>REVENUE</b>					
Deposit Premiums Earned	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Deposit Premiums Earned (10x10)	0	0	0	0	0
Realized Investment Income (Loss)	(169,034)	1,176,711	8,861,240	2,758,964	12,627,881
<b>Total Revenue</b>	<b>(169,034)</b>	<b>1,176,711</b>	<b>8,861,240</b>	<b>2,758,964</b>	<b>12,627,881</b>
<b>EXPENSES</b>					
Paid Claims	0	0	0	0	0
General/Administrative	0	1,295	0	0	1,295
Dividends paid to JPIA	620,864	0	2,921,412	6,137,871	9,680,147
<b>Total Expenses</b>	<b>620,864</b>	<b>1,295</b>	<b>2,921,412</b>	<b>6,137,871</b>	<b>9,681,443</b>
Paid in capital	60,000,000	0	0	0	60,000,000
<b>Book balance</b>	<b>\$ 59,210,102</b>	<b>\$ 1,175,416</b>	<b>\$ 5,939,828</b>	<b>\$ (3,378,907)</b>	<b>\$ 62,946,438</b>



*California Water Insurance Fund*

*CWIF exists for the sole purpose of advancing and supporting the insurance and risk management needs and insurance-related support programs of the ACWA JPIA.*

## **CWIF Board of Directors Meeting AGENDA**

ACWA JPIA  
2100 Professional Drive  
Roseville, California 95611

### Zoom Link

Meeting ID: 532 180 4035, Passcode: 5742  
+1 669 900 6833 US (San Jose)

### **Tuesday, September 30, 2025 – 11:00 AM**

<u>Presenter</u>			<u>Page #</u>
Morris	*	1. Approve the Minutes of the June 27, 2025 Meeting	<b>3</b>
Morris	*	2. Appointment of CWIF Officers <i>Term: October 1, 2025 to September 30, 2026</i>	<b>5</b>
deBernardi	*	3. Approve Dividends	<b>6</b>
Beatty	*	4. Review and Approve Revised Workers' Compensation Reinsurance Agreements for 2025-26 Policy Year	<b>8</b>
Beatty	*	5. Review and Approve the Liability Program Reinsurance Agreements for 2025-26 Policy Year	<b>14</b>
Morris	*	6. Discuss Availability for Next Meeting @ Fall Membership Summit to be Held in San Diego on December 1, 2025	<b>26</b>

### **ADJOURN**

*\*Related items enclosed*



*California Water Insurance Fund*

*CWIF exists for the sole purpose of advancing and supporting the insurance and risk management needs and insurance-related support programs of the ACWA JPIA.*

## **Board of Directors Meeting**

Sheraton San Diego Resort  
1380 Harbor Island Drive  
San Diego, CA 92101  
(619) 291-2900

## **AGENDA**

### **Monday, December 1, 2025 – 8:15 AM**

<u>Presenter</u>		<u>Page #</u>
Morris	* 1. Approve the Minutes of the September 30, 2025 Meeting	12
Beatty	* 2. Program Status	14
PFMAM	* 3. PFMAM Investment Portfolio Update	19
deBernardi	* 4. Review and Approve Investment Policy Statement	30
deBernardi	* 5. Transition of Fiscal Year to 7/1 - 6/30	36
deBernardi	* 6. Review and Approve Dividends	45
Morris	* 7. Review Availability of the Board of Directors for the May 29, 2026 Meeting in Utah	47

### **ADJOURN**

*\*Related items enclosed.*

**ACWA JPIA**  
**Director of Finance Update**  
**March 26, 2026**

**BACKGROUND**

This is a standing item on Finance and Audit Committee agendas.

**CURRENT SITUATION**

David deBernardi, Director of Finance, will provide the Finance and Audit Committee with an update on relevant current matters, issues, and opportunities.

**RECOMMENDATIONS**

None, information only.

# ACWA JPIA MEETINGS CALENDAR – 2026

MEETING DATES	BOARD OF DIRECTORS	EXECUTIVE	PERSONNEL	FINANCE & AUDIT	PROGRAMS				RISK MGMT	CWIF
					Emp. Benefits	Liability	Property	Work Comp		
JAN 16		8:00 AM*								
JAN 21			3:00 PM							
JAN 22		10:30 AM							8:00 AM	
FEB 11							11:00 AM*			
FEBRUARY 19-20 STRATEGIC PLANNING SESSION - SAN DIEGO										
MARCH 1-4 AGRIP GOVERNANCE CONFERENCE - NASHVILLE										
MARCH 8-10 CICA CONFERENCE - PALM DESERT										
MAR 26				1:00 PM			3:00 PM			
MAR 27		8:00 AM								
APRIL 30					9:00 AM *					
MAY 4-7 ACWA JPIA SPRING MEMBERSHIP SUMMIT AND ACWA CONFERENCE - SACRAMENTO										
MAY 4	2:00 PM					8:00 AM				
MAY 29										9:00 AM (UTAH)
JUNE 3			10:00 AM *							
JUNE 25								3:00 PM		
JUNE 26		8:00 AM								10:30 AM
JULY 29		3:00 PM			1:00 PM					
SEPTEMBER 15-18 CAJPA ANNUAL CONFERENCE – SOUTH LAKE TAHOE										
SEPT 11			9:00 AM *							
SEPT 24				1:00 PM		3:00 PM	10:00 AM			
SEPT 25		8:00 AM								11:00 AM
OCT 22		10:00 AM *								
NOVEMBER 30-DECEMBER 3 ACWA JPIA FALL MEMBERSHIP SUMMIT AND ACWA FALL CONFERENCE - ANAHEIM										
Nov 30	2:00 PM									8:00 AM

\*Virtual Meeting



# Hybrid Meeting Participation Guidelines

## **For Remote Meeting Participants**

**Remember to mute yourself until you are ready to speak.**

If you have a question or comment, raise your hand in Zoom.

To raise or lower your hand:

1. For PC users:
  - a. Press 'Alt-Y' on your keyboard
  - b. Or go to 'Reactions' on your Zoom screen
2. For IPAD users, go to 'More'.
3. For telephone (audio only) users, press \* then 9.

## **For In-House Meeting Participants**

**Remember to use your microphone when speaking.**

- Remote participants will not hear you if you don't.
- Before speaking, check that your mic is unmuted (green light).

For in-house participants that do not have a microphone, please wait for the mic runner before speaking.