

# JPIA CONFERENCE PACKET

A central image shows a hand holding a crystal ball. The crystal ball reflects a sunset over the ocean. The scene is framed by a blue wavy border at the top and bottom.

**Strengthening the Future**

Monterey Marriott - Monterey

**MAY | 8-9 | 2023**

800.231.5742  
[www.acwajpia.com](http://www.acwajpia.com)



# President's Welcome

## Dear Board Members and Friends:

Welcome to the 2023 Spring Conference at the Marriott in Monterey. I am pleased to see our members continuing to stay involved and participating in the JPIA conferences. While rules on mask wearing and social distancing have gotten much less restrictive, I am sure that our attendees will honor everyone's personal comfort levels when it comes to physical contact and social distancing.

On Monday morning, we will start with the Workers' Compensation Committee Meeting. Shortly after, the Executive Committee Meeting will take place and then followed by the Pre-Board Meeting Luncheon. Grab a bite to eat, socialize with fellow members and water industry professionals just before the Board of Directors' Meeting. The Board of Directors' Meeting will include pertinent information and the Executive Committee Election. The election will fill the four open seats on the ACWA JPIA Executive Committee for a four-year term. We are looking forward to welcoming the committee members to the ACWA JPIA Executive Committee. Please be sure to visit the check-in table to collect your election ballots and voting fob prior to the start of the meeting.

Finally, we end the day with a special celebration dinner recognizing JPIA's CEO, Andy Sells who will retire in September 2023 after 33 years of service and commitment to the employees, committee members, and member agencies who have worked with ACWA JPIA. It will be an evening filled with shared memories, well wishes, all in celebration of Andy. On behalf of this celebration, we want to thank our sponsors who generously contributed to making this evening special. Sponsors are listed on the next page and through other conference materials. We thank you for your support.

After Monday's full day, the JPIA Conference Schedule continues Tuesday, and includes two morning seminars discussing pertinent topics within the water industry. Scott Klososky and Tom Sher will be presenting on topics that elicit leadership, digital strategy, technology risks and navigating better health for employees. Check out Scott and Tom's accomplishments and in-depth description of their seminar topics on the following pages. The afternoon finishes with Sexual Harassment Prevention Training course for Board Members and Managers instructed by Robert Greenfield. Attendance for the whole course is required to receive credit.

On Tuesday night, come join JPIA's Staff and Executive Committee members at the Exhibit Hall for the ACWA Conference Welcome Reception. There will be familiar faces and new JPIA staff members amongst the crowd to mingle with. Wednesday and Thursday, we will be back at the Exhibit Hall and ready to chat with you all.

As we continue to serve our members, the organization remains steady and strong. We encourage members who are not enrolled in all of JPIA's programs to consider the benefits of doing so. Participation in multiple JPIA pooled programs allows for more rate stability, broader coverage, and expanded benefits and services compared to commercial insurance. Additionally, being able to return monies originally collected that are ultimately not needed to pay claims or other expenses is our philosophy and allows our members to use those monies to process and deliver clean, safe water. For those members who already participate in all the JPIA's programs, thank you for your support and confidence in the JPIA.

As always, I want to welcome your thoughts on how to better serve our membership and improve the organization. I look forward to another great conference season.

Sincerely,

Melody McDonald  
Board President

# JPIA Information Page

## 2023 Spring Conference Sponsors

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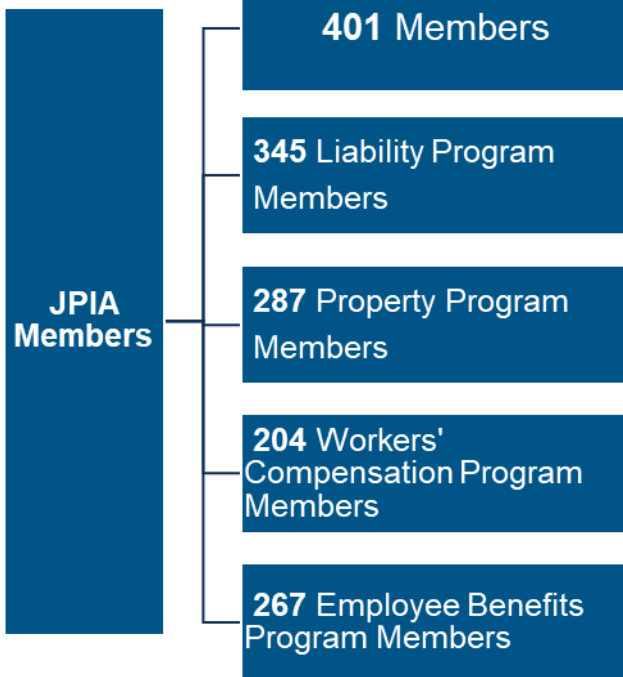
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# JPIA Seminar Descriptions



**Scott Klososky:**  
Technologist, Futurist,  
Humanist, Author and  
Consultant, Future  
Point of View



**Tom Sher:** Senior Vice  
President, Alliant  
Insurance Services Inc.



**Robert Greenfield:**  
General Counsel,  
ACWA JPIA

## Leadership, Digital Strategy, and Technology Risk

***Presenter: Scott Klososky, Technologist, Futurist, Humanist, Author, and Consultant, Future Point of View***

The water utilities industry is a critical infrastructure and becoming more dependent on technology to deliver services. All the while the digital transformation world took a big step forward in 2023 with the explosion of generative AI applications like ChatGPT and DALLE-2. Scott Klososky is an expert at accurately painting the picture of what the future holds both for digital strategy and digital risks. In this keynote, Scott will encourage conversation about technological opportunities and potential risks that must be leveraged and or contained over the next three years.

**Scott Klososky** encompasses intuitive knowledge about the intersection of humanity and the digital transformation. Scott lives on the leading edge of technology and innovative thinking. The common ingredient across all of the technological endeavors Scott has engaged in is taking something from the early development stages and transforming the product to improve the growing opportunity for companies to flourish. Scott is a founding partner of digital strategy firm, Future Point of View, where he designed unique concepts such as the HUMALOGY® Scale. This scale measures the amount of human or machine involved in a system or process. Other accomplishments in Scott's technology career include: founding Alkami Technology, a second generation online banking platform and spearheaded a turnaround on a company called Critical Technologies, that was an early model of digital document storage. Scott became founder and CEO of Paragraph Inc, a Soviet/American joint venture curating new business opportunities. Avant Digital Marketing was another company Scott started and started from single page websites, that transitioned to complicated eCommerce sites and dialed in his focus on streaming videos over the internet. With Scott's extensive background in improving the technology for the future, Scott is an author of four books including *The Velocity Manifesto*, *Harnessing Technology*, *Vision & Culture to Future-Proof Your Organization* that won the gold medal in the leadership category from the Booksellers Guild. To this day, Scott is a hybrid of a technologist and humanist who strives to find a hopeful future in blending the two.

## Help Your Employees Navigate the Path to Better Health

***Presenter: Tom Sher, Senior Vice President, Alliant Insurance Services Inc.***

Untreated health conditions lead to lost work days, on-the-job accidents, employee turnover and higher occupational and non-occupational health care costs. How would you advise an employee or loved one looking for care after a diagnosis of cancer? Is the burden of raising kids, dealing with flood waters at work or poor health leaving you feeling depressed? Have you been able to find help for your sore back?

*Seminar descriptions continued on next page.*

# JPIA Seminar Descriptions

## **Help Your Employees Navigate the Path to Better Health (continued)**

Connecting quickly with the right health care provider is a daunting task. The American healthcare system is complex and often unresponsive. The ACWA JPIA health plans offer innovative solutions that can help your employees and their dependents get better care more quickly and with less travel. The ACWA JPIA Employee Benefits Team uses actual health care claims data to identify impactable healthcare conditions and contracts with providers of digital therapeutics to deliver customized care solutions to JPIA members' employees and their dependents. Learn more about these personalized risk mitigation tools for improving quality and reducing the cost of treatment for cancer, mental health, musculo-skeletal disorders, and fertility/family planning.

**Tom Sher** is a Senior Vice President of Alliant Insurance Services with over 40 years of experience in advising California public agencies in delivering progressive, cost-effective group health benefit plans. He is a frequent speaker at CAJPA and CALPELRA. His clients include several statewide JPAs and numerous California counties, cities and public schools. Tom is a U.S. Navy veteran and a graduate of the U.S. Naval Academy with a Masters in Business Administration from the European Institute of Business Administration.

## **Sexual Harassment Prevention for Board Members & Managers (AB1825, 1661 & 2053)**

**Presenter: Robert Greenfield, JPIA General Counsel**

The world is constantly changing and the impact of these changes filters into workplaces on a daily basis. This course will take a new look at the issue of sexual harassment, particularly considering new protected classes, technological advances, acceptable workplace behavior, and the age-old issue of respect for anyone associated with a district's business. Other points covered by this course are understanding the California and federal sexual harassment laws, recognizing early signs of sexual harassment, and dealing with incidents of harassment.

**Robert H. Greenfield** joined the JPIA in December of 2013. As JPIA's General Counsel, Robert oversees legal compliance of the JPIA with all applicable State and Federal laws. Robert directs outside counsel in JPIA litigated claims and provides coverage analysis for members. He also helps the members through employment practices training, including state mandated training for supervisors and elected officials. In complicated matters, Robert assists members through the Employment Practices Hotline.

Robert graduated from Fordham College and University of Pacific School of Law with honors. Robert was in private practice for 30 years representing public entities in both State and Federal Court in many types of litigation with a focus on labor and employment matters. He has been given the highest possible rating in both Legal Ability & Ethical Standards by Martindale-Hubbell in Government Law and Employment Law.

Robert is an active member of the State Bar of California and participates in the Employment and Labor Law Section of the State Bar. He is also a past president of the local County Bar Association and served as an elected member of the Gold Trail Unified School District Board of Trustees.

*To receive credit for this class, attendees must arrive on time and attend the entire two-hour session. HR professionals may count these session hours as electives towards JPIA's HR Certification Program. This course complies with AB1825 sexual harassment training for "managers."*



# 2023 Spring Conference

Location: Monterey Marriot  
350 Calle Principal  
Monterey, CA 93940

Date: Monday, May 8 - Tuesday, May 9, 2023

## Conference Schedule

### Monday, May 8, 2023

|                         |  | Location  |
|-------------------------|--|---|
| 8:30 a.m. – 9:30 a.m.   | <b>Workers' Compensation Committee Meeting</b>   | San Carlos II - III                             |
| 9:45 a.m. – 11:30 a.m.  | <b>Executive Committee Meeting</b>   | San Carlos II - III                             |
| 11:45 a.m. – 12:45 p.m. | <b>Pre-Board Meeting Lunch</b><br><i>(First come first serve buffet luncheon)</i>  | San Carlos IV                                   |
| 1:00 p.m. – 4:30 p.m.   | <b>Board of Directors' Meeting with Election</b>   | San Carlos I - III                              |
| 6:00 p.m. – 8:30 p.m.   | <b>Celebrating ACWA JPIA's CEO, Andy Sells for 33 Years of Service and Retirement.</b><br><i>(RSVP by April 13, 2023, required to attend this event)</i> | Ferrantes<br>Bay View<br>10 <sup>th</sup> Floor |

### Tuesday, May 9, 2023

|                         |  |                     |
|-------------------------|--|---------------------|
| 8:15 a.m. – 9:45 a.m.   | <b>Leadership, Digital Strategy and Technology Risk</b><br><i>Presenter: Scott Klososky, Technologist, Futurist, Humanist, Author and Consultant, Future Point of View</i> | San Carlos II - III |
| 10:00 a.m. – 11:30 a.m. | <b>Help Your Employees Navigate the Path to Better Health</b><br><i>Presenter: Tom Sher, Senior Vice President, Alliant Insurance Services Inc.</i>                        | San Carlos II - III |
| 1:00 p.m. – 3:00 p.m.   | <b>Sexual Harassment Prevention for Board Members &amp; Managers (AB1825,1661 &amp; 2053)</b><br><i>Presenter: Robert Greenfield, JPIA General Counsel</i>                 | San Carlos IV       |

## Exhibit Hall

JPIA Staff and JPIA Executive Committee Members will be present during the exhibit hall hours. The exhibit booth is a great place to catch up with familiar faces, ask pertinent questions and introduce new employees. JPIA's exhibit booth, located at 212 & 214 booth location will be staffed:

Tuesday, May 9, 2023 – 5 p.m.- 6:30 p.m. ACWA's Welcome Reception  
Wednesday, May 10, 2023 – 8:30 a.m. - 6:00 p.m.  
Thursday, May 11, 2023 – 8:00 a.m. - 12:00 p.m.

***Strengthening the Future***



# Workers' Compensation Program Committee Meeting



YOUR BEST PROTECTION

Monterey Marriott  
350 Calle Principal  
Monterey, CA 93940

Monday  
May 8, 2023  
8:30 a.m.

Chairman: David Drake, Rincon del Diablo Municipal Water District

Vice-Chair: Fred Bockmiller, Mesa Water District

Robert Kunde, Wheeler Ridge-Maricopa Water Storage District

Stacey Lollar, Calaveras County Water District

Lenet Pacheco, Valley County Water District

Szu Pei Lu-Yang, Rowland Water District

Scott Quady, Calleguas Municipal Water District

David Wheaton, Citrus Heights Water District



## **WORKERS' COMPENSATION PROGRAM COMMITTEE MEETING**

### **AGENDA**

Monterey Marriott  
350 Calle Principal  
Monterey, CA 93940  
(831) 373-5700

**Monday – May 8, 2023 - 8:30 a.m.**

#### **WELCOME**

#### **CALL TO ORDER AND ANNOUNCEMENT OF QUORUM**

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

#### **EVACUATION PROCEDURES**

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

#### **INTRODUCTIONS**

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

| <u>Presenter</u> |            |   | <u>Page#</u> |
|------------------|------------|---|--------------|
|                  | <b>I.</b>  | <b><u>CONSENT AGENDA</u></b>                            |              |
| Drake            | *          | A. Approve the minutes of the meeting of June 20, 2022. | <b>10</b>    |
| Drake            |            | B. Report on meetings attended on behalf of the JPIA.   |              |
|                  | <b>II.</b> | <b><u>ADMINISTRATION</u></b>                            |              |
| Sells            | *          | A. Introduce new Workers' Compensation Claims Manager.  | <b>17</b>    |



### III. PROGRAM UPDATE

|            |   |   |    |
|------------|---|---|----|
| Greenfield | * | A. Review of Workers' Compensation claims data. | 19 |
| Flint      | * | B. Risk Management update.                      | 25 |
| Cruz       | * | C. Membership report.                           | 26 |

### IV. NEW BUSINESS

|            |   |   |    |
|------------|---|---|----|
| Greenfield | * | A. Review of biennial claims audit.               | 28 |
| Greenfield | * | B. Review of new laws/pending legislation update. | 41 |
| Flint      | * | C. Cal/OSHA update.                               | 43 |
| Sells      | * | D. CEO update.                                    | 44 |

### V. UPCOMING MEETING

|       |  |  |  |
|-------|--|--|--|
| Drake |  | A. There are no additional meetings scheduled for the remainder of the year. |  |
|-------|--|--|--|

### 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: Kristan Brown, Administrative Assistant II, ACWA JPIA, PO Box 619082, Roseville, CA 95661-9082; telephone (916) 786-5742. The JPIA's normal business hours are Monday – Friday, 7:30 a.m. to 4:30 p.m. (Government Code Section 54954.2, subdivision. (a)(1).)

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



Unapproved minutes

## Workers' Compensation Program Committee Meeting

ACWA Joint Powers Insurance Authority  
2100 Professional Drive  
Roseville, CA 95661  
(916) 786-5742

**June 20, 2022**

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

### MEMBERS PRESENT

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Chairman: David Drake, Rincon del Diablo Municipal Water District  
Vice-chair: Fred Bockmiller, Mesa Water District  
Robert Kunde, Wheeler Ridge-Maricopa Water Storage District  
Scott Quady, Calleguas Municipal Water District  
David Wheaton, Citrus Heights Water District

### MEMBERS ABSENT

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Rick Gilmore, Byron-Bethany Irrigation District  
Traci Hart, Soquel Creek Water District

### STAFF PRESENT

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Chief Executive Officer/Secretary: Walter "Andy" Sells  
Adrienne Beatty, Assistant Executive Officer  
Kristan Brown, Administrative Assistant II (Recording Secretary)  
Chimene Camacho, Executive Assistant to the CEO  
Linda Craun, Administrative Assistant III  
David deBernardi, Director of Finance  
Robin Flint, Risk Control Manager  
Robert Greenfield, General Counsel  
Debbie Kyburz, Lead Member Services Representative  
Jennifer Nogosek, Liability/Property Claims Manager  
Sylvia Robinson, Publications & Web Editor  
Patricia Slaven, Director of Human Resources and Administration  
Sandra Smith, Employee Benefits Manager  
Dan Steele, Finance Manager  
Melody Tucker, Workers' Compensation Claims Manager  
Nidia Watkins, Member Services Representative II

### OTHERS IN ATTENDANCE

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E.G. "Jerry" Gladbach, Santa Clarita Valley Water Agency  
Melody A. McDonald, San Bernardino Valley Water Conservation District

Cathy Green, ACWA Vice President  
Brent Hastey, Yuba Water Agency  
Chris Kapheim, Kings River Conservation District  
Randall Reed, Cucamonga Valley Water District  
J. Bruce Rupp, Humboldt Bay Municipal Water District  
Alex Tokar, Aon

## **WELCOME**

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Chairman Drake welcomed everyone.

## **CALL TO ORDER AND ANNOUNCEMENT OF QUORUM**

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

## **ANNOUNCEMENT RECORDING OF MINUTES**

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

## **PUBLIC COMMENT**

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

## **INTRODUCTIONS**

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Roll call was taken for Committee attendance and Mr. Sells introduced the Executive Committee, guests, and staff on the Zoom meeting.

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

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Chairman Drake asked for any additions to, or deletions from, the agenda. Staff had none.

## **CONSENT AGENDA**

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### Approval of the minutes

Chairman Drake called for approval of the June 14, 2021 minutes.

M/S/C (Bockmiller/Wheaton) (Bockmiller-Yes; Drake-Yes; Kunde-Yes; Quady-Yes; Wheaton-Yes): That the Workers' Compensation Program Committee approve the minutes of the June 14, 2021 as presented.

### Meeting attended on behalf of the JPIA

None reported.

## **LOSS REPORTS**

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### Review Claims Data

Mr. Sells expressed that the Workers' Compensation Program continues to be a positive and stable program, showing favorable claims history with no significant losses. Since the inception of JPIA's Workers' Compensation Program, we have only had 4 claims that surpassed \$1 million, including two closed claims which slightly exceeded JPIA's current retention layer of \$2 million, as shown on the chart of 25 Largest Workers' Compensation Program Claims. For the last 9 years, JPIA has been able to return money to the Rate Stabilization Fund displaying the success of the program in the reduction of Workers' Compensation claims.

Mr. Sells attributes this downward trend in Workers' Compensation claims to JPIA's Risk Management and Training Department's efforts in providing workplace safety and management services, in conjunction with our members dedication to safety procedures.

## **MEMBERSHIP**

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Ms. Beatty stated that for the 2021-22 coverage year, two agencies have joined the Workers' Compensation Program: San Bernardino Valley Municipal Water District and Tri-District Water Authority, bringing the total membership up to 202.

For the 2022-23 coverage year, Ms. Beatty clarified to the Committee that Rainbow Municipal Water District, North Coast County Water District, and Stanislaus Regional Water Authority are not only interested in joining the Workers' Compensation Program, but have gone through the underwriting process and requirements with multiple JPIA departments. These agencies established that they were a good fit for the JPIA membership and were presented to the Executive Committee Board for approval to join the JPIA.

Within the 2021-22 policy year, there were no notices of intent to withdraw for the July 1, 2022 renewal, and membership has been stable.

## **NEW BUSINESS**

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### Premiums for Inmate, Work Release and Court Referred Community Service Programs

Mr. Greenfield brought forth to the Committee proposed changes to pricing for District's volunteers, specifically for inmates, work release and court referred community service participants. In 2018 a change in the pricing of Workers' Compensation coverage for participants in a work release or community service court authorized program was approved. Upon further investigation of the pricing change, use of this workforce became cost prohibitive. In the history of the Workers' Compensation Program, there have only been two claims from work release participants, the largest was for \$250.00. In order to provide flexibility to members to use work release labor, staff recommended that the premium be changed to \$200.00 per day for each day using work release labor regardless of the number of workers.

In addition, Mr. Greenfield reported that the JPIA's Memorandum of Workers' Compensation Coverage (MOWC) is silent regarding extending workers' compensation benefits to participants under Work Release Agreements sponsored by Counties and utilized by Member Districts.

This topic was presented to the Workers' Compensation Committee to discuss and make a recommendation on pricing to the Executive Committee.

M/S/C (Wheaton/Quady) (Bockmiller-Yes; Drake-Yes; Kunde-Yes; Quady-Yes; Wheaton-Yes): That the Workers' Compensation Program Committee recommends that the Executive Committee approve a premium of \$200.00 per day for work release labor regardless of the number of workers.

#### Memorandum of Workers' Compensation Coverage

Ms. Beatty explained that the Workers' Compensation Committee annually reviews and recommends for the approval of the Memorandum of Workers' Compensation Coverage. As discussed previously, JPIA staff recommended that "employees" utilized by Districts from inmate, work release, and court referred community service programs be considered as volunteers. While working for the District, these volunteers would be covered by the Workers' Compensation Program for injury or illness sustained with the provision that the District has adopted a resolution declaring such volunteer workers to be employees. The Risk Advisors will be offering guidance to the members for new or revised volunteer resolutions, providing a sample resolution with defining language and clarity, thereby adding protection for the member agency.

Currently, JPIA's MOWC is silent on this issue; therefore, it is staff's recommendation that clarifying language be added to the definition of "Volunteers" in "Section I – Definitions" of the MOWC.

M/S/C (Bockmiller/Kunde) (Bockmiller-Yes; Drake-Yes; Kunde-Yes; Quady-Yes; Wheaton-Yes): That the Workers' Compensation Program Committee recommends that the Executive Committee approve the Memorandum of Workers' Compensation Coverage, as revised, to be effective July 1, 2022.

#### Workers' Compensation Excess Insurance Renewal Proposal

Ms. Beatty stated that the Workers' Compensation Program renews on July 1, 2022, with the primary pooled layer as well as one excess carrier, Safety National, who provides Statutory limits above the pool's \$2 million retention.

Ms. Beatty declared that Safety National has been a good partner and has provided the JPIA with favorable rates. For reference, during a four-year period, 2017-2020, staff secured multi-year rates from Safety National. In 2021-2022, with the onset of COVID and uncertainty of its potential impact to claims experience, Safety National ceased offering multi-year deals to its clients and instead offered the JPIA a one-year renewal with a 7% rate increase.

For the 2022-23 policy year, Safety National has offered a flat renewal rate of \$0.0865 per \$100 of payroll rate. Additionally, since JPIA's claims experience continues to be stable and COVID did not affect claims in frequency or severity, a multi-year deal rate was secured for the 2023-2024 term falling between a 0%-2.5% increase, subject to conditions as noted in their Program Commitment Agreement. Mr. Tokar from Aon noted that currently the typical renewal rates in the marketplace are not flat but have increased, and with current challenges, it is an exception/rarity for the carriers to provide a flat rate along with a multi-year deal rate. JPIA's satisfactory loss history trends and potential strategy of the JPIA have aided in securing these terms.

M/S/C (Kunde/Wheaton) (Bockmiller-Yes; Drake-Yes; Kunde-Yes; Quady-Yes; Wheaton-Yes): That the Workers' Compensation Program Committee recommends that the Executive Committee approve Safety National's excess renewal terms as presented with an effective date of July 1, 2022.

### Renewal Pricing

Mr. deBernardi reported that the Workers' Compensation Program renews on July 1, 2022. He discussed rate by class codes, and how different classifications show varying levels of risk. The projected payrolls are multiplied by these rates to determine what the premiums will be for the Worker's Compensation Program. These are contributing factors to accurate class code implementation: review the 5-year loss history by class code, percentage of loss per class code and allocation of the percentage of premium per class code. The percentage of losses is compared to the percentages of premium for each class code. If the percentage of losses is within a 5% of the projected premium rates, this is an indicator that the class codes are appropriate.

Mr. deBernardi presented three program rate options for consideration. He welcomed Committee feedback and suggestions.

**Option 1** shows budgeted numbers with no price change. If all estimates are correct under this pricing, members would receive \$2.5 million in refunds (line 2). The reason for such a favorable dollar amount is due to the reduced loss rate obtained from the JPIA third party actuary. The estimated loss rate per \$100 of payroll went from \$1.29 in policy year 2021-2022 to \$1.23 for policy year 2022-2023. This amounts to nearly a 5% decrease.

**Option 2** displays pricing with a 10% decrease in all class code rates. Under this pricing scenario members would potentially have \$1.1 million in refunds to them (line 2).

**Option 3** presents pricing with a 5% decrease. Under this pricing members would be returned \$1.8 million in refunds.

State legislation continues to be the biggest factor in potentially adversely affecting future costs.

Staff recommended Option 3, a 5% decrease to the pricing for the Workers' Compensation Program due to the overall increases in coverage rates in the marketplace, but expressed that we are open to all options presented. Much discussion was held among the Committee Members expressing how the change in rates would impact agencies from both a community and pooled membership perspective.

M/S/C (Bockmiller/Drake) (Bockmiller-Yes; Drake-Yes; Kunde-No; Quady-Yes; Wheaton-No): That the Workers' Compensation Program Committee recommends that the Executive Committee approve Option 1, no price change for the Workers' Compensation Program, policy year July 1, 2022.

#### Update on AME / QME Fee Schedule Changes and Cost Impacts

Ms. Tucker updated the Committee on the new fee schedule that came in effect on April 1, 2021 and the obstacles now posed in processing a claim. Medical legal fee schedule costs have increased, but not every claim requires a medical legal evaluation. Medical legal evaluation is based upon compensability, permanent disability or future medical evaluation.

When reviewing claims data since 2018 to present date, we see increases in Medical fees paid. However, the numbers were skewed in the 2020-21 policy year due to Covid and medical exams not taking place. Ms. Tucker provided examples of the effects of the pricing structure change. From policy year 2020-21, there were 59 medical legal payments made. In 2021-22 policy year, 109 medical legal payments have been made, almost double the amount of 2020-21. In addition, there has been a 24% increase in the average cost per claim for 2021-22 policy year.

The implementation of the new fee schedule has increased the fees for an initial exam to \$2,015, which includes review of 200 documents; thereafter, the physician can charge \$3.00 per page. Ms. Tucker provided examples showing how review of records can exponentially increase the cost of a claim. In addition, July 1, 2022 medical mileage will be going up for injured workers who drive to medical appointments and for photocopy services. As all these costs factor in and compound, these increases will continue to impact the total incurred value that is reflected on our claim files.

#### Claims Reporting Kit Updates

Mr. deBernardi updated the Committee on claims reporting modules. JPIA currently uses iVOS. Software modules were introduced to the Claims Departments, and they were positively received. JPIA's current target date for testing will be in August. Ms. Tucker also relayed that Workers' Compensation member reporting would remain the same. JPIA has fillable claims' reporting forms on our website – [www.acwajpia.com](http://www.acwajpia.com).

#### CEO Update

Mr. Sells provided an update regarding the transition to in-person for Committee Meetings and other attended events.

### **MISCELLANEOUS**

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Availability for Upcoming Meeting(s)

There are no scheduled meetings for the remainder of the year.

The Workers' Compensation Program Committee meeting adjourned at 2:55 p.m.



**ACWA JPIA**  
**Introduce New Workers' Compensation Claims Manager**  
**May 8, 2023**

**BACKGROUND**

Melody Tucker, JPIA Workers' Compensation Manager, will be retiring after 7 years and 6 months of service at the JPIA. JPIA is grateful for the excellent service she has provided, as well as the dedication and guidance to JPIA's members and staff.

**CURRENT SITUATION**

JPIA is pleased to announce the selection of Erin Bowles as the new Workers' Compensation Claims Manager for JPIA. Erin has over 27 years of experience and a proven track record of success in processing, interviewing, and investigating claims. Her most recent position is with Gallagher Bassett Insurance Services where she was the Quality Assurance Manager and previously served as Workers' Compensation Claims Supervisor and a Workers' Compensation Claims Adjuster. Prior to that, Erin served as Claims Case Manager III with Liberty Mutual Insurance Group. Erin holds an MBA, State of California Self-Insurance Certificate, and IEA Workers' Compensation Claims Administration Certificate.

**RECOMMENDATION**

None, informational only.

# ERIN BOWLES



## EXECUTIVE SUMMARY

Professionally qualified claims professional with more than twenty-seven years' experience in the insurance industry. Accomplished in multiple areas of the insurance industry relating to sales, claims, service, and utilization management. Expert in planning and executing investigations on insurance claims related to bodily injury, liability, medical, and worker's compensation. Well-versed in establishing solid relationships with professionals and individuals while maintaining high ethical and quality standards, professional demeanor, and a cooperative attitude. Possess outstanding problem-solving, leadership, intellectual curiosity, and social consciousness. Proven dedication to process efficiencies in legal and claims case management that provide in cost advantages in resolving conflicts even prior to a court-litigated resolution.



## EXPERIENCE

### QUALITY ASSURANCE MANAGER

Gallagher Bassett Insurance Services, Sacramento, CA | November 2016 – Present

- ◆ Collaborate with branches throughout the US, working with key internal and external stakeholders such as brokers, clients, claim examiners, defense counsels, and branch managers in achieving corporate goals.
- ◆ Coordinate claim reviews, resolve issues, and provide guidance consistent with corporate policies/procedures and best practices in accordance with applicable statutory and regulatory requirements.
- ◆ Claim auditing including analyzing payments, procedures, guidelines of benefits, financial reserve adequacy and accuracy, best practice compliance, and litigation.
- ◆ Review all targeted claims against identifiable claim closure metrics, which may include age of file, total incurred, defense firm or actuarial focus years.
- ◆ Develop and maintain monthly or quarterly reports, developed specifically for the claims mix, advising of progress and financial status for each file targeted.
- ◆ Provide complex claim findings and make recommendations in a clear and concise manner both in writing and verbally. Provide high level analysis of workers compensation claims.
- ◆ Prepare, analyze and administer a wide variety of reports, statistics, and other documents for, from and between the entities involved in these programs. Prepare monthly and annual reports for senior leadership.
- ◆ Identify training needs of internal staff and organize training interventions to meet quality standards.

### WORKER'S COMPENSATION CLAIMS SUPERVISOR

Gallagher Bassett Insurance Services, Gold River, CA | June 2014 – November 2016

- ◆ Managed the assignment of losses to claims staff. Provided oversight and guidance to subordinate staff.
- ◆ Supervised the day-to-day operations of claim staff to ensure all quality, productivity, and customer service criteria are met while adhering to company policies and procedures. Planned, prioritized and organized claim workload for subordinate staff.
- ◆ Responsible for all management duties including; performance management/evaluations, establishment of department objectives, selection of new hires and training of all new claim staff, implementing strategic and innovative solutions to address challenges.
- ◆ Extended settlement authority on claims exceeding adjuster's granted authority. Developed, recommended and implemented short range objectives consistent with company business goals, guidelines and programs.
- ◆ Provided ongoing training to team members to ensure all corporate/department policies and procedures are followed. Resolved complaints, problems and coverage issues which have been escalated through the inside claims representative.

### WORKER'S COMPENSATION SENIOR CLAIMS ADJUSTER

Gallagher Bassett Insurance Services, Gold River, CA | January 2007 – June 2014

- ◆ Applied knowledge of Workers' Compensation Laws, both statutory and judicial in adjusting workers' compensation claims. Studied and implemented applicable changes in Workers' Compensation Laws, Rules and Regulations. Investigated claims and potential claims against insured for Workers' Compensation; determined appropriateness in accordance with California Labor Code.
- ◆ Coached and mentored new adjusters, staff critical claims, managed and approved reserves, led weekly team meetings, monthly claim review, quarterly and yearly performance reviews for all claims staff.
- ◆ Represented customers before the Workers' Compensation Appeals Board.
- ◆ Resolved complex and severe exposure claims using high service oriented file handling.

### CLAIMS CASE MANAGER III

Liberty Mutual Insurance Group, Sacramento, CA | May 2002 – January 2007

- ◆ Analyzed and adjusted worker's compensation claims, first party automobile claims, third party liability claims, and first party homeowner claims.
- ◆ Negotiated settlement of claims with attorney's or injured workers up to designated authority level and makes claim payments. Processed complex or technically difficult claims.
- ◆ Used established analytical and investigative techniques to conduct investigations to properly set reserves for moderate to high exposure claims involving litigation and vocational rehabilitation.
- ◆ Routinely audited files for payment accuracy within policy and state guidelines while ensuring ongoing adjudication of claims within company standards, industry best practices and client specific requirements.
- ◆ Outstanding organizational, oral communication and interpersonal skills to work with client representatives and customers in stressful and crisis management situations.



## CONTACT



## EDUCATION

- Master of Business Administration (MBA)
- Bachelor of Science in Business Administration (BSBA)
- State of a California Self-Insurance Administrator's Certificate
- CA Fire and Casualty Broker-Agent License 0C30368
- IEA Workers' Compensation Claims Administration Certificate



## EXPERTISE

Customer Service & Relationship Management (Clients, Stakeholders, & Suppliers)

Workers Compensation Administration

Claims Operations Management

Strategic Planning & Execution

Case Management

Conflict Resolution, Arbitration & Mediation

Staff Supervision & Training

Auditing

Client Account Management

Insurance Sales Expertise



## TECH. SKILLS

Proficient in MS Office applications and related claims and business software.



## ATTRIBUTES

- Time Mgmt: ★★★★★
- Leadership: ★★★★★
- Flexibility: ★★★★★
- Creativity: ★★★★★
- Teamwork: ★★★★★
- Communication: ★★★★★

**ACWA JPIA**  
**Workers' Compensation Claims Data**  
**May 8, 2023**

**BACKGROUND**

The claims history for the JPIA Workers' Compensation Program has been very favorable for the past several years. The graphs represent the recent history in the program.

**CURRENT SITUATION**

The JPIA has seen a favorable trend which suggests that the pool is making significant progress. Claim frequency in the current year is slightly down which can be attributed to the drought decreasing productivity.

We have noticed a trend with multiple body parts injured, especially when they suffered a slip/trip and fall type injury. Many claims start as a sprain/strain and months later after little improvement diagnostics are performed showing a more significant injury.

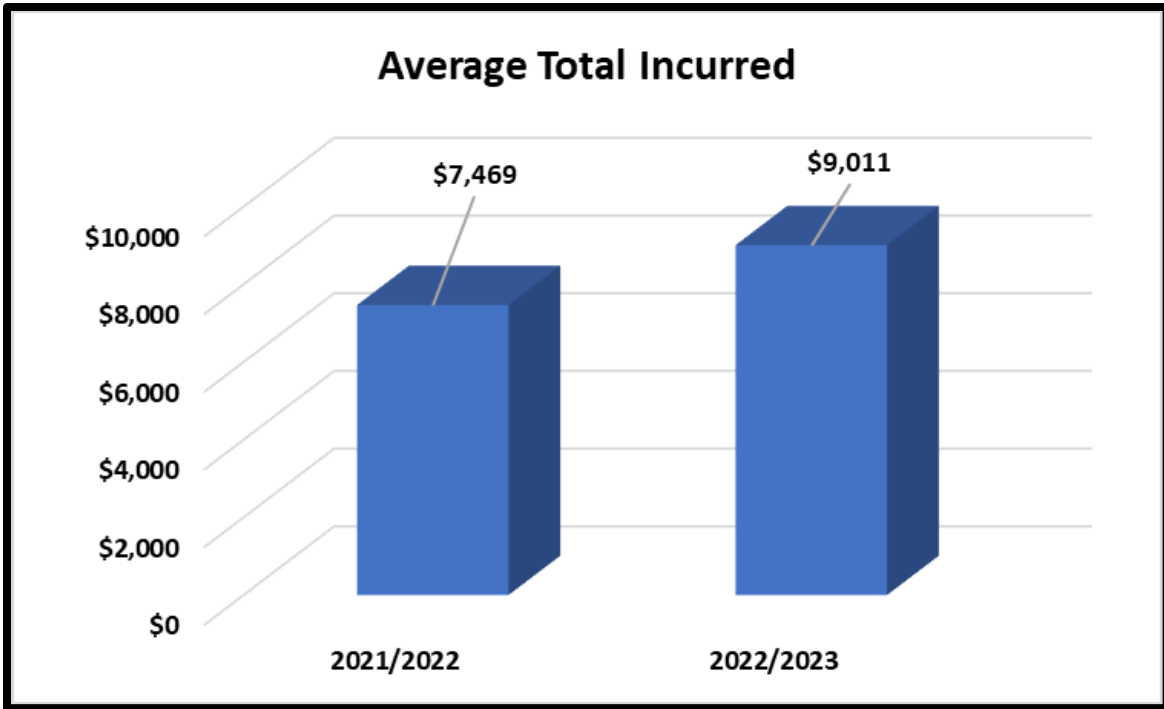
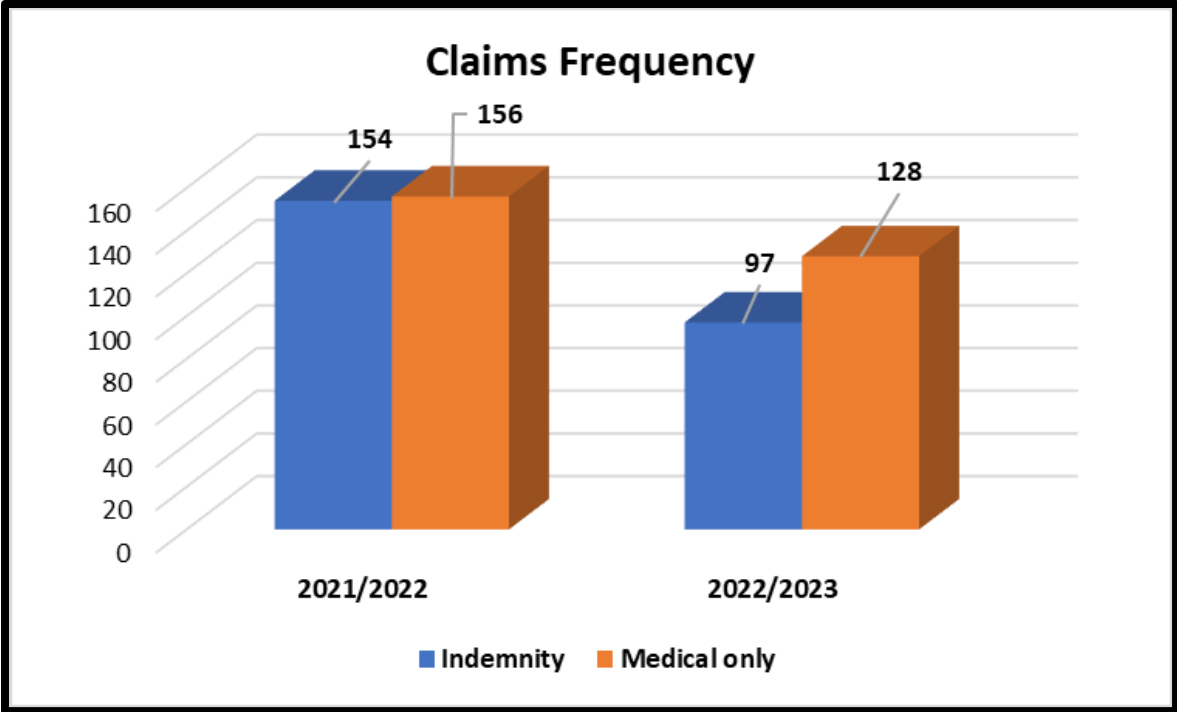
We have seen year after year that it is the new hires filing the majority of the claims. This is not age based but service time based.

Total COVID claims reported between March 1, 2020 and April 4, 2023 is forty-six claims. Twenty-five were denied as not work related. The total incurred was \$61,290 for these claims with an average incurred of \$1,332.

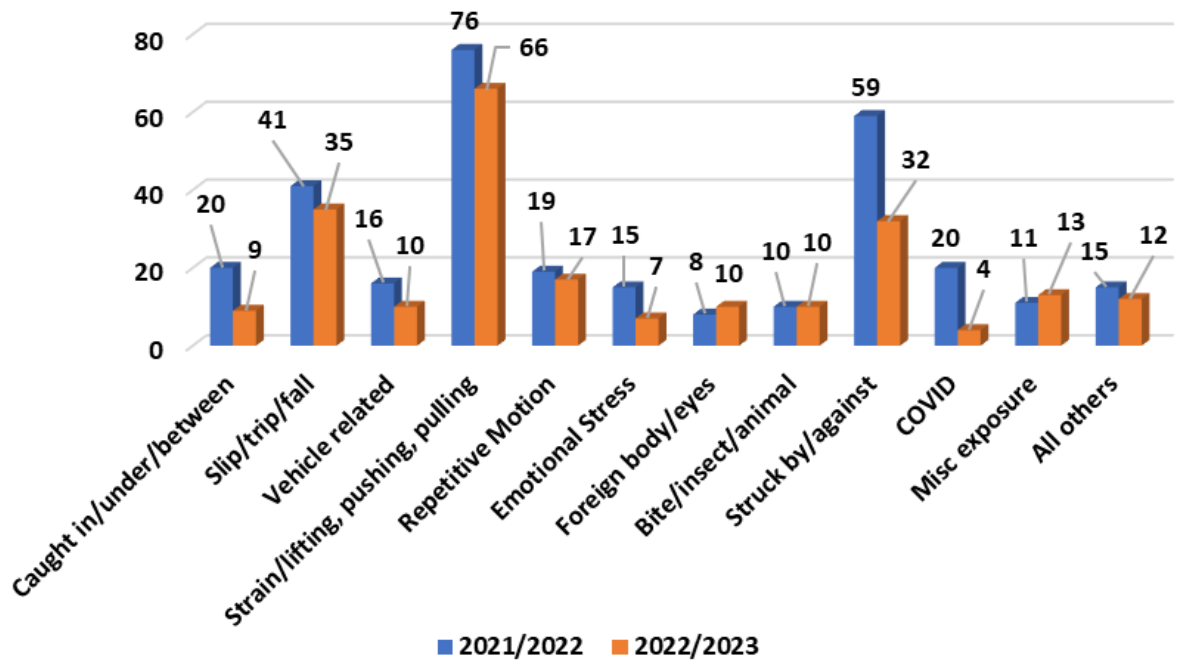
The JPIA's training and risk management efforts have emphasized workplace safety and management over the last several years. The hard work of the Training, Risk Management and Workers' Compensation Claims Departments has resulted in outstanding results for this pooled program.

**RECOMMENDATION**

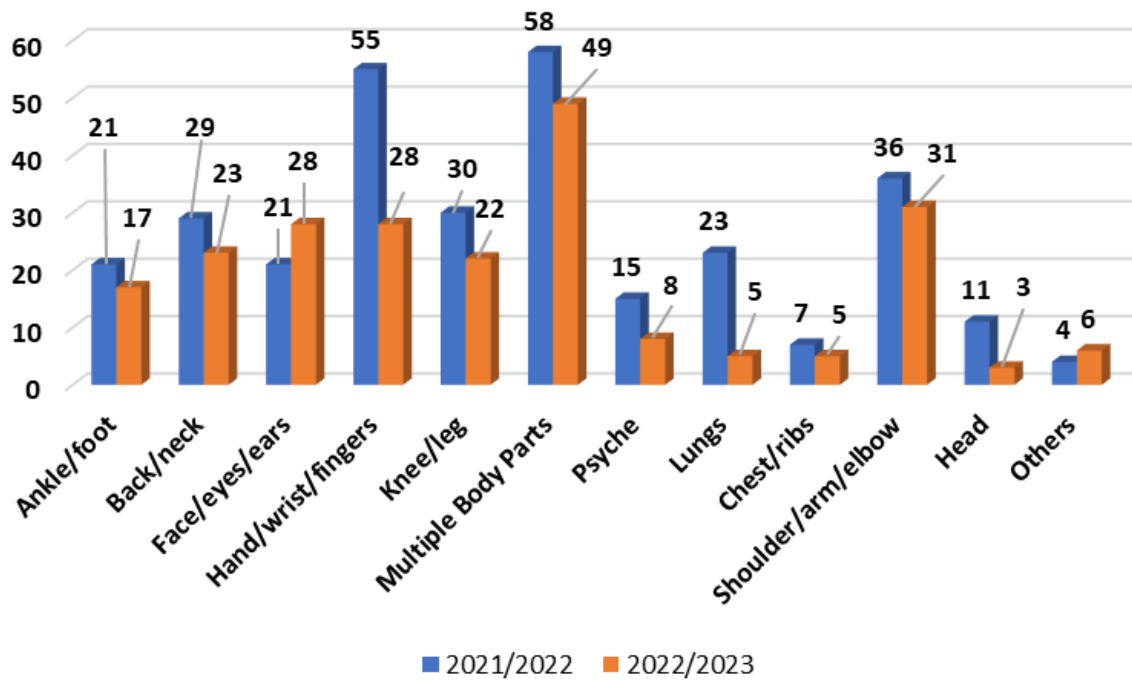
None, informational only.

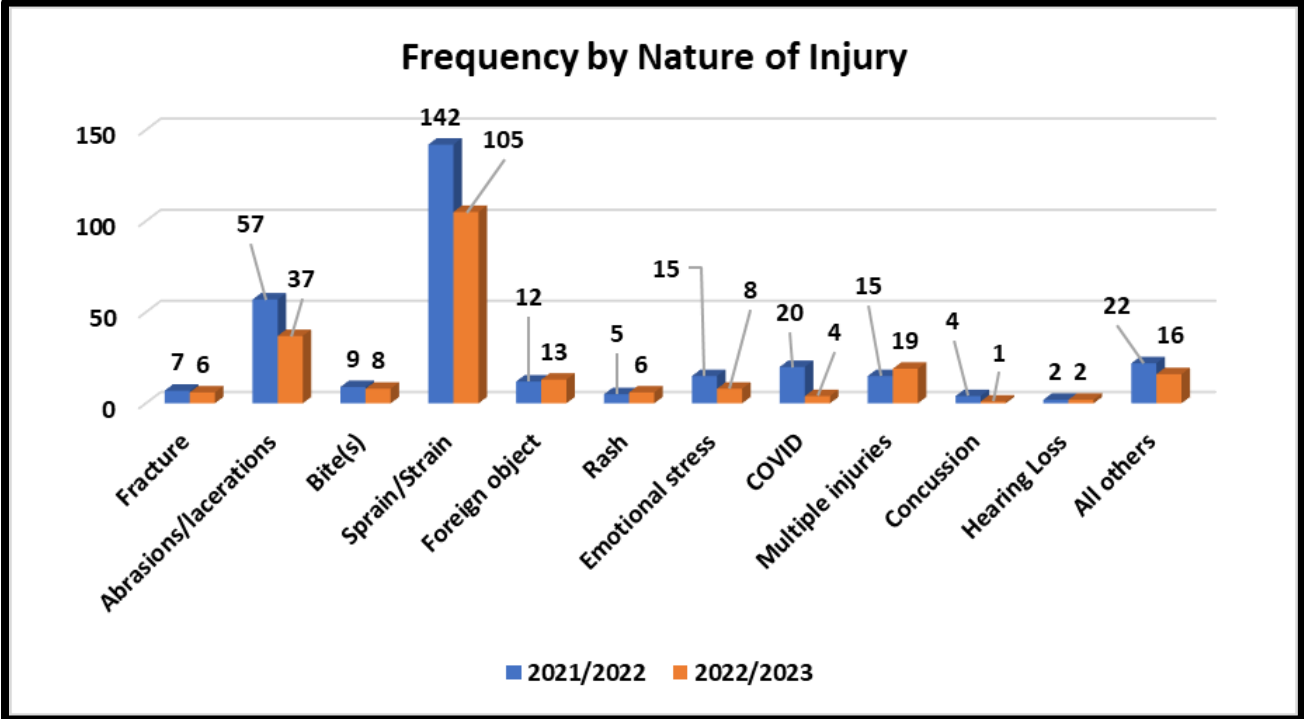


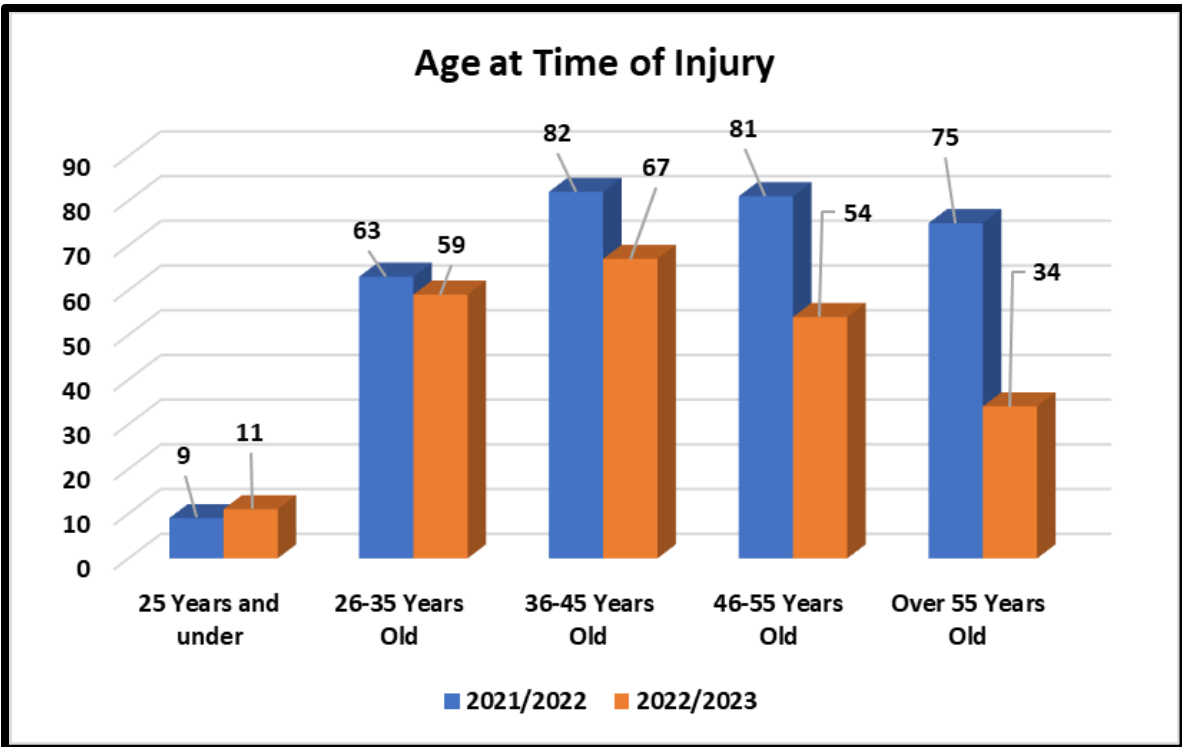
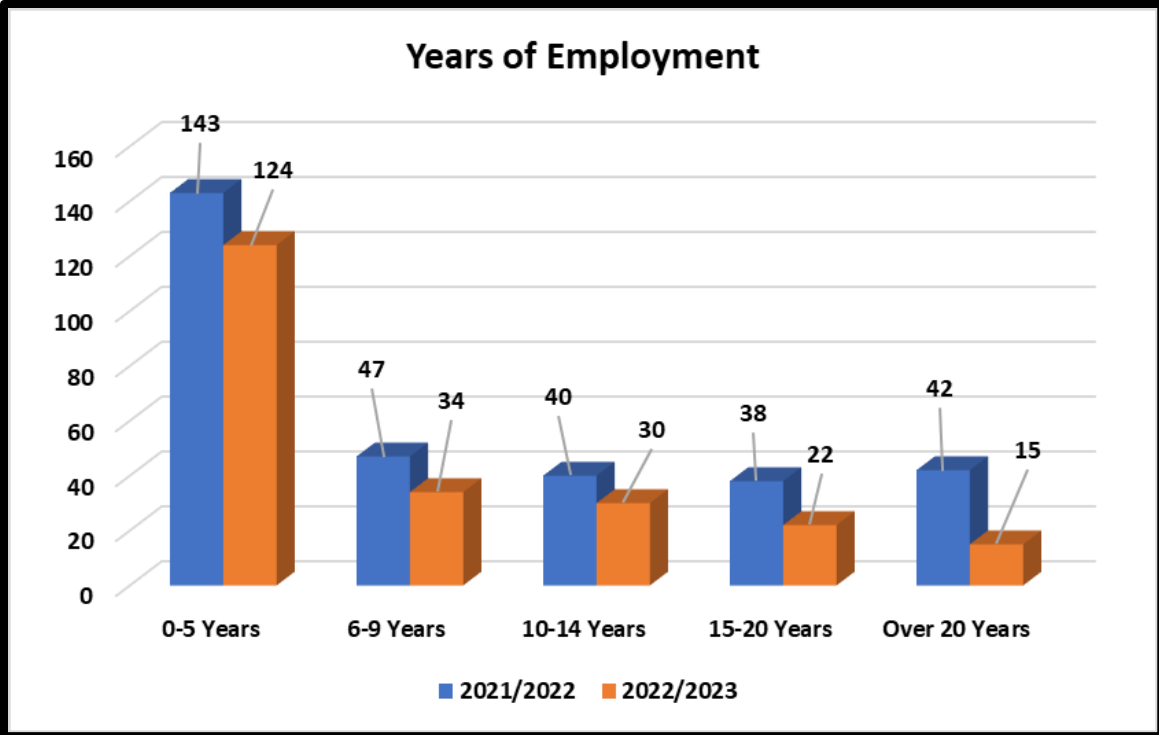
### Frequency by Cause of Injury



### Frequency by Body Part Injured









**ACWA JPIA**  
**Risk Management Update**  
**May 8, 2023**

**BACKGROUND**

The JPIA would like to keep the Workers' Compensation Committee informed about ongoing activities to support the pool's claims reduction and risk management efforts.

**CURRENT SITUATION**

The JPIA's Risk Control Manager, Robin Flint, will update the Workers' Compensation Committee on risk management emphasis areas supporting the Workers' Compensation Program and potential future opportunities.

**RECOMMENDATION**

None, informational only.

**ACWA JPIA**  
**Membership Report**  
May 8, 2023

**BACKGROUND**

In order to review the membership progress, a list of new and potential members is provided at each Workers' Compensation Program Committee meeting.

**CURRENT SITUATION**

For the 2022-23 coverage year, the following agencies joined the Workers' Compensation Program:

| <u>Member</u>                     | <u>Payroll</u> | <u>Join Date</u> |
|-----------------------------------|----------------|------------------|
| Rainbow Municipal Water District  | \$5,916,898    | 7/1/2022         |
| North Coast County Water District | \$2,074,863    | 7/1/2022         |

Current Program Membership Status as of April 13, 2023:

|                                    |               |
|------------------------------------|---------------|
| Total number of program members:   | 204           |
| Total number of employees covered: | 7,986         |
| Total estimated annual payroll:    | \$723,811,847 |

Potential New Members:

For the 2023-24 coverage year, the following agencies have expressed an interest in joining the JPIA Workers' Compensation Program:

| <u>Potential New Member</u>                   | <u>Payroll</u> | <u>Join Date (Status)</u> |
|---|----------------|---------------------------|
| Fall River Valley Community Services District | \$296,500      | 8/1/2023<br>(In Progress) |
| Friant Water Authority                        | \$4,510,985    | 5/1/2024<br>(In Progress) |
| Lake Arrowhead Community Services District    | \$5,751,175    | 7/1/2023<br>(In Progress) |
| Rio Linda/Elverta Community Water District    | \$747,639      | 7/1/2023<br>(In Progress) |
| San Diego County Water Authority              | \$34,700,000   | 7/1/2023<br>(In Progress) |

|                                |              |                           |
|--------------------------------|--------------|---------------------------|
| Santa Margarita Water District | \$18,732,410 | 7/1/2023<br>(In Progress) |
|--------------------------------|--------------|---------------------------|

Notices of Withdraw:

Grassland Basin Water Authority has reported an intent to withdraw for the July 1, 2024, program renewal.

**RECOMMENDATION**

None, informational only.

**ACWA JPIA**  
**Biennial Claims Audit**  
**May 8, 2023**

**BACKGROUND**

Every two years the JPIA retains an independent auditor to review the claim files of the Workers' Compensation program. The auditors review selected files and provide an evaluation of the department.

**CURRENT SITUATION**

The latest audits were completed in Fall of 2022. Following in the packet are the Executive Summaries from the audit report. The Workers' Compensation program received a well-deserved, excellent evaluation.

**RECOMMENDATION**

None, informational only.



# Workers Compensation Claims Audit

November 2022

ACWA JOINT POWERS INSURANCE  
AUTHORITY

ADMINISTERED BY

THE CLIENT

**CONFIDENTIAL**

***NORTH BAY ASSOCIATES***

PO Box 232 Auburn, CA 95604 • (530) 269-3473



# NORTH BAY ASSOCIATES

WORKERS' COMPENSATION

AUDITORS • CONSULTANTS

January 11, 2023

ACWA Joint Powers Insurance Authority  
Mr. Robert Greenfield  
General Counsel

ACWA Joint Powers Insurance Authority  
Ms. Melody Tucker  
Workers' Compensation Claims Manager

The Workers' Compensation Claims Audit report for November 2022 for ACWA Joint Powers Insurance Authority, administered by the client, is presented herewith.

We wish to acknowledge the cooperation of the client by providing us with remote access to the claims data.

This audit was conducted utilizing the PRISM audit standards, most of which are common industry standards. Several of these standards did not apply to the claims handling for ACWA Joint Powers Insurance Authority. These standards were either marked NA (Not Applicable) or were eliminated altogether.

Since this report deals with employees' injuries, reserves on the claim files, tactics for further handling, and so on, we suggest it be kept confidential.

We hope that this report is self-explanatory; any comments or questions the reader may have are welcome. It has been a pleasure to serve ACWA Joint Powers Insurance Authority.

Respectfully submitted,

**NORTH BAY ASSOCIATES**

Alan Fleming  
Workers Compensation Claims Auditor

### *Quick Overview*

- *Executive Summary & Audit Profile (page 3)*

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## A. INTRODUCTION

**This** is the Workers' Compensation Claims Audit report for November 2022 for ACWA Joint Powers Insurance Authority.

### 1. Goals of the Claims Audit.

- Gather and present statistical data relating to the administration of the workers' compensation claims from January 2021, to date.
- Focus on those claims constituting the bulk of the outstanding reserves, claims involving key issues and a representative sample of each examiner's files.
- Present and explain industry standards, Division of Workers' Compensation Audit Unit standards.
- Compare audit findings to the standards noting strengths and weaknesses.
- Recommend ways to meet standards and to reach goals.

### 2. Report Organization.

This report contains twelve audit areas beginning at Section C, page 7. Each has an introduction, point-by-point discussion, and summary and recommendations. Data is presented in as many as four different ways for clarity and for different depths of detail.

First, for an overview, is the Executive Summary on pages 3 and following. The Executive Summary includes summarized strengths and weaknesses, a separate Summary of Recommendations for improvement and the audit scoresheet.

Second, for detailed data and explanation, each numbered paragraph delves into a particular audit item. Each point is explained and audit findings are compared to standards. Comments about any particular claim file are often amplified by "Summary Memos." These can be found in the *Addendum* at Tab Three in order by NBA number.

Third, the Audit Scoresheets numerically restate the same data shown in the text. The audit points are explained in the audit area to which each refers and the Audit Scoresheets can be found in Tab Four of the *Addendum*.

The *Addendum* contains statistical and other essential data. In brief, the *Addendum* includes the following:

Tab One: Full list of claims audited, sorted by NBA#. This list may be used to identify claimants; to maintain confidentiality, the body of this report refers only to NBA#'s.

Tab Two: The Reserve Summary reports on the dollar amounts of reserve changes recommended. Reserve Work Sheets provide the detail behind the Reserve Summary report and are located here.

Tab Three: Individual Summary Memos. These are left on certain files for the benefit of the examiner where some issue was pending or where guidance was appropriate. Some explain a definite shortcoming in a file and offer recommendations for further handling. Others offer suggestions on files that are being correctly handled. Not every file audited has a Memo. Since many Memos detail specific recommendations for further file handling, we recommend the client follow up to be certain the administrator acts on these Memos and recommendations. We always encourage the examiners to discuss these Memos with us. In this case, the supervisors and examiners chose to discuss some of the Memos and the points raised therein.

Tab Four: There are 3 pages of scoresheets in this section. Each audit point is calculated individually and combined to form a final score.

## **B. EXECUTIVE SUMMARY**

The November 2022 workers' compensation audit for: ACWA Joint Powers Insurance Authority was begun in November of 2022. It covers file activity from December 2020.

The sample used to develop the data for this audit was taken from a loss run of open indemnity cases provided to us by the client. The sample consisted of 50 files, or 17.3% of the total open inventory of indemnity files. The sample is a carefully selected and structured sample rather than a random sample. It is weighted in favor of claims with significant potential and claims containing certain key issues. This is called the "dollar value" sampling technique. We include the work of all the examiners and look at older files and newly opened files in the last 2 years.

Not all audit queries apply to each case in the sample. Some points apply to the beginning stages of a file, while others pertain only to the end. Claims activity during this audit period is the determining factor. Except for historical comparisons, we read but did not consider for audit purposes claims activity occurring prior to December 2020.

This audit was conducted utilizing PRISM audit standards, most of which are common industry standards. A few of these standards did not apply to the claims handling for ACWA Joint Powers Insurance Authority. These standards were either marked as NA (Not Applicable) or were eliminated altogether.

The combined audit score was 98.1%, which is an accomplishment. It is noted that all key areas showed a score of 90% or above. Most of the key areas showed a score of 100%. These claims are obviously being handled extremely proactively by the examiners and are being managed well by the claims manager. There were no noted overall weaknesses in the claims handling at all. The files were documented sufficiently so that it was very easy to determine the status and the history of each of the claims. In these audit reports there is usually a page noting recommendations for areas that need improvement. However, there are no recommendations needed after auditing this program.

Areas showing strong performance are:

*Investigating and deciding on claim compensability.*

*Paying the various workers' compensation benefits accurately and timely.*

*Reserving sufficient funds to pay each case.*

*Documented case planning with timely follow up.*

*Initial employee contact.*
























*Finalizing the cases.*

*Examiner and supervisor claim diaries.*


*Management of litigated files.*

Summarized recommendations for further improvement begin on the next page.

## Scored Audit Point Score = 98.1%

| AP                                   | Description                              | Total | Yes % | Percent Bar  |
|--------------------------------------|--|-------|-------|--|
| <b>Compensability Determination</b>  |  |       |       |  |
| 1.1                                  | Initial Employer Contact                 | 20    | 100.0 |    |
| <b>Employee Contact</b>              |  |       |       |  |
| 2.1                                  | Initial Employee Contact                 | 18    | 94.4  |    |
| <b>Payments and Fiscal Handling</b>  |  |       |       |  |
| 3.9                                  | Timely Payment of Medical Bills          | 46    | 100.0 |    |
| 3.11                                 | Payments Made On Correct Claim           | 10    | 100.0 |    |
| <b>Case Review and Documentation</b> |  |       |       |  |
| 4.1                                  | Plan of Action Appropriate               | 50    | 100.0 |    |
| 4.2                                  | Examiner Diaries                         | 46    | 92.0  |    |
| 4.3                                  | Supervisor Diaries                       | 45    | 90.0  |    |
| <b>Medical Treatment</b>             |  |       |       |  |
| <b>Litigation</b>                    |  |       |       |  |
| 6.1                                  | Potential Litigation Issues Investigated | 0     | 0.0   |  |
| 6.2                                  | Litigation Management                    | 21    | 100.0 |    |
| <b>Apportionment and Resolution</b>  |  |       |       |  |
| 7.1                                  | Resolution Pursued Timely                | 15    | 100.0 |   |
| 7.2                                  | Correct Settlement Valuation             | 15    | 100.0 |  |
| 7.3                                  | Apportionment Ruled In or Out            | 10    | 100.0 |  |
| 7.4                                  | Apportionment Pursued                    | 5     | 100.0 |  |
| 7.5                                  | Member Settlement Authority Request      | 2     | 100.0 |  |
| 7.6                                  | Excess Settlement Authority Request      | 0     | 0.0   |  |
| 7.8                                  | Medicare Interests Protected             | 0     | 0.0   |  |
| <b>Reserve Adequacy</b>              |  |       |       |  |
| 8.1                                  | Appropriate Initial Reserves             | 24    | 100.0 |  |
| 8.2                                  | Timely Initial Reserves                  | 24    | 100.0 |  |
| 8.3                                  | Reserves Timely and Appropriate          | 41    | 100.0 |  |
| 8.4                                  | Separation of TD/4850 Reserves           | 0     | 0.0   |  |
| 8.5                                  | Medical Reserves Per OSIP                | 50    | 100.0 |  |
| 8.6                                  | Life Pension Reserved if Applicable      | 0     | 0.0   |  |
| 8.7                                  | Allocated Reserves Accurate              | 50    | 100.0 |  |
| <b>Subrogation</b>                   |  |       |       |  |
| 10.1                                 | Recognition of Subrogation               | 6     | 100.0 |  |
| 10.2                                 | Appropriate Subrogation Follow Up        | 8     | 100.0 |  |
| 10.3                                 | ER Updating Regarding Subrogation        | 4     | 100.0 |  |
| 10.4                                 | Approval to Accept, Waive, Settle        | 2     | 100.0 |  |
| 10.5                                 | Complaint or Lien Filed Timely           | 2     | 100.0 |  |
| 10.6                                 | Pursued to Maximum Recovery              | 0     | 0.0   |  |

**Penalty Summary**

|      |                           |   |       |  |
|------|---------------------------|---|-------|--|
| 11.2 | Penalties Coded Correctly | 3 | 100.0 |  |
|------|---------------------------|---|-------|--|

**Disability Management**

|      |                                     |    |       |  |
|------|-------------------------------------|----|-------|--|
| 12.1 | Proactive Pursuit of Return to Work | 16 | 100.0 |  |
|------|-------------------------------------|----|-------|--|

|      |  |   |       |  |
|------|--|---|-------|--|
| 12.2 | Notification of Permanent Restrictions | 4 | 100.0 |  |
|------|--|---|-------|--|



**ACWA JPIA**  
**New Laws/Pending Legislation Update**  
**May 8, 2023**

**BACKGROUND**

As a member of CAJPA and AGRiP, JPIA is following state and national trends in Workers' Compensation. The following are bills currently in the California Legislature that may have an impact on JPIA members and the pooled program. None of the discussed bills have been signed into law.

**CURRENT SITUATION**

**AB 1213 Temporary Disability Extension/IMR Decision**

Introduced 02/16/23, AB 1213 proposes to EXCLUDE any Temporary Disability (TD) payments made during a dispute regarding medical treatment that is ultimately overturned by the Independent Medical Review (IMR) process.

For the majority of Workers' Compensation claims, there exists a cap of 104 weeks of TD benefits payable. AB 1213 will exclude any TD paid from this cap if they occur during a medical dispute resolved by IMR in overturning a Utilization Review (UR) denial.

In 2012, SB 863 implemented the Independent Medical Review (IMR) process for disputes regarding medical care. Information obtained from the Department of Industrial Relations (DIR) regarding the 2021 IMR decisions shows 7.2% of UR decision were overturned by IMR, of 136,828 applicable reviews.

IMR requests for review can be made by the requesting doctor or the employee (or their representative). IMR decisions are in place for a period of one year unless there is a material change in the request.

**SB 697 Value of Care Review**

Introduced 02/16/23, SB 697 requires a study on what would be required and accomplished by linking medical care reimbursement for Workers' Compensation to the "value of care" provided.

Worker' Compensation medical care is now paid on a fee-for-service basis utilizing the State of California approved fee schedule. "Value of Care" would pay providers based on the outcomes of the care provided "against the cost" of delivering the outcomes.

"Value of care" differs from a fee-for-service or capitated approach, in which providers are paid based on the amount of health care services they deliver. "Value" is derived from measuring health outcomes against the cost of delivering the outcomes.

This bill proposes the study focus on the "Accountable Care Organization" model which would establish quality metrics to evaluate outcomes.

**RECOMMENDATION**

None, informational only.

**ACWA JPIA**  
**Cal/OSHA Update**  
**May 8, 2023**

**BACKGROUND**

The Division of Occupational Safety and Health (DOSH), better known as Cal/OSHA, protects and improves the health and safety of workers in California through the following activities:

- Setting and enforcing standards.
- Providing outreach, education, and assistance.
- Issuing permits and certifications.

The Risk Control Department provides on-site or virtual risk assessments, consultative services, loss reviews, and training services to JPIA members participating in our Workers' Compensation (WC) Program. The JPIA Risk Control staff focuses its efforts on assisting WC Program members with the continuous improvement of their safety and risk control programs while following Cal/OSHA standards.

**CURRENT SITUATION**

Cal/OSHA Advisory Committee's mission is to promote and improve occupational health and safety conditions and public safety in California. The committee functions by providing information, advice, and assistance regarding programs and activities, particularly those of Cal/OSHA.

The Occupational Safety and Health Standards Board Advisory Committee functions by providing information as an effective method to reach a consensus among affected groups. The resulting rulemaking process typically goes through the public hearing process resulting in a final regulation.

Robin Flint, Risk Control Manager, will provide an update on current subject matter Advisory meetings that may impact WC Program members.

**RECOMMENDATION**

None, informational only.

**ACWA JPIA**  
**CEO Update**  
**May 8, 2023**

**BACKGROUND**

This will be a standing item on Committee agendas.

**CURRENT SITUATION**

The JPIA's Chief Executive Officer, Andy Sells, will update the Committee on relevant current issues, potential future opportunities and challenges.

**RECOMMENDATION**

None, informational only.

# ACWA JPIA MEETINGS & CONFERENCE CALENDAR – 2023

| MEETING DATES   | BOARD OF DIRECTORS | EXECUTIVE | PERSONNEL             | FINANCE & AUDIT | PROGRAMS      |           |          |           | RISK MGMT | CWIF            |
|---|--------------------|-----------|-----------------------|-----------------|---------------|-----------|----------|-----------|-----------|-----------------|
|   |                    |           |                       |                 | Emp. Benefits | Liability | Property | Work Comp |           |                 |
| JAN 23  |                    |           | 2:00 PM<br>COSTA MESA |                 |               |           |          |           |           |                 |
| JAN 30  |                    |           |                       |                 |               |           |          |           | 2:00 PM   |                 |
| JAN 31  |                    | 8:00 AM   |                       |                 |               |           |          |           |           |                 |
| MAR 22  |                    |           |                       | 1:00 PM         |               |           | 3:00 PM  |           |           |                 |
| MAR 23  |                    | 8:00 AM   |                       |                 |               |           |          |           |           |                 |
| APR 26  |                    |           |                       |                 | 8:30 AM       |           |          |           |           |                 |
| MAY 8   | 1:00 PM            | 9:45 AM   |                       |                 |               |           |          | 8:30 AM   |           |                 |
| <b>MAY 9-11 ACWA SPRING CONFERENCE – MONTEREY</b>                     |                    |           |                       |                 |               |           |          |           |           |                 |
| MAY 25  |                    |           |                       |                 |               |           |          |           |           | 9:00 AM<br>UTAH |
| JUNE 8  |                    |           | 11:00 AM              |                 |               |           |          |           |           |                 |
| <b>JUNE 14-15 EXECUTIVE COMMITTEE ONBOARDING MEETING</b>              |                    |           |                       |                 |               |           |          |           |           |                 |
| JUNE 20   |                    |           |                       |                 |               |           | 3:00 PM  | 1:00 PM   |           |                 |
| JUNE 21   |                    | 8:00 AM   |                       |                 |               |           |          |           |           | 1:00 PM         |
| JULY 26   |                    |           |                       |                 | 2:15 PM       | 12:30 PM  |          |           |           |                 |
| JULY 27   |                    | 8:00 AM   |                       |                 |               |           |          |           |           |                 |
| SEPT 6  |                    |           | 11:00 AM              |                 |               |           |          |           |           |                 |
| SEPT 27   |                    |           |                       | 3:00 PM         |               | 1:00 PM   |          |           |           |                 |
| SEPT 28   |                    | 8:00 AM   |                       |                 |               |           |          |           |           | 1:00 PM         |
| OCT 25  |                    | 8:30 AM   |                       |                 |               |           |          |           |           |                 |
| NOV 27  | 1:30 PM            | 10:15 AM  |                       |                 |               |           |          |           |           |                 |
| NOV 28  |                    |           |                       |                 |               |           |          |           |           | 8:30 AM         |
| <b>ACWA FALL CONFERENCE – NOVEMBER 29 – DECEMBER 1 – INDIAN WELLS</b> |                    |           |                       |                 |               |           |          |           |           |                 |

- CICA Conference, Rancho Mirage – March 5-7, 2023
- AGRiP Governance Conference, Orlando, FL – March 5-8, 2023
- CAJPA Conference, Lake Tahoe – September 12-14, 2023

# Executive Committee Meeting



YOUR BEST PROTECTION

Monterey Marriott  
San Carlos II-III  
350 Calle Principal  
Monterey, CA 93940

Monday  
May 8, 2023  
9:45 a.m.

President: Melody A. McDonald, San Bernardino Valley Water Conservation District

Vice-President: David A. Drake, Rincon del Diablo Municipal Water District

Fred R. Bockmiller, Jr., Mesa Water District

Cathy Green, Orange County Water District, ACWA VP

Chris Kapheim, Kings River Conservation District

Randall J. Reed, Cucamonga Valley Water District

J. Bruce Rupp, Humboldt Bay Municipal Water District

*Executive Committee Core Values*

**Trust | Integrity | Listen | Good of the Whole**



# EXECUTIVE COMMITTEE MEETING

## AGENDA

Monterey Marriott  
 350 Calle Principal  
 Monterey, CA 93940  
 (831) 373-5700

**Monday – May 8, 2023 – 9:45 AM**

**WELCOME**

**CALL TO ORDER AND ANNOUNCEMENT OF QUORUM**

**PLEDGE OF ALLEGIANCE**

**EVACUATION PROCEDURES**

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

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

**INTRODUCTIONS**

**ADDITIONS TO OR DELETIONS FROM THE AGENDA**

| <u>Presenter</u> |   | <u>Page#</u> |
|------------------|---|--------------|
|                  | <b>I. <u>CONSENT AGENDA</u></b>   |              |
| McDonald         | * A. Approve the minutes of March 23, 2023 meeting.   | <b>50</b>    |
| McDonald         | B. Ratify the JPIA disbursements of: <ul style="list-style-type: none"> <li>• <u>Vendor Payments, Employee Benefits Claim Payments, Payroll, and summary of confidential claims payments for the Liability, Property, &amp; Workers Compensation Programs</u>: March 16-31, 2023; April 1-15, 2023; and April 16-30, 2023.</li> </ul> |              |

| <u>Presenter</u>                                     |  | <u>Page#</u>           |                      |                |  |                                     |                              |                        |            |
|--|--|------------------------|----------------------|----------------|--|-------------------------------------|------------------------------|------------------------|------------|
| McDonald   | C. Approve an excused absence for any Executive Committee member.  |                        |                      |                |  |                                     |                              |                        |            |
| <br>   |  |                        |                      |                |  |                                     |                              |                        |            |
| <b>II. <u>ADMINISTRATION</u></b>                     |  |                        |                      |                |  |                                     |                              |                        |            |
| McDonald   | A. Report on meetings attended on behalf of the JPIA.  |                        |                      |                |  |                                     |                              |                        |            |
| Sells  | * B. Introduction of JPIA Director of Member Outreach.   | <b>57</b>              |                      |                |  |                                     |                              |                        |            |
| Sells  | * C. Review of upcoming Executive Committee Onboarding meeting on June 14-15, 2023.  | <b>60</b>              |                      |                |  |                                     |                              |                        |            |
| deBernardi   | * D. Review and take action on AGRiP Recognition Application approval.   | <b>61</b>              |                      |                |  |                                     |                              |                        |            |
| <br>   |  |                        |                      |                |  |                                     |                              |                        |            |
| <b>III. <u>PROGRAMS</u></b>                          |  |                        |                      |                |  |                                     |                              |                        |            |
| Beatty   | * A. Cyber Program update and review of Cyber Risk Management options.   | <b>95</b>              |                      |                |  |                                     |                              |                        |            |
| <br>   |  |                        |                      |                |  |                                     |                              |                        |            |
| <b>IV. <u>CALIFORNIA WATER INSURANCE FUND</u></b>    |  |                        |                      |                |  |                                     |                              |                        |            |
| Sells  | * A. Review of the California Water Insurance Fund (CWIF) meeting to be held in Salt Lake City, Utah on May 25, 2023.  | <b>101</b>             |                      |                |  |                                     |                              |                        |            |
| <br>   |  |                        |                      |                |  |                                     |                              |                        |            |
| <b>V. <u>EMPLOYEE BENEFITS PROGRAM COMMITTEE</u></b> |  |                        |                      |                |  |                                     |                              |                        |            |
| Rupp   | * A. Review and take action on recommendations of the Employee Benefits Program Committee meeting held on April 26, 2023. Actions items from this meeting include: <ul style="list-style-type: none"> <li>• Carrum Incentive</li> <li>• Dental Plan Option</li> <li>• Vision Plan Option</li> <li>• Reserve Fund</li> </ul>  | <b>102</b>             |                      |                |  |                                     |                              |                        |            |
| <br>   |  |                        |                      |                |  |                                     |                              |                        |            |
| <b>VI. <u>MEMBERSHIP</u></b>                         |  |                        |                      |                |  |                                     |                              |                        |            |
|  | A. Review and take action on membership applications.  |                        |                      |                |  |                                     |                              |                        |            |
| Cruz   | * <table border="0" style="margin-left: 20px;"> <tr> <td style="text-align: center;"><u>Agency</u></td> <td style="text-align: center;"><u>Payroll/ TIVs</u></td> <td style="text-align: center;"><u>Program</u></td> <td></td> </tr> <tr> <td>Olivenhain Municipal Water District</td> <td>\$8,289,798/<br/>\$92,802,301</td> <td>Liability and Property</td> <td style="text-align: right;"><b>104</b></td> </tr> </table> | <u>Agency</u>          | <u>Payroll/ TIVs</u> | <u>Program</u> |  | Olivenhain Municipal Water District | \$8,289,798/<br>\$92,802,301 | Liability and Property | <b>104</b> |
| <u>Agency</u>  | <u>Payroll/ TIVs</u>   | <u>Program</u>         |                      |                |  |                                     |                              |                        |            |
| Olivenhain Municipal Water District                  | \$8,289,798/<br>\$92,802,301   | Liability and Property | <b>104</b>           |                |  |                                     |                              |                        |            |



| <u>Presenter</u> |   |  |           | <u>Page#</u>                |
|------------------|---|--|-----------|-----------------------------|
| Cruz             | * | Rio Linda/Elverta<br>Community Water<br>District | \$747,839 | Workers' Comp<br><b>106</b> |

**VII. MISCELLANEOUS**

|          |   |  |  |            |
|----------|---|--|--|------------|
| McDonald |   | A. Discuss future agenda items.  |  |            |
| Sells    | * | B. CEO update.   |  | <b>108</b> |
| McDonald | * | C. Review the availability of the Committee members for upcoming Executive Committee Onboarding meeting on June 14-15, 2023. |  |            |

**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: Chimene Camacho, Executive Assistant to the CEO, ACWA JPIA, PO Box 619082, Roseville, CA 95661-9082; telephone (916) 786-5742. The JPIA's normal business hours are Monday – Friday, 7:30 a.m. to 4:30 p.m. (Government Code Section 54954.2, subdivision. (a)(1).)

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



## Executive Committee Meeting

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

**March 23, 2023**

### MEMBERS PRESENT

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Chair: Melody A. McDonald, San Bernardino Valley Water Conservation District  
Vice-Chair: David Drake, Rincon del Diablo Municipal Water District  
Fred R. Bockmiller, Mesa Water District  
Cathy Green, ACWA VP, Orange County Water District  
Chris Kapheim, Kings River Conservation District  
Randall Reed, Cucamonga Valley Water District (*via Zoom*)  
J. Bruce Rupp, Humboldt Bay Municipal Water District

### MEMBERS ABSENT

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None.

### STAFF PRESENT

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Chief Executive Officer/Secretary: Walter “Andy” Sells  
Adrienne Beatty, Assistant Executive Officer  
Laura Baryak, Administrative Assistant II  
Chimene Camacho, Executive Assistant to the CEO (*Recording Secretary*)  
Sarah Crawford, Training Manager  
Debbie Cruz, Lead Member Services Representative  
David deBernardi, Director of Finance  
Robin Flint, Risk Control Manager  
Robert Greenfield, General Counsel  
Erik Kowalewski, System/Network Administrator  
Jennifer Nogosek, Liability/Property Claims Manager  
Olivia Sayad, Administrative Assistant II  
Sandra Smith, Employee Benefits Manager  
Dan Steele, Finance Manager  
Shelley Tippit, Claims Assistant  
Melody Tucker, Workers’ Compensation Manager  
Tony Waterford, HR Manager  
Nidia Watkins, Member Services Representative  
Cece Wuchter, Sr. Lead Claims Adjuster

### OTHERS IN ATTENDANCE

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Tiffany Giammona, ACWA Senior Director of Operations and Member Engagement  
Scott Ratterman, Calaveras County Water District  
John Pang, Tahoe City Public Utilities District (via Zoom)

## **WELCOME**

---

Chair McDonald welcomed everyone in attendance.

## **CALL TO ORDER AND ANNOUNCEMENT OF QUORUM**

---

Chair McDonald called the meeting to order at 8:00 a.m. She announced there was a quorum.

## **PLEDGE OF ALLEGIANCE**

---

Chair McDonald led the Pledge of Allegiance.

## **ANNOUNCEMENT RECORDING OF MEETING**

---

Chair McDonald 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 California Brown Act.

## **PUBLIC COMMENT**

---

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

## **INTRODUCTIONS**

---

Chair McDonald asked all in attendance to introduce themselves.

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

---

Chair McDonald asked for any additions to, or deletions from, the agenda. Mr. Sells requested that Agenda Item VI. Membership, Friant Water Authority be deleted from the agenda.

## **CONSENT AGENDA**

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Chair McDonald called for approval of the Consent Agenda:

M/S/C (Bockmiller/Drake) (Bockmiller-Yes; Drake-Yes; Green-Yes; Kapheim-Yes; Reed-Yes; Rupp-Yes; McDonald-Yes): That the Executive Committee approve the minutes of the January 31, 2023 meeting; and ratify the JPIA disbursements of: Vendor Payments, Employee Benefits Claim Payments, Payroll, and summary of confidential claims payments for the Liability, Property, & Workers' Compensation Programs: January 16-31, 2023; February 1-15, 2023; February 16-28, 2023; and March 1-15, 2023.

## ADMINISTRATION

---

### Report on Meetings Attended on Behalf of the JPIA

Committee members shared conferences they attended since their last meeting.

### Review and take action on New Position and Updated Salary Schedule

Mr. Waterford reported that due to an internal promotion the salary schedule has been updated to add a new Senior Benefits Administrator position, Grade 28.

M/S/C (Green/Bockmiller) (Bockmiller-Yes; Drake-Yes; Green-Yes; Kapheim-Yes; Reed-Yes; Rupp-Yes; McDonald-Yes): That the Executive Committee approve new position of Senior Benefits Administrator and subsequent salary schedule update as of March 14, as presented.

### Update on Executive Committee Election and Spring Conference

Mr. Sells and Ms. Baryak provided a report on the upcoming Spring Conference. Spring Conference will be held on Monday, May 8, 2023 at the Monterey Marriott in Monterey, California. The Preliminary Schedule was attached to the packet. An Executive Committee election will be held during the Board of Directors' meeting that will fill four Executive Committee member positions for their complete terms of four years each. A nominated candidate must submit a Statement of Qualification, a Nomination Resolution and three Concurring in Nomination Resolutions by Saturday, April 8, 2023.

### Review the Executive Committee Election Process

Mr. Sells and Ms. Beatty presented potentially using the Live Tally key fobs and revising the Board of Directors (BOD) Manual Election rules for the upcoming Executive Committee election.

The current BOD Manual Election Rules states that "If candidates for office do not receive a majority of cast votes, a subsequent ballot is held with one more candidate's name than the number of vacancies to be filled; i.e. the **three** candidates who receive the most votes to run for **two vacancies**; or, the **two** candidates who receive the most votes to run for **one vacancy**."

The proposed change will state that "If candidates for office do not receive a majority of cast votes, a subsequent ballot is held with ~~one more candidate's name than~~ **twice the number of candidates** than the number of vacancies to be filled; i.e. the **three four** candidates who receive the most votes to run for **two vacancies**; or, the **two** candidates who receive the most votes to run for **one vacancy**. **If upon the second vote, the candidates for office do not receive a majority of cast votes, a subsequent ballot is held with one less candidate than the prior ballot. This process will continue until there are candidates who receive a majority of cast votes for the number of vacancies to be filled.**

Much discussion was held on utilizing the Live Tally key fob option vs. the traditional paper ballots that have been used over the years and the potential confusion that this

change may cause. The Committee also expressed their concern on revising the BOD Manual Election Rules on the day of the election. Ultimately, the Committee decided that the paper ballot and the original election rules should remain in place at this time.

## **PROGRAMS**

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### Significant Claims Report

Ms. Nogosek reported on claims settlements that had been previously presented for authority. The following cases have been settled since this Committee's last meeting:

- **Zuniga, et al vs Fallbrook Public Utilities District (7/24/2021)**  
This claim involved a 4" concrete mortar lined and coated steel pipe that broke due to rust and sent water into four apartments. All claims for mitigation, repairs, temporary housing and personal property damage were resolved for a total of \$221,806.28.
- **Barteau vs Tuolumne Utilities District (1/12/2022)**  
This claim involved the catastrophic failure of the District's 110,000-gallon steel water tank which sent approximately 110,000 gallons of water down the hill into the Barteau home and the yards and garages of several other residences. This is a mountain area with a great deal of snow. Snow, water, and debris hit the Barteau home with such force that the bedroom wall was pushed down and allowed the debris to flow throughout the entire home. In addition, two trucks were pushed into trees and a storage shed was pushed downhill approximately 15 feet. Barteau's claim was settled for a total of \$458,428.49.
- **Penn vs Vallecitos Water District (2/14/2022)**  
This claim involved an 8" cement mortar lined and coated steel pipe which broke and caused water and mud to flow downhill into the claimant's home and garage. There were five adults living in the home and a large amount of personal property was damaged. Emergency services were completed, contents inventoried and put into storage. Two of the five adults required temporary housing due to the heavy damages to the bedrooms. These claims were resolved for a total of \$235,527.73.

### Review and take action on RSF Refunds

Mr. Sells stated that at their January 31, 2023 meeting, the Executive Committee approved the change in Retrospective Premium Adjustments (RPA) calculation to five (5) years after the end of the policy year for the Liability, Property, and Workers' Compensation Programs. The resultant Rate Stabilization Fund (RSF) refunds table was attached to the packet. Due to the changes, there will not be check presentations to Member Boardss this year.

M/S/C (Bockmiller/Kapheim) (Bockmiller-Yes; Drake-Yes; Green-Yes; Kapheim-Yes; Reed-Yes; Rupp-Yes; McDonald-Yes): That the Executive Committee approve the 2023 RSF refunds, as presented.

## FINANCE & AUDIT COMMITTEE

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Finance & Audit Committee Chair Drake reported on the agenda items and recommendation of the Finance & Audit Committee from its meeting on March 22, 2023:

M/S/C (Drake/Rupp) (Bockmiller-Yes; Drake-Yes; Green-Yes; Kapheim-Yes; Reed-Yes; Rupp-Yes; McDonald-Yes): That the Executive Committee accept the Finance & Audit Committee recommendation to approve the Annual Comprehensive Financial Report for year ended September 30, 2022.

M/S/C (Drake/Rupp) (Bockmiller-Yes; Drake-Yes; Green-Yes; Kapheim-Yes; Reed-Yes; Rupp-Yes; McDonald-Yes): That the Executive Committee accept the Finance & Audit Committee recommendation to approve the Operating Budget for Fiscal Year 2023-24.

## PROPERTY PROGRAM COMMITTEE

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Property Program Committee Chair Kapheim reported on the agenda items from the Committee's meeting on March 22, 2023. There were no recommendations from this meeting.

## MEMBERSHIP

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Review and take action on Merced Subbasin Groundwater Sustainability Agency  
Ms. Cruz provided a background on the Merced Subbasin Groundwater Sustainability Agency (MSGSA) formed in 2017 and their application for admission into the JPIA Liability Program. Current MSGSA membership includes Amsterdam Water District, County of Mariposa, County of Merced, Le Grand-Athlone Water District, Lone Tree Mutual Water Company, Merquin County Water District, Plainsburg Irrigation District, Sandy Mush Mutual Water Company and Stevinson Water District. Le Grand-Athlone Water District is the only member of the JPIA for the Liability and Property Programs.

The Risk Management team conducted a liability risk assessment in accordance with the JPIA's Commitment to Excellence Program, JPIA best practices, occupational safety and health standards, and consensus with public agency loss control methods. MSGSA has not had previous liability coverage and therefore has no loss history reports. If accepted into the Liability Program, it is recommended that MSGSA complete the following within 90 days of joining: Board training for AB 1234 and Sexual Harassment Prevention.

M/S/C (Drake/Green) (Bockmiller-Yes; Drake-Yes; Green-Yes; Kapheim-Yes; Reed-Yes; Rupp-Yes; McDonald-Yes): That the Executive Committee approve Merced Subbasin Groundwater Sustainability Agency's application for admission into the Liability Program.

Review and take action on Friant Water Authority

This agenda item was deleted.

## MISCELLANEOUS

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### Future agenda items

None.

### CEO and Managers' Update

Mr. Sells reported on relevant current events at the JPIA. Due to time constraints, the managers' update was postponed until the next meeting.

Ms. Giammona of ACWA reported on current and scheduled events at ACWA.

Availability for next meeting: The Executive Committee is scheduled to meet next at Spring Conference in Monterey on May 8, 2023.

### Appointment of Labor Negotiator

Mr. Greenfield stated that the JPIA will need to appoint a Labor Negotiator prior to convening for Closed Session Item B, Public Employee Performance Evaluation. Staff recommends appointing Mary Egan, CEO Facilitator, as Labor Negotiator.

M/S/C (Drake/Green) (Bockmiller-Yes; Drake-Yes; Green-Yes; Kapheim-Yes; Reed-Yes; Rupp-Yes; McDonald-Yes): That the Executive Committee approve Mary Egan as Labor Negotiator.

## CLOSED SESSION

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Before proceeding into closed session, General Counsel announced the items to be discussed.

M/S/C (Bockmiller/Reed) (Bockmiller-Yes; Drake-Yes; Green-Yes; Kapheim-Yes; Reed-Yes; Rupp-Yes; McDonald-Yes): That the Executive Committee adjourn to closed session.

At approximately 9:36 a.m., the Executive Committee, upon advice of General Counsel, adjourned to closed session to discuss:

- A. Conference with Legal Counsel (tort liability losses, public liability losses/claims, or workers' compensation liability claims) – Pursuant to Government Code Sec. 54956.95.
  1. SF Florin v. Solano ID (DOL 2/13/2019)
  2. State Farm Insurance a/s/o Garcia v. Palo Verde ID (DOL 6/17/2021)
- B. Public Employee Performance Evaluation (Personnel) – Pursuant to Government Code(s) Sec. 54957.6.

M/S/C (Rupp/Green) (Bockmiller-Yes; Drake-Yes; Green-Yes; Kapheim-Yes; Reed-Yes; Rupp-Yes; McDonald-Yes): That the Executive Committee reconvene to open session.

The Committee returned to open session at approximately 10:52 a.m.

Closed session item A-1: No action was taken; direction given to staff.

Closed session item A-2: No action was taken; direction given to staff.

Closed session item B: No action was taken, direction given to Labor Negotiator.

The Executive Committee meeting adjourned at 10:55 a.m.

Attest:

X

Melody McDonald  
Chair

X

Walter A. Sells  
Secretary



**ACWA JPIA**  
**Introduction of JPIA Director of Member Outreach**  
**May 8, 2023**

**BACKGROUND**

The Director of Member Outreach position was approved at the November 2022 Executive Committee meeting. This new position will oversee the areas that touch the membership most often, ensuring that there is coordination and consistent messaging, that the needs of members are met, and that all is done efficiently and effectively.

**CURRENT SITUATION**

JPIA is pleased to announce the selection of Kevin Phillips as the new Director of Member Outreach for JPIA. Kevin has more than 15 years of experience as an executive and has a well-rounded skill set, including first-rate communication and team-building abilities, improving processes, reducing safety risks, and maximizing efficiency. Kevin also previously served as the chairman of the Finance Committee for ACWA JPIA when he was with Paradise Irrigation District. Kevin's most recent position is with Town of Paradise where he was the Town Manager. Prior to that, Kevin served as Chief Financial Officer and District Manager at Paradise Irrigation District. Kevin is a Certified Public Accountant and holds a Bachelor of Science degree in Business Administration.

**RECOMMENDATIONS**

None, informational only.

# Kevin Michael Phillips, CPA

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## PROFILE SUMMARY:

Results-oriented manager with over fifteen years progressively responsible experience in public administration managing responsibilities in local government. Demonstrated proficiency in coordinating programs and interfacing with professionals of all levels, coupled with a solid ability to assess services and support, including customer service programs and general information dissemination. Profound knowledge of the government policies pertaining to budgeting and accounting coupled with outstanding knowledge of municipal procedures. Highly skilled in planning, budget management, and personnel management

## EXPERIENCE

Town of Paradise  
**Town Manager**

Aug. 2020 – Present

- Provided oversight to the Town's \$15 million budget, managed a staff of 81 employees, and worked with all Town Departments to ensure that operations and services comply with the policies and direction set by the Town Council.
- Reorganized the organizational chart to support the strategic and long-term recovery plan of the Town.
- Secured over \$400 million in State and Federal funds to support the rebuild of Paradise.
- Provided customer service by taking citizens' complaints and professionally acting on them as well as doing actual counter work when staffing shortages occurred
- Facilitated internal and external communication throughout all levels of the organization and conducted meetings with department heads and key management staff.
- Performed financial and managerial analyses for the Mayor and Town Council pertaining to Town operations and programs under consideration.
- Represented the Mayor, Town Council, and the Town at various meetings, functions, and events: served as a liaison to various civic or governmental organizations and committees, task forces, boards, and commissions.
- Served as the Town's spokesperson for all media and public speaking engagements
- Successfully assisted in filing and mediating a California Public Utilities Commission complaint to require all utilities to underground their facilities throughout the Town.

Paradise Irrigation District  
**District Manager**  
**Assistant District Manager**  
**Interim Manager**

Jan. 2019 – Aug 2020

Jul. 2018 – Jan 2019

Apr. 2017 – Jul 2018

- Supervised the fiscal services of the District including accounting, collections, budgeting, purchasing, and financial reporting and auditing.
- Negotiated labor contact with IBEW and Teamsters
- Managed the development of a strategic business plan update to support the direction and values of the Board of Directors.
- Worked with multiple state agencies including; Water Resources Control Board, Division of Safety of Dams, and Department of Water Resources
- Created a recovery plan to fix the water system after the destruction from the Camp Fire
- Coordinated disaster recovery services with multiple agencies, including Cal/OES and FEMA

- Worked with the State Assembly, Senate, and Govern's office to secured backfill funding for the loss of revenue associated with the Camp Fire.
- Communicated to the public, media, and the Board of Directors the status of the recovery of the water system.
- Worked with State and local partners to issue guidance on water contamination.
- Worked with other water agencies to bring in mutual aid support to repair the water system
- Managed the District's EOC operations while coordinating with other agencies' EOC operations.

Paradise Irrigation District  
**Chief Financial Officer**

Mar. 2007 – Apr 2017

- Responsible for all accounting functions; annual budget, annual audit (CAFR), GAAP principles
- Reported to elected Board of Directors on all District financial issues.
- Issued debt financing for over 10 million for capital improvements; Established A+ Bond-rating with S & P
- Created policies and procedures for accounting, budgeting, and purchasing. Established internal controls
- Supervised ten staff members; including performance reviews and hiring.
- Issued and implemented Request for Proposals for banking, investment services, retirement plan administrator, printing and mailing, enterprise resource planning software, and auditing services.
- Worked with Transmission and Distribution Department to implement a full Automated Meter Reading System; online access to all customers to monitor water usage.
- Migrated all financial and human resource functions from Springbrook Software to Tyler Technologies
- Assisted in negotiating multi-year labor agreements with the IBEW represented employees and the management group.
- Created plans and forecasts for new rate structures to meet the operational and capital needs of the District.
- Created external audit and banking relationships
- Utility Billing, Purchasing, Accounts Payable, Payroll, Special
- Month-end & Annual Financial Process and Reporting; Investments, Treasury & Banking
- Policies & Procedures compliance; Prepared monthly, quarterly, and annual financial reports to the Board of Directors.

**EDUCATION** California Polytechnic State University, San Luis Obispo  
 Bachelor of Science, Business Administration,  
 Concentration in **Accounting** and Concentration in **Finance**  
**Graduated Cum Laude**

**TECHNICAL** Proficient in Microsoft Excel, Word, Access, PowerPoint, Tyler Technologies.

**PROFESSIONAL AFFILIATIONS** Certified Public Accountant # 84827  
 Board Member: Durham Irrigation District  
 Member of the California League of Cities  
 CA Water Distribution Operator 2 #52047

**ACWA JPIA**  
**Executive Committee Onboarding Meeting**  
**to be held on June 14-15, 2023**  
**May 8, 2023**

**BACKGROUND**

The Executive Committee members and JPIA management hold an Onboarding Meeting every odd year to onboard new Executive Committee members after the election.

**CURRENT SITUATION**

This year, the Executive Committee Onboarding Meeting will be held on June 14-15, 2023 at the JPIA offices in Roseville, California. Topics to be discussed include:

- Review of the Executive Committee manual
- Executive Committee Core Values
- Finance 101
- Department introductions and summary

**RECOMMENDATIONS**

None, informational only.

**ACWA JPIA**  
**AGRIP Recognition Application Approval**  
**May 8, 2023**

**BACKGROUND**

The Association of Government Risk Pools (AGRIP) is an international association of government risk pools. AGRIP serves the industry by connecting pooling organizations, providing education, and sharing best practices. Under a program called the Advisory Standards Recognition, AGRIP conducts a comprehensive review and evaluation of internal operational procedures. Pools that meet the Advisory Standards are granted recognition for three years, assuring its governing body and its members that the pool is operating as effectively as they expect.

**CURRENT SITUATION**

The most recent JPIA recognition by AGRIP covered from 2019 through 2022. The JPIA is in the process of renewing its recognition with AGRIP. The application process requires the JPIA's Executive Committee to approve of the application and have it signed by the Board President before submitting to AGRIP for review.

**RECOMMENDATION**

That the Executive Committee approve the AGRIP Advisory Standards Recognition Application.



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## Application Verification

### Standard I: Governance

|  |  |
|--|--|
| I-A.1. Pool maintains signed formation documents, such as articles of incorporation, a joint powers agreement, or interlocal agreement | Yes  |
| a. Please enter the name and date of last review for each of the formation documents   | 5/2019   |
| b. Explain review cycle, including frequency and how the process is documented within the pool   | Every new member signs a joint powers agreement. These agreements are kept on file by ACWA JPIA.                     |
| c. Explain revision process, including revisions to legal and membership relationship updates and approval process by membership       | New members are approved by governing board. Any legal revisions are brought to Board to approve.                    |
| d. Explain communication process to pool members, including frequency and what is communicated   | New members are approved by governing board - such actions are kept in the minutes which are made public for review. |

#### **Reviewer Communication**

There are no comments or questions posted for this section yet.

|  |   |
|--|---|
| I-A.2. Pool has determined whether additional governing documentation, such as bylaws or governance policies, is necessary or desirable and adopted such policies if necessary | Yes   |
| Date of last review  | 3/23/2018   |
| a. Explain review cycle, including frequency and how the process is documented within the pool   | Legal counsel reviews the bylaws and suggests changes when necessary.           |
| b. Explain revision process, including revisions to legal and membership relationship updates and approval process by membership   | Revisions must be approved by the Board.  |
| c. Explain communication process to pool members, including frequency and what is communicated   | Board approval is noted in the minutes. Note - such action is for changes only. |

#### **Reviewer Communication**

There are no comments or questions posted for this section yet.

|  |          |
|--|----------|
| I-A.3. Member agreements other than formation or governance documents, if required, are signed by both parties and copies are maintained by the pool | Yes      |
| Date of last review  | 3/3/2023 |

- |  |  |
|--|--|
| a. Explain review cycle, including frequency and how the process is documented within the pool                                   | The document is reviewed with each new member.   |
| b. Explain revision process, including revisions to legal and membership relationship updates and approval process by membership | New member are approved by the Executive Committee and ratified by the Board later.            |
| c. Explain communication process to pool members, including frequency and what is communicated                                   | Actions by the Executive Committee and Board are noted in posted minutes on ACWA JPIA website. |

### Reviewer Communication

There are no comments or questions posted for this section yet.

#### I-A.4. Pool foundational and/or governing documents specifically address the following:

|   |   |
|---|---|
| a. Membership eligibility   | Pool has required board policy  |
| Cite policy (or section of policy) fulfilling standard:   | JPIA agreement article 1 - "Allied Entities" and "Member definitions" |
| b. Membership obligation  | Pool has required board policy  |
| Cite policy (or section of policy) fulfilling standard:   | JPIA agreement article 20   |
| c. Membership termination   | Pool has required board policy  |
| Cite policy (or section of policy) fulfilling standard:   | JPIA agreement article 22   |
| d. Membership voting rights   | Pool has required board policy  |
| Cite policy (or section of policy) fulfilling standard:   | JPIA agreement article 13   |
| e. Selection procedures and qualifications for the pool's governing body                                      | Pool has required board policy  |
| Cite policy (or section of policy) fulfilling standard:   | JPIA agreement article 7  |
| f. Powers and duties of the pool's governing body and any committees  | Pool has required board policy  |
| Cite policy (or section of policy) fulfilling standard:   | JPIA agreement article 8  |
| g. Indemnification for liability of members of the governing body, officers, committee members and pool staff | Pool has required board policy  |
| Cite policy (or section of policy) fulfilling standard:   | JPIA agreement article 2  |
| h. Requirements for annual actuarial reviews  | Pool has required board policy  |
| Cite policy (or section of policy) fulfilling standard:   | Resolution (2014-1) of Executive Committee                            |
| i. Requirements for annual financial audits   | Pool has required board policy  |
| Cite policy (or section of policy) fulfilling standard:   | JPIA agreement article 17   |
| j. How pool financial information will be shared with pool members  | Pool has required board policy  |
| Cite policy (or section of policy) fulfilling standard:   | JPIA agreement article 9  |
| k. Dissolution of the pool  | Pool has required board policy  |
| Cite policy (or section of policy) fulfilling standard:   | JPIA agreement articles 23 and 24                                     |
| l. Distribution of pool assets and liabilities upon dissolution   | Pool has required board policy  |
| Cite policy (or section of policy) fulfilling standard:   | JPIA agreement article 22   |

m. How dividends or other distribution of pool assets upon circumstances other than dissolution are determined and allocated among members Pool has required board policy

Cite policy (or section of policy) fulfilling standard: JPIA agreement article 20e

n. If assessments are authorized, circumstances for determining the assessment and allocating it among members are defined Pool has required board policy

Cite policy (or section of policy) fulfilling standard: JPIA agreement article 22

o. Whether members are jointly and severally liable within the pool Pool has required board policy

Cite policy (or section of policy) fulfilling standard: JPIA agreement article 22

p. Provisions under which a member can leave the pool, and associated notice provisions the member must give the pool Pool has required board policy

Cite policy (or section of policy) fulfilling standard: JPIA agreement article 22

q. Whether a member remains responsible for any portion of its losses, or is eligible for any distribution of pool assets, upon departure from the pool Pool has required board policy

Cite policy (or section of policy) fulfilling standard: JPIA agreement article 22

#### **Reviewer Communication**

There are no comments or questions posted for this section yet.

I-A.5. The pool has determined its legal status, for example, as a public, private, or non-profit entity Yes

a. The pool maintains adequate records of its legal status Yes

b. The pool has determined whether it is deemed a regulated insurer under state laws Yes

c. The pool maintains adequate records of its status as a regulated insurer Yes

#### **Reviewer Communication**

There are no comments or questions posted for this section yet.

I-A.6. The pool has determined its federal tax status. Yes

a. The pool maintains adequate records of its federal tax status Yes

b. The pool has determined its state tax status Yes

c. The pool maintains adequate records of its state tax status Yes



d. The pool complies with all applicable state and federal requirements as determined by its status Yes

e. If applicable, the pool files timely tax returns Not Applicable

Explain why the Standard is not applicable to the pool: Pool is tax exempt and does not require a tax return.

#### **Reviewer Communication**

There are no comments or questions posted for this section yet.

I-B.1. The governing body is regularly trained on fiduciary obligations. The pool meets the Standard

Explain how Standard is met. This Standard may be met via board policy, statute, procedure or practice: By Ca law board members are required to take ethics training once every two years. This training covers fiduciary obligations.

#### **Reviewer Communication**

There are no comments or questions posted for this section yet.

I-B.2. The governing body reviews and discusses overall pool financial solvency and financial performance at least annually based upon benchmarks and comparisons established by the governing body. The pool meets the Standard

Explain how Standard is met. This Standard may be met via board policy, statute, procedure or practice: Spring board meeting each year - see minutes of past meetings (Note audit report goes thru Finance Committee then Executive Committee and finally board for approval.)

The governing body reviews and discusses projections and allocations for losses at least annually, including:

a. Allocations for loss development, including incurred but not reported losses Yes

b. Allocations for allocated and unallocated loss adjustment expenses Yes

c. Projections and allocations for contingency margins Yes

#### **Reviewer Communication**

There are no comments or questions posted for this section yet.

I-B.3. The pool obtains competent legal advice regarding its own governance and operational issues. The pool meets the Standard

Explain how Standard is met. This Standard may be met via board policy, statute, procedure or practice: Pool has legal counsel on staff to advise on governance and operational issues.

a. Coverage counsel, general legal counsel, and defense counsel are segregated functions; or the pool Board has documented its approval to place more than one function with the same legal advisor The pool meets the Standard

Explain how Standard is met. This Standard may be met via board policy, statute, procedure or practice: JPIA employs internal counsel for general matters and utilizing outside counsel for defense.

|  |   |
|--|---|
| b. The pool requires counsel in any role not directly employed by the pool to have professional liability insurance  | The pool meets the Standard   |
| Explain how Standard is met. This Standard may be met via board policy, statute, procedure or practice:  | JPIA requires professional liability insurance for outside counsel.   |
| c. Outsourced legal advice roles are documented in written contracts that are compliant with the contract provisions outlined in <a href="#">Standard III-A. of Service Provider Contracts</a> | The pool meets the Standard   |
| Explain how Standard is met. This Standard may be met via board policy, statute, procedure or practice:  | Only outside counsel utilized is for claims defense. The JPIA does not have written contracts for such services but utilizes an attorney assignment letter outlining budget, scope, and accountability on a claim by claim basis. |

### Reviewer Communication

There are no comments or questions posted for this section yet.

|   |  |
|---|--|
| I-B.4. The governing body requires an annual actuarial study to determine reserve adequacy, signed by a Fellow of the Casualty Actuarial Society or a Member of the American Academy of Actuaries who is independent of the pool. (For pools employing an in-house actuary a biennial peer review of reserve adequacy by an actuary independent of the pool is acceptable.) | Pool has required board policy   |
| Cite policy (or section of policy) fulfilling standard:   | The JPIA obtains annually an independent actuary report to determine claims liabilities. Such information is necessary for the financial statements and the related audit. |
| a. The governing body, at minimum, receives a summary of the annual actuarial study every year.   | Pool has required board policy   |
| Cite policy (or section of policy) fulfilling standard:   | This information is communicated to the various program committees that report to the JPIA Executive Committee.  |

### Reviewer Communication

There are no comments or questions posted for this section yet.

|  |  |
|--|--|
| I-B.5. The governing body annually reviews the pool's net position policy.   | Yes  |
| Pool net position policy includes at minimum:  |  |
| a. Methodology used for determining net position adequacy  | Pool has required board policy   |
| Cite policy (or section of policy) fulfilling standard:  | Net position is measured up against Catastrophic Fund goals that are set along 99% confidence level. Such funds are shown as designated on the audited financials. |
| b. A defined target net position amount and/or range   | Pool has required board policy   |
| Cite policy (or section of policy) fulfilling standard:  | (See above)  |
| c. How net position levels will be communicated to pool members  | Pool has required board policy   |
| Cite policy (or section of policy) fulfilling standard:  | The audit report is approved annually by the Board.  |
| d. The method of calculating return of net position to members, including whether allocations are made based upon coverage year or all years of pool operation | Pool has required board policy   |
| Cite policy (or section of policy) fulfilling standard:  | This is described in the notes to the financial statements of the audit report. <a href="https://www.acwajpia.com/wp-">https://www.acwajpia.com/wp-</a>            |

**Reviewer Communication**

There are no comments or questions posted for this section yet.

I-B.6. The pool annually reviews its net position level in relation to the target net position and considers the net position when making annual funding decisions. The pool meets the Standard

Explain how Standard is met. This Standard may be met via board policy, statute, procedure or practice: (See above comments)

**Reviewer Communication**

There are no comments or questions posted for this section yet.

I-B.7. The governing body reviews its written assessment policy at least every five years. Yes

Pool assessment policy includes at minimum:

a. The circumstances that may trigger an assessment Pool has required board policy

Cite policy (or section of policy) fulfilling standard: See note 5 of the audit report. [https://www.acwajpia.com/wp-content/uploads/00.ACFR\\_Final-April-12-2022.pdf](https://www.acwajpia.com/wp-content/uploads/00.ACFR_Final-April-12-2022.pdf)

b. Methodology used for determining overall assessment Pool has required board policy

Cite policy (or section of policy) fulfilling standard: See above

c. Methodology for allocating assessments among pool members, including whether assessments are made based upon coverage year or years of pool operation Pool has required board policy

Cite policy (or section of policy) fulfilling standard: See above

d. Whether and how members that leave the pool are responsible for their assessments Pool has required board policy

Cite policy (or section of policy) fulfilling standard: See above

e. How and when assessment parameters and the need for assessment will be communicated to the governing body and pool members Pool has required board policy

Cite policy (or section of policy) fulfilling standard: See above

f. How and when the assessment will be communicated to pool members Pool has required board policy

Cite policy (or section of policy) fulfilling standard: Retro process is done annually with a statement sent to each member of their financial position.

**Reviewer Communication**

There are no comments or questions posted for this section yet.

I-B.8. The governing body annually reviews the pool's investment policies, practices, and performance. Yes

Pool investment policy includes at minimum:

|   |   |
|---|---|
| a. Goals and intended use of investment income  | Pool has required board policy  |
| Cite policy (or section of policy) fulfilling standard:   | Investment income is budgeted to offset cost when pricing the programs. These budgets are recommended for approval by the program committees and approved by the Executive Committee. Minutes and packets for these meetings can be found on our website (See also scope of investment policy.) |
| b. Allowed allocation of invested assets, including regulatory constraints  | Pool has required board policy  |
| Cite policy (or section of policy) fulfilling standard:   | See Limitations/Diversification section of investment policy  |
| c. Portfolio diversification, liquidity, and duration expectations  | Pool has required board policy  |
| Cite policy (or section of policy) fulfilling standard:   | See Limitations/Diversification section of investment policy  |
| d. Explicit delegation of authority regarding investment decisions  | Pool has required board policy  |
| Cite policy (or section of policy) fulfilling standard:   | See Delegation of Authority section of investment policy  |
| e. Provisions for controls regarding invested assets, including those that address separation of duties, safekeeping and custodial procedures | Pool has required board policy  |
| Cite policy (or section of policy) fulfilling standard:   | See internal controls section of investment policy  |
| f. How and when the governing body will be made aware of investment allocations, results, and related activities                              | Pool has required board policy  |
| Cite policy (or section of policy) fulfilling standard:   | See Review of Investment Portfolio section of investment policy.  |
| g. How and when the governing body will interact directly with investment managers, advisors, and/or consultants                              | Pool has required board policy  |
| Cite policy (or section of policy) fulfilling standard:   | See reporting and review section of investment policy   |

#### **Reviewer Communication**

There are no comments or questions posted for this section yet.

I-B.9. The pool annually prepares financial statements in accordance with generally accepted accounting principles as applied to pools or as required by state law. Yes

a. The governing body receives and reviews annual financial statements Yes

#### **Reviewer Communication**

There are no comments or questions posted for this section yet.

I-B.10. An annual audit of the pool's financial records is conducted by a qualified independent certified public accountant or state audit agency and includes a signed opinion regarding the financial statements. Yes

a. The audit firm directly reports its findings to the governing body, whether reporting to the entire body or a designated committee Yes

b. If the audit firm reports directly to a designated committee, the entire governing board still receives and reviews the audit report Yes

c. The audit includes a report on internal controls Yes

d. The audit includes a report on the status of the previous year's recommended audit actions, along with any activity by the pool in follow-up Yes

e. The pool responds to any reportable conditions in the audit report within a reasonable period of time Not Applicable

Explain why the Standard is not applicable to the pool: No reportable conditions have been noted.

#### **Reviewer Communication**

There are no comments or questions posted for this section yet.

I-B.11. The governing body has determined when and how annual financial reports are distributed to pool members. Yes

#### **Reviewer Communication**

There are no comments or questions posted for this section yet.

I-B.12. Pool physical asset inventory and control policy includes at minimum:

a. Periodic inventory of physical assets Pool has required board policy

Cite policy (or section of policy) fulfilling standard: The pool has adopted a physical asset inventory and control policy that at minimum includes periodic inventory of assets, recording of assets in the pool's financial records, and a process to report asset changes to the responsible party.

b. Recording of assets in the pool's financial records Pool has required board policy

Cite policy (or section of policy) fulfilling standard: See notes to audited financial statements

c. A process to report asset changes to the responsible party Pool has required board policy

Cite policy (or section of policy) fulfilling standard: Changes are reported to finance department.

#### **Reviewer Communication**

There are no comments or questions posted for this section yet.

I-C.1. New Directors receive an orientation to the pool's governance structure, operations, legal and fiduciary responsibilities, budget, actuarial review, financial and investment policies. The pool meets the Standard

Explain how Standard is met. This Standard may be met via board policy, statute, procedure or practice: We have an onboarding process all new employees go thru where they are scheduled to meet with management team members one on one and learn about the Pool.

**Reviewer Communication**

There are no comments or questions posted for this section yet.

I-C.2. The governing body approves minutes of its meetings. Yes

a. The governing body has made a determination about minutes being distributed or otherwise made available to members Yes

**Reviewer Communication**

There are no comments or questions posted for this section yet.

I-C.3. The governing body adopts and maintains a long-range or strategic plan. Yes

Date last adopted: 6/15/2022

a. The long-range or strategic plan includes a strategy for maintaining adequate net position to respond to unanticipated events causing significant financial impact to the pool The pool meets the Standard

Explain how Standard is met. This Standard may be met via board policy, statute, procedure or practice: Yes, a goal using actuary confidence levels has been set.

**Reviewer Communication**

There are no comments or questions posted for this section yet.

I-C.4. The governing body has methods to review both the strategic plan and operational work plans over time and to assess overall performance against the plans. Yes

Date last reviewed: 6/15/2022

**Reviewer Communication**

There are no comments or questions posted for this section yet.

I-C.5. The governing body regularly considers whether and how the pool's investment strategy connects to its net position and/or assessment policies. The pool meets the Standard

Explain how Standard is met. This Standard may be met via board policy, statute, procedure or practice: This is considered annually with approval of the investment policy.

**Reviewer Communication**

There are no comments or questions posted for this section yet.

I-C.6. The governing body has adopted a records management and retention policy. Pool has required board policy

Cite policy (or section of policy) fulfilling standard: Records retention policy

The adopted records management and retention policy outlines the treatment of all records, regardless of form, including at a minimum:

a. When records may be destroyed Pool has required board policy

Cite policy (or section of policy) fulfilling standard: Records retention policy

b. Records that must be kept permanently Pool has required board policy

Cite policy (or section of policy) fulfilling standard: Records retention policy

c. Records archiving practices Pool has required board policy

Cite policy (or section of policy) fulfilling standard: Records retention policy

d. Whether and how the pool complies with any state required records retention and storage requirements Pool has required board policy

Cite policy (or section of policy) fulfilling standard: Records retention policy

e. Documented process to prevent modification and deletion of permanent electronic files Pool has required board policy

Cite policy (or section of policy) fulfilling standard: Records retention policy

f. Separation of confidential records from public records Pool has required board policy

Cite policy (or section of policy) fulfilling standard: Records retention policy

g. Documented process for responding to public records requests Pool has required board policy

Cite policy (or section of policy) fulfilling standard: Records retention policy

#### **Reviewer Communication**

There are no comments or questions posted for this section yet.

I-C.7. The governing body has determined under what circumstances to make copies of current and former binders, correspondence, policies, endorsements and certificates of excess and/or reinsurance available to members for review. Yes

#### **Reviewer Communication**

There are no comments or questions posted for this section yet.

I-C.8. The governing body makes periodic evaluations of the quality, stability and financial solvency of all past and present reinsurance, excess, and insurance providers. Yes

#### **Reviewer Communication**

There are no comments or questions posted for this section yet.

I-C.9. The governing body adopts an annual operating (non-loss expense) budget. Yes

a. The governing body at least annually receives a budget comparison that includes meaningful metrics to monitor actual-to-budgeted performance Yes

**Reviewer Communication**

There are no comments or questions posted for this section yet.

I-C.10. The pool insures or self-insures its administrative and operational risks, including:

a. Errors and omissions Yes

b. Directors and officers Yes

c. General liability Yes

d. Auto liability Yes

e. Workers' compensation Yes

f. Property Yes

g. Employee fidelity Yes

h. Fiduciary liability Yes

**Reviewer Communication**

There are no comments or questions posted for this section yet.

I-C.11. The pool has a Code of Conduct applicable to the pool governing body and staff (whether directly employed by the pool or under contract) that is generally consistent with the AGRiP Model Code of Conduct. Yes

Date Code of Conduct was adopted: 4/12/2019

**Reviewer Communication**

There are no comments or questions posted for this section yet.

## Standard II: Staffing

II-A.1 The pool's authority to directly employ staff is expressly granted and documented accordingly. Pool has required board policy

Cite policy (or section of policy) fulfilling standard: Executive Committee hires CEO who hires employees - section 8 of Bylaws



a. Authority to set terms of employment is documented Pool has required board policy

Cite policy (or section of policy) fulfilling standard: Executive Committee hires CEO who hires employees - section 8 of Bylaws

b. Authority to set compensation (including bonuses) is documented Pool has required board policy

Cite policy (or section of policy) fulfilling standard: Annual pay scales by position is approved annually by Executive Committee

c. Authority to set employee benefits (including leave) is documented Pool has required board policy

Cite policy (or section of policy) fulfilling standard: See Employee Handbook and Budget approved by Executive Committee

d. The scope of authority delegated to staff is clearly defined The pool meets the Standard

Explain how Standard is met. This Standard may be met via board policy, statute, procedure or practice: See Employee Handbook

### Reviewer Communication

There are no comments or questions posted for this section yet.

II-A.2 Written policies are in place addressing and/or defining:

a. Staff performance and management reviews Pool has required board policy

Cite policy (or section of policy) fulfilling standard: Employee Handbook

b. FTE Pool has required board policy

Cite policy (or section of policy) fulfilling standard: Employee Handbook

c. Expected work hours Pool has required board policy

Cite policy (or section of policy) fulfilling standard: Employee Handbook

d. Expense reimbursements Pool has required board policy

Cite policy (or section of policy) fulfilling standard: Employee Handbook

e. The acceptance of gifts, perks or other benefits from outside entities Pool has required board policy

Cite policy (or section of policy) fulfilling standard: Employee Handbook

f. Conflicts of interest for key staff members Pool has required board policy

Cite policy (or section of policy) fulfilling standard: Employee Handbook

g. Antidiscrimination Pool has required board policy

Cite policy (or section of policy) fulfilling standard: Employee Handbook

### Reviewer Communication

There are no comments or questions posted for this section yet.

II-A.3 Employment and personnel policies are:

a. Reviewed regularly based on a documented process Yes

b. Communicated to staff at least annually Yes

c. Communicated to the Board at least annually Yes

#### Reviewer Communication

There are no comments or questions posted for this section yet.

## Standard III: Service Provider Contracts

III-A. The pool has a written policy that all contracts for services between the pool and a service provider include the following contract provisions:

1. Agreement Term Pool has required board policy

Cite policy (or section of policy) fulfilling standard: Agreements are reviewed by internal legal counsel

2. Scope of services provided Pool has required board policy

Cite policy (or section of policy) fulfilling standard: Agreements are reviewed by internal legal counsel

3. Form and timing of periodic reporting by the service provider to the pool Pool has required board policy

Cite policy (or section of policy) fulfilling standard: Agreements are reviewed by internal legal counsel

4. Performance measures and corresponding reporting methods Pool has required board policy

Cite policy (or section of policy) fulfilling standard: Agreements are reviewed by internal legal counsel

5. Compensation details Pool has required board policy

Cite policy (or section of policy) fulfilling standard: Agreements are reviewed by internal legal counsel

6. Ownership and confidentiality of pool information Pool has required board policy

Cite policy (or section of policy) fulfilling standard: Agreements are reviewed by internal legal counsel

7. Business continuity obligations of the service provider Pool has required board policy

Cite policy (or section of policy) fulfilling standard: Agreements are reviewed by internal legal counsel

8. Records retention standards and accountabilities Pool has required board policy

Cite policy (or section of policy) fulfilling standard: Agreements are reviewed by internal legal counsel

9. Compliance with applicable state and federal regulations Pool has required board policy

Cite policy (or section of policy) fulfilling standard: Agreements are reviewed by internal legal counsel

10. Indemnification of the parties and insurance requirements Pool has required board policy

Cite policy (or section of policy) fulfilling standard: Agreements are reviewed by internal legal counsel

11. Assignability of the contracted relationship Pool has required board policy

Cite policy (or section of policy) fulfilling standard: Agreements are reviewed by internal legal counsel

12. Cancellation and termination of the agreement Pool has required board policy  
 Cite policy (or section of policy) fulfilling standard: Agreements are reviewed by internal legal counsel

13. Breach definition and remedies Pool has required board policy  
 Cite policy (or section of policy) fulfilling standard: Agreements are reviewed by internal legal counsel

14. Legal venue to resolve disputes Pool has required board policy  
 Cite policy (or section of policy) fulfilling standard: Agreements are reviewed by internal legal counsel

15. Choice of law Pool has required board policy  
 Cite policy (or section of policy) fulfilling standard: Agreements are reviewed by internal legal counsel

#### **Reviewer Communication**

There are no comments or questions posted for this section yet.

III-B. The pool has a defined dollar amount for service contracts above which it utilizes a transparent, competitive selection process for the procurement of services; or has documented reasons why a competitive selection process is not being used for a service above the documented dollar amount. Pool does not have required policy

Explain why the pool does not have the required policy: The JPIA does not have a set dollar amount to put services out for request for proposal. Large contracts such as the broker, investment advisor, auditor and excess insurance carrier are all approved by the Executive Committee.

#### **Reviewer Communication**

There are no comments or questions posted for this section yet.

III-C. The pool has defined review protocols and authority levels for entering into contracts on behalf of the pool. Pool has required board policy  
 Cite policy (or section of policy) fulfilling standard: CEO has authority up to \$25,000 for unbudgeted items.

1. The pool Board has established a dollar amount above which it reviews and approves service contracts Pool has required board policy  
 Cite policy (or section of policy) fulfilling standard: All service contracts are reviewed by internal legal counsel.

2. Authority to enter into contracts on behalf of the pool is clearly defined Pool has required board policy  
 Cite policy (or section of policy) fulfilling standard: CEO is given authority by the Executive Committee to enter into contracts within budget.

#### **Reviewer Communication**

There are no comments or questions posted for this section yet.

III-D. The pool has a defined process for legal review of all service contracts entered into on behalf of the pool. Such process may include variable parameters for legal review based upon type of service and/or dollar amount of contracts. The pool meets the Standard

Explain how Standard is met. This Standard may be met via board policy, statute, procedure or practice: All contracts are reviewed by internal legal counsel.

**Reviewer Communication**

There are no comments or questions posted for this section yet.

III-E. The pool Board receives annual documentation of service contracts the pool is engaged in, including contract compensation parameters and especially noting any contract terms with any service provider that involve the pool paying and/or receiving commission-based fees, percentage of savings, or similar compensation structures. Yes

**Reviewer Communication**

There are no comments or questions posted for this section yet.

III-F. If the pool uses agents/brokers to place member business, the Board receives full disclosure about compensation to such agents/brokers on a regular basis. Yes

**Reviewer Communication**

There are no comments or questions posted for this section yet.

III-G. Under no circumstances, whether or not there is a written contract for services, does the pool require or expect service providers to provide gifts, perks, or other benefits to its governing board or staff as a condition of doing business with the pool. Yes

**Reviewer Communication**

There are no comments or questions posted for this section yet.

## Standard IV: Member Services

IV-A. The pool has documented strategies addressing:

1. Member retention goals and methods Yes

2. Prioritization of in-person visits to members Yes

3. Growth goals and methods, including marketing initiatives to potential pool members Yes

4. Orientation of new pool members Yes

**Reviewer Communication**

There are no comments or questions posted for this section yet.

IV-B.1. The pool has determined the appropriate frequency, format and content for communicating important pool information to its members in order to facilitate its members' understanding about the pool's values, operations and efficacy. Yes

**Reviewer Communication**

There are no comments or questions posted for this section yet.

IV-B.2. The pool communicates the following information to its members

a. The pool's overall strategic vision or plan Yes

b. The pool's value proposition in the market Yes

c. Net position of the pool in the current year and over time Yes

d. Basic information about pool coverages, limits, member deductible options, etc. Yes

e. Loss trends such as major types of losses (measured by frequency and/or severity) or new risk areas Yes

f. Membership data on the whole, for example the total number of members, total pool exposures, etc. Yes

g. Services offered by the pool including training courses, onsite risk management reviews or evaluations, wellness programs, grants, phone consultation services, etc.; and the number of such services provided to members Yes

h. Decisions and important actions of the pool's governing body that could impact members Yes

**Reviewer Communication**

There are no comments or questions posted for this section yet.

IV-C.1. The pool has considered whether and how to measure member satisfaction with its:

a. Coverages Yes

b. Claims functions Yes

c. Enrollment meetings Yes

d. Underwriting practices Yes

e. Risk management services Yes

f. Communication methods with members Yes

g. Any other pool-determined important measure of effective member services and/or member relationships Yes

**Reviewer Communication**

There are no comments or questions posted for this section yet.

IV-C.2. The pool's governing body is regularly apprised of key findings from member satisfaction evaluations. Yes

**Reviewer Communication**

There are no comments or questions posted for this section yet.

IV-D.1. The pool has considered how it will meet member relationship goals and objectives relative to roles within its member agencies, for instance elected officials, administrators, agents or brokers, and other key people. Yes

**Reviewer Communication**

There are no comments or questions posted for this section yet.

IV-D.2. The pool has a system, tool and/or workflow in place to measure the pool's performance toward building and maintaining member relationships. Yes

**Reviewer Communication**

There are no comments or questions posted for this section yet.

IV-E. The pool communicates with representatives about their individual roles and responsibilities to build or maintain a positive relationship with pool members including:

1. Board Members Yes

2. Staff Yes

3. Contracted employees Not Applicable

Explain why the Standard is not applicable to the pool: Pool does not have contracted employees

4. Third party administrators working for the pool Not Applicable

Explain why the Standard is not applicable to the pool: Pool does not have TPA.

#### **Reviewer Communication**

There are no comments or questions posted for this section yet.

## Standard V: Coverage

### V-A. Coverage Documentation

1. The pool provides clear documentation of coverage to its members. Coverage documentation is regularly reviewed for ease of understanding, flow of information, and member comprehension. Yes

2. Coverage documentation (including member communication) is consistent with state laws or regulations about whether coverage provided by the pool is "insurance." Yes

3. The pool provides a certificate of coverage to all members, agents, business partners, and/or to their contracted indemnitees as required by law, and/or as requested. Yes

#### **Reviewer Communication**

There are no comments or questions posted for this section yet.

### V-B. Coverage Adequacy

The pool regularly examines and evaluates the coverage it provides members to determine whether new coverage should be introduced, or existing coverage modified. The process to review coverage includes:

1. Considering input from members Yes

2. Reviewing state or national coverage regulations and requirements, and changes in legislation or regulation that might impact coverage Yes

3. Gathering input from claims, underwriting, member services, risk management, or other departments Yes

4. Consulting with reinsurance, excess, or stop loss partners Yes

5. Reviewing local and national insurance market trends, market competition, market coverage and pricing Yes

**Reviewer Communication**

There are no comments or questions posted for this section yet.

## V-B.1 Coverage Change Management

The pool effectively manages, documents, and communicates coverage changes. In doing so, the pool:

a. Maintains historical records about what coverage changes have taken place, with effective dates Yes

b. Documents and follows approval processes, including whether coverage changes need approval by the governing body, regulators, reinsurance and excess partners, or others Yes

**Reviewer Communication**

There are no comments or questions posted for this section yet.

## V-B.2 Coverage Legal Review

a. The pool has determined how frequently coverage counsel will be engaged to review coverage documentation (existing and/or proposed), and engages such review. Yes

b. Please include the date coverage documents were last reviewed by coverage counsel:  4/13/2022

**Reviewer Communication**

There are no comments or questions posted for this section yet.

## V-C. Coverage Disputes

The pool has a documented process for resolving member coverage disputes that includes staff authorities, escalation to the governing body, when counsel will be engaged to guide the pool, and any outside remedies or processes that members may elect. Pool has required board policy

Cite policy (or section of policy) fulfilling standard: Memorandum of Coverage (MOC) outlines process for disputes. The MOC is approved and reviewed annually for each program.

**Reviewer Communication**

There are no comments or questions posted for this section yet.

**Standard VI: Underwriting**

## VI-A Underwriting Criteria

1. The pool has written and objective underwriting criteria to evaluate member risk and pricing. Yes  
The pool has an application that prospective members complete in order to request coverage, and a method for gathering data about any risk changes upon member renewal.

2. The pool has determined its overall pricing philosophy for new and renewing members and establishes annual goals relative to overall underwriting performance, such as a target for overall underwriting income and/or a rate target for the year. Yes



3. The pool has determined how pool expenses including losses, loss adjustment expenses, and administrative expenses will be allocated among members. Yes

4. The pool has determined whether and to what extent a member's exposure(s) and experience will impact its required contributions. Yes

5. The pool has determined the degree to which underwriting discretion can be asserted in member pricing. Yes

#### **Reviewer Communication**

There are no comments or questions posted for this section yet.

#### VI-B Underwriting Systems and Data

The pool has a system or set of systems that allow it to collect, maintain, report, and analyze member underwriting information, with at least the following minimum capabilities:

1. Generate reports by member entity, member contributions, coverage type, and other appropriate variables determined by the pool Yes

2. Report current and historical exposures and rates, by member entity Yes

3. Provide summary and detailed analysis of exposures to effectively interact with reinsurance and/or excess insurance partners, actuaries, regulators, and others as may be appropriate or required Yes

#### **Reviewer Communication**

There are no comments or questions posted for this section yet.

#### VI-C Underwriting Communication

1. The pool communicates its overall underwriting goals and methods to its members, including deadlines for submitting underwriting information and any consequences that might apply. Yes

2. The pool provides members with information about upcoming rate and/or contribution changes in a manner that is timely and aligns with the pool's notice provisions for member withdrawal. Yes

#### **Reviewer Communication**

There are no comments or questions posted for this section yet.

#### VI-D Insurance Agents and Brokers

1. The pool has determined whether members may or must place coverage with the pool through an insurance agent or broker. Pool does not have required policy

Explain why the pool does not have the required policy: Pool has not felt a need to make any policy regarding prospective use of broker. Most of the Pool's membership is very stable. There are not many members leaving or coming in.

2. If the pool allows or requires a member to use an agent or broker intermediary, it clearly communicates with both the agent/broker and the member entity about:

a. The role of the agent or broker with the pool and any compensation paid by the pool to the agent or broker (including fees or commissions embedded within the member's contribution) Not Applicable

Explain why the Standard is not applicable to the pool: Pool does not require member use of an agent or broker.

b. Expectations of the member, regardless of the presence and role of the agent/broker Not Applicable

Explain why the Standard is not applicable to the pool: See comment above

c. Communications the pool will make to its member directly Not Applicable

Explain why the Standard is not applicable to the pool: See comment above

3. The pool has determined whether and on what basis it will pay member agents or brokers. Not Applicable

Explain why the Standard is not applicable to the pool: Pool does not use broker/agent for obtaining new members.

#### **Reviewer Communication**

There are no comments or questions posted for this section yet.

## Standard VII: Business Continuity

VII-A. The pool has assessed business continuity risks and has adopted a written, all hazards business continuity plan outlining procedures and resources needed to maintain core pool business operations and assist in recovery of full operations upon significant interruption of any sort. Such plan identifies:

1. Alternate necessary business supplies The pool meets the Standard

Explain how Standard is met. This Standard may be met via board policy, statute, procedure or practice: Pool keeps an emergency binder on premise for events with emphasis on keeping operations up in running. Pool also has an incident response plan in case of cyber attacks.

2. Other alternate necessary business resources The pool meets the Standard

Explain how Standard is met. This Standard may be met via board policy, statute, procedure or practice: See comment above.

3. Alternate business location(s) The Standard is not applicable to the pool

Explain why the Standard is not applicable to the pool: Only one location

#### **Reviewer Communication**

There are no comments or questions posted for this section yet.

VII-B. The business continuity plan addresses:

1. Recovery of critical data during a significant business interruption The pool meets the Standard

Explain how Standard is met. This Standard may be met via board policy, statute, procedure or practice: Pool has cyber incident response plan that it has been working with CISA to improve and test.

2. Access to critical data during a significant business interruption The pool meets the Standard

Explain how Standard is met. This Standard may be met via board policy, statute, procedure or practice: Incident response plan

3. Parameters for securing data that may be private and/or confidential during significant interruption to normal business operations The pool meets the Standard

Explain how Standard is met. This Standard may be met via board policy, statute, procedure or practice: Incident response plan

**Reviewer Communication**

There are no comments or questions posted for this section yet.

VII-C. The business continuity plan clearly defines:

1. When it will be invoked or implemented The pool meets the Standard

Explain how Standard is met. This Standard may be met via board policy, statute, procedure or practice: See Emergency Contingency Binder section 1

2. The team responsible for implementation The pool meets the Standard

Explain how Standard is met. This Standard may be met via board policy, statute, procedure or practice: See Emergency Contingency Binder section 1

3. How notification will be made to staff The pool meets the Standard

Explain how Standard is met. This Standard may be met via board policy, statute, procedure or practice: See Emergency Contingency Binder section 1

4. How notification will be made to service providers The pool meets the Standard

Explain how Standard is met. This Standard may be met via board policy, statute, procedure or practice: See Emergency Contingency Binder section V

5. How notification will be made to members The pool meets the Standard

Explain how Standard is met. This Standard may be met via board policy, statute, procedure or practice: See page 11/24 of Emergency Contingency Binder Section I

6. Who is responsible for external communications The pool meets the Standard

Explain how Standard is met. This Standard may be met via board policy, statute, procedure or practice: See Emergency Contingency Binder Section I

**Reviewer Communication**

There are no comments or questions posted for this section yet.

VII-D. The pool maintains and updates contact information for persons that may need to be contacted during a major interruption to business, including:

1. Vendors The pool meets the Standard

Explain how Standard is met. This Standard may be met via board policy, statute, procedure or practice: See page 18 of Emergency Contingency Binder

2. Members The pool meets the Standard

Explain how Standard is met. This Standard may be met via board policy, statute, procedure or practice: This is kept electronically and such information would be restored using backups to contact members as needed.

3. Pool board directors The pool meets the Standard

Explain how Standard is met. This Standard may be met via board policy, statute, procedure or practice: This is kept electronically and such information would be restored using backups to contact members as needed.

4. Staff The pool meets the Standard

Explain how Standard is met. This Standard may be met via board policy, statute, procedure or practice: See front pages of Emergency Contingency Binder

Such contact information is:

5. Accessible in electronic form The pool meets the Standard

Explain how Standard is met. This Standard may be met via board policy, statute, procedure or practice: Yes, pdf form

6. Accessible in paper form The pool meets the Standard

Explain how Standard is met. This Standard may be met via board policy, statute, procedure or practice: Yes, paper version provided to all director level employees

7. Maintained offsite The pool meets the Standard

Explain how Standard is met. This Standard may be met via board policy, statute, procedure or practice: Yes see comments above

8. Accessible to multiple pool staff The pool meets the Standard

Explain how Standard is met. This Standard may be met via board policy, statute, procedure or practice: Yes found on network that is backed up.

#### **Reviewer Communication**

There are no comments or questions posted for this section yet.

VII-E. The pool has documented how its business continuity plan will be reviewed, maintained, and tested over time The pool meets the Standard

Explain how Standard is met. This Standard may be met via board policy, statute, procedure or practice: See Emergency Contingency Binder Section III

1. The pool communicates relevant aspects of its business continuity plan to all staff at least annually The pool meets the Standard

Explain how Standard is met. This Standard may be met via board policy, statute, procedure or practice: Yes, updates presented annually

#### **Reviewer Communication**

There are no comments or questions posted for this section yet.

VII-F. The pool has adopted an emergency response plan defining procedures and actions taken immediately following a crisis event. The plan includes:

1. Directing people and resources away from danger The pool meets the Standard

Explain how Standard is met. This Standard may be met via board policy, statute, procedure or practice: See Emergency Response Manual

2. Evacuating facilities The pool meets the Standard

Explain how Standard is met. This Standard may be met via board policy, statute, procedure or practice: See Emergency Response Manual

3. Working with first responders to ensure safety The pool meets the Standard

Explain how Standard is met. This Standard may be met via board policy, statute, procedure or practice: See Emergency Response Manual

#### **Reviewer Communication**

There are no comments or questions posted for this section yet.

VII-G. The pool regularly holds emergency drills and/or training sessions to ensure staff are aware of emergency response procedures. The pool meets the Standard

Explain how Standard is met. This Standard may be met via board policy, statute, procedure or practice: Yes, annually

#### **Reviewer Communication**

There are no comments or questions posted for this section yet.

VII-H. The pool maintains all related current and former binders, correspondence, policies, endorsements and certificates for excess and/or reinsurance. Yes

#### **Reviewer Communication**

There are no comments or questions posted for this section yet.

## **Standard VIII: Data Security**

VIII-A. The pool has a procedure to:

1. Track inventory of all hardware authorized to access its computer network The pool meets the Standard

Explain how Standard is met. This Standard may be met via board policy, statute, procedure or practice: We have asset tags for hardware. Personal devices are excluded.

2. Track inventory of all devices authorized to access its computer network The pool meets the Standard

Explain how Standard is met. This Standard may be met via board policy, statute, procedure or practice: See comment above.

3. Track inventory of all software authorized to access its computer network The pool does not meet the Standard

Explain why the pool does not meet the Standard: Users have administrative access to their laptops. This has not been considered an issue for the Pool.

#### **Reviewer Communication**

There are no comments or questions posted for this section yet.

VIII-B. The pool actively manages the security configuration of hardware authorized to access its network to prevent exploitation of vulnerable services and settings. The pool meets the Standard

Explain how Standard is met. This Standard may be met via board policy, statute, procedure or practice: Pool uses end point protection on devices. End point protection is administered.

#### **Reviewer Communication**

There are no comments or questions posted for this section yet.

VIII-C. If the pool allows access to its network for pool purposes by any personally-owned devices from any source, such as staff-owned or service provider mobile phones, laptops, or tablets, it has a written policy regarding:

1. Acceptable use of devices Pool has required board policy

Cite policy (or section of policy) fulfilling standard: See employee handbook section 8 Mobile Device Policy

2. Allowed devices Pool has required board policy

Cite policy (or section of policy) fulfilling standard: See employee handbook section 8 Mobile Device Policy

3. Support for devices Pool has required board policy

Cite policy (or section of policy) fulfilling standard: See employee handbook section 8 Mobile Device Policy

4. Security protocols for pool data Pool has required board policy

Cite policy (or section of policy) fulfilling standard: See employee handbook section 8 Mobile Device Policy

#### **Reviewer Communication**

There are no comments or questions posted for this section yet.

VIII-D. The pool has data security and protection procedures in place to prevent data compromise and the unintentional release of sensitive information, including:

1. Hardware and infrastructure protection The pool meets the Standard

Explain how Standard is met. This Standard may be met via board policy, statute, procedure or practice: Server Hardware and infrastructure is protected by being secluded in its own air-conditioned, locked room. Fire protection has also been implemented in this room and the thermostat is set to 66 degrees. Access is granted only to designated to select employees.

2. Protection from user-based risks The pool meets the Standard

Explain how Standard is met. This Standard may be met via board policy, statute, procedure or practice: Protection from user-based risks include spam filters, antivirus protection at both the e-mail level and computer system level. There is also antimalware software installed at all user workstations.

#### **Reviewer Communication**

There are no comments or questions posted for this section yet.

VIII-E. The pool actively protects and backs up electronic files, including:

1. Provisions for housing back-up data separately from the pool's main storage site The pool meets the Standard

|   |   |
|---|---|
| Explain how Standard is met. This Standard may be met via board policy, statute, procedure or practice: | Full backups of all vital network data occur every 2 weeks with differential backups every evening. |
|---|---|

|   |                             |
|---|-----------------------------|
| 2. Provisions for testing back-up storage on a periodic basis | The pool meets the Standard |
|---|-----------------------------|

|   |   |
|---|---|
| Explain how Standard is met. This Standard may be met via board policy, statute, procedure or practice: | Backup restoration is tested on a month to month basis. |
|---|---|

#### **Reviewer Communication**

There are no comments or questions posted for this section yet.

VIII-F. The pool has defined the use, assignment, revocation, and configuration of administrative privileges for:

|              |                             |
|--------------|-----------------------------|
| 1. Computers | The pool meets the Standard |
|--------------|-----------------------------|

|   |   |
|---|---|
| Explain how Standard is met. This Standard may be met via board policy, statute, procedure or practice: | Administrative privileges for all computers inside the building are reserved for IT staff. Revocation occurs upon termination of the employee. Administrative rights for remote staff laptops are restricted to IT staff and the designated user of the laptop. |
|---|---|

|             |                             |
|-------------|-----------------------------|
| 2. Networks | The pool meets the Standard |
|-------------|-----------------------------|

|   |  |
|---|--|
| Explain how Standard is met. This Standard may be met via board policy, statute, procedure or practice: | Administrative privileges for our network is restricted to IT staff. |
|---|--|

|                 |                             |
|-----------------|-----------------------------|
| 3. Applications | The pool meets the Standard |
|-----------------|-----------------------------|

|   |  |
|---|--|
| Explain how Standard is met. This Standard may be met via board policy, statute, procedure or practice: | Administrative privileges for application are given on a case by case basis at the discretion of the manger of the department. |
|---|--|

#### **Reviewer Communication**

There are no comments or questions posted for this section yet.

|  |                             |
|--|-----------------------------|
| VIII-G. The pool regularly informs all users with access to its system about smart cyber use activities. | The pool meets the Standard |
|--|-----------------------------|

|   |   |
|---|---|
| Explain how Standard is met. This Standard may be met via board policy, statute, procedure or practice: | Users are informed about smart cyber use activities through new employee orientation, through ongoing training from It staff, and through management backed incentive programs to reward employees for enforcing good practice in cyber security. Pool does constant phishing training with it's employees. |
|---|---|

#### **Reviewer Communication**

There are no comments or questions posted for this section yet.

|  |                             |
|--|-----------------------------|
| VIII-H. The pool regularly conducts data vulnerability assessments and remediates issues when necessary. | The pool meets the Standard |
|--|-----------------------------|

|   |  |
|---|--|
| Explain how Standard is met. This Standard may be met via board policy, statute, procedure or practice: | Last one was done in 2019; Pool is looking to do another assessment in 2024. |
|---|--|

#### **Reviewer Communication**

There are no comments or questions posted for this section yet.

VIII-I. All hardware, software, data use and data storage systems are compliant where necessary with relevant federal and state laws. The pool meets the Standard

Explain how Standard is met. This Standard may be met via board policy, statute, procedure or practice: We follow the guidelines state under HIPAA compliance.

**Reviewer Communication**

There are no comments or questions posted for this section yet.

## Standard IX: Claims Management

IX-A. Claims Management and Administration

Regardless of whether the pool administers claims using in-house staff or a contracted relationship, the pool has written procedures addressing the entire life cycle of claims management and administration activities and shares them with the administration team regularly, including at a minimum procedures that address:

1. Initial notice and intake procedures for new claims Yes

2. Adjuster assignments and supervisory oversight Yes

3. File notes and claim documentation Yes

4. Reserving practices, including reserve changes or updates Yes

5. Timeliness standards for claims adjusting activities Yes

6. Claim investigation methods, expectations and activities Yes

7. Methods to raise coverage questions or other reasons a claim might be denied, and the process for doing so Yes

8. Member and/or claimant communication expectations throughout the life of a claim Yes

9. Methods to identify and effectively manage claims with potential to be more severe than originally expected Yes

10. Subrogation and salvage activities and expectations Yes

11. Timely and complete reporting of claims to the pool's reinsurers or excess carriers, and tracking of recoverables Yes

**Reviewer Communication**

There are no comments or questions posted for this section yet.



IX-A.1. Regardless of whether the pool administers claims using in-house staff or a contracted relationship, the pool assures:

a. The claims administration staff are provided regular training to assure their understanding of and compliance with documented claims processes, procedures, and expectations Yes

b. The claims administration staff has regular opportunity to discuss challenging claims, roundtable claim results and processes, and consider opportunities for better managing member claims Yes

#### **Reviewer Communication**

There are no comments or questions posted for this section yet.

IX-A.2. Regardless of whether the pool administers claims using in-house staff or a contracted relationship, the pool has specific written policies regarding:

a. Claim settlement authority levels and hierarchy, including whether and when a committee or governing body must approve settlements Pool has required board policy

Cite policy (or section of policy) fulfilling standard: Limits set and approved by JPIA Executive Committee

b. An appeals process for members to dispute claim denials, including whether and when escalation to the governing body is allowed Pool has required board policy

Cite policy (or section of policy) fulfilling standard: Documented in memorandum of coverage

#### **Reviewer Communication**

There are no comments or questions posted for this section yet.

#### IX-B Claims Data Management

The pool has an electronic system or set of systems that allows the pool to maintain, report, and analyze claim information and claim financial data with at least the following minimum capabilities:

1. Generate claim reports by member entity, claimant, subscriber, or other appropriate variable that has been consciously determined by the pool Yes

2. Report accurate financial data by claim including amount paid, claim or case reserves, and recoverables Yes

3. Report total incurred and paid claims by line of business, as of a given valuation date Yes

4. Reconcile claims data to the pool's financial accounting system Yes

#### **Reviewer Communication**

There are no comments or questions posted for this section yet.

IX-B.1 The pool has determined what member-specific claims data and information it will provide to a member and on what basis and/or timing it will do so. Yes

The pool provides to any requesting member the member's own claims for requested time period of data including, at a minimum:

a. Claim identifiers (claimant, facility, etc.) Yes

b. Dates of loss Yes

c. Amounts paid by claim Yes

d. Any electronic claims system(s) in place at the pool (whether or not the systems are owned and maintained by the pool directly) are appropriately secured and accessible only by appropriate and authorized users. Yes

e. The pool has taken adequate steps to assure its claims data are fully accessible, portable, and able to be converted to a new system if necessary for any reason. Yes

#### **Reviewer Communication**

There are no comments or questions posted for this section yet.

#### **IX-C Litigation Management**

The pool maintains litigation management practices including at a minimum:

1. Attorney qualifications required to defend claims on behalf of member entities The pool meets the Standard

Explain how Standard is met. This Standard may be met via board policy, statute, procedure or practice: List of attorneys is kept by claims examiners with CEO input.

2. Criteria and a process for accepting or approving attorneys to defend claims on behalf of member entities The pool meets the Standard

Explain how Standard is met. This Standard may be met via board policy, statute, procedure or practice: List of attorneys is kept by claims examiners with CEO input.

3. Criteria and a process for accepting a defense attorneys not otherwise approved by the pool The pool meets the Standard

Explain how Standard is met. This Standard may be met via board policy, statute, procedure or practice: List of attorneys is kept by claims examiners with CEO input.

4. Required reporting by the defense attorney to the pool about litigation status, budget, and overall case management The pool meets the Standard

Explain how Standard is met. This Standard may be met via board policy, statute, procedure or practice: An assignment letter is used with attorneys where reporting procedures are outlined

5. Required communication by the defense attorney to the member entity, including regular status reports or updates The pool meets the Standard

Explain how Standard is met. This Standard may be met via board policy, statute, procedure or practice: This is done by claims examiners assigned to the claim

6. Performance standards or guidelines for defense attorneys The pool meets the Standard

Explain how Standard is met. This Standard may be met via board policy, statute, procedure or practice: Claims examiners meet and discuss attorney performance.

**Reviewer Communication**

There are no comments or questions posted for this section yet.

**IX-D Independent Claims Audit**

Regardless of whether the pool administers claims using in-house staff or a contracted relationship, the pool conducts a claims audit by a qualified firm or individual, at least once every three years. The claims audit is conducted by a firm or person independent of the pool and its claims administrators, reinsurers or excess carriers.

The independent claims audit includes, at a minimum, review of the following key components of the pool’s claims management policies and procedures:

- Timely claims handling
- Claim file documentation and supervisory oversight
- Adherence to claim payment and settlement authorities
- Claim reserving practices
- Adequacy of claims investigation
- Adequacy of claim communication with the pool member and claimant
- Litigation management activities
- Alignment of loss experience reports to case reserves and payments

|   |   |
|---|---|
| The pool governing body is provided a written report of findings from the audit, including any areas of deficiencies or exceptions and how the pool will address such deficiencies. | Pool has required board policy  |
| Cite policy (or section of policy) fulfilling standard:   | Pool has an annual financial audit each year and reports to the JPIA finance and audit committee. |
| Please include the date of the last claims audit.   | 11/2/2022   |

**Reviewer Communication**

There are no comments or questions posted for this section yet.

|  |   |
|--|---|
| IX.E The pool has a documented procedure to address how claims will be managed and processed when they present an actual, potential, or perceived conflict to the claims staff relative to the pool’s governance activities and/or governing body. | The pool does not meet the Standard   |
| Explain why the pool does not meet the Standard:   | The JPIA does not have a documented procedure but in practice such claims are brought before the Executive Committee for direction. |

*The intent of this standard is to address the handling and management of such claims, not the governance conflict that may exist.*

Examples might include a disputed valuation for a property claim from the member entity of a director sitting on the governing body of the pool; a pool governing body director with a workers’ comp claim against the pool; or an auto liability claim involving a member of the pool’s governing body. Another possible claims conflict would be if a pool employee or member of the governing body has a claim against the pool for an action the pool self-insures.

**Reviewer Communication**

There are no comments or questions posted for this section yet.

## Standard X: Professional Development

X-A The pool has established professional development expectations for its governing body about:

1. Public entity pooling structure and regulation    Yes

2. The roles, responsibilities, and decision making authority of governing body members    Yes

3. Methods and degree of oversight the governing body provides for pool financial status, including the pool's net position policy Yes

4. How the pool allocates costs and risks among members and the impact of its overall pricing philosophies Yes

5. The pool's reinsurance, excess insurance, and/or stop loss model and retention(s) Yes

6. The pool's investment practices and investment management oversight Yes

7. Financial and operational industry norms and best practices Yes

#### **Reviewer Communication**

There are no comments or questions posted for this section yet.

X-B.1 As related to all pool staff, whether employed or contracted and applicable regardless of tenure or role at the pool:

a. The pool has established expectations for professional development through relevant training and ongoing education Yes

b. The pool identifies appropriate professional development opportunities Yes

c. The pool has determined whether certifications are required or recommended and to what extent ongoing education costs are reimbursed Yes

d. The pool provides onboarding and orientation pertinent to the job duties Yes

e. The pool provides professional networking opportunities with other public entity pools, professional organizations or associations, and service provider partners Yes

#### **Reviewer Communication**

There are no comments or questions posted for this section yet.

X-B.2 Staff directly employed by the pool are provided:

a. Annual performance goals Yes

b. At least annual performance feedback Yes

c. Job specific skills training Yes

**Reviewer Communication**

There are no comments or questions posted for this section yet.

**Standard XI: Risk Management**

XI-A The pool regularly examines member loss exposures and loss performance to determine its risk management philosophy. The pool meets the Standard

Explain how Standard is met. This Standard may be met via board policy, statute, procedure or practice: The pool has risk advisors visit members where they go over losses and opportunities to help prevent future losses.

**Reviewer Communication**

There are no comments or questions posted for this section yet.

XI-B The pool has identified overall risk management goals and desired outcomes. The pool meets the Standard

Explain how Standard is met. This Standard may be met via board policy, statute, procedure or practice: The Risk Management Department outlines goals every year with emphasis in certain areas.

**Reviewer Communication**

There are no comments or questions posted for this section yet.

XI-C The pool has considered how, when and where to prioritize deployment of risk management resources or programs to members. The pool meets the Standard

Explain how Standard is met. This Standard may be met via board policy, statute, procedure or practice: All member districts have a risk advisor assigned to them. The number of visits, contacts etc. is up to the risk advisors based on need.

**Reviewer Communication**

There are no comments or questions posted for this section yet.

XI-D The pool communicates its overall risk management philosophy, goals and priorities to its members, staff and contracted service providers. The pool meets the Standard

Explain how Standard is met. This Standard may be met via board policy, statute, procedure or practice: This is presented to both the Pool's board and executive committee annually.

**Reviewer Communication**

There are no comments or questions posted for this section yet.

XI-E The pool provides, delivers or promotes risk management programs to members with content specifically designed to avoid or reduce known risks. The pool meets the Standard

Explain how Standard is met. This Standard may be met via board policy, statute, procedure or practice: The pool has a commitment to excellence program that endears members to meet best practices.

**Reviewer Communication**

There are no comments or questions posted for this section yet.

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|   |                             |
|---|-----------------------------|
| XI-F The pool has established and documented risk management standards or expectations members must meet. | The pool meets the Standard |
|---|-----------------------------|

|   |  |
|---|--|
| Explain how Standard is met. This Standard may be met via board policy, statute, procedure or practice: | The pool has a commitment to excellence program that endears members to meet best practices. |
|---|--|

---

**Reviewer Communication**

There are no comments or questions posted for this section yet.

[Back to Application](#)

**ACWA JPIA**  
**2023-2024 Cyber Program Update and**  
**Review of Cyber Risk Management Options**  
**May 8, 2023**

**BACKGROUND**

The Cyber Liability Program is a fully insured program that renews on July 1 of every year. As of July 1, 2022, the Cyber Liability Program only provides coverage to members that have taken affirmative action to participate in the Program by completing an application and paying the premium. The premium for the 2022-2023 Program was approximately \$1.2M, a 30% increase over the prior year.

**CURRENT SITUATION**

Underwriting for the 2023-24 renewal is underway. After analyzing options and what was in the best interests of the members, staff transitioned the brokerage of this program to Aon, who had been the broker prior to 2020-21 and has been the broker on the Liability and Workers' Compensation Programs since 2013. The transition is intended to provide the JPIA with access to additional cyber markets and staff is hopeful the transition will allow for broader coverage and at least comparable, if not reduced, pricing, at renewal. As part of the transition, members were no longer asked to complete the lengthy application they have completed for the past few years and, in fact, members only needed to complete a 4-question supplemental application.

**Risk Control Resources**

Staff has been researching a variety of risk control resources that could potentially be offered to members, to help them control cyber risk and become better insureds (thus positively impacting future renewals). However, as technical cyber risk management services are outside of the scope of the JPIA's on-staff Risk Advisors, any risk management resources implemented would be outsourced and therefore may include significant hard costs for which budgeting will be necessary. Staff is hopeful that if premium savings can be gained at renewal that some or all of these savings can be used to offset costs to purchase risk management resources for members. As such, staff will present two potential resources and request guidance from the Committee on next steps as more becomes known in the renewal process in the coming months.

**RECOMMENDATION**

None, informational only.

# Security Awareness Training and Simulated Phishing Platform

Helps you manage the ongoing problem of **social engineering**

## KnowBe4 Security Awareness Training

Old-school security awareness training doesn't hack it anymore. Today, your employees are frequently exposed to sophisticated phishing and ransomware attacks.



### Baseline Testing

We provide baseline testing to assess the Phish-prone™ percentage of your users through a free simulated phishing attack.



### Train Your Users

The world's largest library of security awareness training content; including interactive modules, videos, games, posters and newsletters. Automated training campaigns with scheduled reminder emails.



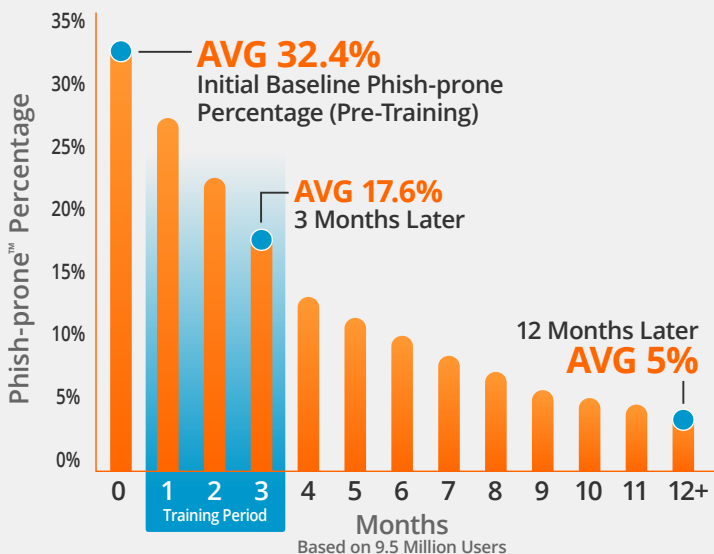
### Phish Your Users

Best-in-class, fully automated simulated phishing attacks, thousands of templates with unlimited usage, and community phishing templates.



### See the Results

Enterprise-strength reporting, showing stats and graphs for both training and phishing, ready for management. Show the great ROI!



## The System Really Works

With KnowBe4's massive database, we analyzed over 9.5 million users over the course of at least 12 months, and our 2022 research continues to uncover alarming results. The overall industry initial Phish-prone Percentage benchmark increased to 32.4%, up one point from 2021.

Fortunately, the data showed that this 32.4% can be brought down to 17.6% within 90 days after deploying new-school security awareness training. The one-year results show that by following these best practices, the final Phish-prone Percentage can be minimized to 5% on average.

See how your company's Phish-prone Percentage compares to your peers! The **Industry Benchmarking feature** is included with your subscription.

Source: 2022 KnowBe4 Phishing by Industry Benchmarking Report

Note: The initial Phish-prone Percentage is calculated on the basis of all users evaluated. These users had not received any training with the KnowBe4 console prior to the evaluation. Subsequent time periods reflect Phish-prone Percentage of the subset of users who received training with the KnowBe4 console.



# Find Out How **Effective** Our Security Awareness Training Is

KnowBe4 is the world's largest integrated platform for awareness training combined with simulated phishing attacks. Join our tens of thousands of customers who have mobilized their end users as a last line of defense.

## KnowBe4 Security Awareness Training Features



### Unlimited Use

We offer three Training Access Levels via the KnowBe4 ModStore, giving you access to our content library of 1,000+ items based on your subscription level. Unlimited access to all phishing features with flexible licensing. Powerful new features added regularly.



### Localized Admin Console and Learner Experience

You can set your default language for three localization settings: Phishing, Training, and Admin Console Language. With these localization options, you can enable your Admins to manage the KnowBe4 console in one of ten languages, while delivering a more immersive training experience for your learners in over 34 languages.



### Brandable Content

This self-service feature gives you the option to add branded custom content to the beginning and end of select KnowBe4 training modules. You can add your organization's branding elements including your logo, custom graphics, and corporate colors to tailor any messaging you want to deliver to your users.



### Upload Your Own Content

Want to supplement your KnowBe4 security awareness training content with your organization's custom training or other corporate training content? With KnowBe4's robust learning management system (LMS), you can upload your own SCORM-compliant training and video content and manage it alongside your KnowBe4 ModStore Training content all in one place—at no extra cost!



### Assessments

Find out where your users are in both security knowledge and security culture to help establish baseline security metrics. Use the skills-based assessment and the security culture survey to measure and monitor your users' security knowledge and sentiment to a security-aware culture over time.



### Custom Phishing Templates and Landing Pages

Apart from the tens of thousands of easy-to-use system templates, you can customize scenarios based on personal information and include simulated attachments to create your own targeted spear phishing campaigns. Each Phishing Email Template can have its own Custom Landing Page, which allows for point-of-failure education.



### Phish Alert Button

KnowBe4's Phish Alert add-in button gives your users a safe way to forward email threats to the security team for analysis, and deletes the email from the user's inbox to prevent future exposure. All with just one click!



### Social Engineering Indicators

Patented technology turns every simulated phishing email into a tool IT can use to dynamically train employees by instantly showing them the hidden red flags they missed within that email.



### AI-Driven Phishing and Training Recommendations

Leverage the power of AI to give your users a more personalized experience that adapts to their current level of knowledge. Use AI-driven phishing to automatically choose the best phishing template for each of your users based on their individual training and phishing history. With AI-driven training recommendations, the KnowBe4 ModStore serves up training content customized to your overall organization's Phish-prone percentage.



### User Management

KnowBe4's Active Directory or SCIM integration allows you to easily upload user data and saves you time by eliminating the need to manually manage user changes. You can also leverage the Smart Groups feature to tailor and automate your phishing campaigns, training assignments and remedial learning based on your employees' behavior and user attributes.



### Advanced Reporting Feature

60+ built-in reports provide holistic views and detailed reporting on your key awareness training indicators over time. Leverage Reporting APIs to pull data from your KnowBe4 console.



### Virtual Risk Officer™

The innovative Virtual Risk Officer (VRO) functionality uses machine learning to help you predict and identify risk at the user, group and organizational level. This continual learning model enables you to make data-driven decisions when it comes to your security awareness program.



### PhishER™

PhishER is an optional add-on for managing the high volume of messages reported by your users and helps you identify and respond to email threats faster. Combined with the KnowBe4 training platform, PhishER can automatically flip dangerous attacks into instant real-world training opportunities when you use PhishFlip together with the KnowBe4 platform.

**Did you know that 88% of data breaches are caused by human error?**

Get your free phishing security test and find out what percentage of your employees are Phish-prone

[www.KnowBe4.com/PST](http://www.KnowBe4.com/PST)

# Your KnowBe4 Customer Success Team

All KnowBe4 customers receive a special commitment from us: We want to make your initial onboarding and ongoing customer experience **incredibly easy** and **wildly successful**.

Serving as your primary point of contact, your dedicated Customer Success Manager (CSM) will become your trusted adviser and will work with you to tailor your program requirements based on your organizational goals, objectives and desired outcomes. Included as part of your product subscription, KnowBe4's Customer Success Team spans the globe, ensuring timely support no matter where you're located.

The KnowBe4 Customer Success team is one of the secrets to our (and your) success, and has resulted in the highest user satisfaction ratings in the entire industry based solely on user-provided feedback. Here's what you can expect from your KnowBe4 customer success experience:



## Quick and Easy Onboarding

As soon as your purchase process is complete, your dedicated CSM will reach out to you within 24 business hours. Your KnowBe4 CSM will ensure an easy, effective and timely onboarding experience, all at no additional cost to you.

Your CSM takes on the biggest tasks of onboarding for you, **significantly reducing the time and effort** required from you and your team and accelerating your time-to-value.



## Support Throughout Your Journey

Our Customer Success experts provide continual support post-onboarding to ensure you are getting real results with our platform not just today, but year after year. As we roll out fresh content, new features, product updates and more, we'll ensure you always have access to the latest information in order to **maximize your success** with the KnowBe4 platform.

KnowBe4 CSMs are subject matter experts in all KnowBe4 products and ensure continuous, personalized support so that you get the maximum value from all KnowBe4 products. Additionally, your CSM will act as your liaison for tech support assistance, **reducing time and effort** from your team.



## Maximized Value

Through regular meetings and reviews, your CSM helps you to proactively **monitor key metrics** and ensure you get **maximum value** out of your KnowBe4 subscription. In other words, your CSM is dedicated to making your program **wildly successful**, and your users enthusiastic fans.

It's no wonder our customers have honored us with an industry-leading Net Promoter Score (NPS), which measures the willingness of customers to recommend a specific platform, and our average customer satisfaction score is over 98 percent.



## Introduction

KYND Ready is an all-in-one, innovative cyber risk management service that enables successful cyber Insurance renewal and submission processes for pools while increasing members' own cyber risk governance and reducing their exposure to a cyber incident.

KYND's technology is used by insurance providers including Beazley, Tokio Marine, AIG/Talbot etc to determine risk selection by scanning each client's external cyber risk profile ahead of awarding cover. A client's risk profile is a primary variable dictating renewal outcomes – hence KYND is able to help pool members stay in front of ever-evolving and demanding underwriter requirements.

This unique service uses KYND's industry-leading cyber-risk technology and expert advisory support to instantly identify primary cyber risks that can prevent insurance coverage – the risks driving losses and claims. Enhancing the pool's cyber risk control service by delivering expert review, support and guidance for individual members, KYND provides powerful continuous cyber risk monitoring 365 days.

## Service Overview

To support JPIA in the engagement, education and better preparation of its members for managing the cyber liability that their operations present.

It is expected that this work will assist JPIA in maintaining group insurability and as the authority considers self-funding options – a risk control service that supports long-term underwriting performance. This work naturally covers some key areas/benefits:

### 1 – Risk Control Service – risk mitigation and support at the member level

Management of pool risk in an ongoing fashion. Reduced susceptibility to a cyber event across members delivered via ongoing vulnerability assessment. External and internal factors included in KYND's cyber assessment. Reducing losses/claims and providing a focus on the exact risks underwriters care about.

- Tools for members to manage their own risk
- Simple, actionable and powerful insights with necessary real-time support
- Continually monitored
- Advisory linked to adjacent services – e.g. KnowB4 etc, (a consolidated cyber program)

### 2 – External extension of JPIA's risk management resources and practice

Increase the effectiveness of the existing risk management cyber practices by providing data, tools, reporting, education and support in an ongoing fashion.

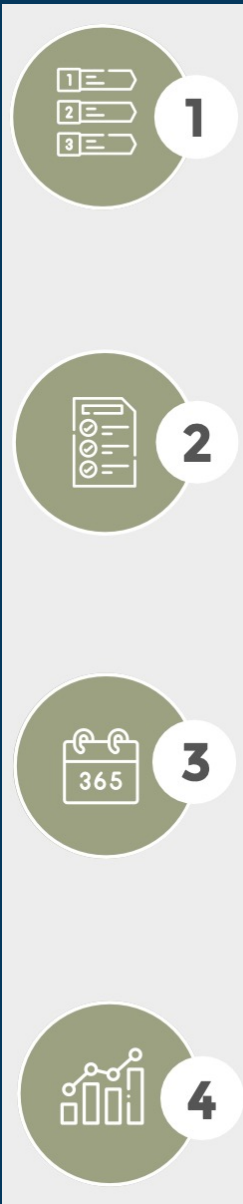
### 3 – Underwriting performance and control

As JPIA potentially moves to partial or fully self-funded – strengthen long-term performance and manage capacity with more informed decisions on deductibles, limits, etc. Prioritized signals that enable accurate oversight.

- Understand your pool exposure at any given time (in-house date)
- Applying deductibles or raising pricing on a targeted basis
- Provides the ability to track individual members and cyber posture improvement between renewals.

## How KYND Ready helps:

Using KYND's unsurpassed cyber risk intelligence, KYND ready easily enables:



### Easy to understand risk exposure at speed + Remediation next steps

Instant discovery of specific risk indicators that we know will cause issues with cyber insurance quote/renewals and also lead to a greater chance of ransomware, business interruption, business email compromise plus many others. KYND can provide advice on what updates, patches and mitigation need to be in place as part of the insurance submission process and in-life of an insurance policy.

### Simplified cyber insurance application process

A run-through of members' internal and external cyber risks covering specific responses and current position on key issues plus advice on why/how to implement the critical elements (e.g., MFA, backup, and endpoint protection, policies & procedures). KYND's technology & security team work closely with many insurance carriers worldwide to help determine risk selection – they will now be your experts to help make the whole process much easier.

### Continual 'in-life' cyber risk monitoring

Ensuring round-the-clock cyber risk management with KYND ON. It continually monitors and analyses over 250 external cyber vulnerabilities, alerting each insured pool member to new and potential risks as they arise with clear and simple instructions on how to mitigate them - reducing the likelihood of incident or claim. This is a complimentary layer of 'insurance-focused' analysis and protection – additive to the security measures and teams in place.

### Group-wide Cyber analysis

Understand the holistic cyber risk posture and profile of all members and how this changes over time including external risk profiling plus internal security processes and risk maturity – inform group-wide strategy with more informed decisions.

beazley

Alliant

TOKIO MARINE  
HCC

howden

GLOBE  
UNDERWRITING

TALBOT  
An AIG company

79,765

Organizations within the KYND platform

50+

Insurer and Broker customers

100

**ACWA JPIA**  
**CWIF Board Meeting in Salt Lake City, Utah**  
**May 8, 2023**

**BACKGROUND**

The California Water Insurance Fund (CWIF) is required by Utah's Department of Insurance to hold at least one in-person meeting per fiscal year in the State of Utah.

**CURRENT SITUATION**

As required by the Utah Department of Insurance, the next CWIF Board meeting will be held in Salt Lake City, Utah on May 25, 2023. Agenda items for this meeting will include the elections of the new Chair and Vice-Chair, as well as an update from the CWIF Investment Advisor, PFM.

**RECOMMENDATION**

None, informational only.



# EMPLOYEE BENEFITS PROGRAM COMMITTEE MEETING

## AGENDA

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

**Wednesday, April 26, 2023, 8:30 a.m.**

**Zoom Link** Meeting ID: 661 516 2566; Password: 1234; 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:

- Melody McDonald – 254 East Valley Street, San Bernadino
- Stephanie Dosier - 18700 Ward Street, Fountain Valley
- Roberta Perez - 10440 Ashford, Rancho Cucamonga

### **WELCOME**

### **CALL TO ORDER AND ANNOUNCEMENT OF QUORUM**

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

**PUBLIC COMMENT** Members of the public will be allowed to address the Employee Benefits Program 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.

### **INTRODUCTIONS**

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

| <u>Presenter</u> | <u>Page#</u>  |
|------------------|---|
| Rupp             | * I. Approval of minutes of the meeting of July 18, 2022. |
| All              | II. Report on meetings attended on behalf of JPIA.        |
| Smith            | * III. Overview of Program History and Current Status.    |
| Smith            | * IV. Review 2023 Utilization.                            |

Preliminary Agenda-date issued: March 31, 2023  
Final Agenda-date issued: April 14, 2023

Smith \* **V.** Review and Possibly Take Action on Carrum Incentive.

Smith \* **VI.** Review and Possibly Take Action on Dental Plan Option.

Smith \* **VII.** Review and Possibly Take Action on Vision Plan Option.

deBernardi \* **VIII.** Review Employee Benefit Financials.

Sells \* **IX.** Review and Possibly Take Action on Reserve Fund.

Rupp \* **X.** Discuss next meeting date.

**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: Olivia Sayad, Administrative Assistant II, ACWA JPIA, PO Box 619082, Roseville, CA 95661-9082; telephone (916) 786-5742. The JPIA’s normal business hours are Monday – Friday, 7:30 a.m. to 4:30 p.m. (Government Code Section 54954.2, subdivision. (a)(1).)

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

**ACWA JPIA**  
**Membership Approval Request**  
May 8, 2023

**AGENCY INFORMATION**

|  |  |   |
|--|--|---|
| Olivenhain Municipal Water District<br>Encinitas, CA<br>San Diego County | <u>Program</u><br>Liability<br>Property<br>Employee Benefits | <u>Join Date</u><br>Applying<br>Applying<br>07/2012 |
|--|--|---|

Date Formed: 1959  
 Type of Agency: Municipal District  
 Date Joined ACWA: 1963

**LINES OF COVERAGE**

| <u>Program</u> | <u>TIVs/Payroll</u> | <u>Quoted Premium</u> | <u>Current Carrier</u> |
|----------------|---------------------|-----------------------|------------------------|
| Liability      | \$8,289,798         | \$287,626             | Allied World           |
| Property       | \$92,802,301        | \$144,432             | Allied World           |

**BACKGROUND**

The Olivenhain Municipal Water District (OMWD) is a Special District organized under Section 71000 of the California Water Code, and provides water, wastewater services, recycled water, local hydroelectricity, and the operation of Elfin Forest Recreational Reserve. OMWD is a member of the San Diego County Water Authority (SDCWA), and obtains all of its purchased water supply from SDCWA. The District serves approximately 87,000 customers in Encinitas, Carlsbad, San Diego, Solana Beach, and neighboring communities.

OMWD maintains over 465 miles of potable water pipeline, over 29,000 meters, 17 water storage reservoirs, and the David C. McCullom Water Treatment Plant which treats up to 34 million gallons of water each day. Its 4S Ranch Water Reclamation Facility serves nearly two million gallons of recycled water per day, which is delivered to irrigation customers in the southeastern portion of its service area. The Elfin Forest Recreational Reserve is a 784-acre natural habitat, which includes 11 miles of trails for hiking, biking, and equestrian use.

OMWD is governed by five Board members elected by Divisions. Ninety staff members are divided among departments and provide administrative, construction, customer service, engineering, finance, human resources, IT systems, and water and wastewater services. OMWD's current General Manager has served the district since January 2007.



## **RISK MANAGEMENT**

Risk Management Consultant(s): Andrew Corral/Peter Kuchinsky II/Matt Bunde  
Date of Assessment: February 14-16, 2023

A new member risk assessment was conducted to determine substantial conformance with the JPIA's Commitment to Excellence (C2E) Program, JPIA best practices, occupational safety and health standards, and consensus with public agency loss control methods.

Allied World loss reports from 2013/14 – 2021/22 were reviewed, along with a comparison of losses and exposures to Moulton Niguel Water District and Vallecitos Water District as both Agencies are current JPIA members, and of comparable size and operations. Ten OMWD sites were visited over the course of the two-day assessment. Sites visited were well maintained and secure.

With regard to Liability, over the past five years, OMWD has averaged one claim per policy year, with an average claims cost of \$68,025. The area serviced by OMWD mainly contains high-end residential and custom homes, with many areas of open space and hilly topography. Historical losses have been water main breaks/leaks or commercial vehicle accidents with five claims reported in the last five years.

With regard to Property, over the past five years, OMWD reported no property losses. OMWD facilities are exposed to wildfire risk. OMWD reports exercising a comprehensive Emergency Response Plan and Hazard Mitigation Program to maintain best practices related to this exposure.

Overall a favorable opinion was developed about the staff and operations of the OMWD. OMWD staff were welcoming, cooperative, responsive, and professional during the assessment.

Should OMWD join the ACWA JPIA, a service plan will be implemented from July 2023 to June 2024 to complement the District's safety and risk management program with ACWA JPIA resources.

## **RECOMMENDATION**

That the Executive Committee approve Olivenhain Municipal Water District's applications for admission into the Liability and Property Programs.

**ACWA JPIA**  
**Membership Approval Request**  
May 8, 2023

**AGENCY INFORMATION**

Rio Linda/Elverta Community  
 Water District  
 Rio Linda, CA  
 Sacramento County

|                   |                  |
|-------------------|------------------|
| <u>Program</u>    | <u>Join Date</u> |
| Workers' Comp.    | Applying         |
| Liability         | 10/1/1978        |
| Property          | 04/1/1982        |
| Employee Benefits | 1/1/2016         |

Date Formed: 1948  
 Type of Agency: Special District  
 Date Joined ACWA: 1968

**LINES OF COVERAGE**

|                |                     |                       |                        |
|----------------|---------------------|-----------------------|------------------------|
| <u>Program</u> | <u>TIVs/Payroll</u> | <u>Quoted Premium</u> | <u>Current Carrier</u> |
| Workers' Comp. | \$747,839           | \$12,581              | SDRMA                  |

**BACKGROUND**

The Rio Linda Water District was formed in 1948 to provide domestic water and wastewater conveyance services to the residents of Rio Linda and Elverta, which is located about fifteen miles north of Sacramento. The District turned over its wastewater service facilities to the County of Sacramento in the 1970s. The District changed its name to Rio Linda/Elverta Community Water District (RLECWD) in 1998.

The RLECWD is governed by an elected five-member Board of Directors. The District has nine employees: including one general manager, one full-time operations superintendent, two operators, one water utility worker, one conservation coordinator, and three office employees. The payroll is classified as follows:

| <b>Class Code</b>                | <b>Classification</b>         | <b>Number of Employees</b> |
|----------------------------------|-------------------------------|----------------------------|
| 7520                             | Waterworks Operations         | 4                          |
| 8742                             | Salespersons / Meter Readers  | 2                          |
| 8810                             | Clerical                      | 3                          |
| 8810                             | Clerical (Board of Directors) | 5                          |
| <b>Total Number of Employees</b> |                               | <b>15</b>                  |

The RLECWD is a member in good standing of the JPIA's Liability and Property Programs since 1986. By joining the Workers' Compensation Program, the District is consolidating their coverages with the JPIA and enjoying additional multi-program discounts while eliminating duplicity in ancillary membership programs of ACWA and The California Special Districts Association (CSDA).

## **RISK MANAGEMENT**

Risk Management Consultant: Jeremy Sadler  
Date of Assessment: March 2, 2023

The Risk Management Department conducted a Risk Assessment to review the District's application and operations in accordance with the JPIA's Commitment to Excellence Program (C2E).

The RLECWD staff was welcoming, open, cooperative, responsive, and professional during the assessment. The information and documents provided were presented promptly, organized, and easy to understand.

The RLECWD has had one Workers' Compensation loss in the past 10 years and the experience modifier is under 1.0.

Should RLECWD join the ACWA JPIA, a service plan will be implemented from July 2023 to June 2024 to complement the District's safety and risk management program with ACWA JPIA resources.

## **RECOMMENDATION**

That the Executive Committee approve Rio Linda/Elverta Community Water District application for admission into the Workers' Compensation Program.

**ACWA JPIA**  
**CEO Update**  
**May 8, 2023**

**BACKGROUND**

This is a standing item on Executive Committee agendas.

**CURRENT SITUATION**

The JPIA's Chief Executive Officer will update the Executive Committee on relevant current issues, progress on the current Goals & Objectives, and potential future opportunities and challenges.

**RECOMMENDATION**

None, informational only.

# ACWA JPIA MEETINGS & CONFERENCE CALENDAR – 2023

| MEETING DATES   | BOARD OF DIRECTORS | EXECUTIVE | PERSONNEL             | FINANCE & AUDIT | PROGRAMS      |           |          |           | RISK MGMT | CWIF            |
|---|--------------------|-----------|-----------------------|-----------------|---------------|-----------|----------|-----------|-----------|-----------------|
|   |                    |           |                       |                 | Emp. Benefits | Liability | Property | Work Comp |           |                 |
| JAN 23  |                    |           | 2:00 PM<br>COSTA MESA |                 |               |           |          |           |           |                 |
| JAN 30  |                    |           |                       |                 |               |           |          | 2:00 PM   |           |                 |
| JAN 31  |                    | 8:00 AM   |                       |                 |               |           |          |           |           |                 |
| MAR 22  |                    |           |                       | 1:00 PM         |               |           | 3:00 PM  |           |           |                 |
| MAR 23  |                    | 8:00 AM   |                       |                 |               |           |          |           |           |                 |
| APR 26  |                    |           |                       |                 | 8:30 AM       |           |          |           |           |                 |
| MAY 8   | 1:00 PM            | 9:45 AM   |                       |                 |               |           |          | 8:30 AM   |           |                 |
| <b>MAY 9-11 ACWA SPRING CONFERENCE – MONTEREY</b>                     |                    |           |                       |                 |               |           |          |           |           |                 |
| MAY 25  |                    |           |                       |                 |               |           |          |           |           | 9:00 AM<br>UTAH |
| JUNE 8  |                    |           | 11:00 AM              |                 |               |           |          |           |           |                 |
| <b>JUNE 14-15 EXECUTIVE COMMITTEE ONBOARDING MEETING</b>              |                    |           |                       |                 |               |           |          |           |           |                 |
| JUNE 20   |                    |           |                       |                 |               |           | 3:00 PM  | 1:00 PM   |           |                 |
| JUNE 21   |                    | 8:00 AM   |                       |                 |               |           |          |           |           | 1:00 PM         |
| JULY 26   |                    |           |                       |                 | 2:15 PM       | 12:30 PM  |          |           |           |                 |
| JULY 27   |                    | 8:00 AM   |                       |                 |               |           |          |           |           |                 |
| SEPT 6  |                    |           | 11:00 AM              |                 |               |           |          |           |           |                 |
| SEPT 27   |                    |           |                       | 3:00 PM         |               | 1:00 PM   |          |           |           |                 |
| SEPT 28   |                    | 8:00 AM   |                       |                 |               |           |          |           |           | 1:00 PM         |
| OCT 25  |                    | 8:30 AM   |                       |                 |               |           |          |           |           |                 |
| NOV 27  | 1:30 PM            | 10:15 AM  |                       |                 |               |           |          |           |           |                 |
| NOV 28  |                    |           |                       |                 |               |           |          |           |           | 8:30 AM         |
| <b>ACWA FALL CONFERENCE – NOVEMBER 29 – DECEMBER 1 – INDIAN WELLS</b> |                    |           |                       |                 |               |           |          |           |           |                 |

- CICA Conference, Rancho Mirage – March 5-7, 2023
- AGRiP Governance Conference, Orlando, FL – March 5-8, 2023
- CAJPA Conference, Lake Tahoe – September 12-14, 2023

# Board of Directors' Meeting



YOUR BEST PROTECTION

Monterey Marriott  
San Carlos I-III  
350 Calle Principal  
Monterey, CA 93940

Monday  
May 8, 2023  
1:00 PM

**BOARD PRESIDENT:**  
Melody A. McDonald, San Bernardino Valley Water Conservation District

**BOARD VICE PRESIDENT:**  
David Drake, Rincon del Diablo Municipal Water District



# JPIA Voting Procedures

**Test voting will be conducted prior to the start of the Board meeting**

The California Brown Act amendment requires public agencies to publicly report how each member of a governing board votes on each item of business.

Each voting member of the Board of Directors will be provided a voting device. Every device is numbered on the back, and that number will be assigned to you as you check in at the registration desk.

## **INSTRUCTIONS**

When the Board is ready to vote, the President will announce that it is time to vote (instructions will appear on the projection screen at the front).

### **Voting Keys**

**1 = Yes**  
**2 = No**  
**3 = Abstain**  
**PRESS SEND**



**HOW DO I SUBMIT MY VOTE?** Press **1**, **2**, or **3** to cast your vote; then press **SEND**.

**WHAT HAPPENS IF I MAKE A MISTAKE?** *Re-submit your vote (press 1, 2, or 3 and send).*

**WHAT IF I ARRIVE LATE?** *Your vote will be cast from the time you arrive at the meeting; prior to that your vote will register as “absent”.*

**WHAT HAPPENS IF I AM OUT OF THE ROOM OR HAVE TO LEAVE EARLY?** *Your vote will be recorded as “absent” for that vote.*

**CHECK YOUR DEVICE TO MAKE SURE THAT IT IS WORKING PROPERLY – PRESS ANY BUTTON AND IT WILL LIGHT UP. ALL DEVICES WERE TESTED PRIOR TO THE MEETING.**

**IF IT DOES NOT LIGHT UP:** *Take it back to the registration desk and ask for another keypad and make sure that they make a note of the numeric change.*

**RETURN YOUR KEYPAD TO ANY STAFF MEMBER**



# BOARD OF DIRECTORS' MEETING

## AGENDA

Monterey Marriott  
San Carlos I-III  
350 Calle Principal  
Monterey, CA 93940  
(831) 373-5700

**Monday – May 8, 2023 – 1:00 PM**

### **WELCOME**

### **TUESDAY SEMINARS**

- Leadership, Digital Strategy and Technology Risk
- Help Your Employees Navigate the Path to Better Health
- Sexual Harassment Prevention For Board Members & Managers

### **CALL TO ORDER AND ANNOUNCEMENT OF QUORUM**

### **MEETING PARTICIPATION GUIDELINES**

### **PLEDGE OF ALLEGIANCE**

### **EVACUATION PROCEDURES**

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

**PUBLIC COMMENT** Members of the public will be allowed to address the Board of Directors on any agenda item prior to the Board'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.

### **INTRODUCTION OF GUESTS**

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

Presenter

Page#

#### **I. CONSENT CALENDAR**

McDonald

- \* A. Approve the minutes of the meeting of November 28, 2022.

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| <u>Presenter</u> |  | <u>Page#</u> |
|------------------|--|--------------|
|                  | <b>II. <u>EXECUTIVE COMMITTEE ELECTION</u></b>   |              |
| McDonald         | * A. Review voting procedures and list of qualified candidates.  | <b>128</b>   |
| McDonald         | B. Each candidate to address membership prior to voting.   |              |
| McDonald         | C. Direct membership to vote.  |              |
|                  | <b>III. <u>ADMINISTRATION</u></b>  |              |
| Sells            | * A. Glossary of Terms.  | <b>142</b>   |
| McDonald         | * B. Ratify Executive Committee's acceptance of new member agencies.   | <b>154</b>   |
| Eggerton         | C. ACWA Presentation.  |              |
|                  | <b>IV. <u>FINANCIAL</u></b>  |              |
| deBernardi       | * A. Review and approve the Audited Financial Statements for year ending September 30, 2022.   | <b>155</b>   |
| deBernardi       | * B. Review and approve the proposed Operating Budget for the fiscal year October 1, 2023-24.  | <b>242</b>   |
|                  | <b>V. <u>PROGRAMS</u></b>  |              |
| Beatty           | * A. Pooled Program update:<br>1. Liability Program<br>2. Property Program<br>3. Workers' Compensation Program<br>4. Employee Benefits Program | <b>244</b>   |
| Beatty           | * B. Review of Rate Stabilization Fund Process.  | <b>246</b>   |
|                  | <b>VI. <u>MEMBERSHIP BENEFITS</u></b>  |              |
| Crawford         | * A. Leadership Essentials for the Water Industry Program update.  | <b>249</b>   |
| Flint            | * B. Announce the winners of the H.R. LaBounty Safety Award Program.   | <b>253</b>   |
|                  | <b>VII. <u>CEO UPDATE</u></b>  |              |
| Sells            | * A. Current events at the JPIA.   | <b>254</b>   |

**VIII. PRESIDENT’S UPDATE**

McDonald

- \* A. Review of Board meeting, events, and announcements.

**255**

**IX. OTHER BUSINESS**

Greenfield

- A. Briefly review pending lawsuits directly involving the JPIA.

**ADJOURNMENT**

\*Related items enclosed.

**MISSION STATEMENT:** ACWA JPIA is dedicated to consistently and cost effectively providing the broadest possible affordable insurance coverages and related services to its member agencies.

***Americans with Disabilities Act*** – ACWA 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: Chimene Camacho, Executive Assistant, ACWA JPIA, P. O. Box 619082, Roseville, CA 95661-9082; telephone (916) 786-5742. The JPIA’s normal business hours are Monday – Friday, 7:30 a.m. to 4:30 p.m. (Government Code Section 54954.2, subdivision. (a)(1).)

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

# Retirement Dinner Celebration for Walter “Andy” Sells JPIA CEO

*Many thanks to our Dinner Sponsors:*

|  |                        |                                 |
|--|------------------------|---------------------------------|
| Alliant<br>Insurance<br>Services, Inc. | AON                    | bswift                          |
| Barber &<br>Bauermeister               | Donahue<br>Davies, LLP | Fozi Dwork &<br>Modafferi, LLP  |
| Jacobson<br>Markham, LLP               | Occu-Med               | Rankin Stock<br>Heaberlin Oneal |
| Vector Solutions                       | VSP                    | Wendelstein<br>Law Group, PC    |



Unapproved Minutes

**Board of Directors’ Meeting**

Hyatt Regency Resort  
Ballroom NOP  
44600 Indian Wells Lane  
Indian Wells, CA 92210

**November 28, 2022**

**VOTING REPORT**

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See the list following the minutes.

**NON-VOTING PARTICIPANTS**

---

See the list of attendees.

**STAFF PRESENT**

---

See attendance list.

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

---

President McDonald welcomed everyone in attendance, called the meeting to order at 1:32 p.m., and announced that a quorum was present.

**MEETING PARTICIPATION GUIDELINES**

---

Mr. Sells reviewed JPIA Voting Procedures with everyone in attendance.

**PLEDGE OF ALLEGIANCE**

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The Pledge of Allegiance was led by President McDonald.

**EVACUATION PROCEDURES**

---

Mr. Sells reviewed the building evacuation procedures.

**ANNOUNCEMENT RECORDING OF MEETING**

---

President McDonald announced that the meeting was being recorded to assist in preparation of minutes and that the recording would only be kept 30 days following the meeting, as mandated by the California Brown Act.

**PUBLIC COMMENT**

---

As stated in the agenda, members of the public would be allowed to address the Board of Directors on any agenda item prior to the Board’s decision on that item. Comments on any issues which may or may not be on the agenda were also welcome. No comments were brought forward.

## INTRODUCTION OF GUESTS

---

President McDonald introduced the Executive Committee members, JPIA and ACWA staff in attendance.

## ADDITIONS TO OR DELETIONS FROM THE AGENDA

---

President McDonald asked for any additions to or deletions from the agenda. Mr. Sells stated that, due to a delay in award notification, Agenda item III.B, Presentation of the Certificate of Achievement for Excellence in Financial Reporting by Government Finance Officers Association of the United States and Canada (GFOA) for its comprehensive annual financial report (COA) will be deleted from the agenda.

## CONSENT CALENDAR

---

President McDonald called for approval of the Consent Calendar.

**Motion:** That the Board of Directors approve the minutes of the May 2, 2022 meeting, as presented.

**Motioner:** Jace Schwarm San Dieguito Water District

**Second:** Alan Hinman, Jr., Paradise Irrigation District  
(90-Yes; 1-No; 1-Abstain)

*\*See voting report following the minutes.*

## ADMINISTRATION

---

### Glossary of Terms

Mr. Sells directed the Board to the Glossary of Terms. It was suggested that they become acquainted with the terms used in this meeting and to inform staff of any other terms used in this meeting that need to be included.

### Resolution 2022-1 Commendation to E.G. “Jerry” Gladbach

President McDonald stated that E.G. “Jerry” Gladbach of Santa Clarita Valley Water Agency passed away in July 2022. Jerry served as Board President for the past 12 years and a member of the Executive Committee for 20 years. He also served as Chair of the Liability Program Committee, the Building & Property Ad Hoc Committee, and the Personnel Committee. In addition, he has been instrumental in the research and subsequent formation of the Captive. The JPIA would like to show its appreciation to Jerry Gladbach for his years of service to the JPIA and its members.

**Motion:** That the Board of Directors approve the resolution honoring E.G. “Jerry” Gladbach, as presented.

**Motioner:** Milford Harrison, San Bernardino Valley Municipal Water District

**Second:** Peer Swan, Irvine Ranch Water District  
(93-Yes; 0-No; 0-Abstain)

*\*See voting report following the minutes.*

### Ratify Executive Committee’s Acceptance of New Member Agencies

President McDonald noted that at each Board meeting, a list of new members is provided for membership ratification. The new agencies that have become members of

the JPIA since the last Board meeting are Merced Irrigation Urban GSA and South Valley Water Resources Authority.

**Motion:** That the Board of Directors ratify the acceptance of Merced Irrigation Urban GSA and South Valley Water Resources Authority as members of the JPIA.

**Motioner:** Alan Hinman, Jr., Paradise Irrigation District

**Second:** Jace Schwarm San Dieguito Water District

(92-Yes; 0-No; 0-Abstain)

*\*See voting report following the minutes.*

### Approve the Proposed Changes to the JPIA Bylaws

Mr. Greenfield presented the proposed revision to the JPIA Bylaws in Article III, Sections 2(a) regarding Existence of Vacancies. At their November 14, 2022 meeting, the Executive Committee reviewed and discussed the proposed language revision which addresses the potential situation where a Member may have two votes on the Executive Committee. The Executive Committee approved the language revision in concept, however, they requested that the final language be amended to state that if there are two sitting members of the Executive Committee from the same Member District, only one member will be allowed to vote on any given motion. At their meeting on November 28, 2022, the Executive Committee approved the amended Bylaws language which was distributed as a handout. Any action to change the Bylaws requires a majority vote by the Board of Directors.

After much discussion regarding the purpose and need for the Bylaws revision, an amended motion was made to postpone voting on the Bylaws revision to a future Board of Directors' meeting. The Board of Directors then voted on the amended motion.

**Amended Motion:** That the Board of Directors table voting on the Bylaws revision until a future meeting.

**Motioner:** Sandra Jacobs, Santa Margarita Water District

**Second:** Deborah Neev, Laguna Beach County Water District

(27-Yes; 67-No; 0-Abstain)

*\*See voting report following the minutes.*

The amended motion failed, and the Board of Directors voted on the original motion, as presented.

**Original Motion:** That the Board of Directors approve the revision to the Bylaws, as presented.

**Motioner:** T. Milford Harrison, San Bernardino Valley Municipal Water District

**Second:** Chris Kapheim, Kings River Conservation District

(81-Yes; 12-No; 0-Abstain)

*\*See voting report following the minutes.*

The original motion, as presented, passed.

## ACWA Presentation

Mr. Eggerton, ACWA Executive Director, noted the continued working relationship between ACWA and the JPIA in meeting members' needs, and provided an overview of ACWA's accomplishments in the past year and future programs. He also highlighted some ACWA initiatives and programs introduced this year including the formation of the non-profit ACWA Foundation to address Diversity, Equity, and Inclusion (DEI) in the water industry and Quench California.

## **FINANCIAL**

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### Investment Policy

Mr. deBernardi stated that every year, per the JPIA Bylaws, the Investment Policy must be approved by the Board of Directors. The Finance & Audit Committee and the Executive Committee have both reviewed the proposed Investment Policy and recommended approval by the Board of Directors, as presented.

**Motion:** That the Board of Directors approve the proposed changes to the Investment Policy, as presented.

**Motioner:** Pamela Tobin, San Juan Water District

**Second:** Peer Swan, Irvine Ranch Water District  
(93-Yes; 0-No; 0-Abstain)

*\*See voting report following the minutes.*

### GFOA Certificate of Achievement for Excellence

Deleted from agenda.

## **PROGRAMS**

---

### Pooled Programs Update

Ms. Beatty stated the JPIA continues to offer its members stability through a strong financial position, experienced management, and an unwavering and growing member participation. Each pooled program stands alone meaning they are separately funded and managed and have different levels of members participating, as not all members partake in all programs. Highlights for each program were reviewed:

- The Liability Program currently has 345 members. Due to a hardened market and a few large losses, the program increased rates by 10%, the first increase in 15 years.
- The Property Program currently has 287 members and increased rates by 20% this year. A hardened market due to catastrophic events continues to dominate pricing for this program. New for this program is the implementation of mandatory minimum deductibles and an increased pool retention of \$10,000,000 up from \$100,000.
- The Workers' Compensation Program has 204 members with pricing very stable and unchanged for the current year. Potential challenges for this program include future legislative changes which may affect the rates.
- The Employee Benefits Program has approximately 267 members. For the current renewal, rates for the self-funded Anthem PPO plan were reduced by

10% with the other self-insured programs remaining unchanged. Members should expect rates in the self-funded Anthem PPO Plan to increase next year.

#### Announcement of President's Awards Recipients

Mr. deBernardi stated that each year at Fall Conference, the JPIA recognizes those members that have a Loss Ratio of 20% or less in the Liability, Property, or Workers' Compensation Programs. Those members receive the "President's Special Recognition Award." The data for this calculation is for a three-year period, 2018-2021, as of September 30, 2022. The Board packet lists all the districts receiving this special recognition and printed awards will be mailed directly.

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

Mr. Sells provided a brief report on CWIF's current financial status. He reported that as of September 30, 2022, the book value of the CWIF portfolio was \$158,764,563 vs. a market value of \$133,937,652. The rate of return since inception is approximately 3.8% vs. a rate of return on the JPIA fixed income portfolio of approximately 1.2%.

Mr. Sells also noted that at their last meeting, the CWIF Board created a Statement of Intention which states "*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.*" Additionally, Bruce Rupp was elected Chair and Andrew Morris was elected Vice-Chair.

### **MEMBERSHIP BENEFITS**

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#### Announcement of Winners of H.R. LaBounty Safety Awards Program

Ms. Flint noted that results of the Safety Awards Program are announced each spring and fall at the JPIA Conferences recognizing nominees demonstrating proactive safety contributions. For Fall 2022, there were 16 nominations. The winners of the awards were noted in the packet and a few examples of the winning safety contributions were presented. Winning submissions are also posted on the JPIA's website under Risk Control/Safety Awards/Award-Winning Submissions. Risk Control Advisors continually promote the H.R. LaBounty Safety Awards Program during site visits and training classes to encourage members to engage their staff and continuously improve their safety programs.

#### Training Update

Ms. Crawford stated that this fiscal year, JPIA Training was focused on the safe return to delivery of in-person, instructor-led training following the COVID-19 pandemic, while also continuing to deliver its robust online training catalog for members. Live virtual training participation continued strong with new courses offered via WebEx webinars and the number of online courses completed on the VectorSolutions platform and eLearning modules. The Professional Development Program (PDP) was completed by 22 employees from 11 member agencies, and over 60 employees from 31 member agencies attended the JPIA Training Conference in October 2022 providing additional networking and learning opportunities. The JPIA is well positioned to meet changing



demands in member education, as demonstrated during the pandemic, because of ongoing investments made in varying learning modalities over the years.

#### Human Resources Update

Ms. Slaven reported that there were more opportunities for in-person regional and local Human Resource meetings this year. Spring meetings in Rancho Cucamonga and Roseville focused on recruitment and branding with a guest speaker from CPS-HR, a public entity HR consulting firm, who specializes in helping public entities create a recruitment brand. This information was then brought to five smaller local meetings in San Diego, Bakersfield area, Santa Barbara, Monterey, and Redding. The fall meeting in Yorba Linda hosted mental health professionals that presented on Mental Health Awareness at Work which offered methods to recognize signs and symptoms of potential mental health challenges. Nationwide, mental health in the workplace has become an issue with the pandemic, prolonged isolation, and health challenges. This topic was timely and relevant for human resource professionals. Combined, all the meetings for the year had over 125 attendees. JPIA has continued the monthly Hot Java and Hot HR topics attracting hundreds of participants throughout the year and plans three webinars regarding New Laws for 2023 in the coming months.

#### Leadership Essentials Program Update

Ms. Slaven reported that a new Leadership Essentials Program cohort began last month in both northern and southern California. This is a yearlong program. The content for the program was updated this year with the addition of a module on Strengths-Based Leadership and revision of the Team Leadership module. This year, 13 participants in southern California graduated from the program along with 14 from northern California.

Ms. Slaven announced that this is the last conference she will attend since she will be retiring in March from her position as the JPIA Director of Human Resources and Administration. She expressed her appreciation for the JPIA and its members for her 15 years of service.

### **CEO UPDATE**

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#### Current Events at the JPIA

Mr. Sells provided an update on the current events at the JPIA. He also reported on the challenges the JPIA is currently experiencing with the state of the insurance industry. Upcoming retirements within the JPIA organization pose another challenge with succession planning.

### **PRESIDENT'S UPDATE**

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President McDonald congratulated the JPIA's most tenured employee, Sylvia Robinson, who recently retired after 40 years of service, and then she welcomed Laura Baryak, who replaced Sylvia in coordinating the JPIA Fall and Spring Conferences. With regard to Ms. Slaven's impending retirement in March 2023, President McDonald commended Ms. Slaven for her exceptional contribution to the JPIA. At Spring Conference, four seats on the Executive Committee will be open for election. A notice will be sent to all JPIA Directors in February listing the instructions to submit nominations. She also

reminded everyone of the dinner that evening to be held in honor of Jerry Gladbach, co-hosted by the JPIA and ACWA, and recognized the dinner sponsors: Alliant Insurance Services, Inc.; Barber & Bauermeister; Cohen & Burge, LLP; Donahue Davies, LLP; Fozi Dwork & Modafferi, LLP; Law Offices of Robert Gokoo; Jacobson Markham, LLP; Rankin Stock Heaberlin Oneal; and VSP.

## **OTHER BUSINESS**

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### Review Pending Lawsuits Directly Involving the JPIA

Mr. Greenfield reported that there are no pending or threatened claims against the JPIA.

President McDonald called for adjournment of the Board of Directors' meeting at 4:05 p.m.

Attest:

X

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Melody McDonald  
Chair

X

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Walter A. Sells  
Secretary

**JPIA BOARD OF DIRECTORS MEETING, NOVEMBER 28, 2022**  
**LIST OF NON-VOTING ATTENDEES AND JPIA STAFF IN ATTENDANCE**

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| <u>District / Organization</u>           | <u>First Name</u> | <u>Last Name</u> | <u>Position</u>                           |
|--|-------------------|------------------|---|
| ACWA JPIA                                | Laura             | Baryak           | Administrative Assistant II               |
| ACWA JPIA                                | Adrienne          | Beatty           | Assistant Executive Officer               |
| ACWA JPIA                                | Chimene           | Camacho          | Executive Assistant (Recording Secretary) |
| ACWA JPIA                                | Sarah             | Crawford         | Training Manager                          |
| ACWA JPIA                                | David             | deBernardi       | Director of Finance                       |
| ACWA JPIA                                | Robin             | Flint            | Risk Control Manager                      |
| ACWA JPIA                                | Robert            | Greenfield       | General Counsel                           |
| ACWA JPIA                                | Molly             | Quirk            | Communications/Outreach Specialist        |
| ACWA JPIA                                | Andy              | Sells            | Chief Executive Officer                   |
| ACWA JPIA                                | Patricia          | Slaven           | Director of HR/Admin.                     |
| ACWA JPIA                                | Sandra            | Smith            | Employee Benefits Manager                 |
| ACWA JPIA                                | Dan               | Steele           | Finance Manager                           |
| Moulton-Niguel Water District            | Todd              | Novacek          | Director of Operations                    |
| Rancho California Water District         | Eileen            | Dienzo           | Human Resources Director                  |
| Rowland Water District                   | Vanessa           | Hsu              | Director                                  |
| Tehachapi-Cummings County Water District | Tom               | Neisler          | General Manager                           |
| Valley Center Municipal Water District   | Oliver            | Smith            | Director                                  |
| Vista Irrigation District                | Jo                | McKenzie         | Director                                  |

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**ACWA JPIA Board of Directors Meeting Voting Report, November 28, 2022**

| <b>Member</b>                | <b>First Name</b> | <b>Last Name</b> | <b>Keypad ID</b> | <b>Minutes 5.2.22</b> | <b>Gladbach Resolution</b> | <b>Ratify New Members</b> | <b>Amended Bylaws Revision</b> | <b>Bylaws Revision</b> | <b>Investment Policy</b> |
|------------------------------|-------------------|------------------|------------------|-----------------------|----------------------------|---------------------------|--------------------------------|------------------------|--------------------------|
| Alameda CFC&WCD, Zone 7 WA   | Dennis            | Gamb             | 101              | Yes                   | Yes                        | Yes                       | Yes                            | Yes                    | Yes                      |
| Alameda County WD            | John              | Weed             | 49               | Yes                   | Yes                        | Yes                       | Yes                            | Yes                    | Yes                      |
| Antelope Valley-East Kern WA | Robert            | Parris           | 91               | Yes                   | Yes                        | Yes                       | No                             | Yes                    | Yes                      |
| Banta Carbona ID             | Glenn             | Robertson        | 103              | Yes                   | Yes                        | Yes                       | Yes                            | Yes                    | Yes                      |
| Bay Area Water Supply & CA   | Nicole            | Sandkulla        | 22               | Yes                   | Yes                        | Yes                       | Yes                            | Yes                    | Yes                      |
| Bedford Coldwater GSA        | Andy              | Morris           | 9                | Yes                   | Yes                        | Yes                       | No                             | Yes                    | Yes                      |
| Berrenda Mesa Water District | Rob               | Goff             | 5                | Yes                   | Yes                        | Yes                       | No                             | Yes                    | Yes                      |
| Calaveras County WD          | Scott             | Ratterman        | 60               | Yes                   | Yes                        | Yes                       | No                             | Yes                    | Yes                      |
| Calleguas MWD                | Scott             | Quady            | 19               | Yes                   | Yes                        | Yes                       | No                             | Yes                    | Yes                      |
| Camrosa WD                   | Eugene            | West             | 76               | Yes                   | Yes                        | Yes                       | No                             | Yes                    | Yes                      |
| Carmichael WD                | Ron               | Greenwood        | 57               | Yes                   | Yes                        | Yes                       | No                             | Yes                    | Yes                      |
| Chino Basin Watermaster      | Bob               | Kuhn             | 92               | Yes                   | Yes                        | Yes                       | No                             | Yes                    | Yes                      |
| Citrus Heights WD            | David             | Wheaton          | 102              | Yes                   | Yes                        | Yes                       | No                             | Yes                    | Yes                      |
| Crestline Village WD         | Steven            | Farrell          | 86               | Yes                   | Yes                        | Yes                       | Yes                            | No                     | Yes                      |
| Cucamonga Valley WD          | Randall           | Reed             | 50               | Yes                   | Yes                        | Yes                       | No                             | Yes                    | Yes                      |
| Desert WA                    | Kristin           | Bloomer          | 7                | Yes                   | Yes                        | Yes                       | No                             | Yes                    | Yes                      |
| El Toro WD                   | Mike              | Gaskins          | 21               | Yes                   | Yes                        | Yes                       | Yes                            | Yes                    | Yes                      |
| Elsinore Valley MWD          | Andy              | Morris           | 6                | Yes                   | Yes                        | Yes                       | No                             | Yes                    | Yes                      |
| Florin Resource CD/Elk Grove | Sophia            | Scherman         | 51               | Yes                   | Yes                        | Yes                       | No                             | Yes                    | Yes                      |
| Foothill MWD                 | Melvin            | Matthews         | 66               | Yes                   | Yes                        | Yes                       | No                             | Yes                    | Yes                      |
| Fresno Metropolitan FCD      | Peter             | Sanchez          | 8                | Yes                   | Yes                        | Yes                       | No                             | Yes                    | Yes                      |
| Friant Power Authority       | Carl              | Janzen           | 4                | Yes                   | Yes                        | Yes                       | No                             | Yes                    | Yes                      |
| Georgetown Divid PUD         | Mitch             | MacDonald        | 81               | Yes                   | Yes                        | Yes                       | No                             | Yes                    | Yes                      |
| Helix WD                     | Daniel            | McMillan         | 41               | Yes                   | Yes                        | Yes                       | No                             | Yes                    | Yes                      |
| Hi-Desert WD                 | Roger             | Mayes            | 78               | Yes                   | Yes                        | Yes                       | No                             | Yes                    | Yes                      |
| Humboldt Bay MWD             | J. Bruce          | Rupp             | 10               | Yes                   | Yes                        | Yes                       | No                             | Yes                    | Yes                      |
| Irvine Ranch WD              | Peer              | Swan             | 29               | Yes                   | Yes                        | Yes                       | No                             | Yes                    | Yes                      |
| Joshua Basin WD              | Barb              | Delph            | 3                | Yes                   | Yes                        | Yes                       | Yes                            | Yes                    | Yes                      |
| Kern County WA               | Steven            | Ruettgers        | 14               | Yes                   | Yes                        | Yes                       | Yes                            | No                     | Yes                      |
| Kings River CD               | Chris             | Kapheim          | 70               | Yes                   | Yes                        | Yes                       | No                             | Yes                    | Yes                      |

**ACWA JPIA Board of Directors Meeting Voting Report, November 28, 2022**

| <b>Member</b>                      | <b>First Name</b> | <b>Last Name</b> | <b>Keypad ID</b> | <b>Minutes 5.2.22</b> | <b>Gladbach Resolution</b> | <b>Ratify New Members</b> | <b>Amended Bylaws Revision</b> | <b>Bylaws Revision</b> | <b>Investment Policy</b> |
|------------------------------------|-------------------|------------------|------------------|-----------------------|----------------------------|---------------------------|--------------------------------|------------------------|--------------------------|
| La Habra Heights CWD               | Karen             | Baroldi          | 30               | Yes                   | Yes                        | Yes                       | No                             | Yes                    | Yes                      |
| Laguna Beach County WD             | Deborah           | Neev             | 72               | Yes                   | Yes                        | Yes                       | Yes                            | No                     | Yes                      |
| Lake Arrowhead CSD                 | Catherine         | Cerri            | 75               | Yes                   | Yes                        | Yes                       | No                             | Yes                    | Yes                      |
| Las Virgenex MWD                   | Sophia            | Crocker          | 15               | Yes                   | Yes                        | Yes                       | Yes                            | Yes                    | Yes                      |
| Madera ID                          | Carl              | Janzen           | 13               | Yes                   | Yes                        | Yes                       | No                             | Yes                    | Yes                      |
| Madera-Chowchilla W&PA             | Carl              | Janzen           | 31               | Yes                   | Yes                        | Yes                       | No                             | Yes                    | Yes                      |
| Main San Gabriel Basin Watermaster | David             | De Jesus         | 59               | Yes                   | Yes                        | Yes                       | Yes                            | Yes                    | Yes                      |
| McKinleyville CSD                  | Dennis            | Mayo             | 11               | Yes                   | Yes                        | Yes                       | Yes                            |                        |                          |
| Mesa WD                            | Fred              | Bockmiller       | 58               | Yes                   | Yes                        | Yes                       | No                             | Yes                    | Yes                      |
| Mid-Peninsula WD                   | Kirk              | Wheeler          | 67               | Yes                   | Yes                        | Yes                       | Yes                            | Yes                    | Yes                      |
| Mission Springs WD                 | Nancy             | Wright           | 104              | Yes                   | Yes                        | Yes                       | Yes                            | Yes                    | Yes                      |
| Monte Vista WD                     | Sandra            | Rose             | 2                | Yes                   | Yes                        | Yes                       | No                             | Yes                    | Yes                      |
| Montecito WD                       | Floyd             | Wicks            | 95               | Yes                   | Yes                        | Yes                       | No                             | Yes                    | Yes                      |
| North Coast County WD              | Jack              | Burgett          | 40               | Yes                   | Yes                        | Yes                       | No                             | Yes                    | Yes                      |
| Oakdale ID                         | Thomas            | Orvis            | 24               | Yes                   | Yes                        | Yes                       | No                             | Yes                    | Yes                      |
| Olivenhain Mwd                     | Lawrence          | Watt             | 17               | Yes                   | Yes                        | Yes                       | No                             | Yes                    | Yes                      |
| Orange County WD                   | Cathy             | Green            | 63               | No                    | Yes                        | Yes                       | Yes                            | Yes                    | Yes                      |
| Otay WD                            | Gary              | Croucher         | 47               | Yes                   | Yes                        | Yes                       | No                             | Yes                    | Yes                      |
| Palmdale WD                        | Don               | Wilson           | 23               | Yes                   | Yes                        | Yes                       | No                             | Yes                    | Yes                      |
| Paradise ID                        | Alan              | Hinman, Jr.      | 54               | Yes                   | Yes                        | Yes                       | No                             | Yes                    | Yes                      |
| Pomona-Walnut-Rowland JWLC         | Thomas            | Coleman          | 83               | Yes                   | Yes                        | Yes                       | No                             | Yes                    | Yes                      |
| Puente Basin WA                    | Tom               | Coleman          | 68               | Yes                   | Yes                        | Yes                       | No                             | Yes                    | Yes                      |
| Rainbow MWD                        | Miguel            | Gasca            | 34               | Yes                   | Yes                        | Yes                       | No                             | Yes                    | Yes                      |
| Rancho California WD               | William           | Plummer          | 45               | Yes                   | Yes                        | Yes                       | No                             | Yes                    | Yes                      |
| Regional Water Authority           | Pam               | Tobin            | 64               | Yes                   | Yes                        | Yes                       | Yes                            | No                     | Yes                      |
| Rincon Del Diablo Mwd              | David             | Drake            | 46               | Yes                   | Yes                        | Yes                       | No                             | Yes                    | Yes                      |
| Rosedale-Rio Bravo WSD             | Roy               | Pierucci         | 48               | Yes                   | Yes                        | Yes                       | No                             | Yes                    | Yes                      |
| Rowland Water                      | Vanessa           | Hsu              | 20               | Yes                   | Yes                        | Yes                       | No                             | Yes                    | Yes                      |
| Sacramento Groundwater Auth        | Pam               | Tobin            | 55               | Yes                   | Yes                        | Yes                       | Yes                            | No                     | Yes                      |
| Sacramento Suburban WD             | Jay               | Boatwright       | 69               | Yes                   | Yes                        | Yes                       | No                             | Yes                    | Yes                      |

**ACWA JPIA Board of Directors Meeting Voting Report, November 28, 2022**

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|------------------------------------|-------------------|------------------|------------------|-----------------------|----------------------------|---------------------------|--------------------------------|------------------------|--------------------------|
| San Bernardino Valley MWD          | T. Milford        | Harrison         | 73               | Yes                   | Yes                        | Yes                       | No                             | Yes                    | Yes                      |
| San Bernardino Valley WCD          | Melody            | McDonald         | 1                | Yes                   | Yes                        | Yes                       | No                             | Yes                    | Yes                      |
| San Dieguito WD                    | Jace              | Schwarm          | 37               | Yes                   | Yes                        | Yes                       | No                             | Yes                    | Yes                      |
| San Gabriel Basin WQA              | Bob               | Kuhn             | 77               | Yes                   | Yes                        | Yes                       | No                             | Yes                    | Yes                      |
| San Juan WD                        | Pam               | Tobin            | 62               | Yes                   | Yes                        | Yes                       | Yes                            | No                     | Yes                      |
| Santa Clara Valley GSA             | Gary              | Martin           | 38               | Yes                   | Yes                        | Yes                       | No                             | Yes                    | Yes                      |
| Santa Clara Valley WD              | John              | Varela           | 71               | Yes                   | Yes                        | Yes                       | Yes                            | No                     | Yes                      |
| Santa Clarita Valley WD            | Rochelle          | Patterson        | 79               | Yes                   | Yes                        | Yes                       | No                             | Yes                    | Yes                      |
| Santa Margarita GA                 | Piret             | Harmon           | 44               | Yes                   | Yes                        | Yes                       | No                             | Yes                    | Yes                      |
| Santa Margarita WD                 | Sandra            | Jacobs           | 87               | Yes                   | Yes                        | Yes                       | Yes                            | No                     | Yes                      |
| Santa Rosa Regional Resources Auth | Andy              | Morris           | 35               | Yes                   | Yes                        | Yes                       | No                             | Yes                    | Yes                      |
| Scotts Valley WD                   | Piret             | Harmon           | 43               | Yes                   | Yes                        | Yes                       | No                             | Yes                    | Yes                      |
| Serrano WD                         | Gregory           | Mills            | 36               | Yes                   | Yes                        | Yes                       | No                             | No                     | Yes                      |
| Sierra Highlands CSD               | Fred              | Finkbeiner       | 26               | Yes                   | Yes                        | Yes                       | No                             | Yes                    | Yes                      |
| Solano ID                          | Cary              | Keaten           | 53               | Yes                   | Yes                        | Yes                       | No                             | Yes                    | Yes                      |
| South Coast WD                     | William           | Green            | 99               | Yes                   | Yes                        | Yes                       | No                             | Yes                    | Yes                      |
| South San Joaquin ID               | Glenn             | Spyksma          | 39               | Yes                   | Yes                        | Yes                       | No                             | Yes                    | Yes                      |
| Stockton East WD                   | Thomas            | McGurk           | 96               | Yes                   | Yes                        | Yes                       | No                             | Yes                    | Yes                      |
| Sweetwater Authority               | Steve             | Castaneda        | 18               | Yes                   | Yes                        | Yes                       | No                             | Yes                    | Yes                      |
| Tahoe City PUD                     | John              | Pang             | 56               | Yes                   | Yes                        | Yes                       | No                             | Yes                    | Yes                      |
| Tehachapi-Cumming County WD        | Johnathan         | Hall             | 12               | Yes                   | Yes                        | Yes                       | No                             | Yes                    | Yes                      |
| Three Valleys MWD                  | Frederick         | Bowcock          | 97               |                       | Yes                        |                           | Yes                            | Yes                    | Yes                      |
| Trabuco Canyon WD                  | Mike              | Safranski        | 16               | Abstain               | Yes                        | Yes                       | Yes                            | No                     | Yes                      |
| Tri-Dam Project                    | Tom               | Orvis            | 27               | Yes                   | Yes                        | Yes                       | No                             | Yes                    | Yes                      |
| Tuolumne Utilities District        | Jeff              | Kerns            | 61               | Yes                   | Yes                        | Yes                       | Yes                            | No                     | Yes                      |
| Vallecitos WD                      | Craig             | Elitharp         | 32               | Yes                   | Yes                        | Yes                       | No                             | Yes                    | Yes                      |
| Valley Center MWD                  | Oliver            | Smith            | 33               | Yes                   | Yes                        | Yes                       | No                             | Yes                    | Yes                      |
| Valley County WD                   | Jazmin            | Lopez            | 25               | Yes                   | Yes                        | Yes                       | Yes                            | Yes                    | Yes                      |
| Vista ID                           | Brett             | Hodgkiss         | 84               | Yes                   | Yes                        | Yes                       | No                             | Yes                    | Yes                      |
| Water Replenishment Dist SoCal     | Elvira            | DeWitt           | 28               | Yes                   | Yes                        | Yes                       | Yes                            | Yes                    | Yes                      |

**ACWA JPIA Board of Directors Meeting Voting Report, November 28, 2022**

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|---------------------------|-------------------|------------------|------------------|-----------------------|----------------------------|---------------------------|--------------------------------|------------------------|--------------------------|
| Westborough WD            | Don               | Amuzie           | 74               | Yes                   | Yes                        | Yes                       | No                             | Yes                    | Yes                      |
| Western MWD               | Gracie            | Torres           | 85               |                       |                            |                           | Yes                            | No                     | Yes                      |
| Yolo Subbasin Groundwater | Tom               | Barth            | 52               | Yes                   | Yes                        | Yes                       | Yes                            | Yes                    | Yes                      |
| Yuba County WA            | Brent             | Hastey           | 42               | Yes                   | Yes                        | Yes                       | No                             | Yes                    | Yes                      |

|         |                |           |           |           |           |           |           |
|---------|----------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Totals: | Yes            | 90        | 93        | 92        | 27        | 81        | 93        |
|         | No             | 1         | 0         | 0         | 67        | 12        | 0         |
|         | Abstain        | 1         | 0         | 0         | 0         | 0         | 0         |
|         | No response    | 2         | 1         | 2         | 0         | 1         | 1         |
|         | <b>Totals:</b> | <b>94</b> | <b>94</b> | <b>94</b> | <b>94</b> | <b>94</b> | <b>94</b> |

**ACWA JPIA**  
**Qualified Candidates for the Executive Committee Election**  
**May 8, 2023**

**BACKGROUND**

The JPIA Bylaws provide that the Executive Committee be a Committee elected by the Board of Directors, each position be elected for a four-year term, and elections be held in every odd numbered year. The Bylaws also require that all members of the Executive Committee, except the Vice President of ACWA, be representatives of JPIA members that participate in all four of the Programs: Liability, Property, Workers' Compensation, and at least one of the Employee Benefits' programs.

**CURRENT SITUATION**

This election will fill four Executive Committee member positions for their complete terms of four years each. The qualified candidates are as follows.

- Fred Bockmiller – Mesa Water District (*incumbent*)
- June Hayes – San Bernardino Valley Municipal Water District
- Szu Pei Lu-Yang – Rowland Water District
- Andy Morris - Elsinore Valley Municipal Water District
- Lenet Pacheco – Valley County Water District
- John Pang – Tahoe City Public Utilities District
- Scott Ratterman – Calaveras County Water District
- Bruce Rupp – Humboldt Bay Municipal Water District (*incumbent*)
- Oliver Smith – Valley Center Municipal Water District
- Pamela Tobin – San Juan Water District
- John H. Weed – Alameda County Water District
- David Wheaton – Citrus Heights Water District

The candidates' statements of qualifications are listed on the following pages. No other Board Directors have met the criteria to be on the ballot.

**REQUIRED ACTION**

Each candidate will be given two minutes to address the Board before the votes are cast. The voting procedures will be reviewed, and the Board members will be asked to cast their votes. The three directors appointed as election inspectors and one JPIA staff member will collect the ballots and tally the votes.



# Executive Committee Election Procedures & Rules

For the May 8, 2023 Election  
To be Held During the JPIA's Board of Directors' Meeting  
at the Marriott Hotel in Monterey, CA

**The procedures and rules for the May 8, 2023, election are as follows:**

1. The ballots with the names of all qualified candidates will be distributed at the entrance to the meeting room before the meeting is called to order.
2. Only the Board of Directors member or Alternate Board of Directors member may obtain the ballot.
3. Only those JPIA members with either a Director or Alternate Director present may vote. **PROXY VOTING IS NOT PERMITTED.**
4. Additional color-coded ballots will be supplied for any necessary subsequent balloting.
5. Ballots are counted by the election inspectors and the results announced at the board meeting.
6. All nominated candidates will run for election at the same time. Those candidates with the majority of votes shall be elected to the longest term of office.
7. Since the Bylaws require a **majority vote** to elect Executive Committee members (Article II, Section 9), subsequent ballots may be required if the required number of candidates do not receive a majority of votes from the members present and voting.
8. If candidates for office do not receive a majority of cast votes, a subsequent ballot will be held with one more candidate's name than the number of vacancies to be filled; i.e. the top **three** candidates who receive the most votes to run for **two vacancies** or the top **two** candidates who receive the most votes to run for **one vacancy**.
9. If a tie vote occurs in a preliminary ballot (majority of votes not obtained by required number of candidates), the tied candidates will be included in the subsequent ballot if they have received the required number of ballots as determined in seven (7) above.
10. If a tie vote occurs in a final ballot (two candidates for one office or position) the presiding officer will designate one of the tied candidates to call a coin toss, by the presiding officer, to determine the election results.

# Re-elect Fred R. Bockmiller, P.E. to ACWA JPIA Executive Committee

## Fred R. Bockmiller, P.E. Director, Mesa Water District



**OBJECTIVE:** To further the goals of ACWA JPIA in best serving its members, by applying analytical and leadership skills, and risk management experience, while continuing to serve our members on the ACWA JPIA Executive Committee during this time of significant transition for the organization.

### **STATEMENT OF QUALIFICATIONS:**

- ACWA JPIA Executive Committee, 2019-present
- ACWA JPIA Committees – Risk Management, 2008-present; Workers Compensation, 2022-present; Personnel, 2023-present
- ACWA JPIA Board, 2006-present
- ACWA Energy Committee, 2002-present
- Mesa Water District Director, 1996-present – Five-term Board President; Chaired every Mesa Water District Committee (Executive, Audit Ad Hoc, Finance, Human Resources, IT Ad Hoc, Engineering and Operations, Public Information)
- Engineering Manager, University of California, Irvine (UCI) Department of Finance and Administration
- Ex Officio member, California Building Standards Commission Plumbing Electrical Mechanical and Energy Code Advisory Committee, 2015-present

**BIOGRAPHY:** Fred Bockmiller represents Division 1 -- encompassing the West Side of Costa Mesa and portions of Newport Beach -- on the Mesa Water District (Mesa Water®) Board of Directors. He has served as Mesa Water Board President for five terms.

Throughout his elected service, Director Bockmiller has championed water quality and cost-effective service reliability through a perpetual agency philosophy of long-term planning for the future of Mesa Water and continuous infrastructure maintenance, renewal, and improvement. He has been a relentless supporter of high-quality, fact-based decision-making.

Director Bockmiller has represented Mesa Water at the City/Districts Liaison Committee, Orange County Council of Governments, Orange County Water District, and the Costa Mesa Westside Revitalization Oversight Committee.

For more than 15 years, Director Bockmiller has represented Mesa Water on the Board of the Association of California Water Agencies (ACWA) Joint Powers Insurance Authority (JPIA). He presently serves on the ACWA JPIA Executive, Risk Management (Chair), Workers Compensation (Vice Chair), and Personnel Committees.

Director Bockmiller has been the Engineering Manager in the Department of Finance and Administration at UCI, a leader in energy conservation and construction efforts for more than 25 years, including completion of more than \$3 billion in major capital construction projects; more than \$300 million in reconstruction and extensive energy and water conservation retrofits, which tripled the developed building space, reduced energy consumption in laboratories by 50 percent, slashed the campus carbon footprint, improved the energy infrastructure, and decreased per capita water use by more than 30% while improving the built environment for research, teaching, and public service.

Developing the next generation is an area of interest for Director Bockmiller. He is a regular guest lecturer in UCI's Department of Mechanical and Aerospace Engineering, a mentor in the Junior Mentor Program at Newport Harbor High School, and served for 17 years on the board of Youth Employment Service -- a local charity that provides youth with the tools to find jobs -- where he served as CFO and President.

## **June Hayes, Ph.D. – Vice President/ Board Member**

Dr. June Hayes was elected to the Board of Directors of the San Bernardino Valley Municipal Water District in 2016 and re-elected in 2020. She represents Division I, which includes portions of Rialto and Fontana, and the Fontana Water Company, Marigold Mutual Water Company, Rialto Water Service, and West Valley Water District. Dr. Hayes serves as Valley District's Vice President and Chair of the Resources Workshop. She co-chairs the Policy and Initiatives Engagement ad-hoc committee which aims to organize the District's legislative advocacy efforts at the State and Federal levels.



Vice President Hayes serves as the Vice Chair of the Utilities Commission for the City of Rialto, a position she was appointed to in 1995. In 2017 she received her Water Distribution 1 certification in an effort to enhance her understanding of water operations and water systems. She is active with California Special Districts Association and the Association of California Water Agencies (ACWA). She served as a Commissioner on the Santa Ana Watershed Project Authority.

Vice President Hayes is a clinical psychologist and spent 10 years serving as the clinic manager at one of the largest mental health clinics in the San Bernardino County Mental Health system. She then went into private practice, specializing in Workers' Compensation, and neglected, abused, and delinquent youth in placement, a field she continues to work in. Vice President Hayes is a veteran and was a finalist for Assembly Majority Leader Eloise Gomez-Reyes' Veteran of the Year award in 2019.



*Board of Directors*

SZU PEI LU-YANG  
*President*

JOHN E. BELLAH  
*Vice President*

VANESSA HSU

ROBERT W. LEWIS

ANTHONY J. LIMA

## Statement of Qualifications

February 2023



**Szu Pei Lu-Yang**  
**Director, Rowland Water District**

I am excited to announce my nomination for the Executive Committee at ACWA JPIA for the 2023-2027 term and humbly request your vote when we meet in May at the upcoming ACWA JPIA Conference. After more than 17 years in this industry, I am equipped and eager to further ACWA JPIA's goal of being "much more than just an insurance provider".

As President of the Rowland Water District Board of Directors, in addition to being a member of Three Valleys Municipal Water District and the Rowland Heights Community Coordinating Council, I am familiar with the demands of leadership and current water-related issues facing our communities. My diverse experience has provided me with a deep knowledge and understanding of pressing challenges from a variety of viewpoints and given me the opportunity to take a unique and productive approach to everything from water quality regulation to effective rate structuring.

I also have the privilege of serving on the Los Angeles County Sheriff's Department Advisory Council, the Los Angeles Assessment Appeals Board, and as president of the Rowland Unified School District For Us Foundation. These appointments have fostered a desire to serve and make an impact.

I came to Rowland Water District as an attorney specializing in general liability litigation in 2006 and have served the District with a commitment to accountability and excellence since that day.

Before beginning my career, I attended the University of California, Los Angeles, and earned a Bachelor of Arts degree in Political Science and Business Administration, and continued my education with a law degree from Loyola Law School, Los Angeles.

In the past 17 years on the Rowland Water District Board of Directors, I have seen triumphs, hardships, and all that falls in between. I have been a part of numerous projects that expanded our local and imported water supplies, brought financial awareness to our community, saved ratepayer dollars, educated the local public and their families, and advanced water conservation through annual poster contests and grant programs for teachers. I have cherished my ability to further these improvements and growth and look forward to sharing that ability with ACWA JPIA.

I recognize and appreciate all of the time, energy and effort that must be put into this position for the agency and its members to succeed, and am prepared to do all that it takes to support ACWA JPIA's needs and reflect its values.

**Statement of Qualifications  
for the ACWA-JPIA Executive Committee**



**Andy Morris**

**Elsinore Valley Municipal Water District, Division 5 Director**

Director Morris is a Graduate of California State University Fullerton with a Bachelor of Arts Degree in History. He has owned and operated the Andrew Morris Insurance Agency in Wildomar since 1991 and was named the Murrieta/Wildomar Chamber of Commerce Citizen of the Year in 2021. Director Morris is very involved in the community and currently serves as the Wildomar Rotary Treasurer. Currently, Director Morris serves as Board President for the Meeks and Daley Water Company, Vice-Chair of the Santa Rosa Regional Resource Authority, and Vice-Chair of The California Water Insurance Fund. He also attends meetings on the district's behalf for the following organizations:

Rancho California Water District, Western Municipal Water District Group, Farm Mutual Water Company, Lake Elsinore Unified School District, Murrieta City Council, Murrieta/Wildomar Chamber of Commerce Student of the Month, Wildomar City Council, and The Association of California Water Agencies JPIA.

Director Morris was first elected in November 2010 and served as Treasurer in 2012 and 2015, Vice President in 2013 and 2022, and President in 2014, 2019, and 2020. Director Morris will again be serving as President for 2023.

## Statement of Qualifications

### Valley County Water District

#### Director Lenet Pacheco



Director Pacheco was first elected to serve on the Board of Directors in 2009. She has been reelected in 2013, 2018, and 2022 through her strong advocacy for reaching out to the public and hearing their concerns. As a VCWD Board Member, Director Pacheco regularly advocates for vital issues impacting the District where she has met with congressional leaders to discuss the critical water concerns impacting the residents and insurance shared risk issues.

Lenet would like to bring her local water perspective to the ACWA/JPIA. She believes in returning any excess funds to the members, providing quality insurance coverage to all the members.

Born in an agriculture region of Mexico, Director Pacheco understands the importance of challenging work and value of water. Her family depended on farming and raising livestock for a living. She learned firsthand the importance of water resources for sustaining a farming community. She understands the importance of water conservation and sustainability in rural communities.

A longtime resident of Baldwin Park, Director Pacheco is proud to call Baldwin Park home. Director Pacheco is a graduate of the Water Elected Latino Leaders (WELL). She lives in the District where she raised her family, she is happily married to her husband and is also the proud mother of two daughters and her son. Lenet and her husband own and operate American Solar Electric an electrical contracting business serving the residential and business clients in our local communities.

Since her tenure on the VCWD Board of Directors, Director Pacheco has advocated for safe, affordable, clean and reliable water resources for the ratepayers. During these unprecedented times of the Covid Pandemic, Director Pacheco supported policies to help those impacted by the pandemic.



## Contact: John Pang



Phone

530-448-6460



Email

jpang@tcpud.org



Address

221 Fairway Dr., Tahoe City CA



**Tahoe City Public Utility District**

*Building a healthy mountain  
community through our passion  
for public service.*

## Candidate Statement of Qualifications for ACWA JPIA Executive Committee

John Pang was first elected to the TCPUD Board in 2014 and successfully re-elected twice, in 2018 and 2022. John was appointed by the TCPUD Board to serve as a member of the ACWA JPIA Board of Directors in January 2015 in recognition of his experience in risk management and safety. John has been an actively engaged ACWA JPIA board member since his appointment in 2015, attending the spring and fall conferences each year and participating in the ACWA Headwaters Workgroup. He will work hard to serve your interests.

- Elected TCPUD Board Director – 2014, 2018, 2022
  - Past Board President (2018 and 2022)
  - Current Chair, TCPUD Finance Committee
  - Member, TCPUD Ad-Hoc Long-Term Financial Planning Committee
  - Member, TCPUD Ad-Hoc Administrative Facility Master Plan Committee
  - Past Chair, TCPUD Sewer and Water Committee
- Board Director – ACWA / JPIA (2015-Present)
- Member – ACWA Headwaters Workgroup

## Experience

- Retired Fire Chief – Meeks Bay Fire Protection District (19 years)
  - Prioritized employee and public safety, and wildfire prevention
- Active Volunteer – Tahoe Nordic Search and Rescue Team (since 1995)
- Active Volunteer – Loyalton Fire (since 2015)
- Former Vice President – Talmont Resort Improvement District (7 years)
- Former Director – Olympic Valley Public Service District (7 years)
- Former Director – Sierra Watershed Education Partnership (7 years)
- Former Member – Lake Tahoe Federal Advisory Committee
- Former Member – El Dorado County "Fire Advisory Board" (10 years)
- Former Founding Chair – Tahoe Fire and Fuels Team (addressing forest health)

## Education

- Certified Chief Officer for the State of California (Fire Chief Certification)
- Certificate in Special District Management from Special District Management Institute
- Graduate California Special District Governance Academy
- Numerous classes including District Advanced Finance, Leadership, Infrastructure Security, Public Governance, etc.
- Graduate University of California, Davis



# Scott Ratterman

Calaveras County  
Water District  
Division 1 Director

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CCWD Division 1 Director Scott Ratterman grew up in Calaveras County, attending San Andreas Elementary School and Calaveras High School. Upon graduation from high school in 1976, Ratterman earned a business administration degree from Sacramento State University in 1981. By 1982, he was working in the insurance industry with an independent adjusting firm, and he continued that career path for the next 22 years. In 2004, Ratterman took a job with Farmers Insurance Co., where he retired from in 2019 after 37 years in the insurance industry.

After being selected by the CCWD Board to fill a vacant seat in 2011, Ratterman has since won re-election three times and plans to run again in 2024. He is currently chair of the CCWD board of directors. In 2020 he was appointed to the ACWA JPIA Property Committee board where he continues to serve. He is also a member of ACWA's Federal Affairs Committee.

In 2015, he joined the Mountain Counties Water Resources Association board and was elected president in 2017. The MCWRA board recently appointed him to a second term as board president.

CCWD provides water service in six separate service areas to over 13,000 connections and wastewater service in 13 service areas to over 5,000 connections. CCWD also has County-wide water resources planning jurisdiction spanning the Mokelumne, Calaveras, and Stanislaus rivers, is a member of a GSA managing a critically over-drafted groundwater basin and owns two hydropower projects with a combined capacity of 260 Megawatts.

Outside of work, Ratterman is an active member of the St. Andrews Catholic Church in San Andreas and is a member of the Knights of Columbus. He was also a member of the Calaveras Community Foundation Board from 2005 to 2012, serving as vice president for two years and chairing several committees. Ratterman lives in San Andreas and is the single father of two grown children. He enjoys tennis, golf, boating, hiking and cross-country skiing.



## 136

120 Toma Court San Andreas, CA 95249  
[www.ccwd.org](http://www.ccwd.org)





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**JOHN BRUCE RUPP  
(BRUCE)**

DIRECTOR OF HUMBOLDT BAY  
MUNICIPAL WATER DISTRICT FOR  
27 YEARS; TWO TERM  
PRESIDENT OF THE BOARD.

RETIRED REAL ESTATE BROKER &  
SMALL BUSINESS OWNER

MARRIED 51 YEARS: WIFE  
MARILYN, FORMER REAL ESTATE  
AGENT AND PARALEGAL

FAMILY: ONE SON, TWO  
DAUGHTERS AND ELEVEN  
GRANDCHILDREN

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**CONTACT INFO**

828 7<sup>th</sup> Street  
Eureka, CA 95501

T: 707-443-5018

E: rupp@hbmwd.com

**CAREER HISTORY**

Five years as United States Army officer, combat veteran Vietnam;  
Bronze Star, Jump Wings, Vietnamese Cross of Gallantry

Seven years of progressively more responsible positions in Alameda  
County Government, San Francisco Bay Area

Ten years as City Manager, City of Alameda, CA

Four years as County Administrative Officer, Humboldt County, CA

Twelve years as Real Estate Broker and owner of Rupp & Associates  
Realty

**EDUCATION**

San Rafael High School, San Rafael, CA

San Jose State University, BA, Public Administration

Graduate Officers Candidate School, Defense Language Institute

**PROFESSIONAL & COMMUNITY SERVICE**

Member ACWA/JPIA Executive Committee

Chair ACWA-JPIA Employee Benefits Committee

Vice-Chair of ACWA/PIA Finance Committee

Member ACWA Board & Board Executive Committee

Chair of ACWA Region 1

Rotary Member for 44 years; twice Club President; Paul Harris Fellow

Member Eureka Elks Lodge

Member City of Eureka Finance Advisory Committee

Past Chair Redwood Region Economic Development Commission

Past President, Humboldt Association of Realtors

Former State Governor appointment to North Coast Regional Water  
Control Board

Past Board Member League of California Cities



## **Oliver J. Smith**

***Director, Valley Center Municipal Water District***

***Candidate for the JPIA Executive Committee***

### **Background**

Oliver Smith was elected to the Board of Directors of the Valley Center Municipal Water District in 2018 and again in 2022. His combined governance and policy experience has given him an in-depth understanding of how to provide cost effective critical services and fiduciary oversight for Valley Center's water independent special district.

In addition, he is a water district representative on Special District Advisory Committee to the San Diego LAFCO (Local Agency Formation Commission). In this role he collaborates with other special district representatives on areas of common interest.

Oliver Smith's diverse public background includes serving on and chairing the Valley Center Community Planning Group, a public advisory group to the County of San Diego for land planning issues in the Valley Center area. He was first appointed, then elected 3 times from 2005 to 2020, serving as its Chair for the last 12 years of his tenure.

Finally, Oliver Smith was elected 3 times to the Board of Directors of the Valley Center Fire Protection District, serving from 2006 to 2018 where he served as Board Secretary. He oversaw the transformation of the VCFPD from being a Cal Fire Contract staff to a locally staffed and operated agency.

### **JPIA Related Experience**

As part of Oliver's Valley Center Municipal Water District activities, he is an ACWA JPIA Property Program Committee Member, with a particular interest in Cyber security. He has in-person attended the last 3 ACWA conferences and actively participates in ACWA and ACWA JPIA meetings. Within ACWA, he is a member of the Energy Committee.

### **Professional and Educational Qualifications**

Oliver Smith is an Electrical Engineer who continues to design highly sophisticated medical products in a career spanning 40+ years. He has a BSEE from Worcester Polytechnic Institute (MA) and an MSBME (Biomedical Engineering) from Case Western Reserve University (OH).

# Elect Pam Tobin to ACWA/JPIA Executive Committee

## Pamela E. Tobin Director, San Juan Water District



**OBJECTIVE:** To align with the core values of ACWA/JPIA to ensure the implementation of policies and services that best meet members' insurance needs. I would like to continue contributing my skills in coalition-building and collaboration, contract negotiations and financial leadership, organizational governance, policy development, and strategic planning to the ACWA/JPIA Executive Committee.

### **STATEMENT OF QUALIFICATIONS:**

- ACWA/JPIA Leadership—Executive Committee and Liability Management Committee, 2020-2021
- ACWA/JPIA Board, 2016-present
- ACWA Leadership—President, 2021-2023; Vice President, 2019-2021; Executive Committee, 2019-2023; Federal Affairs Committee, 2014-2019; Local Government Committee, 2014-2015
- San Juan Water District, 2004-present—Director; Four-Term Board President; Chair/Vice Chair of various Committees (Engineering, Finance, Pension Reform Ad Hoc, Personnel, Public Information, Regional Water Authority, Sacramento Groundwater Authority)

**BIOGRAPHY:** Pamela E. Tobin represents Division 2, encompassing the Granite Bay area in Placer County, on the San Juan Water District (SJWD) Board of Directors. Having been SJWD Board President for four prior terms -- in 2007, 2012, 2016, and 2020 -- Director Tobin serves as President of the Association of California Water Agencies (ACWA), and she previously served as ACWA Vice President. She developed the Leadership-to-Leadership Program during Covid 19 to keep members connected and provide assistance. She developed the "ACWA Foundation", a 501C(3) non-profit organization for the development, mentoring, training and scholarships for future water leaders in our industry.

Director Tobin also represents SJWD on the Board of the Association of California Water Agencies (ACWA) Joint Powers Insurance Authority (JPIA), having recently served on the ACWA/JPIA Executive Committee and Liability Management Committee.

As an elected official, Director Tobin has over 19 years of involvement with local, regional, and statewide water issues. To further her passion of assisting nonprofit and public agencies to fulfill their mission of serving customers and the community, Director Tobin has used her coalition-building and collaboration skills to actively contribute to organizational finance and governance, and water policy development.

Throughout her elected service, Director Tobin has served on the Board of the Regional Water Authority (RWA), including serving as Chair (in 2012) and on its Executive Committee (2011-2014, 2016-2019). In 2018, she received RWA's Distinguished Service Award. Additionally, the Volunteer Center of Sacramento honored Director Tobin with a "Volunteer Spirit Award, Sacramento Community Change Maker" in 2007.

Throughout her ACWA and ACWA/JPIA service, Director Tobin has championed, and continues to focus on, how the organizations can best serve members, including assisting members in adapting to COVID-19, and developing innovative programs that fostered connections and improved communications and information-sharing among and between ACWA, ACWA/JPIA, and its members.

Enthusiastic about contributing to her community, Director Tobin's volunteer service includes over 40 years as President and Rescue Chair for the Sierra Pacific Great Pyrenees Rescue Program, a nonprofit organization committed to saving the lives of abandoned, abused, injured, and sick dogs. Director Tobin developed the organization's 501C3 nonprofit status and she manages the organization's Board and other volunteers. Also, she dedicated 20 years as a Tester/Observer with the Alliance of Therapy Dogs to improve infirmed and youth patients' quality of life; and, for over 14 years, she has been a 4-H Club of Placer County Community Leader, developing and directing the agriculture and non-agriculture programs for over 150 youth members.

## **John H. Weed**

### **Biography**

**Mr. John H. Weed** is a Board Member of the Alameda County Water District (ACWD) and has served on the ACWD Board since 1995. He is an attorney, member of California Bar, and also works in property development as President of Niles Properties, Inc. He has military experience as a Civil Engineer and water utility consultant with the United States Air Force on installations worldwide. He retired as a Colonel with the U.S. Air Force Reserves in 2000. He was previously employed as an Engineer Technician with the Santa Clara Valley Water District and was the Special Assistant to the Division Manager of Ordnance Engineering at FMC Corporation. Mr. Weed formerly served as an elected Trustee of the Ohlone Community College District from 1977 to 2010.

Since 2003 he has served on the Board of Directors of the Bay Area Water Supply and Conservation Agency and is an appointed member of the Alameda County Assessment Appeals Board. Mr. Weed also serves on the Federal Affairs Committee of the Association of California Water Agencies (ACWA) and is past Chair of the ACWA Region 5 Council. He serves as Alternate Director on the Board of the California Delta Conveyance Design and Construction Authority, a member of the Risk Management Committee of Joint Power Insurance Authority of ACWA, President of the Washington Township Historical Society, and member of the Newark Rotary Club.

Mr. Weed has a Bachelor of Science degree in Civil Engineering, and Juris Doctor degree from the University of Santa Clara. He has a Master of Business Administration degree in Finance from Eastern New Mexico University. He conducted doctoral-level graduate studies in Water Resource Administration, and Graduate Research Associate in Agricultural Economics at the University of Arizona.



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Finance and  
Administrative Services*  
**Carlos A. Urrutia**

**Candidate Statement for ACWA JPIA Executive Committee**

**David C. Wheaton, Vice President, Citrus Heights Water District Board of Directors  
February 2023**



I would appreciate your support to serve on ACWA JPIA's Executive Committee. I would like to commit my time and my policy-level and professional background to work in a team setting to further the work of ACWA JPIA as it continues to effectively manage its resources and provide a wide array of insurance coverage and value-added services to member agencies.

I currently serve on ACWA JPIA's Workers' Compensation Program Committee, and several aspects of my background can assist in my effectively supporting member agencies' interests on ACWA JPIA's Executive Committee, including:

- Currently, I serve as Vice President of the Citrus Heights Water District (CHWD) Board of Directors, a longstanding member of ACWA JPIA. I have served five (5) years on the CHWD Board, and I am in my second term as a Board Member
- I served as Vice Chair of Citrus Heights Water District's twenty-four (24) member Customer Advisory Committee (CAC), helping CHWD identify a strategy that will lead to the replacement of over seventy percent (70%) of CHWD's two hundred fifty (250) miles of aging water mains through 2080
- During my tenure on the Citrus Heights Water District Board, CHWD has implemented a long-term financial strategy to grow its capital and operational reserves, while completing water main replacements and other capital reinvestment projects; expanded its groundwater program; led/planned for a regional meter asset management program; expanded its water efficiency program, including constructing a demonstration water efficient garden; successfully recruited several customers to serve on a volunteer Garden Corps committee to maintain the new garden and become active in their water district; and, effectively operated and maintained an urbanized water distribution system over a nearly thirteen (13) square mile area with approximately 67,000 residents. All of these accomplishments were done with a focus on safety, loss prevention and effectively managing CHWD's insurance coverages with ACWA JPIA.
- Served as Interim City Manager, Assistant City Manager, Interim Public Works Director, Administrative Services Director and Community Services Director at the City of Menlo Park, during which time I managed that city's risk management and loss prevention programs
- Served as General Services Director (Public Works Director) for the City of Citrus Heights, overseeing that city's Capital Improvement Program
- Served as the Assistant to the City Manager at the City of Richmond
- Served as a Management Analyst at the City of Redwood City
- Served as Chief Executive Officer for the Cities/Counties/Schools Partnership Program, a joint powers authority of the California School Board Association, California State Association of Counties and League of California Cities
- I am located in the Sacramento region, within fifteen minutes of the ACWA JPIA office, offering easy availability to attend meetings in-person when required

It would be a privilege to represent your agency's interests at ACWA JPIA, and I appreciate your consideration for support to serve on ACWA JPIA's Executive Committee. If you have any questions, or would like to discuss the Executive Committee further, please let me know at 916-871-0494 or my email is [dwheaton@chwd.org](mailto:dwheaton@chwd.org).

Thank you for your consideration.

**ACWA JPIA**  
**Glossary of Terms**  
**May 8, 2023**

**BACKGROUND**

Communications and documents prepared by the JPIA frequently use words, phrases, and acronyms that may not be familiar to many readers. These terms might be unique to the JPIA, to public entity risk-sharing pools, or to the insurance industry.

**PRESENT SITUATION**

To eliminate confusion and to better help members understand the material presented by the JPIA, the following “Glossary of Terms” has been prepared. This is also included in the JPIA’s **Board of Directors’ Manual**, which is available to each Director appointed to the Board of Directors on the JPIA website, [www.acwajpia.com](http://www.acwajpia.com).

Members are requested to let the staff know if there is a term, abbreviation, or acronym that needs to be included in the future.

**RECOMMENDATION**

None, informational only.

## Section 12 — Glossary of Terms

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**ACA (Affordable Care Act)** – The federal statute signed into law in March 2010. Signed under the title of The Patient Protection and Affordable Care Act, the law includes multiple provisions that will take effect over a matter of years.

**ACOEM Guidelines (American College of Occupational and Environmental Medicine)** – A medical utilization review system of evidence-based, nationally recognized standards of medical care. Utilization of ACOEM Guidelines is intended to control over-utilization and end unreasonable medical care.

**ACV (Actual Cash Value)** – Value of property at the time of its loss or damage, determined by subtracting depreciation of the item from its replacement cost. Applies to vehicles and mobile (contractor's) equipment covered under the JPIA's MOPC, hypalon reservoir covers, hypalon bladder tanks, and other property subject to a higher rate of depreciation than the typical property types.

**AD&D (Accidental Death and Dismemberment)** – A life insurance benefit that pays a claim in the event of accidental death or loss physical functionality. Basic Life is often mirrored by an identical amount of AD&D, resulting in benefit doubling in the case of accidental death.

**Adverse Selection** – It is a term used in economics, insurance, risk management, and statistics. It refers to a market process in which undesired results occur when buyers and sellers have asymmetric information (access to different information); the "bad" products or services are more likely to be selected. For example, a bank that sets one price for all of its checking account customers runs the risk of being adversely selected against by its low-balance, high activity (and hence least profitable) customers. Two ways to model adverse selection are to employ signaling games and screening games.

**Aggregate** – The term used to describe the cumulative amount of all losses for a period of time.

**AGRIP (Association of Governmental Risk Pools)** – An international organization of public entity insurance risk pools formed for educational, information sharing, and networking purposes.

**AIS** – Associate in Insurance Services.

**ALCM** – Associate in Loss Control Management.

**APIP** – Alliant Property Insurance Program.

**ARM** – Associate in Risk Management.

**ARM-P** – Public risk management designation.

**ASO (Administrative Services Only)** – This refers to what self-funded plans pay to a medical claims administrator, which includes use of that claims administrator's network of providers. Providers have agreed to accept negotiated rates for services in exchange for participation in the network.

**ASP** – Associate Safety Professional.

**Attachment Point** – The dollar amount of a loss where the next layer of insurance begins to pay for the loss.

**Automobile Liability** – Designed to afford bodily injury and property damage liability coverage associated with owned, non-owned and hired vehicles.

**Automobile Physical Damage** – Usually a first party coverage; however, some entities have “Bailment” or “care, custody and control” liability exposures such as garages, maintenance facilities that service vehicles of others, and parking lots.

**BI** – Bodily injury.

**C&R (Compromise and Release)** – A final settlement in workers’ compensation.

**CAJPA (California Association of Joint Powers Authorities)** – It is pronounced ka jaup’ a. Performs regulatory and legislative lobbying as well as accreditation of Joint Powers Authorities to promote the financial stability of JPAs.

**CAMP (California Asset Management Program)** – A California Joint Powers Authority (“JPA”) established in 1989 to provide California public agencies with professional investment services. JPIA sometimes uses it as a short term investment vehicle.

**Captive Insurance Company** – A Captive Insurance Company is a private corporation, wholly owned by the JPIA, that provides insurance services only to the JPIA.

**CAT Fund (Catastrophic Loss Reserve Fund)** – A separate JPIA reserve account designated to pay catastrophic losses incurred as a result of extraordinary events without additional premium assessments to members.

**CDHP (Consumer Driven Health Plan)** – A health plan in which the full deductible applies to all medical and prescription services, with the only exception being preventive care. These plans must have a minimum deductible set by the IRS each year. The plans are designed to comply with IRS regulations governing Health Savings Accounts (HSAs), which allow participants to set aside tax-advantaged funds in a Health Savings Account to pay for medical expenses.

**CIGA (California Insurance Guarantee Association)** – A state agency that administers and pays claims on behalf of admitted insurance carriers that have been declared insolvent. Since the JPIA is not an insurance company, it does not participate in CIGA, which is funded by a surcharge on premiums. However, some of the carriers that provide excess coverage to the JPIA do participate in CIGA.

**CIH** – Certified Industrial Hygienist.

**CIPRA (California Institute for Public Risk Analysis)** – Organized to develop, analyze and disseminate information on risk management in California’s public sector, especially self-insured entities and Joint Powers Authorities.

**Claim** – A demand of a right. In general a demand for compensatory damages resulting from the actions of another.

**Claims Made** – A provision of an insurance policy that requires it to pay only for claims presented during the policy period with no regard for when the action causing the claim took place. (See “Occurrence”)



**CNP (Closed No Payment)** – Status of a claim that was closed out without any claim payments having been made.

**COB (Coordination of Benefits)** – When a participant is covered by two health plans, the manner in which benefits are determined. This determination includes which plan pays first, and how benefits are calculated once the primary plan has made payment.

**Coinsurance** – The percentage cost sharing split between a plan and participant, which takes effect once the Deductible is met. Typically part of a PPO plan benefit design.

**Copay** – The flat dollar amount owed by a participant for medical plan benefits. Typically part of an HMO plan design, but applicable to certain benefits in PPO plan designs, e.g. office visits.

**CPCU** – Chartered Property and Casualty Underwriter.

**CPRA (California Public Records Act)** – a law passed by the California State Legislature and signed by the governor in 1968 requiring inspection or disclosure of governmental records to the public upon request, unless exempted by law.

**CSP** – Certified Safety Professional.

**CWIF (California Water Insurance Fund)** – ACWA JPIA's Captive Insurance Company (see Captive).

**DDC** – Defensive Driving Class.

**Deductible (Employee Benefits)** – The amount a participant must pay in full before Co-Insurance cost sharing begins. Typically associated with PPO medical plans. Some services, like office visits, are often subject to Co-pays prior to the Deductible being met.

**Deductible** – It is that portion of each claim that is paid by the member at the time of loss. It is in addition to any premium already paid. Only the JPIA's Property Program uses a deductible.

**Defense** – A defendant's denial to a complaint or cause of action.

**Deposit Premium** – Premium required at the beginning of a policy period based on estimated costs.

**DIC (Difference In Conditions)** – A specialized property insurance policy written to provide coverage for perils not covered in a standard property policy or in the JPIA's Memorandum of Property Coverage. In particular, it is most often used to provide coverage for earthquake and/or flood losses.

**Directors, Officers and Trustees Liability** – Intended to protect nonprofit board members, officers, and directors for faulty decisions which imperil the entity. Usually written to include entity reimbursement for legal actions and personal liability of specific wrong-doers.

**EAP (Employee Assistance Program)** – A benefit that provides numerous services to covered employees and eligible members of their household and/or dependents (as determined by the plan). The programs are designed to help employees manage

the health of their personal lives, allowing them to be productive and focused at work.

**EE** – Employee.

**EGWP “egg whip” (Employer Group Wavier Plan)** – A group purchase program for Medicare Part D prescription drugs for retirees.

**E-mod** – See Experience Modification.

**Employers’ Liability** – Included as part of a worker’s compensation insurance policy. Covers liability for losses arising out of injuries to employees that are not covered by statutory workers’ compensation benefits.

**Employment Liability Hotline** – Contact for employment related issues.

**Environmental Impairment Liability (EIL)** – Also referred to as “Pollution” and “Pollution Legal” Liability; can be written to protect an entity from actions resulting from contamination of air, water, property. First-party (damage to owned property) and third-party (liability for damage to others) protection can often be combined.

**EOB (Explanation of Benefits)** – A statement issued by a PPO claims administrator for each claim that details costs for services, broken down by: full cost, network negotiated rate, ineligible amount (if any), plan responsibility and participant responsibility.

**EOC (Evidence of Coverage)** – The detailed document that describes a medical plan’s coverage provisions.

**EPL (Employment Practices Liability)** – Written to protect an entity from liabilities arising from allegations of discrimination, failure to promote or hire, harassment, ADA responsibilities, wrongful termination, etc. A relatively new coverage, this is one of the fastest growing areas of litigation.

**ER** – Employer.

**Errors and Omissions Liability** – Excludes bodily injury and property damage; intended to afford protection for the “misfeasance, malfeasance or non-feasance” of public officials, employees and volunteers. May also include incidental medical personnel (paramedics), police and fire personnel, architects and plan checkers, engineers, and on-staff attorneys.

**Excess Insurance** – Insurance that is purchased to provide higher limits than the primary policy provides.

**Excess Loss** – The portion of a loss that is allocated to, or paid by, excess insurance. The JPIA Liability Program self-insures, through a pool, the first \$1 million of each occurrence. Losses in excess of that amount are paid by an excess liability insurance policy purchased by the JPIA on behalf the Program members.

**Experience Modification** – A mathematical factor used to modify a member’s premium in both the JPIA Liability Program and the Workers’ Compensation Program. It is based on a member’s previous actual loss experience compared to the average or expected loss experience. A calculated factor of greater than 1.0 is a debit and reflects higher than expected loss experience. Conversely, a factor of less than 1.0

is a credit and reflects more favorable loss experience. Also known as **E-mod**, **Ex-mod**, and **X-mod**.

**Experience Modifier** – A numerical factor developed by measuring the difference between a member’s actual loss experience and the expected losses of the payroll classifications (for workers’ compensation) or the average losses of the pool (for liability). The experience period used is the earliest three of the last four years. The factor may increase or decrease a member’s standard premium in response to their past loss experience. Members with a favorable loss record will have a factor lower than 1.0 and will pay a lower premium. Member with a poorer loss record will have a factor greater than 1.0 and will pay a higher premium. Also known as **experience modification factor**, **e-mod**, **ex-mod**, and **X-mod**.

**FASB** – Financial Accounting Standards Board.

**Fidelity Bonds** – Written as financial guarantees of employees’ honesty. Personnel with money-handling responsibilities are considered exposures to loss.

**Fiduciary Liability** – Covers board members, executives and other decision-making personnel with responsibilities for pension funds, retirement plans and employee benefit monies for negligent decisions that result in losses to such funds.

**FLSA (Fair Labor Standards Act)** – The FLSA establishes minimum wage, overtime pay, recordkeeping, and youth employment standards affecting employees in the private sector and in Federal, State, and local governments.

**FPPC** (Fair Political Practices Commission).

**FSA (Flexible Spending Account)** – An account to which an employee contributes a portion of earnings to pay for certain expenses such as medical or dependent care. Contributions are exempt from payroll taxes.

**FSC (Family Status Change)** – See Qualifying Event.

**Fully Insured Plan** – A plan for which premiums are paid to an insurance company, who in turn pays claims. These plans are referred to as pass through plans in associations, because premiums are collected and remitted directly to the insurer.

**Full Value** – A term used in the JPIA’s MOPC to provide “guaranteed” replacement cost coverage, which will pay the full cost to replace damaged property regardless of the “limit” carried. Applies to buildings and personal property.

**G&A** – General & Administrative.

**GAAP** – Generally Accepted Accounting Principles.

**GASB** – Governmental Accounting Standards Board.

**General Liability** – Written to protect the member's assets against liability for property damage of or bodily injury to third parties (see definition of parties).

**GFOA (Government Finance Officers’ Association)** – International association whose purpose is to enhance and promote the professional management of governments for the public benefit by identifying and developing financial policies and best practices and promoting their use through education. The GFOA is the organization that oversees the CAFR Program.

**HCR (Health Care Reform)** – See Affordable Care Act.

**HDHP (High Deductible Health Plan)** – See Consumer Driven Health Plan (CDHP).

**Health Plan** – May be used to reference a medical plan, but also often refers to medical, dental and vision plans.

**HIPAA (Health Insurance Portability and Accountability Act)** – Federal legislation that, among other things, establishes standards for electronic medical records, and protects the privacy of a patient's protected health information. See PHI.

**HMO (Health Maintenance Organization)** – A plan whose benefits are limited solely to a participating network of providers, for which capitation (per head) payment is made to the participant's assigned provider, regardless of whether the participant seeks services. Claims payments are also made for services exceeding those deemed to be covered by capitation. Deductibles are not often part of an HMO plan design, with the exception of ABHPs, which utilize the network and certain elements of plan design of traditional HMOs.

**HRCP (Human Resources Certification Program)** – One of the professional certification "tracks" within the JPIA's Professional Development Program (PDP).

**HSA (Health Savings Account)** – A triple tax-advantaged account that allows contributions, investment growth and withdrawals for medical, dental and vision expenses, free from Federal taxes. To contribute to an HSA, an individual must be enrolled in a Consumer Driven Health Plan (CDHP). An individual does not need to be enrolled in a CDHP to withdraw the funds. Before age 65 the withdrawals must be for health expenses to avoid penalties and taxation. Upon reaching age 65, funds can be withdrawn as taxable income free from penalty. These accounts are governed by IRS Publication 969.

**IBNR (Incurred But Not Reported)** – This is a claim term. It is that part of the total claims that is unknown at any point in time. When a claim is reported, its final value must be estimated. The JPIA tracks how accurately it estimates and knows that historically the average claims' value will grow over time. The JPIA also understands that at any point in time occurrences have taken place that will certainly generate claims that have not yet been reported.

**Incurred Loss** – This is the ultimate expected total value of any claim. It includes the amount already paid, plus the estimated amount yet to be paid (reserves).

**Inverse Condemnation** – Both the United States Constitution and the California Constitution require that a private citizen be compensated if property is "taken" by a public entity. When the property is taken proactively it is called eminent domain. When the property is taken "accidentally," without due course, it is called inverse condemnation. Negligence need not be proven. The claimant's legal expenses are payable in addition to actual damages.

**LAIF (Local Agency Investment Fund)** – It is part of the California State Pooled Money Investment Account (PMIA), sometimes used by JPIA as a short-term investment vehicle.

**LMS (Learning Management System)** - a software application for the administration, documentation, tracking, reporting and delivery of education courses or training programs.

**Lending Library** – Library of videos, tapes, DVDs, and booklets available for borrowing by members to use in their training efforts.

**Limit** – The most that will be paid in a loss.

**MOLC (Memorandum of Liability Coverage)** – The JPIA’s agreement providing liability coverage to Member Agencies.

**MOPC (Memorandum of Property Coverage)** – The JPIA’s agreement providing property coverage to Member Agencies.

**NRSRO** – Nationally Recognized Statistical Rating Organization.

**Occu-Med** – Providers of a service program for members in the JPIA’s Workers’ Compensation Program, which assists in facilitating pre-employment physicals, fit-for-duty exams, etc.

**Occurrence** – A) In order for the JPIA to pay a liability claim, it must arise out of an occurrence. This is an accident, event, act or omission to act, which results in "damages", "bodily injury", or "property damage" neither expected nor intended from the covered parties’ conduct. B) A provision of an insurance policy that requires it to pay for a claim caused during the policy period regardless of when it is presented. (See “claims made”)

**Open Enrollment** – The annual opportunity to make changes to benefits enrollment selections. JPIA health plans renew January 1. Each October through November, employees may choose to add or delete dependents, and/or switch between the available health plans. Retirees of members who choose to offer retiree open enrollment may also change plans during this period, but may not add dependents.

**OOPM (Out of Pocket Maximum)** – The maximum a participant will pay for covered services in a plan year.

**OPEB (Other Post-Employment Benefits)** – Refers to the benefits, other than pensions, that a state or local government employee receives as part of his or her package of retirement benefits. Typically, retiree medical insurance is the most significant OPEB offering, though other benefits such as life insurance are also covered by this umbrella term.

**PARMA (Public Agency Risk Managers Association)** – A state-wide association for risk managers in the public sector. Educational and lobbying activities.

**Parties** – The participants in any claim or suit are referred to as the "parties" to the action. When dealing with insurance claims, the following terms are used: **First Party** - This is the member district; **Second Party** - This is the JPIA; and **Third Party** -This is anyone other than the member or JPIA.

**PBM (Pharmacy Benefit Manager)** – A third-party administrator responsible for administration of pharmacy benefits and price negotiation for prescription drugs.

**PCORI (Patient Centered Outcomes Research Institute)** – A consortium put together by the Affordable Care Act to study health treatments and outcomes to identify cost effective treatments that result in long term health and savings. This is funded by fees charged to health plans.

**PD** – Property damage.

**PD (Permanent Disability)** – Results when an injury diminishes a worker's future earning capacity. Permanent disability is essentially the disability that remains once the employee's condition has become permanent and stationary. A worker's medical condition is considered permanent and stationary after it has reached maximum medical improvement.

**PDP (Professional Development Program)** – The framework for JPIA's training program, providing members' employees with opportunities to learn or refine job-related skills while pursuing certifications in their fields of interest.

**PE** – Registered Professional Engineer.

**PEPM (Per Employee Per Month)** – Refers to a cost based on the primary enrollee only in a health plan.

**PFAS** – Perfluorinated Compounds: Any and all liability, including, but not limited to, losses, costs or expenses related to, arising from, or associated with clean-up, remediation, containment, removal or abatement, caused directly or indirectly, in whole or in part, by Perfluorinated Compounds (PFCs), in whole or part, listed as part of State or Federal guidance or regulations, and county, state, or federal directives requiring PFCs to be investigated or cleaned up including, but not limited to, perfluoroalkyl substances (PFAS or any PFAS, PFOS and PFOA-related products and chemicals), including any constituents of, additives to, or daughter or degradation by-products thereof.

**PHI (Protected Health Information)** – Protected health information (PHI), as defined by HIPAA, is any individually identifiable information about health status, provision of health care, or payment for health care that can be linked to a specific individual. This is interpreted rather broadly and includes any part of a patient's medical record or payment history. This includes health information with data items which reasonably could be expected to allow individual identification. HIPAA applies to health information exchanged or stored electronically, to data transmitted or maintained in any other form or medium, which includes paper records, fax documents and oral communications.

**Plaintiff** – The party who complains or sues in a personal action. A claimant becomes a plaintiff by filing suit.

**PMPM (Per Member Per Month)** – Refers to a cost based on each person enrolled in a health plan, including dependents.

**Pooled Loss** – The portion of a loss that is allocated to, or paid by, the self-insured pool. The JPIA Liability Program pools, or self-insures, the first \$1 million of each occurrence. Loss costs exceeding this amount are paid by excess insurance.

**PPACA (Patient Protection and Affordable Care Act)** – This is now commonly referred to as the Affordable Care Act. See Affordable Care Act.

**PPD (Permanent Partial Disability)** – A permanent disability rating from 1% to 99.75%. It is possible for the worker to be permanently partial disabled, even if the worker has returned to the previous job and is doing the same work as before the injury.

**PPO (Preferred Provider Organization)** – A type of plan design that utilizes a network of providers to provide significant discounts to participants, yet allows the participant to seek out of network services at a reduced benefit. These plans typically have a Deductible. Once the Deductible is met, Co-insurance applies, resulting in cost sharing between the plan and participant at a predetermined percentage.

**PRIMA (Public Risk Management Association)** – A national association for risk managers in the public sector. Formed for educational, information gathering and political lobbying purposes.

**Property Insurance** – This covers the member for damage to its own property, sometimes called first-party coverage.

**PTD (Permanent Total Disability)** – A permanent disability rating of 100%.

**QE (Qualifying Event)** – An event like marriage, birth, adoption, that allows a mid-year change to benefits enrollment.

**QME (Qualified Medical Evaluator)** – A doctor selected from a State panel to address medical, disability, and compensability disputes between the parties.

**RAP (Retrospective Allocation Point)** – In the JPIA's liability and workers' compensation programs, it is that portion of each claim that the member will be responsible for when the RPA is made. The deposit premium includes an estimate of the expected losses below the RAP. It is *not* a deductible; the member does not pay additional money at the time of loss. RAP losses are included in the RPA calculation. Members share in the pooled losses of other members only for losses above their RAP. The Liability Program offers RAPs of \$2,500; \$5,000; \$10,000; \$25,000; and \$50,000. Retentions above these amounts are treated differently; they are considered SIRs.

**RC (Replacement Cost)** – The cost to replace damaged property with like kind and quality, with no deduction for depreciation.

**RDP (Registered Domestic Partner)** – A couple registered with the State of California that is same gender of any age, or opposite gender and age 62 or above.

**REA** – Registered Environmental Assessor.

**REHS** – Registered Environmental Health Specialist.

**Reinsurance** – Insurance that is purchased by an insurance company (*insurer*) from another insurance company (*reinsurer*) as a means of risk management, to transfer risk from the *insurer* to the *reinsurer*. The JPIA uses a mix of both reinsurance and excess insurance in its pooled coverage programs.

**Reserve** – In order to budget for its expected costs, the JPIA estimates the ultimate expected total value of each claim and "reserves" part of the deposit premium to pay for it. As moneys are paid out for a claim, the reserve amount is decreased.

**RIMS (Risk and Insurance Management Society)** – National professional organization to promote principles of risk management and assist risk managers in their daily activities.

**Risk Control** – Those risk management techniques designed to minimize the frequency and/or severity of claims. Risk control techniques include exposure avoidance, loss prevention, loss reduction, segregation of loss exposures, and contractual transfer to shift losses to others.

**Risk Financing** – Techniques for generating funds to pay for losses that risk control methods do not entirely eliminate. There are two types of risk financing techniques - retention and transfer. Retention involves paying for losses using an organization's own assets; transfer involves covering losses using an outside intermediary for a consideration (such as a payment of a premium). Each agency that participates in the JPIA practices these techniques. Losses are retained to the extent of an agency's RAP; they are transferred to the JPIA pool in excess of this amount.

**Risk Management** – One of the specialties within the general field of management, the process of managing an organization's activities to minimize the adverse effects of accidental losses on a cost-effective basis. Risk management has two components -- risk control and risk financing.

**RPA (Retrospective Premium Adjustment)** – At the beginning of each policy period, the JPIA collects a deposit premium representing the estimated costs for that year. The JPIA looks back at that estimate and determines how accurate it was and makes an RPA. If it collected too much, a refund is made. If it collected too little, the member is charged for the difference. The process is repeated annually for each coverage year until all claims for that year are closed out.

**RSF (Rate Stabilization Fund)** – A separate JPIA fund designed to stabilize the RPA process. A member's refunds from the Catastrophic Loss Fund and from the RPA process are credited to this fund. Any RPAs resulting in additional premiums due will be charged against this fund. When a member's Fund balance exceeds a predetermined amount, the excess money will be refunded.

**RTW** – Return to work.

**RX** – Prescription.

**SBC (Summary of Benefits and Coverage)** – A plan summary that utilizes a specific format, required and set forth by the Affordable Care Act. This allows apples to apples comparison of different medical plans, based on the standardized format. These must be distributed to participants becoming newly eligible for coverage and annually.

**SCIF (State Compensation Insurance Company)** – A state agency that provides workers' compensation insurance to California employers.

**SCP (Supervisor Certification Program)** – One of the professional certification "tracks" within the JPIA's Professional Development Program (PDP).

**Self-Funded Plan** – A plan which collects payment from participants and pays claims directly, often utilizing a third party claims administrator. Funds left over can be used



to offset future premium increases. Costs for participation are directly tied to the claims cost for the specific group of participants' utilization.

**SIR (Self Insured Retention)** – In the JPIA's liability program, the Pool's self-insured limits.

**Special Events** – Designed to cover your sponsorship of events, such as fireworks shows, festivals, community/entity celebrations; often written to protect other policies' loss integrity. Another type of special event coverage, known as a "tenants' and users'" policy, can be issued for third parties who rent or use your owned facilities.

**SPD (Summary Plan Description)** – The detailed document that describes a medical plan's coverage provisions.

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

**TD (Temporary Disability)** – An impairment of bodily function, or physical incapacity that is reasonably expected to be cured or materially improved with proper medical care. This is the healing period following an injury. Temporary disability benefits are intended to be a substitute for lost wages (subject to minimums and maximums) during a period of temporary incapacity.

**TIV (Total Insured Values)** – The values shown on a Member Agency's schedule or appraisal for property coverage. Only those items shown on the schedule are covered for loss.

**UST (Underground Storage Tanks)** – Refers primarily to underground fuel tanks; used most often in reference to the JPIA's Memorandum of Underground Storage Tank Pollution Liability Program. This program protects member agencies against third-party claims for bodily injury and property damage caused leaks from USTs. It also includes coverage for government mandated clean-up costs.

**Workers' Compensation** – A statutory coverage designed as the "sole remedy" for workers injured in the course and scope of their duties.

**ACWA JPIA**  
**Ratify New Member Agencies**  
**May 8, 2023**

**BACKGROUND**

At each Board meeting, a list of new members is provided for membership ratification.

**CURRENT SITUATION**

The following agency has joined ACWA JPIA:

Agency: Merced Subbasin GSA  
Effective Date: March 23, 2023  
Program: Liability  
Director: Lloyd Pareira

**RECOMMENDATION**

That the Board of Directors ratify the Executive Committee's acceptance of above agency into ACWA JPIA.

**ACWA JPIA**  
**Audited Financial Statements**  
**Year Ended September 30, 2022**  
**May 8, 2023**

**BACKGROUND**

Each year, the JPIA provides for an independent audit of the JPIA's financial statements. Gilbert Associates performed the annual audit of the JPIA for the fiscal year of October 1, 2021 through September 30, 2022.

**CURRENT SITUATION**

The JPIA received an unmodified opinion. The opinion states that the financial statements present fairly, in all material respects, the financial position of ACWA JPIA as of September 30, 2022, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

**RECOMMENDATION**

That the Board of Directors approve the 2021/22 Audited Financial Statements, as presented.



YOUR BEST PROTECTION

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

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

*For the Year Ended September 30, 2022*

**Presented by  
ACWA JPIA FINANCE DEPARTMENT**

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

Year Ended September 30, 2022

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February 7, 2023

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, 2022, is hereby respectfully submitted. The JPIA Finance Department prepared this report. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the JPIA. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the JPIA as measured by the financial activity of its various programs and policy periods; and that all disclosures necessary to enable the reader to gain the maximum understanding of the JPIA's financial affairs have been included.

Gilbert CPAs, a firm of licensed certified public accountants, has audited the JPIA's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the JPIA for the fiscal year ended September 30, 2022, 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, 2022, are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

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

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

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

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

As of September 30, 2022, the JPIA had 401 members. Each member selects one representative to serve as a director on the ACWA JPIA Board of Directors. From this body, eight members are elected to serve with staggered terms as members of ACWA JPIA's Executive Committee. The current vice president of the Association of California Water Agencies also serves as a voting member on the Executive Committee.

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

### **LOCAL ECONOMY**

The national economy has been recovering from the worldwide pandemic caused by COVID 19. From October 2021 through September 2022, the national unemployment rate decreased from 4.5% to 3.5%. This has been a positive trend. Meanwhile in the State of California, the unemployment rate went from 6.1 % in October 2021, to 3.8% at the end of September 2022. Also garnering much attention in the past year has been inflation. The U.S.A. inflation rate has gone from 6.22% to 8.202% from October 2021 to September 2022. This data suggests the economic downturns from the pandemic in California have been abated. Rising inflation and interest rates look to be an ongoing challenge. The UCLA Anderson Forecast has indicated several strong sectors in California, including leisure and hospitality, health care and social services, technology, and construction each of which posted solid gains in 2021. Increases in defense spending and demand for technology will likely keep the state's economy growing. In the City of Roseville, where the JPIA office resides, the unemployment rate has moved from 5.2% in October 2021 to 3.3% in September 2022. This change closely mirrors the overall change in the State. Roseville continues to demonstrate better unemployment rates than the State as a whole. Investments are the area that the JPIA operates in that are most affected by the overall economy. Staffing continues to be stable within the JPIA. The number of JPIA employees have increased from 42 to 51 from fiscal year 2012 to fiscal year 2022. The JPIA continues to experience employees retiring as the employment force

ages. Market conditions for both the Liability and Property Programs have been challenging. The JPIA implemented a 10% rate increase in the Liability Program. For the Property Program the JPIA increased rates by 20% to keep up with increased excess insurance costs. The Workers' Compensation Program has continued to see favorable loss experience. The Employee Benefits Program experienced a rebounding year from the pandemic with claim levels approximating pre-pandemic times.

## **LONG-TERM FINANCIAL PLANNING**

In August of 2015, the ACWA JPIA Executive Committee approved a goal for reserves in the Employee Benefits Program. This goal was set using an actuary estimate of incurred but not reported losses using a 99% confidence level. Confidence level refers to the degree of certainty the actuary has those losses will be equal to or less than the estimate provided. Based on the most recent actuarial report, the Employee Benefits Reserve Fund was targeted just over \$20 million. The JPIA management intends to budget the program accordingly in the future years to bring the current reserves to the stated goal.

In August of 2013, the JPIA held a strategic planning meeting with its Executive Committee. The purpose of this meeting was to better develop plans for the future. Establishing relationships, communication, expansion of services, marketing and exploring different layers of self-insured retentions were the topics discussed at the strategic planning meeting. There were no actions taken by the ACWA JPIA Executive Committee because of this meeting. The JPIA had a strategic planning meeting in March 2020 where a SWOT analysis of the JPIA was the main discussion point. A strategic planning session was held in June of 2022. In these meetings the programs in detail were reviewed. Financial considerations for funding were brought forward. The implications of the JPIA captive, CWIF, were also considered.

In September 2012, the ACWA JPIA Executive Committee approved a monetary policy to cover funding for the Liability and Workers' Compensation Programs. The policy is two-fold, covering both the Rate Stabilization Fund and the Catastrophic Reserve Fund. The Rate Stabilization Fund is used to add and subtract monies from individual members' accounts as needed to true up policy years annually based on new actuary estimates of losses. This process commences when a policy year reaches four years of history. The monies in these individual accounts kept on behalf of the members are capped at 70% of their basic deposit premium, or approximately \$17 million in the aggregate. The Catastrophic Reserve Fund consists of funds set aside to be used in time of need. Such funds are subject to ACWA JPIA Executive Committee approval and are most likely to be used when the JPIA experiences adverse claims experience. The Catastrophic Reserve Fund is targeted using the ultimate losses estimated by the actuary for all open policy years using a 99% confidence level as a guide. The Catastrophic Fund goals are \$25 million for the Liability Program and \$15 million for the Workers' Compensation Program.

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



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

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

## **INTERNAL ACCOUNTING CONTROLS**

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

JPIA management is responsible for establishing and maintaining internal controls designed to ensure that assets are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles, and the activities and reporting of the JPIA are 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 provide reasonable assurance of proper recording of financial transactions.

## **AWARDS & ACKNOWLEDGEMENTS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the JPIA for its comprehensive report for the fiscal year ended September 30, 2021. 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 2024.

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

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

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

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

Respectfully Submitted,

X *Walt A. Sells*

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Walter "Andy" Sells  
Chief Executive Officer

X *David deBernardi*

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David deBernardi  
Director of Finance

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

**COMPREHENSIVE REPORT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

**EXECUTIVE COMMITTEE**

| <u>Name</u>         | <u>Office</u>           | <u>District</u>           |
|---------------------|-------------------------|---------------------------|
| Melody A. McDonald  | President               | San Bernardino Valley WCD |
| David A. Drake      | Vice-President          | Rincon del Diablo MWD     |
| Fred Bockmiller     | Director                | Mesa Water District       |
| Cathy Green         | Director                | Orange County WD          |
| Brent Hastey        | Director                | Yuba Water Agency         |
| Chris Kapheim       | Director                | Kings River CD            |
| Randall Reed        | Director                | Cucamonga Valley WD       |
| J. Bruce Rupp       | Director                | Humboldt Bay Municipal WD |
| Walter "Andy" Sells | Chief Executive Officer | ACWA JPIA                 |

Office Address

2100 Professional Drive  
Roseville, California 95661

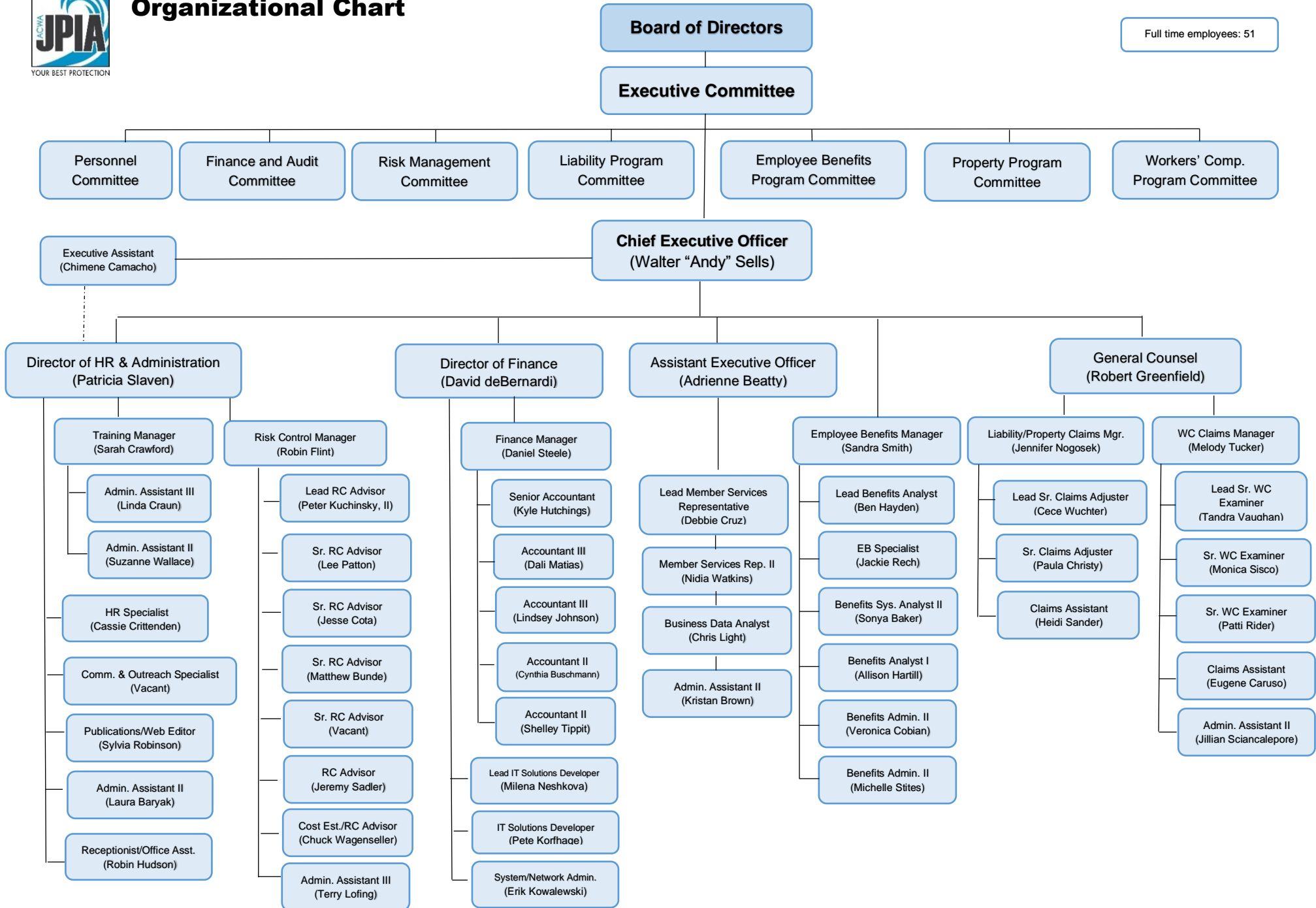
Report Prepared by the  
JPIA Finance Department

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



# Organizational Chart

Full time employees: 51





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, 2021

*Christopher P. Morill*

Executive Director/CEO



*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 Joint Powers Insurance Authority**

*This*

## **CERTIFICATE OF ACCREDITATION WITH EXCELLENCE**

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



*Accreditation Period: May 19, 2021 – May 19, 2024*

*Gina Dean  
President*

*Kimberly Dennis  
Chair, Accreditation Committee*

*James P. Marta  
Accreditation Program Manager*

**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, 2022, 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, 2022, 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 16-28, 57-62, and 64-67 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 22, 2023, 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 22, 2023



## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Association of California Water Agencies Joint Powers Insurance Authority (ACWA JPIA or JPIA), we offer readers of the JPIA financial statements this narrative overview and analysis of the financial activities of the JPIA for the fiscal year ended September 30, 2022. We encourage readers to consider the information here in conjunction with the additional information that has been furnished in the letter of transmittal, which can be found on pages 3 to 7 of this report.

### DESCRIPTION OF BASIC FINANCIAL STATEMENTS

The JPIA operates as an enterprise fund and utilizes an accrual basis of accounting. The report includes the basic financial statements for the JPIA in accordance with Generally Accepted Accounting Principles (GAAP). The Statement of Net Position presents a snapshot of the JPIA's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position as of September 30, 2022. The Statement of Revenues, Expenses, and Changes in Net Position reports the revenues and expenses for the fiscal year resulting in the changes to net position. The Statement of Cash Flows reports changes in net position and income accounts that affect cash and cash equivalents, and breaks the analysis down to operating, investing, and financing activities. The Notes to the Financial Statements present the reader with additional information to enhance and complement understanding of the financial statements.

Comparative financial information is often presented alongside current year information for analysis of changes from the prior year. In the following comparative tables, 2021 balances are presented as originally reported in the financial statements.

## CAPTIVE

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

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

| <b>CONDENSED STATEMENTS OF NET POSITION</b> |                |                |                 |
|---|----------------|----------------|-----------------|
|   | 9/30/2022      | 9/30/2021      | Variance        |
| <b>ASSETS</b>                               |                |                |                 |
| Other Assets                                | \$ 242,704,432 | \$ 267,666,108 | \$ (24,961,676) |
| Capital Assets                              | 3,910,782      | 4,104,251      | (193,469)       |
| Total Assets                                | 246,615,214    | 271,770,359    | (25,155,145)    |
| <b>DEFERRED OUTFLOWS</b>                    |                |                |                 |
| Related to Pensions                         | 5,034,164      | 1,027,236      | 4,006,928       |
| Related to OPEB                             | 1,074,398      | 161,906        | 912,492         |
| Total Deferred Outflows                     | 6,108,562      | 1,189,142      | 4,919,420       |
| <b>LIABILITIES</b>                          |                |                |                 |
| Current Liabilities                         | 54,139,990     | 49,931,094     | 4,208,896       |
| Noncurrent Liabilities                      | 82,986,616     | 73,627,596     | 9,359,020       |
| Total Liabilities                           | 137,126,606    | 123,558,690    | 13,567,916      |
| <b>DEFERRED INFLOWS</b>                     |                |                |                 |
| Related to Pensions                         | 1,634,493      | (2,780,885)    | 4,415,378       |
| Related to OPEB                             | 1,178,756      | 2,371,164      | (1,192,408)     |
| Total Deferred Inflows                      | 2,813,249      | (409,721)      | 3,222,970       |
| <b>NET POSITION</b>                         |                |                |                 |
| Net Investment in Capital Assets            | 3,910,782      | 4,104,251      | (193,469)       |
| Unrestricted                                | 108,873,139    | 145,706,281    | (36,833,142)    |
| <b>TOTAL NET POSITION</b>                   | \$ 112,783,921 | \$ 149,810,532 | \$ (37,026,611) |

## HARD MARKETS

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

few signs of subsiding and carriers have factored these unfortunate events into pricing across the industry.

These hard markets have led to some substantial retrospective premium adjustments (RPA) receivable increases. Current RPAs went from \$178K to \$10.3 million in just one year, where noncurrent RPAs (considered receivable after four years of development) increased from \$8.7 million to \$12 million. Upswings in RPAs like this are evidence of original pooled contributions being insufficient to cover losses over the timeline of the policy year.

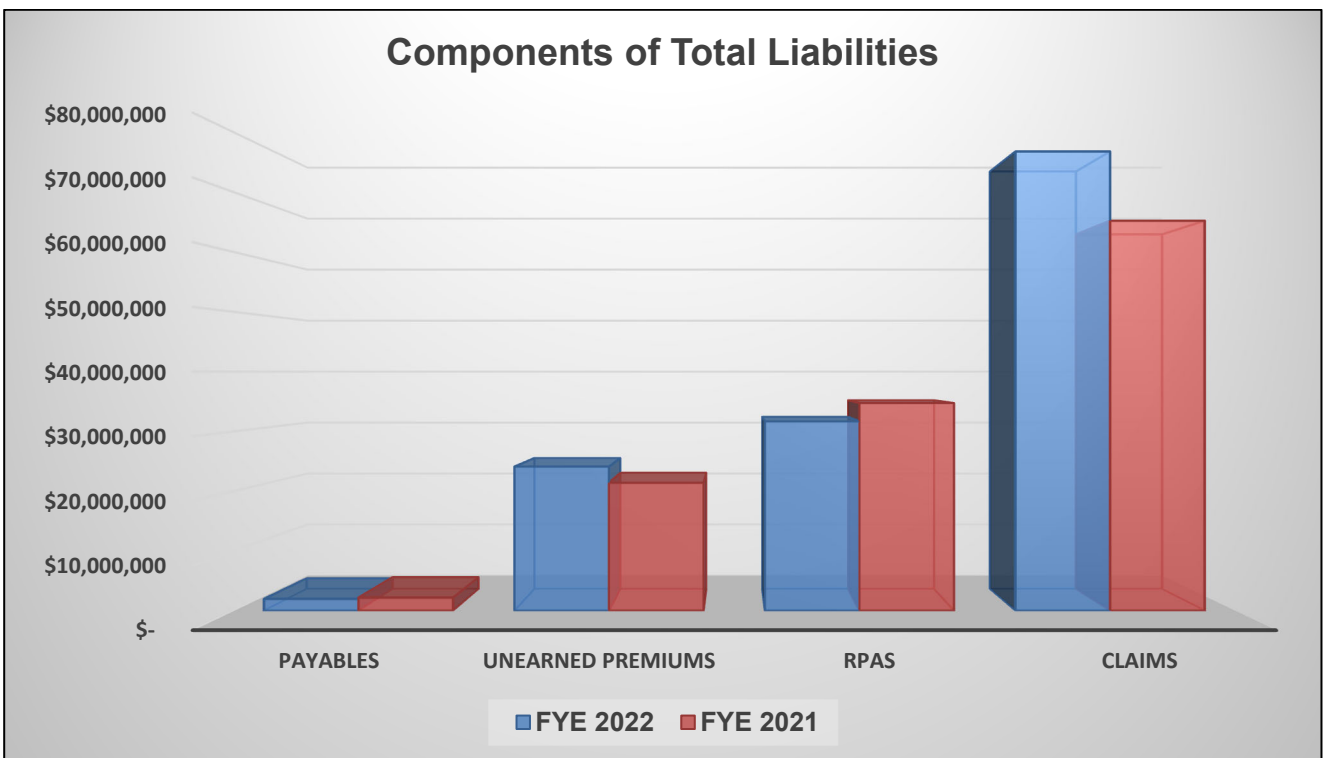
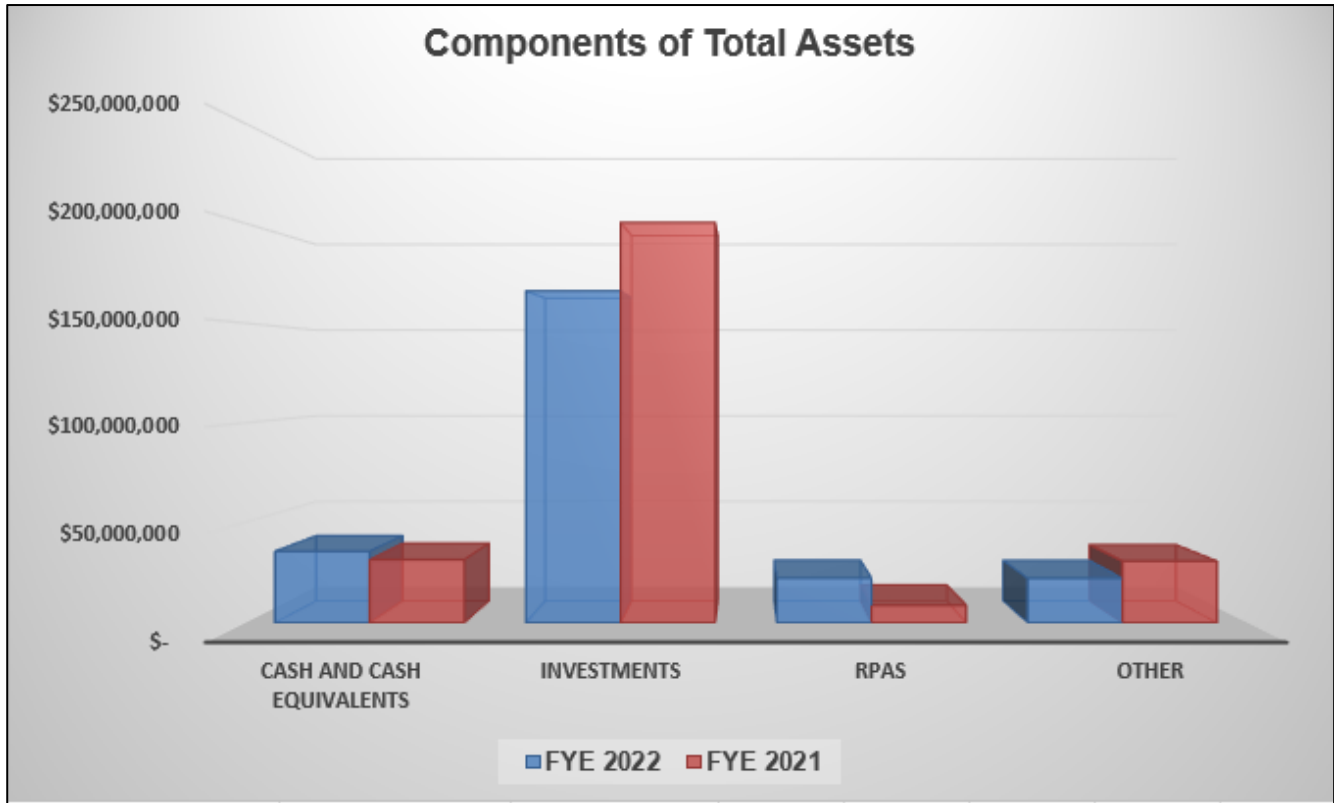
Significant factors to the RPA adjustments can be found when analyzing claims expense this year. Paid claims increased from \$86 million in 2021 to a sizable \$96 million in 2022. Reserves and unreported claims expenses (IBNR) jumped from \$7.5 million to over \$12.3 million. The liability program alone reported a net change in reserves by almost \$11 million. Much of that amount can be attributed to a large loss in the 2019-2020 policy year that has seen its reserve already eclipse \$14 million.

## INVESTMENT FAIR MARKET ADJUSTMENT

Between both the JPIA and CWIF portfolios, the negative mark to market adjustment of \$38 million decreased reported investments and factored greatly in the variance between asset totals year to year and in the overall change of net position. Current market and economic conditions have impacted public entity portfolios as the stock market continues to struggle with inflation and other economic factors.

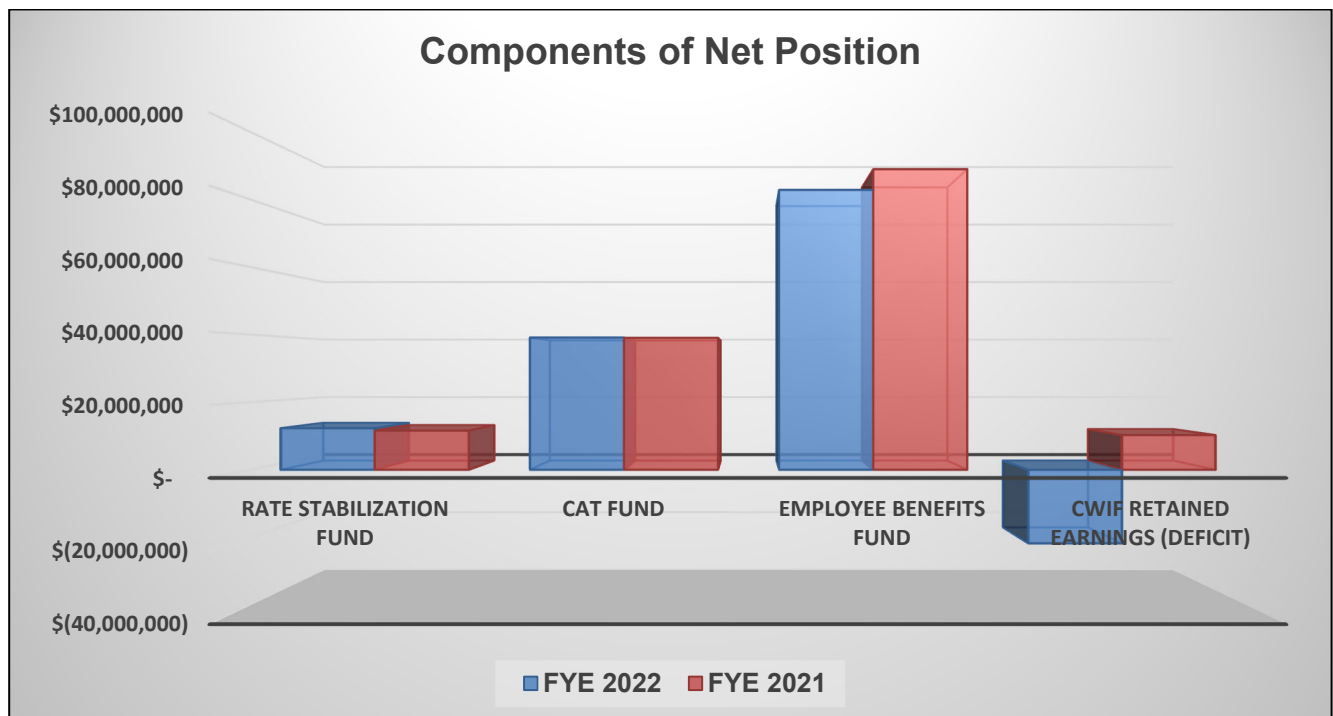
Other factors related to changes in assets and liabilities:

- OPEB Net Asset – due to actuarial projections, the Net OPEB Asset decreased from \$3.9 million down to \$1.9 million as of the measurement date June 30, 2022. This is largely due to CalPERS reporting a reduction of the market value of assets for the entire trust.
- Net pension asset – In 2021, the JPIA was in a favorable position, reporting a net pension asset in the amount of \$4.76 million. However, in 2022, actuarial changes from PERS (mainly differences between projected and actual earnings on plan investments) have led to a considerable swing in the opposite direction. The JPIA will report its first pension liability since 2017, in the amount of \$1.44 million.
- Claims reserves – as mentioned previously, hard markets have been impactful on claims reserves as well, adding an overall change of \$8.8 million primary reserves and over \$3 million in incurred but not reported claims.
- Small increase in deferred contributions – overall net change from 2021 of an additional \$2.7 million in collected contributions from members, mostly due to a 10% pricing increase in the property program for policy year 2022-2023.



## NET POSITION

The components of Net Position graph (below) illustrate the year-to-year changes in the funds that comprise JPIA's net position from 2021 to 2022 (Natural Disaster Fund included with Catastrophic Reserve). The Employee Benefits Fund includes equity that transitioned over from the Health Benefits Authority in 2012, and the annual financial performance of the program altogether year after year.



The Rate Stabilization Fund (RSF) net increase of almost \$700,000 included several notable adjustments for the new year. Refunds to member districts were paid out in the early part of 2022 in the amount of \$4.3 million. Retrospective premium adjustments for Workers' Compensation added close to \$5.8 million to grow the RSF balance.

The Catastrophic Reserve increased slightly due to refund adjustments within the RSF process. The overall balance on September 30, 2022, was just over \$39.1 million. This overall change resulted in a swing of \$400,000 from last year at this time.

JPIA maintains a surplus reserve for its Employee Benefits program as opposed to the RPA process used by Liability, Property, and Workers Compensation programs. This reserve can offer the pool some added benefits in terms of pricing flexibility and coverage options not afforded to other competitors in the market.

In the 2022 policy year, JPIA experienced PPO claim costs more in line with pre-pandemic levels, or slightly higher due to the compounding increases typically seen over time for medical expenses. Now that the policy year has had time to develop, it has become clear how the pandemic curbed claims over 2020 and 2021.

Cumulatively speaking, the 2020 and 2021 policy years contributed approximately \$25 million to the reserve, whereas the 2022 policy year is trending towards reducing the reserve by over \$6.5 million. This reserve fund was reported as \$88.9 million on September 30, 2021, and now stands at \$82.8 million.

The final component of JPIA's net position is the captive insurance company, California Water Insurance Fund (CWIF). Originally established in September 2019, the nonprofit captive's retained earnings were greatly reduced after posting mark to market changes this year as mentioned previously.

A CWIF dividend policy was adopted by the CWIF Board in 2021 to establish protocols designed to return funds back to the JPIA due to three main "events" as outlined below:

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

The realized investment income can take the form of interest and/or dividends received during the fiscal year (less broker fees) and recognized as dividends payable (or receivable) between the two entities. This will provide JPIA members an immediate benefit of the CWIF portfolio through other income allocations that impact the RPAs each year.

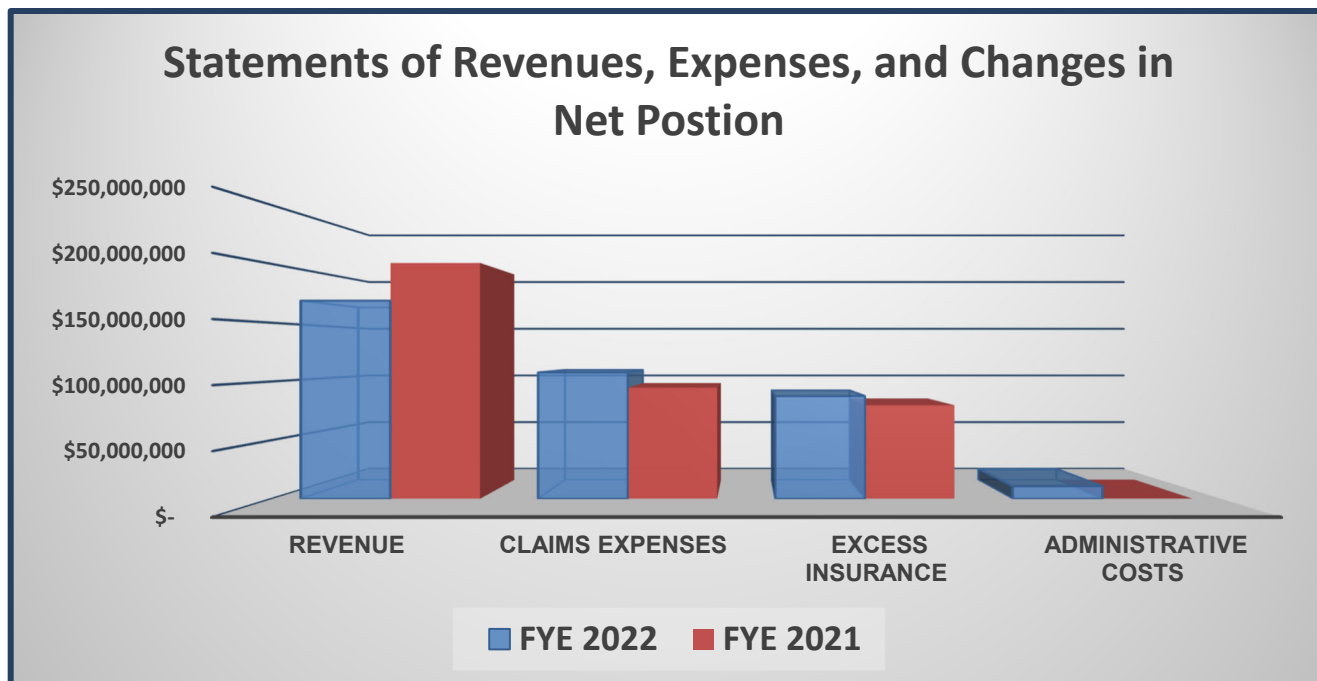
Favorable actuarial adjustments result from claims projections that become clearer as policy years develop. Should initial actuarial estimates prove claims liabilities are developing at a smaller expectation, CWIF would then declare dividends to refund JPIA those potential net "gains" after four years, since that is typically the benchmark the JPIA uses to begin the RPA process.

Investment reporting at market value had the biggest impact on CWIF retained earnings at year end. Factoring in an adjustment of over \$34 million, what once was a positive retained earnings amount of over \$10 million became a deficit of over \$21 million on September 30, 2022.



## REVENUES, EXPENSES, & CHANGES IN NET POSITION

| <b>CONDENSED STATEMENTS OF REVENUES, EXPENSES,<br/>AND CHANGES IN NET POSITION</b> | 9/30/2022     | 9/30/2021     | Variance       |
|--|---------------|---------------|----------------|
| <b>OPERATING REVENUES</b>  |               |               |                |
| Member premiums  | \$198,914,797 | \$200,775,298 | \$(1,860,501)  |
| Retrospective premium adjustments  | 10,775,431    | (11,457,566)  | 22,232,997     |
| Total operating revenues   | 209,690,228   | 189,317,732   | 20,372,496     |
| <b>OPERATING EXPENSES</b>  |               |               |                |
| Provision for claims   | 107,697,534   | 94,764,321    | 12,933,213     |
| Excess insurance   | 18,206,230    | 15,682,763    | 2,523,467      |
| Benefit premiums   | 69,351,776    | 64,061,027    | 5,290,749      |
| Pension expense (credit)   | 7,176,498     | (8,492,368)   | 15,668,866     |
| General & administrative   | 10,213,990    | 8,744,713     | 1,469,277      |
| Total operating expenses   | 212,646,028   | 174,760,456   | 37,885,572     |
| <b>OPERATING INCOME (LOSS)</b>   | (2,955,800)   | 14,557,276    | (17,513,076)   |
| <b>NON-OPERATING REVENUES</b>  |               |               |                |
| Investment income (loss)   | (34,070,811)  | 11,566,049    | (45,636,860)   |
| <b>CHANGE IN NET POSITION</b>  | (37,026,611)  | 26,123,325    | (63,149,936)   |
| <b>NET POSITION, BEGINNING</b>   | 149,810,532   | 123,687,207   | 26,123,325     |
| <b>NET POSITION, ENDING</b>  | \$112,783,921 | \$149,810,532 | \$(37,026,611) |



## MEMBER PREMIUMS

In June of 2022, the JPIA Property Program Committee voted to increase premium pricing for the new 2022-2023 property policy year by 15%. This increase was largely related to growing excess insurance costs (\$8.1 million compared to \$6.4 million in the previous policy year) and pooled “total insured values” of over \$10 billion. This decision created over \$2 million in additional contribution revenue to help offset the rising operating costs of the program.

While the property program continues to face challenging market conditions and pricing dilemmas, the workers compensation program saw no planned increases in pricing for the 2021-2022 policy year and helped alleviate the impact of the expenses endured by the property program while contributing over \$6 million in retrospective premium adjustments to the RSF.

Employee Benefits premiums make up the bulk of the premium revenue year to year, dating back to inception during the 2012 fiscal year. From the medical side, both Anthem and Kaiser programs saw increased enrollment figures for 2022 and added an additional \$3 million in member contributions. The Kaiser plans are pass-thru only, and no claims are paid by JPIA. Anthem’s PPO program is a self-insured plan in which JPIA pays claims and administers its own stop loss (self-insured retention) levels up to \$750,000 per occurrence.

## RETROSPECTIVE PREMIUM ADJUSTMENTS (RPA)

Changes in the RPAs this year are rolled up into operating revenues each year and can be identified by the following changes for the current fiscal year:

- \$9.9 million net excess of costs over revenues (positive RPA position) for the fiscal year 2021-22 versus a \$14.8 reduction in RPAs in the previous year. Recognizing the change in pension expense resulted in a \$15.6 million swing and greatly influenced the RPAs.
- \$715,000 reduction in the Rate Stabilization Fund (RSF) versus a \$3.8 million increase in the prior year
- \$65,000 increase to member's catastrophic funds versus a \$350,000 reduction last year

These changes account for most of the \$20.3 million operating revenues increase from fiscal year 2021 to 2022.

## PROVISION FOR CLAIMS

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

| PROGRAM           | 2022          | 2021         | VARIANCE     |
|-------------------|---------------|--------------|--------------|
| Liability         | \$23,630,380  | \$16,763,703 | \$6,866,677  |
| Property          | 2,422,697     | 3,847,324    | (1,424,627)  |
| Workers Comp.     | 2,411,835     | 4,129,087    | (1,717,252)  |
| Employee Benefits | 79,232,622    | 70,024,207   | 9,208,415    |
| Totals:           | \$107,697,534 | \$94,764,321 | \$12,933,213 |

The liability program policy year 21-22 experienced an increase of \$6.8 million from the previous year. Actuarial projections for that year total \$17.7 million, a number relatively high compared to years past. Actuary projections also boosted 2018-19 policy year ultimate loss figures to almost \$18 million. These two years have been relatively expensive compared to years past, as reserves for both policy years currently reside at just over \$10 million. A significant portion of those reserves pertain to a claim that is deemed highly unusual and has cost the pool well over \$14 million.

Property claims have surprisingly calmed over the 2021 and 2022 policy years. Though the excess market reacted quite unfavorably after the massive wildfires that affected California in

2018 and 2021, paid losses so far in the 2021–2022-year total just over \$1.5 million. That number is down by \$1 million compared to the previous year (20-21) so most of the claim expenses reported are actuarially determined ultimate losses and reside in the IBNR level currently on September 30, 2022.

The workers compensation program has helped the pool immensely over the last few years, with claim experience falling short of expectations in both the 2020-21 and 2021-22 policy years. Currently, both years have paid out approximately \$4 million collectively. For comparison, the 2019-20 policy year paid that total cumulatively by itself. These claims costs have been very manageable and have helped offset some of the adverse impacts on RPAs.

The COVID impact on employee benefits claims appears to be a rebounding effect, where many appointments and/or medical procedures originally scheduled during the pandemic in 2020, were rescheduled and eventually billed in 2021 and/or 2022. This could explain why the 2021 claims costs and 2022 claims trend is projecting higher compared to the pandemic years.

The current pace in 2022 is progressing towards an expected paid total of over \$80 million in total claims after the policy year is fully closed out. JPIA has not had a PPO claims experience of over \$80 million since 2017, so it appears that claims costs have returned to pre-pandemic levels going forward.

## EXCESS

The Property program, continuing to be affected by hard market conditions, coupled with rising total insured value of assets covered by the program, saw increases in excess costs totaling approximately \$1.6 million in additional expenses for 2022. The total for the 2021-22 policy year exceeded a considerable \$8 million and brings with it an aggregate claims requirement of \$1 million before excess recoveries can be requested. The added costs for this program account for a large portion of the excess variance reported on September 30, 2022.

## ADMINISTRATIVE

The general and administrative costs for JPIA in 2021-22 exceeded \$10.2 million, with payroll and benefits costs rising due to additional staffing requirements. The JPIA added some new staff positions, including Assistant Executive Officer, Senior Claims Adjuster, and Communication/Outreach Specialist. The large swing in administrative costs relate to a pension credit of \$8.5 million from the previous year, stemming from favorable actuarial changes in PERS investment returns as of September 30, 2021.

For presentational purposes, pension expenses were reported separately to identify the significant swing from 2021 to 2022. Favorable market conditions helped the fiduciary position of the pool in 2021 and JPIA was fortunate enough to report a sizable pension credit,

whereas in 2022, the market conditions plummeted as the result of inflation, geopolitical factors, and many other important factors, causing net pension calculations to reverse and head in the opposite direction. This year, net pension liability is reported instead in the amount of \$1.4 million.

## CASH AND INVESTMENTS

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

The goal of the captive (CWIF) is to allow JPIA to accomplish a more appropriate rate of return considering the amount of premiums paid to finance the long-term risk of liability and workers compensation claims. Currently, there are no definitive plans to transfer property coverage to the captive as of September 30, 2022.

Over the course of the fiscal year, funds were transferred from the JPIA fixed-income portfolio over to CWIF. This was accomplished in multiple wire transactions in 2021 and 2022. The total amount transferred was \$74.7 million, enough to cover \$14.7 million for the workers compensation CAT fund, as well as \$60 million to represent the employee benefits paid in capital.

The CWIF portfolio is a blended portfolio comprised of open and closed-ended mutual funds. The target ratio approved by the CWIF committee is at 65% equity, 35% fixed income, with a slight 5% variance allowance. This allocation mix was incorporated into the CWIF investment policy.

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

| TYPE                     | <b>2022</b>   | <b>2021</b>   | VARIANCE       |
|--------------------------|---------------|---------------|----------------|
| JPIA<br>Cash/Equivalents | \$31,603,145  | \$31,132,871  | \$470,274      |
| CWIF<br>Cash/Equivalents | 4,246,647     | 566,989       | 3,679,658      |
| JPIA Fixed Income        | 36,058,191    | 123,863,259   | (87,805,068)   |
| CWIF Mutual Funds        | 129,941,005   | 76,389,018    | 53,551,987     |
| Totals:                  | \$201,848,988 | \$231,952,137 | \$(30,103,149) |

California Asset Management Program (CAMP) has shown recent increases over the past fiscal year, most likely as a result of the challenges to the stock market conditions. The 7-day yield reported at 9/28/22 was 2.91%, so JPIA decided to move an extra \$1 million to the program to capitalize on these favorable returns. Totals between CAMP and LAIF (Local Area Investment Fund) totaled approximately \$19 million at year end compared to \$20 million in the previous year.

## CAPITAL ASSETS

The 2021-2022 fiscal year included the completion of an audio/video upgrade to the Executive Committee conference room equipment of \$25,110. Depreciation of capital assets over the fiscal year totaled \$218,578.

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

ACWA JPIA is consistently preparing and planning for the future success of its member pool. There are always moving parts in motion that could have a financial impact, some as early as the next fiscal year (2022-2023). The following items play a role in JPIA's ongoing commitment to excellence to its members. Here are some highlights:

- External Impacts – CA Wildfires and Floods. The JPIA partners along the side of members to deliver best practices information regarding human safety, assets security, as well as serve as a resource and advisor when a disaster does strike. The Caldor Fire of August 2021 in the Tahoe Forest region had a profound impact, not only on JPIA members and their staff, but even employees of the JPIA as well. The risk management staff will take the lessons learned from this event and apply them to help other covered members prepare for risk mitigation that come with future California wildfires.
- CWIF – Continuing on with providing coverage up to the \$5 million self-insured retention level and \$10 million to \$20 million level in the liability program, CWIF will once again take on the risk transfer of workers' compensation as well.
- Cyber Security – once covered under the liability program, this stand-alone pass thru program is currently offered now to members for a separate premium. Members may opt out of the program in writing. This is a growing risk to the pool, but very challenging to finance the appropriate risk. Staff recommended transforming this coverage into a

pass thru program so that each individual member may assess their own budgets and risk tolerance, outside of the pooled protection.

- Employee Benefits PPO pricing – the Executive Committee chose to provide an aggressive 10% PPO rate reduction in 2023 to return a portion of the reserve to members as contributions to the reserve grew over the pandemic with claims experience lower than expected. This subsidy may provide some relief to members during these financially challenging times.

## CONCLUSION

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

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

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

STATEMENT OF NET POSITION  
SEPTEMBER 30, 2022

|  | <b>2022</b>           | <b>Comparative Totals<br/>2021</b> |
|--|-----------------------|------------------------------------|
| <b>ASSETS</b>                                      |                       |                                    |
| <b>CURRENT ASSETS</b>                              |                       |                                    |
| Cash and cash equivalents                          | \$ 35,849,792         | \$ 31,699,860                      |
| Investments  | 0                     | 5,000,000                          |
| Member premiums receivable                         | 7,458,541             | 8,551,240                          |
| Investment income and other receivables            | 218,948               | 413,403                            |
| Excess insurance proceeds receivable               | 923,332               | 456,143                            |
| Retrospective premium adjustment receivable        | 10,325,927            | 177,858                            |
| Prepaid expenses                                   | 7,974,842             | 8,742,878                          |
| <b>TOTAL CURRENT ASSETS</b>                        | <b>62,751,382</b>     | <b>55,041,382</b>                  |
| <b>NONCURRENT ASSETS</b>                           |                       |                                    |
| Investments  | 165,999,196           | 195,252,277                        |
| Retrospective premium adjustment receivable        | 12,070,465            | 8,701,534                          |
| Net OPEB asset                                     | 1,883,389             | 3,905,515                          |
| Net pension asset                                  | 0                     | 4,765,400                          |
| Capital assets - net                               | 3,910,782             | 4,104,251                          |
| <b>TOTAL NONCURRENT ASSETS</b>                     | <b>183,863,832</b>    | <b>216,728,977</b>                 |
| <b>TOTAL ASSETS</b>                                | <b>246,615,214</b>    | <b>271,770,359</b>                 |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>              |                       |                                    |
| Deferred outflows of resources related to pensions | 5,034,164             | 1,027,236                          |
| Deferred outflows of resources related to OPEB     | 1,074,398             | 161,906                            |
| <b>TOTAL DEFERRED OUTFLOWS</b>                     | <b>6,108,562</b>      | <b>1,189,142</b>                   |
| <b>LIABILITIES</b>                                 |                       |                                    |
| <b>CURRENT LIABILITIES</b>                         |                       |                                    |
| Accounts payable and accrued expenses              | 1,984,793             | 2,203,625                          |
| Unearned member premiums                           | 24,115,259            | 21,405,985                         |
| Retrospective premium adjustment payables          | 11,732,709            | 11,498,168                         |
| Claims reserves                                    | 16,307,229            | 14,823,316                         |
| <b>TOTAL CURRENT LIABILITIES</b>                   | <b>54,139,990</b>     | <b>49,931,094</b>                  |
| <b>NONCURRENT LIABILITIES</b>                      |                       |                                    |
| Retrospective premium adjustment payables          | 21,091,022            | 23,247,837                         |
| Claims reserves                                    | 24,576,230            | 17,196,761                         |
| Claims incurred but not reported                   | 33,140,369            | 29,642,153                         |
| Net pension liability                              | 1,445,119             | 0                                  |
| Unallocated loss adjustment liability              | 2,733,876             | 3,540,845                          |
| <b>TOTAL NONCURRENT LIABILITIES</b>                | <b>82,986,616</b>     | <b>73,627,596</b>                  |
| <b>TOTAL LIABILITIES</b>                           | <b>137,126,606</b>    | <b>123,558,690</b>                 |
| <b>DEFERRED INFLOWS OF RESOURCES</b>               |                       |                                    |
| Deferred inflows of resources related to pensions  | 1,634,493             | (2,780,885)                        |
| Deferred inflows of resources related to OPEB      | 1,178,756             | 2,371,164                          |
| <b>TOTAL DEFERRED INFLOWS</b>                      | <b>2,813,249</b>      | <b>(409,721)</b>                   |
| <b>NET POSITION</b>                                |                       |                                    |
| Net investment in capital assets                   | 3,910,782             | 4,104,251                          |
| Unrestricted                                       | 108,873,139           | 145,706,281                        |
| <b>TOTAL NET POSITION</b>                          | <b>\$ 112,783,921</b> | <b>\$ 149,810,532</b>              |



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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
YEAR ENDED SEPTEMBER 30, 2022

|  | <b>2022</b>           | <b>Comparative Totals<br/>2021</b> |
|--|-----------------------|------------------------------------|
| <b>OPERATING REVENUES</b>                        |                       |                                    |
| Member premiums                                  | \$ 198,914,797        | \$ 200,775,298                     |
| Retrospective premium adjustments                | 10,775,431            | (11,457,566)                       |
| <b>TOTAL OPERATING REVENUES</b>                  | <b>209,690,228</b>    | <b>189,317,732</b>                 |
| <b>OPERATING EXPENSES</b>                        |                       |                                    |
| Claims expense:                                  |                       |                                    |
| Claims paid                                      | 96,142,905            | 85,905,737                         |
| Change in claims reserves                        | 8,863,387             | 4,749,782                          |
| Change in claims incurred but not reported       | 3,498,215             | 2,807,404                          |
| Change in unallocated loss adjustment expense    | (806,973)             | 1,301,398                          |
| <b>Total claims expense</b>                      | <b>107,697,534</b>    | <b>94,764,321</b>                  |
| Excess insurance                                 | 18,206,230            | 15,682,763                         |
| Benefit premiums                                 | 69,351,776            | 64,061,027                         |
| Pension expense (credit)                         | 7,176,498             | (8,492,368)                        |
| General and administrative                       | 9,995,412             | 8,521,101                          |
| Depreciation                                     | 218,578               | 223,612                            |
| <b>TOTAL OPERATING EXPENSES</b>                  | <b>212,646,028</b>    | <b>174,760,456</b>                 |
| <b>OPERATING INCOME (LOSS)</b>                   | <b>(2,955,800)</b>    | <b>14,557,276</b>                  |
| <b>NONOPERATING REVENUES</b>                     |                       |                                    |
| Investment income                                | 4,430,587             | 6,086,423                          |
| Net increase (decrease) in investment fair value | (38,501,398)          | 5,479,626                          |
| <b>TOTAL NONOPERATING REVENUES</b>               | <b>(34,070,811)</b>   | <b>11,566,049</b>                  |
| <b>CHANGE IN NET POSITION</b>                    | <b>(37,026,611)</b>   | <b>26,123,325</b>                  |
| <b>NET POSITION, BEGINNING OF YEAR</b>           | <b>149,810,532</b>    | <b>123,687,207</b>                 |
| <b>NET POSITION, END OF YEAR</b>                 | <b>\$ 112,783,921</b> | <b>\$ 149,810,532</b>              |

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STATEMENT OF CASH FLOWS  
YEAR ENDED SEPTEMBER 30, 2022

|  | <b>2022</b>     | <b>Comparative Totals<br/>2021</b> |
|--|-----------------|------------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                 |                                    |
| Cash received from members   | \$ 202,608,794  | \$ 199,818,859                     |
| Cash received from excess/aggregate insurance  | 19,304,374      | 3,951,914                          |
| Payments for claims  | (96,142,905)    | (85,905,737)                       |
| Payments for excess/aggregate claims   | (19,767,389)    | (7,183,942)                        |
| Payments for excess insurance  | (18,206,230)    | (15,682,763)                       |
| Payments for benefit premiums  | (69,351,776)    | (64,061,027)                       |
| Payments for billings & RPA fund   | (3,899,156)     | (6,210,993)                        |
| Payments to vendors  | (2,646,660)     | (2,203,980)                        |
| Payments to employees  | (7,906,282)     | (7,567,189)                        |
| NET CASH PROVIDED BY OPERATING ACTIVITIES  | 3,992,770       | 14,955,142                         |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>                            |                 |                                    |
| Purchase of capital assets   | (25,109)        | (17,512)                           |
| NET CASH USED BY FINANCING ACTIVITIES  | (25,109)        | (17,512)                           |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                 |                                    |
| Interest received  | 4,686,543       | 3,179,434                          |
| Purchase of investments  | (154,546,287)   | (111,099,963)                      |
| Proceeds from maturities of investments  | 150,042,015     | 63,255,065                         |
| NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES   | 182,271         | (44,665,464)                       |
| Increase (decrease) in cash and cash equivalents   | 4,149,932       | (29,727,834)                       |
| Cash and cash equivalents, beginning of year   | 31,699,860      | 61,427,694                         |
| Cash and cash equivalents, end of year   | \$ 35,849,792   | \$ 31,699,860                      |
| <b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED<br/>BY OPERATING ACTIVITIES</b> |                 |                                    |
| Operating income (loss)  | \$ (2,955,800)  | \$ 14,557,276                      |
| Adjustments to net cash provided by operating activities:                                  |                 |                                    |
| Depreciation of capital assets   | 218,578         | 223,612                            |
| Change in member premiums receivable   | 1,092,699       | 1,886,246                          |
| Change in excess insurance proceeds receivable   | (467,189)       | 416,082                            |
| Change in retrospective premium adjustment receivable                                      | (13,517,000)    | (208,902)                          |
| Change in net pension liability (asset)  | 6,210,519       | (4,627,267)                        |
| Change in net OPEB asset   | 2,022,126       | (2,492,208)                        |
| Change in other receivables and prepaids   | 962,491         | (2,591,955)                        |
| Changes in deferred outflows/inflows related to net pension and OPEB                       | (1,696,450)     | (2,361,565)                        |
| Changes in payables and accrued expenses and other expenses                                | (218,832)       | (3,762,434)                        |
| Change in unearned member premiums   | 2,709,274       | 1,914,226                          |
| Change in retrospective premium adjustment payables  | (1,922,274)     | 3,143,447                          |
| Change in claims liabilities   | 11,554,628      | 8,858,584                          |
| NET CASH PROVIDED BY OPERATING ACTIVITIES  | \$ 3,992,770    | \$ 14,955,142                      |
| <b>NON CASH ITEMS</b>  |                 |                                    |
| Change in unrealized fair value of investments   | \$ (38,501,398) | \$ 5,479,626                       |

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**NOTES TO FINANCIAL STATEMENTS  
Year Ended September 30, 2022**

**(1) General Information**

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

The JPIA currently offers five joint protection programs:

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

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

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

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

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

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

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

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

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

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

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

| <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 - 9/30/22* | 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 policy years 10/1/20 – 9/30/21 and 10/1/21 – 9/30/22.
- \$5,000,000 to a total of \$60,000,000 coverage through various carriers. Policy Year: October 1 through September 30.

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

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

| <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 - 6/30/20* | 100,000           |
| 7/1/20 - 6/30/22  | 100,000           |
| 7/1/22 - 6/30/23  | 10,000,000        |

- Excess: \$100,000 up to a total of \$500,000,000 coverage with various sub limits through Alliant Property Insurance Program (APIP).
- \*Policy Year: April 1 through June 30 of 2019. Property Program changed policy year format to better align with APIP recommended coverage schedule. From that point on, the Property Program policy year would run from July 1 through June 30. Beginning July 1, 2019, ACWA JPIA has an aggregate deductible under which they retain the first \$1 million on claims in excess of \$100,000.

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

The JPIA provides the following insurance coverage and SIR:

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

The SIRs for this program by policy year are as follows:

| <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 - 6/30/23** | 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 the JPIA's Executive Committee. The JPIA utilizes a third party to administer these claims on behalf of participating members.

The JPIA carries reinsurance through Sun Life Financial, administered by Stealth Partner Group, LLC for coverage losses in excess of the self-insured retention of \$750,000 per beneficiary incurred during the policy period, and paid during the policy period and six-month period immediately following the end of the policy period. The policy year is January 1 through December 31.

**(2) Significant Accounting Policies**

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

**Cash and Cash Equivalents** – With regards to the statement of cash flows, the JPIA considers cash in banks, all money market funds, cash in Local Government Investment Pools (LGIP), and Local Agency Investment Funds (LAIF)

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to be cash equivalents. Investments maturing within three months from the date of purchase are also considered to be cash equivalents.

**Investments** in debt securities are recorded at fair value. For purposes of these financial statements, fair value is equivalent to investment market value on September 30, 2022. Changes in the fair value of investments, both realized and unrealized, are included in the Statement of Revenues, Expenses, and Changes in Net Position as a component of non-operating revenues.

Beginning with fiscal year 2019-20 and the introduction of CWIF, the Executive Committee voted to move \$31.4 million for the purposes of investing pooled funds into the new captive portfolio. This amount was comprised of \$19.4 million designated for the original Liability policy year 2020 premiums, plus an additional \$12 million as paid-in capital.

Later during the 19-20 fiscal year, an additional \$10 million paid in capital was contributed to the captive's portfolio. The CWIF portfolio consists of equity-based and fixed income-based mutual funds with a target return on investment of 7%. Equity securities comprise approximately 67% of the CWIF portfolio at the end of the fiscal year.

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

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

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

**Premiums Receivable** – These amounts represent unpaid invoices for policies written during the JPIA's fiscal year. A significant portion of premiums receivable are also recognized as unearned premiums for those policies extending into the subsequent year.

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

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

**Member Premiums** are calculated based upon each member district's respective payroll (or insured values for the Property Program) and loss history. For the Employee Benefits Program, premiums are calculated based upon approved rates by the ACWA JPIA Executive Committee.

Member premiums are recognized as revenue over the periods covered by the policies. For the liability, property and

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workers' compensation policies, a retrospective premium adjustment for each policy year is made annually, four years after a policy year begins.

**Operating and Non-operating Revenues** – Operating revenues include all member premiums, 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 at 20%, and the Property program is 14%.

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

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

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

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

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

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

**(3) Cash and Investments**

**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

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investment policy where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

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

\* 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



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trusts. The investment policy also lists out some prohibited transactions such as letter stock and other unregistered securities, direct commodities, derivatives, options, and futures.

**Investment Credit Risk** - CWIF's investments on September 30, 2022, are summarized in the following table and are broken out based on the mutual fund type with the appropriate portfolio representation:

| INVESTMENTS                 | FAIR VALUE    | PORTFOLIO % | CREDIT<br>QUALITY<br>RATING |
|-----------------------------|---------------|-------------|-----------------------------|
| Mutual Funds – Equity       | \$ 70,525,555 | 54%         | None                        |
| Mutual Funds – Fixed Income | 26,503,094    | 20%         | None                        |
| Mutual Funds – Other*       | 32,912,356    | 26%         | None                        |
| Total Investments           | \$129,941,005 | 100%        |                             |

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

**Concentration of Credit Risk** – As of September 30, 2022, 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 and duration on September 30, 2022, are as follows:

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| Authorized Investment Type         | Fair Value   | Effective Duration |
|------------------------------------|--------------|--------------------|
| U.S. Treasury Obligations          | \$15,382,106 | 3.019              |
| Federal Agency Securities          | 651,861      | 3.333              |
| Federal Mortgage-Backed Securities | 1,012,320    | 0.893              |
| Medium-Term Notes                  | 10,082,042   | 2.462              |
| Asset-Backed Securities/CMOs       | 3,905,399    | 1.499              |
| Negotiable Certificates of Deposit | 555,000      | 0.457              |
| Municipal Bonds                    | 4,469,463    | 1.924              |
| Mutual Funds – Equity              | 70,525,555   | N/A                |
| Mutual Funds – Fixed Income        | 26,503,094   | N/A                |
| Mutual Funds – Other               | 32,912,356   | N/A                |

**Local Agency Investment Funds (LAIF)** – The JPIA is a participant in LAIF that is regulated by the California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the JPIA’s investment in this pool is reported in the accompanying financial statements at amounts based upon the JPIA’s pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio. Financial information can be obtained from 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 the JPIA’s pro-rata share of the fair value. Financial information can be obtained from 50 California Street, Suite 2300, San Francisco, CA 94111.

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**Investment Credit Risk** – JPIA and CWIF investment securities are summarized in the following table by respective fair values as of September 30, 2022. JPIA reports credit quality ratings by Moody's, a nationally recognized rating agency.

**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>            |
|--------------------------------------|------------------------------|----------------------------|----------------------------|-----------------------------|-----------------------------|
| Cash                                 | \$ 200                       | \$ 0                       | \$ 0                       | \$ 0                        | \$ 200                      |
| Deposits with Financial Institutions | 16,682,393                   |                            |                            |                             | 16,682,393                  |
| Asset-Backed Securities              | 3,905,399                    | 1,521,931                  |                            |                             | 2,383,468                   |
| Negotiable Certificates of Deposit   | 555,000                      |                            |                            | 555,000                     |                             |
| LGIP (Managed Pool Account) *        | 1,262,775                    |                            |                            |                             | 1,262,775                   |
| LAIF                                 | 17,904,424                   |                            |                            |                             | 17,904,424                  |
| U.S. Treasury Obligations            | 15,382,106                   | 15,382,106                 |                            |                             |                             |
| Federal Agency Securities            | 651,861                      | 381,348                    |                            |                             | 270,513                     |
| Federal Mortgage-Backed Secur.       | 1,012,320                    | 639,198                    |                            |                             | 373,122                     |
| Municipal Bonds                      | 4,469,463                    | 989,958                    | 3,479,505                  |                             |                             |
| Medium-Term Notes                    | 10,082,042                   | 334,442                    | 143,772                    | 9,603,828                   |                             |
| Mutual Funds – Equity**              | 70,525,555                   |                            |                            |                             | 70,525,555                  |
| Mutual Funds – Fixed Income**        | 26,503,094                   |                            |                            |                             | 26,503,094                  |
| Mutual Funds – Other**               | 32,912,356                   |                            |                            |                             | 32,912,356                  |
| <b>Totals</b>                        | <b><u>\$ 201,848,988</u></b> | <b><u>\$19,248,983</u></b> | <b><u>\$ 3,623,277</u></b> | <b><u>\$ 10,158,828</u></b> | <b><u>\$168,817,900</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 \$1,262,775 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

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asset is one in which transactions for the asset occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

- Level 2 Inputs – Inputs to the valuation methodology that are observable for an asset/liability either directly or indirectly (other than quoted prices included within Level 1). They include quoted prices for similar assets/liabilities in active markets and quoted prices for identical or similar assets/liabilities in markets that are NOT active.
- Level 3 Inputs – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the assumptions that market participants would use in pricing the asset/liability, including assumptions about risk.

The following schedule classifies the JPIA's security assets at fair value based on hierarchy level as of September 30, 2022:

| Investments by Fair Value Level    |                      | Fair Value Measurements Using   |   |
|------------------------------------|----------------------|---|---|
|                                    |                      | Quoted Prices in<br>Active Markets for<br>Identical Assets<br>(Level 1) | Significant Other<br>Observable Inputs<br>(Level 2) |
| Debt Securities:                   |                      |   |   |
| U.S. Treasury Obligations          | \$ 15,382,106        | \$ 15,382,106   |   |
| Asset-Backed Securities            | 3,905,399            |   | \$3,905,399   |
| Negotiable Certificates of Deposit | 555,000              |   | 555,000   |
| Medium-Term Notes                  | 10,082,042           |   | 10,082,042  |
| Federal Agency Securities          | 651,861              |   | 651,861   |
| Federal Mortgage-Backed Sec        | 1,012,320            |   | 1,012,320   |
| Municipal Bonds                    | 4,469,463            |   | 4,469,463   |
| Mutual Funds – Equity              | 70,525,555           | 70,525,555  |   |
| Mutual Funds – Fixed Income        | 26,503,094           | 26,503,094  |   |
| Mutual Funds – Other               | 32,912,356           | 32,912,356  |   |
| <b>Totals</b>                      | <b>\$165,999,196</b> | <b>\$145,323,111</b>  | <b>\$20,676,085</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 to be *cash equivalents* and are not presented within the fair value disclosures.

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**(4) Capital Assets**

The following is a schedule of changes in capital assets for the year ended September 30, 2022:

|  | <u>9/30/2021</u> | <u>Additions</u> | <u>Reclasses</u> | <u>9/30/2022</u> |
|--|------------------|------------------|------------------|------------------|
| <b><u>NON-DEPRECIABLE ASSETS:</u></b>        |                  |                  |                  |                  |
| Land   | \$ 590,545       | \$ 0             | \$ 0             | \$ 590,545       |
| Undeveloped Software/Equipment               | 17,512           | 0                | (17,512)         | 0                |
| Total Non-Depreciable Assets:                | 608,057          | 0                | (17,512)         | 590,545          |
| <b><u>DEPRECIABLE ASSETS:</u></b>            |                  |                  |                  |                  |
| Building & Improvements                      | 5,336,035        | 0                | 0                | 5,336,035        |
| Furniture & Equipment                        | 723,989          | 25,109           | 17,512           | 766,610          |
| Software                                     | 497,983          | 0                | 0                | 497,983          |
| Total Depreciable Assets                     | 6,558,007        | 25,109           | 17,512           | 6,600,628        |
| <b><u>LESS ACCUMULATED DEPRECIATION:</u></b> |                  |                  |                  |                  |
| Building & Improvements                      | (1,923,374)      | (177,567)        | 0                | (2,100,941)      |
| Furniture & Equipment                        | (664,792)        | (32,422)         | 0                | (697,214)        |
| Software                                     | (473,647)        | (8,589)          | 0                | (482,236)        |
| Total Accumulated Depreciation               | (3,061,813)      | (218,578)        | 0                | (3,280,391)      |
| Capital Assets - Net                         | \$4,104,251      | \$(193,469)      | \$0              | \$ 3,910,782     |

**(5) Retrospective Premium Adjustments**

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

- a) Direct charge for the portion of each loss incurred within the member's allocation level.
- b) Losses more than a member's allocation level are shared by the members in the same and greater allocation levels, based on each member's premiums as a percentage of all members' premiums in each allocation level.
- c) Other costs, net of investment income, including unallocated claims expense, excess insurance premiums, and administrative expense are charged to each member, based on premiums.
- d) The allocation for contributions to that portion of designated equity for catastrophic losses and the reserve for claims incurred but not reported is based on each member's premiums as a percentage of all members' premiums.

The retrospective premium adjustments (RPA) for all applicable policy years have been estimated based on losses and other costs, net of investment income, incurred through September 30, 2022. RPAs are subject to change as the ultimate cost of claims becomes known, investment income is realized, and the JPIA's indirect costs are allocated to each policy year. RPA's do not apply to the Employee Benefits Programs.

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

Beginning with fiscal year 1998-99, the JPIA established a Rate Stabilization Fund for the Liability Program to help stabilize future RPAs. The JPIA maintains a separate Rate Stabilization Fund for each member and future RPAs are to flow through the member's individual Rate Stabilization Fund. When the balance of a member's fund exceeds 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, 2022, unpaid losses of \$78,525,292 are presented at the net present value of \$76,757,704. These losses are discounted at a rate of 1% for Liability, 1.5% for Workers' Compensation, .5% for Property and 0% for Employee Benefits.

The following schedule represents changes in the aggregate liabilities for all programs during the past year ended September 30, 2022:

| <b>Discounted Unpaid Claims and Claim Adjustment</b>   | <b>2022</b>         | <b>2021</b>         |
|--|---------------------|---------------------|
| <b>Expenses at Beginning of Fiscal Year</b>  | <b>\$65,203,075</b> | <b>\$56,344,491</b> |
| Incurred Claims and Claim Adjustment Expenses:   |                     |                     |
| Provision for Insured Events of the Current Fiscal Year  | 91,333,267          | 89,652,870          |
| Increase in Provision of Insured Events of Prior Fiscal Years                                  | 16,364,267          | 5,111,451           |
| <b>Total Incurred Claims and Claim Adjustment Expenses</b>                                     | <b>107,697,534</b>  | <b>94,764,321</b>   |
| <b>PAYMENTS:</b>   |                     |                     |
| Claims and Claim Adjustment Expenses Attributable to Insured Events of the Current Fiscal Year | 70,055,301          | 66,962,689          |
| Claims and Claim Adjustment Expenses Attributable to Insured Events of Prior Fiscal Years      | 26,087,604          | 18,943,048          |
| <b>Total Payments</b>  | <b>96,142,905</b>   | <b>85,905,737</b>   |
| <b>Discounted Unpaid Claims and Claim Adjustment Expenses at End of Fiscal Year</b>            | <b>\$76,757,704</b> | <b>\$65,203,075</b> |
| <u>Components of Claims Liability:</u>   |                     |                     |
| Claims Reserves (Current)  | \$16,307,229        | \$14,823,316        |
| Claims Reserves (Noncurrent)   | 24,576,230          | 17,196,761          |
| Claims Incurred but Not Reported   | 33,140,369          | 29,642,153          |
| Unallocated Loss Adjustment Liability  | 2,733,876           | 3,540,845           |
| <b>Total Claims Liability</b>  | <b>\$76,757,704</b> | <b>\$65,203,075</b> |

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**(7) Net Position Designations**

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

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

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

The CWIF reported an excess of expenses over earnings in the amount of \$31,859,664 for fiscal year 2021-22.

Net position is designated in the following manner:

| September 30, 2022:   |                       |
|---|-----------------------|
| Rate Stabilization Fund (RSF)   | \$ 12,297,374         |
| Catastrophic (CAT)/Natural Disaster Fund  | 39,118,569            |
| Employee Benefits Fund  | 83,127,298            |
| Captive's Retained Earnings (CWIF)*   | (21,759,320)          |
| <b>Net Position</b>   | <b>\$ 112,783,921</b> |
| <i>*Difference of retained earnings reported on this schedule varies by \$10,503,527 with the CWIF Annual Financial Report due to a portion of CWIF's retained earnings rolling into the RSF and/or the CAT fund.</i> |                       |

**(8) Joint Venture**

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

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**(9) Pension Plan**

Plan Description

ACWA JPIA provides pension benefits to its employees through ACWA JPIA's Miscellaneous Plan (the Plan), a cost-sharing multiple-employer defined benefit pension plan maintained by CalPERS, an agency of the State of California. ACWA JPIA had less than 100 active members as of the June 30, 2021, 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 the July 1 following notice of a change in the rate. The contributions are determined through the CalPERS' annual actuarial valuation process. The Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. ACWA JPIA is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. ACWA JPIA's required contribution rate on covered payroll for the measurement period ended June 30, 2022 (the measurement date) was 9.78% and 7.73% of annual pay for Classic and PEPRA employees, respectively. Employer contributions rates may change if plan contracts are amended. For the year ended September 30, 2022, the employer contributions to the plan were \$498,192, plus additional elective contributions totaling \$59,338 to reduce the Net Pension Liability (NPL).

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

ACWA JPIA's Net Pension Liability (NPL) for the Plan is measured as the proportionate share of the NPL. The NPL of the Plan is measured as of June 30, 2022, for the year ended September 30, 2022. The total pension liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of June 30, 2021, rolled forward to June 30, 2022, using standard update procedures. As of September 30, 2022, ACWA JPIA's proportionate share of the Plan's net pension liability (NPL) was \$1,445,119.

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, 2021, and 2022 were as follows:



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|                            | <b>Plan</b> |
|----------------------------|-------------|
| Proportion - June 30, 2021 | (.250969%)  |
| Proportion - June 30, 2022 | .030884%    |
| Change                     | .281853%    |

For the year ended September 30, 2022, ACWA JPIA recognized a pension expense of 7,176,498. Reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
|---|---|--|
| Differences between expected and actual experience                                  | \$ 29,021                                     | \$ 19,437                                    |
| Changes of assumptions  | 148,083                                       | 0  |
| Net difference between projected and actual earnings on<br>pension plan investments | 264,707                                       |  |
| Changes in proportions  | 4,479,093                                     | 0  |
| Changes in proportionate share of contributions                                     |   | 1,615,056                                    |
| Contributions subsequent to the measurement date                                    | 113,260                                       |  |
| Total   | \$ 5,034,164                                  | \$ 1,634,493                                 |

As of September 30, 2022, the \$113,260 reported as deferred outflows of resources related to employer contributions subsequent to the measurement date will be recognized as an adjustment to the net pension liability in the year ending September 30, 2023. As of September 30, 2022, other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized as pension expense (benefit) as follows:

| <b>Year Ended<br/>September 30</b> |              |
|------------------------------------|--------------|
| 2023                               | \$ 1,112,053 |
| 2024                               | 1,230,699    |
| 2025                               | 781,755      |
| 2026                               | 161,904      |

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**Actuarial Methods and Assumptions**

The collective TPL for the June 30, 2022, measurement period was determined by an actuarial valuation as of June 30, 2021, with update procedures used to roll forward the TPL to June 30, 2022. The collective TPL was based on the following assumptions:

|                                     |   |
|-------------------------------------|---|
| Actuarial Cost Method               | Entry-Age Normal  |
| Actuarial Assumptions:              |   |
| Investment Rate of Return           | 6.90%   |
| Inflation                           | 2.30%   |
| 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**

Effective with the June 30, 2021, valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. 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, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.

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

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

| <u>Asset Class <sup>(1)</sup></u> | <u>Assumed<br/>Asset<br/>Allocation</u> | <u>Real Return<br/>Years<br/>1 – 10<sup>(1,2)</sup></u> |
|-----------------------------------|---|---|
| Global equity - cap-weighted      | 30.00%                                  | 4.45%   |
| Global equity non-cap-weighted    | 12.00%                                  | 3.84%   |
| Private Equity                    | 13.00%                                  | 7.28%   |
| Treasury                          | 5.00%                                   | 0.27%   |
| Mortgage-backed Securities        | 5.00%                                   | 0.50%   |
| Investment Grade Corporates       | 10.00%                                  | 1.56%   |
| High Yield                        | 5.00%                                   | 2.27%   |
| Emerging Market Debt              | 5.00%                                   | 2.48%   |
| Private Debt                      | 5.00%                                   | 3.57%   |
| Real Assets                       | 15.00%                                  | 3.21%   |
| Leverage                          | (5.00%)                                 | (0.59%)   |
| Total                             | <u>100.00%</u>                          |   |

<sup>(1)</sup> An expected inflation of 2.30% used for this period.

<sup>(2)</sup> Figures are based on the 2021-22 Asset Liability Management study.

**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, 2022, 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<br/>Rate – 1%<br/>(5.90%)</u> | <u>Current<br/>Discount<br/>Rate<br/>(6.90%)</u> | <u>Discount<br/>Rate + 1%<br/>(7.90%)</u> |
|---|---|--|---|
| ACWA JPIA’s Proportionate Share of Plan’s NPL (NPA) | \$ 6,332,598                              | \$ 1,445,119                                     | \$ (2,576,064)                            |

**(10) OPEB**

Plan Description

The JPIA has established a retiree healthcare plan that provides other postemployment health benefits for eligible retired employees, their spouses, surviving spouses, and dependents, through the ACWA Joint Powers Insurance Authority OPEB Plan (the Plan). The JPIA, through the authorization of their Board of Directors, elected to establish an irrevocable trust for the Plan through the California Employers’ Retiree Benefit Trust (CERBT) Fund, an agent multiple-

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employer plan, administered by CalPERS. The CERBT has pooled administrative and investment functions, while separate employer accounts are maintained to prefund and pay for health care or other postemployment benefits in accordance with the terms of the participating employers' plans. The CERBT offers three investment strategies for employers to choose from depending on their expected levels of return and volatility. Benefit provisions are established by the JPIA.

Benefits Provided

ACWA JPIA employees who retire at age 55 or older with a minimum of ten years of service with the organization are eligible to receive lifetime medical benefits. Benefits are also provided to spouses, surviving spouses and dependent children (up to age 26) of participating retirees. For employees hired after January 31, 2018, an allowance of up to \$500 (up to \$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.

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

Employees Covered

As of the June 30, 2021, 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, 2022:

|   |    |
|---|----|
| Inactive employees receiving benefits                     | 18 |
| Inactive employees entitled to but not receiving benefits | 0  |
| Participating active employees                            | 50 |
| Total   | 68 |

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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, 2022, however, the actuarially determined contribution is now zero. Plan assets now 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 July 2022, the trust reimbursed JPIA \$174,889 of pay as you go premiums paid out over PERS fiscal year 2021-22. Since this amount was received in July, it will be classified as a deferred inflow for JPIA fiscal year 2021-22 and recognized as a reduction in OPEB expense in the following fiscal year 2022-23.

|  |   |  |
|--|---|--|
| Actuarial Cost Method                    | Entry-Age Normal  |  |
| Actuarial Assumptions:                   |   |  |
| Discount Rate                            | 7.28%   |  |
| Inflation                                | 2.01%   |  |
| Salary Increases <sup>(1)</sup>          | 3.50%   |  |
| Investment Rate of Return <sup>(2)</sup> | 7.28%   |  |
| Mortality <sup>(3)</sup>                 | CalPERS' Membership Data  |  |
| Health care cost trend rates             | The rates for pre-65 are estimated as shown in the table below. | The rates for post-65 are estimated as shown in the table below. |

| <u>Year Beginning</u> | <u>Increase in Premium Rates</u> | <u>Increase in Premium Rates</u> |
|-----------------------|----------------------------------|----------------------------------|
| 2022                  | (2.14) %                         | (4.79) %                         |
| 2023                  | 7.35 %                           | 5.15 %                           |
| 2024                  | 7.10 %                           | 5.20 %                           |
| 2025                  | 5.20 %                           | 5.20 %                           |
| 2026                  | 5.16 %                           | 5.16 %                           |
| 2027                  | 5.12 %                           | 5.12 %                           |
| 2028                  | 5.09 %                           | 5.09 %                           |
| 2029                  | 5.05 %                           | 5.05 %                           |
| 2030                  | 5.01 %                           | 5.01 %                           |
| 2031                  | 4.97 %                           | 4.97 %                           |
| 2032                  | 4.97 %                           | 4.97 %                           |
| 2075 and later        | 3.94 %                           | 3.94 %                           |

- (1) Since benefits do not depend on salary, using an aggregate payroll assumption for purposes of calculating the service costs results in negligible error.
- (2) Net of OPEB plan investment expense; includes inflation.
- (3) The mortality rates used in this valuation are those used in the 2017 CalPERS demographic study.  
**Pre-Retirement:** CalPERS 2017 Mortality  
**Post-Retirement:** CalPERS 2017 Mortality

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

NOTES TO FINANCIAL STATEMENTS  
Year Ended September 30, 2022

Net OPEB Asset

The JPIA's net OPEB asset was measured as of June 30, 2022, and was determined by an actuarial valuation based on the following actuarial methods and assumptions:

Assumption Changes

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

The arithmetic long-term expected rate of return on OPEB plan investments for the next ten years was provided by JP Morgan. For years thereafter, returns were based on historical average index real returns over the last 30 years assuming a similar equity/fixed investment mix and a 2.47% inflation rate.

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

| <u>Investment Class</u>       | <u>Target Allocation</u> | <u>Long-Term *<br/>Expected<br/>Real Rate of<br/>Return</u> |
|-------------------------------|--------------------------|---|
| Equity                        | 62.00%                   | 4.11%   |
| Fixed Income                  | 30.00%                   | 0.19%   |
| Real Estate Investment Trusts | 8.00%                    | 5.57%   |
| Total                         | <u>100.00%</u>           |   |

\*JPMorgan arithmetic Long-Term Capital Market assumptions and expected inflation of 2.01%.

Discount Rate

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

- a) The long-term expected rate of return on OPEB plan investments – to the extent that the OPEB plan's fiduciary net position (if any) is projected to be enough to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return.
- b) A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher – to the extent that the conditions in (a) are not met.

To determine a resulting (blended) rate, the amount of the plan's projected fiduciary net position (if any) and the amount of projected benefit payments are compared in each period of projected benefit payments. The discount rate used to measure the total OPEB liability on June 30, 2022, is based on these requirements and the following information:

|                      |                                    |
|----------------------|------------------------------------|
| <u>Discount Rate</u> | <u>Bond Buyer 20-Bond GO Index</u> |
| 7.28%                | 3.54%                              |

**ASSOCIATION OF CALIFORNIA WATER AGENCIES  
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NOTES TO FINANCIAL STATEMENTS  
Year Ended September 30, 2022

Changes in the Net OPEB Asset

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

|   | <u>Increase (Decrease)</u>                    |  |   |
|---|---|--|---|
|   | <u>Total OPEB<br/>Liability<br/>(TOL) (a)</u> | <u>Plan<br/>Fiduciary Net<br/>Position (b)</u> | <u>Net OPEB<br/>Liability<br/>(Asset)<br/>(a)-(b)</u> |
| Balance as of September 30, 2022 (Measurement date June 30, 2021) | \$ 7,328,094                                  | \$ 11,233,609                                  | \$ (3,905,515)  |
| Changes recognized for the measurement period:                    |   |  |   |
| Service cost  | 242,007                                       |  | 242,007   |
| Interest  | 543,802                                       |  | 543,802   |
| Contributions—employer  |   | 204,153  | (204,153)   |
| Net investment income   |   | (1,502,948)                                    | 1,502,948   |
| Differences between expected and actual experience                | (67,937)                                      |  | (67,937)  |
| Change of assumptions   |   |  |   |
| Benefit payments  | (204,153)                                     | (204,153)                                      |   |
| Administrative expense  |   | (5,459)  | 5,459   |
| Net changes   | <u>513,719</u>                                | <u>(1,508,407)</u>                             | <u>2,022,126</u>                                      |
| Balance as of September 30, 2022 (Measurement date June 30, 2022) | <u>\$ 7,841,813</u>                           | <u>\$ 9,725,202</u>                            | <u>\$ (1,883,389)</u>                                 |

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<br/>Rate -1%<br/>(6.28%)</u> | <u>Current<br/>Discount<br/>Rate (7.28%)</u> | <u>Discount<br/>Rate +1%<br/>(8.28%)</u> |
|----------------------------|--|--|--|
| Net OPEB Liability (Asset) | \$ (855,062)                             | \$ (1,883,389)                               | \$ (2,743,137)                           |

**ASSOCIATION OF CALIFORNIA WATER AGENCIES  
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NOTES TO FINANCIAL STATEMENTS  
Year Ended September 30, 2022

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:

|                            | <b>Trend Rate<br/>-1%</b> | <b>Health Care<br/>Trend Rate</b> | <b>Trend Rate<br/>+1%</b> |
|----------------------------|---------------------------|-----------------------------------|---------------------------|
| Net OPEB Liability (Asset) | \$ (3,676,291)            | \$ (1,883,389)                    | \$ 296,597                |

OPEB plan fiduciary net position

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

Recognition of Deferred Outflows and Deferred Inflows of Resources

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

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

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

|   |         |
|---|---------|
| Net differences between projected and actual earnings on OPEB Trust investments | 5 years |
|---|---------|



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NOTES TO FINANCIAL STATEMENTS  
Year Ended September 30, 2022

OPEB Expense and Deferred Outflows/Inflows Related to OPEB

For the year ended September 30, 2022, the JPIA recognized an OPEB expense of \$121,379, and reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|   | <b>Deferred Outflows<br/>of Resources</b> | <b>Deferred Inflows<br/>of Resources</b> |                  |
|---|---|--|------------------|
| OPEB contributions after the measurement date*                                | \$ 33,564                                 |  | \$ 0             |
| Changes in assumptions  |   |  | 843,968          |
| Distributions from the OPEB trust subsequent to the measurement date**        |   |  | 174,889          |
| Differences between expected and actual experience                            | 107,032                                   |  | 159,899          |
| Net difference between projected and actual earnings on OPEB plan investments | 933,802                                   |  |                  |
| <b>Total</b>  | <b>\$ 1,074,398</b>                       | <b>\$</b>                                | <b>1,178,756</b> |

\*The \$33,564 reported as deferred outflows of resources related to contributions after the June 30, 2022, measurement date will be recognized as an increase in the net OPEB asset at fiscal year ended September 30, 2023.

\*\*Reimbursed funds from the trust to pay JPIA for pay as you go premiums paid over PERS fiscal year 2021-22, recognized as deferred inflow due to the timing of the receipt of funds in July 2022.

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

| <b>Fiscal Year Ended<br/>September 30</b> | <b>Recognized Deferred<br/>Outflows/(Inflows)<br/>of Resources</b> |
|---|--|
| 2023                                      | \$(17,260)   |
| 2024                                      | (34,756)   |
| 2025                                      | (98,574)   |
| 2026                                      | 306,782  |
| 2027                                      | (109,667)  |
| Thereafter                                | (9,558)  |
| Total Deferred Resources:                 | <u>\$36,967</u>  |

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**NOTES TO FINANCIAL STATEMENTS  
Year Ended September 30, 2022**

**(11) Deferred Compensation Plan**

The JPIA employees may defer a portion of their compensation under an employer sponsored deferred compensation plan created in accordance with Internal Revenue Code Section 457 and administered by CalPERS and Lincoln 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 the JPIA's property and are not subject to its control, they have been excluded from these financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

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

RECONCILIATION OF CLAIMS LIABILITIES BY TYPE OF CONTRACT

SEPTEMBER 30, 2022

|   | Liability<br>Program | Property<br>Program | Workers'<br>Compensation<br>Program | Employee<br>Benefits<br>Program | Total                |
|---|----------------------|---------------------|-------------------------------------|---------------------------------|----------------------|
| Unpaid Claims and Claim Adjustment<br>at Beginning of the Fiscal Year                                       | \$ 31,187,943        | \$ 4,196,117        | \$ 23,908,022                       | \$ 5,910,993                    | \$ 65,203,075        |
| Incurred Claims and Allocated Claim Adjustment Expense:   |                      |                     |                                     |                                 |                      |
| Provisions for Insured Events of the Current Fiscal Year  | 17,695,503           | 2,008,738           | 4,670,823                           | 66,958,203                      | 91,333,267           |
| Increase (decrease) in Provision for Incurred Events of<br>Prior Fiscal Years                               | 5,934,877            | 413,959             | (2,258,988)                         | 12,274,419                      | 16,364,267           |
| Total Incurred Claims and Allocated Claim<br>Adjustment Expenses  | 23,630,380           | 2,422,697           | 2,411,835                           | 79,232,622                      | 107,697,534          |
| Payments  |                      |                     |                                     |                                 |                      |
| Claims and Allocated Claim Adjustment Expenses<br>Attributable to Insured Events of the Current Fiscal Year | 2,684,900            | 1,195,866           | 1,040,341                           | 65,134,194                      | 70,055,301           |
| Claims and Allocated Claim Adjustment Expenses<br>Attributable to Insured Events of Prior Fiscal Years      | 6,668,718            | 1,485,111           | 4,579,348                           | 13,354,427                      | 26,087,604           |
| Total Payments  | 9,353,618            | 2,680,977           | 5,619,689                           | 78,488,621                      | 96,142,905           |
| Discounted Unpaid Claims and Allocated Claim Adjustment<br>Expense at the End of the Fiscal Year            | <u>\$ 45,464,705</u> | <u>\$ 3,937,837</u> | <u>\$ 20,700,168</u>                | <u>\$ 6,654,994</u>             | <u>\$ 76,757,704</u> |
| Components:   |                      |                     |                                     |                                 |                      |
| Claims Reserves (Current)   | \$ 10,447,382        | \$ 1,715,643        | \$ 4,144,204                        | \$ 0                            | \$ 16,307,229        |
| Claims Reserves (Noncurrent)  | 18,378,878           | 928,043             | 5,269,309                           | 0                               | 24,576,230           |
| Claims Incurred But Not Reported  | 15,516,630           | 992,324             | 9,976,421                           | 6,654,994                       | 33,140,369           |
| Unallocated Loss Adjustment Liability   | 1,121,815            | 301,827             | 1,310,234                           | 0                               | 2,733,876            |
| Total Claims Liability  | <u>\$ 45,464,705</u> | <u>\$ 3,937,837</u> | <u>\$ 20,700,168</u>                | <u>\$ 6,654,994</u>             | <u>\$ 76,757,704</u> |

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

RECONCILIATION OF CLAIMS LIABILITIES BY TYPE OF CONTRACT

SEPTEMBER 30, 2021

|   | Liability<br>Program | Property<br>Program | Workers'<br>Compensation<br>Program | Employee<br>Benefits<br>Program | Total                |
|---|----------------------|---------------------|-------------------------------------|---------------------------------|----------------------|
| Unpaid Claims and Claim Adjustment<br>at Beginning of the Fiscal Year                                       | <u>\$ 23,786,393</u> | <u>\$ 2,821,175</u> | <u>\$ 24,424,930</u>                | <u>\$ 5,311,993</u>             | <u>\$ 56,344,491</u> |
| Incurred Claims and Allocated Claim Adjustment Expense:   |                      |                     |                                     |                                 |                      |
| Provisions for Insured Events of the Current Fiscal Year  | 15,139,515           | 3,108,470           | 7,723,051                           | 63,681,834                      | 89,652,870           |
| Increase (decrease) in Provision for Incurred Events of<br>Prior Fiscal Years                               | <u>1,624,188</u>     | <u>738,854</u>      | <u>(3,593,964)</u>                  | <u>6,342,373</u>                | <u>5,111,451</u>     |
| Total Incurred Claims and Allocated Claim<br>Adjustment Expenses  | <u>16,763,703</u>    | <u>3,847,324</u>    | <u>4,129,087</u>                    | <u>70,024,207</u>               | <u>94,764,321</u>    |
| Payments  |                      |                     |                                     |                                 |                      |
| Claims and Allocated Claim Adjustment Expenses<br>Attributable to Insured Events of the Current Fiscal Year | 2,909,828            | 1,411,337           | 1,363,507                           | 61,278,017                      | 66,962,689           |
| Claims and Allocated Claim Adjustment Expenses<br>Attributable to Insured Events of Prior Fiscal Years      | <u>6,452,325</u>     | <u>1,061,045</u>    | <u>3,282,488</u>                    | <u>8,147,190</u>                | <u>18,943,048</u>    |
| Total Payments  | 9,362,153            | 2,472,382           | 4,645,995                           | 69,425,207                      | 85,905,737           |
| Discounted Unpaid Claims and Allocated Claim Adjustment<br>Expense at the End of the Fiscal Year            | <u>\$ 31,187,943</u> | <u>\$ 4,196,117</u> | <u>\$ 23,908,022</u>                | <u>\$ 5,910,993</u>             | <u>\$ 65,203,075</u> |
| Components:   |                      |                     |                                     |                                 |                      |
| Claims Reserves (Current)   | \$ 7,674,522         | \$ 1,735,484        | \$ 5,413,310                        | \$ 0                            | \$ 14,823,316        |
| Claims Reserves (Noncurrent)  | 10,167,752           | 2,173,750           | 4,855,259                           | 0                               | 17,196,761           |
| Claims Incurred But Not Reported  | 12,285,347           | 11,610              | 11,434,203                          | 5,910,993                       | 29,642,153           |
| Unallocated Loss Adjustment Liability   | <u>1,060,322</u>     | <u>275,273</u>      | <u>2,205,250</u>                    | <u>0</u>                        | <u>3,540,845</u>     |
| Total Claims Liability  | <u>\$ 31,187,943</u> | <u>\$ 4,196,117</u> | <u>\$ 23,908,022</u>                | <u>\$ 5,910,993</u>             | <u>\$ 65,203,075</u> |

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

TEN YEAR CLAIMS DEVELOPMENT INFORMATION  
AS OF SEPTEMBER 30, 2022

LIABILITY PROGRAM

|  | 2012/13        | 2013/14        | 2014/15        | 2015/16        | 2016/17       | 2017/18       | 2018/19       | 2019/20       | 2020/21       | 2021/22       |
|--|----------------|----------------|----------------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 1. Required contribution and investment revenue:   |                |                |                |                |               |               |               |               |               |               |
| Earned   | \$ 17,696,506  | \$ 16,972,007  | \$ 15,730,767  | \$ 15,825,562  | \$ 16,848,488 | \$ 19,050,705 | \$ 19,157,691 | \$ 21,895,552 | \$ 23,371,825 | \$ 22,122,482 |
| Ceded  | 4,080,300      | 3,659,417      | 3,634,717      | 3,875,750      | 2,758,676     | 3,014,553     | 3,196,277     | 5,504,597     | 5,693,446     | 7,329,283     |
| Net earned   | 13,616,206     | 13,312,590     | 12,096,050     | 11,949,812     | 14,089,812    | 16,036,152    | 15,961,414    | 16,390,955    | 17,678,379    | 14,793,199    |
| 2. Unallocated expenses  | 1,674,796      | 2,480,476      | 2,047,092      | 2,212,709      | 2,946,136     | 3,432,484     | 2,753,720     | 3,327,653     | 1,406,205     | 1,016,340     |
| 3. Estimated claims and expenses end of policy year:                                     |                |                |                |                |               |               |               |               |               |               |
| Incurred   | 11,340,999     | 11,992,230     | 14,740,360     | 15,010,541     | 12,623,498    | 12,521,301    | 14,101,240    | 14,992,990    | 15,852,797    | 19,045,029    |
| Ceded  | 2,803,191      | 2,829,815      | 2,688,625      | 3,489,316      | 949,000       | 860,000       | 1,025,000     | 1,155,000     | 1,222,000     | 1,810,000     |
| Net incurred   | 8,537,808      | 9,162,415      | 12,051,735     | 11,521,225     | 11,674,498    | 11,661,301    | 13,076,240    | 13,837,990    | 14,630,797    | 17,235,029    |
| 4. Net paid (cumulative) as of :   |                |                |                |                |               |               |               |               |               |               |
| End of policy year   | 1,327,647      | 2,058,691      | 2,355,454      | 2,313,638      | 1,702,912     | 1,827,061     | 1,622,001     | 2,812,515     | 2,909,828     | 2,684,900     |
| One year later   | 2,892,313      | 3,985,953      | 4,630,229      | 5,197,925      | 3,375,115     | 3,176,237     | 9,430,733     | 6,238,788     | 6,932,966     |               |
| Two years later  | 4,419,948      | 5,066,762      | 5,405,345      | 9,257,380      | 6,537,956     | 5,560,989     | 10,866,250    | 7,358,677     |               |               |
| Three years later  | 4,569,894      | 5,883,558      | 7,270,381      | 9,148,742      | 6,713,185     | 6,826,024     | 11,371,388    |               |               |               |
| Four years later   | 4,592,713      | 6,077,650      | 7,010,514      | 9,158,435      | 6,844,171     | 7,396,393     |               |               |               |               |
| Five years later   | 4,647,004      | 6,112,400      | 7,283,663      | 9,156,252      | 7,179,702     |               |               |               |               |               |
| Six years later  | 4,647,004      | 7,996,565      | 7,284,406      | 9,156,252      |               |               |               |               |               |               |
| Seven years later  | 4,648,071      | 7,995,529      | 7,284,406      |                |               |               |               |               |               |               |
| Eight years later  | 4,648,432      | 7,995,529      |                |                |               |               |               |               |               |               |
| Nine years later   | 4,648,432      |                |                |                |               |               |               |               |               |               |
| 5. Reestimated claims and expenses:  | 0              | 13,122,587     | 0              | 0              | 62,000        | 160,000       | 10,061,000    | 6,005,000     | 1,019,000     | 1,810,000     |
| 6. Reestimated net incurred claims and expenses:   |                |                |                |                |               |               |               |               |               |               |
| End of policy year   | 8,537,808      | 9,162,415      | 12,051,735     | 11,521,225     | 11,674,498    | 11,661,301    | 13,076,240    | 13,837,990    | 14,630,797    | 17,235,029    |
| One year later   | 6,729,662      | 10,676,485     | 8,611,154      | 10,817,319     | 10,717,162    | 10,791,082    | 15,836,297    | 13,526,276    | 13,992,690    |               |
| Two years later  | 6,742,879      | 9,275,901      | 7,454,187      | 10,800,508     | 9,064,480     | 10,205,529    | 17,077,914    | 16,359,364    |               |               |
| Three years later  | 5,191,809      | 8,487,171      | 7,961,888      | 9,960,435      | 7,428,404     | 10,999,841    | 17,849,788    |               |               |               |
| Four years later   | 4,744,468      | 8,216,397      | 7,312,945      | 9,353,029      | 7,366,721     | 10,879,814    |               |               |               |               |
| Five years later   | 4,711,351      | 8,165,264      | 7,498,827      | 9,156,253      | 10,850,607    |               |               |               |               |               |
| Six years later  | 4,647,005      | 7,996,565      | 7,284,406      | 9,156,253      |               |               |               |               |               |               |
| Seven years later  | 4,655,076      | 7,995,529      | 7,284,406      |                |               |               |               |               |               |               |
| Eight years later  | 4,650,006      | 7,995,529      |                |                |               |               |               |               |               |               |
| Nine years later   | 4,648,432      |                |                |                |               |               |               |               |               |               |
| 7. Increase (decrease) in estimated incurred claims and expense from end of policy year: | \$ (3,889,376) | \$ (1,166,886) | \$ (4,767,329) | \$ (2,364,972) | \$ (823,891)  | \$ (781,487)  | \$ 4,773,548  | \$ 2,521,374  | \$ (638,107)  | \$ 0          |

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

TEN YEAR CLAIMS DEVELOPMENT INFORMATION  
AS OF SEPTEMBER 30, 2022

PROPERTY PROGRAM

|  | 2012/13      | 2013/14      | 2014/15      | 2015/16      | 2016/17      | 2017/18      | 2018/19      | 2019/20      | 2020/21      | 2021/22       |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| 1. Required contribution and investment revenue:   |              |              |              |              |              |              |              |              |              |               |
| Earned   | \$ 4,875,627 | \$ 5,111,733 | \$ 5,313,836 | \$ 5,062,890 | \$ 5,288,128 | \$ 5,734,725 | \$ 5,964,424 | \$ 6,961,565 | \$ 8,483,716 | \$ 10,613,486 |
| Ceded  | 3,368,987    | 2,720,489    | 2,318,261    | 1,527,000    | 1,523,521    | 1,657,369    | 3,042,615    | 4,831,663    | 6,464,344    | 8,109,461     |
| Net earned   | 1,506,640    | 2,391,244    | 2,995,575    | 3,535,890    | 3,764,607    | 4,077,356    | 2,921,809    | 2,129,902    | 2,019,372    | 2,504,025     |
| 2. Unallocated expenses  | 192,097      | 421,225      | 1,754,005    | 1,668,061    | 1,966,852    | 1,274,403    | 1,674,614    | 2,040,645    | 932,460      | 621,296       |
| 3. Estimated claims and expenses end of policy year:                                     |              |              |              |              |              |              |              |              |              |               |
| Incurred   | 2,532,879    | 3,122,568    | 949,153      | 1,403,306    | 5,960,208    | 4,625,770    | 13,273,427   | 2,196,813    | 4,460,497    | 36,527,468    |
| Ceded  | 1,815,000    | 1,917,000    | 96,880       | 531,733      | 4,226,383    | 3,316,000    | 10,419,000   | 455,000      | 1,326,000    | 34,019,000    |
| Net incurred   | 717,879      | 1,205,568    | 852,273      | 871,573      | 1,733,825    | 1,309,770    | 2,854,427    | 1,741,813    | 3,134,497    | 2,508,468     |
| 4. Net paid (cumulative) as of :   |              |              |              |              |              |              |              |              |              |               |
| End of policy year   | 596,198      | 952,945      | 611,312      | 847,420      | 1,275,484    | 1,089,031    | 2,110,318    | 735,138      | 1,902,445    | 1,535,697     |
| One year later   | 616,432      | 1,052,728    | 778,469      | 848,772      | 1,211,080    | 1,146,171    | 2,202,967    | 1,203,955    | 2,685,157    |               |
| Two years later  | 615,623      | 1,047,753    | 808,445      | 849,197      | 1,183,299    | 1,165,339    | 2,427,451    | 1,576,645    |              |               |
| Three years later  | 615,623      | 1,047,753    | 801,718      | 869,804      | 1,139,451    | 1,079,440    | 2,388,914    |              |              |               |
| Four years later   | 615,623      | 1,105,398    | 759,655      | 869,804      | 1,141,746    | 1,078,912    |              |              |              |               |
| Five years later   | 615,623      | 1,105,398    | 759,655      | 869,804      | 1,141,746    |              |              |              |              |               |
| Six years later  | 615,623      | 1,105,398    | 759,655      | 869,804      |              |              |              |              |              |               |
| Seven years later  | 615,623      | 1,105,398    | 759,655      |              |              |              |              |              |              |               |
| Eight years later  | 615,623      | 1,105,398    |              |              |              |              |              |              |              |               |
| Nine years later   | 615,623      |              |              |              |              |              |              |              |              |               |
| 5. Reestimated claims and expenses:  | 699,338      | 359,408      | 0            | 398,104      | 4,772,580    | 2,529,516    | 12,359,000   | 1,312,000    | 1,724,000    | 34,019,000    |
| 6. Reestimated net incurred claims and expenses:   |              |              |              |              |              |              |              |              |              |               |
| End of policy year   | 717,879      | 1,205,568    | 852,273      | 871,573      | 1,733,825    | 1,309,770    | 2,854,427    | 1,741,813    | 3,134,497    | 2,508,468     |
| One year later   | 618,919      | 1,052,729    | 1,039,107    | 870,772      | 1,512,876    | 1,148,440    | 2,582,914    | 2,318,206    | 3,331,348    |               |
| Two years later  | 615,623      | 1,047,754    | 809,445      | 871,272      | 1,259,393    | 1,167,503    | 2,459,948    | 2,439,874    |              |               |
| Three years later  | 615,623      | 1,107,754    | 801,718      | 871,272      | 1,253,000    | 1,079,441    | 2,397,909    |              |              |               |
| Four years later   | 615,623      | 1,105,399    | 759,655      | 871,272      | 1,153,356    | 1,078,913    |              |              |              |               |
| Five years later   | 615,623      | 1,105,399    | 759,655      | 871,272      | 1,153,356    |              |              |              |              |               |
| Six years later  | 615,623      | 1,105,399    | 759,655      | 871,272      |              |              |              |              |              |               |
| Seven years later  | 615,623      | 1,105,399    | 759,655      |              |              |              |              |              |              |               |
| Eight years later  | 615,623      | 1,105,399    |              |              |              |              |              |              |              |               |
| Nine years later   | 615,623      |              |              |              |              |              |              |              |              |               |
| 7. Increase (decrease) in estimated incurred claims and expense from end of policy year: | \$ (102,256) | \$ (100,169) | \$ (92,618)  | \$ (301)     | \$ (580,469) | \$ (230,857) | \$ (456,518) | \$ 698,061   | \$ 196,851   | \$ 0          |

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

TEN YEAR CLAIMS DEVELOPMENT INFORMATION  
AS OF SEPTEMBER 30, 2022

WORKERS' COMPENSATION

|  | 2012/13       | 2013/14       | 2014/15       | 2015/16        | 2016/17        | 2017/18        | 2018/19        | 2019/20       | 2020/21       | 2021/22       |
|--|---------------|---------------|---------------|----------------|----------------|----------------|----------------|---------------|---------------|---------------|
| 1. Required contribution and investment revenue:   |               |               |               |                |                |                |                |               |               |               |
| Earned   | \$ 13,489,777 | \$ 12,575,558 | \$ 12,583,983 | \$ 12,618,721  | \$ 12,959,196  | \$ 13,225,469  | \$ 13,912,610  | \$ 15,133,588 | \$ 14,235,672 | \$ 14,125,618 |
| Ceded  | 516,165       | 523,904       | 431,752       | 506,645        | 556,796        | 499,119        | 507,276        | 534,177       | 549,670       | 596,045       |
| Net earned   | 12,973,612    | 12,051,654    | 12,152,231    | 12,112,076     | 12,402,400     | 12,726,350     | 13,405,334     | 14,599,411    | 13,686,002    | 13,529,573    |
| 2. Unallocated expenses:   | 3,644,854     | 2,291,724     | 2,973,228     | 2,251,489      | 2,609,574      | 2,674,292      | 2,527,319      | 2,454,712     | 2,040,346     | 1,354,167     |
| 3. Estimated claims and expenses end of policy year:                                     |               |               |               |                |                |                |                |               |               |               |
| Incurred   | 5,915,673     | 6,196,556     | 5,805,056     | 5,698,539      | 7,202,203      | 6,645,736      | 6,903,658      | 7,513,616     | 6,810,448     | 5,521,091     |
| Ceded  | 32,500        | 130,000       | 0             | 0              | 0              | 0              | 0              | 0             | 0             | 0             |
| Net incurred   | 5,883,173     | 6,066,556     | 5,805,056     | 5,698,539      | 7,202,203      | 6,645,736      | 6,903,658      | 7,513,616     | 6,810,448     | 5,521,091     |
| 4. Net paid (cumulative) as of :   |               |               |               |                |                |                |                |               |               |               |
| End of policy year   | 1,665,717     | 1,472,839     | 1,332,057     | 1,151,894      | 1,611,621      | 1,365,070      | 1,379,721      | 1,908,694     | 1,741,263     | 1,336,009     |
| One year later   | 3,039,536     | 2,499,754     | 2,726,529     | 1,666,309      | 2,345,827      | 2,248,484      | 2,343,026      | 3,104,064     | 2,767,921     |               |
| Two years later  | 3,944,478     | 3,207,520     | 3,343,412     | 2,086,129      | 2,657,368      | 2,579,285      | 3,008,537      | 4,258,175     |               |               |
| Three years later  | 4,974,571     | 3,675,577     | 3,828,609     | 2,274,301      | 2,995,480      | 2,828,582      | 3,324,110      |               |               |               |
| Four years later   | 5,612,187     | 4,198,011     | 4,131,207     | 2,561,481      | 3,149,659      | 3,397,262      |                |               |               |               |
| Five years later   | 5,947,094     | 4,452,783     | 4,412,425     | 2,635,281      | 3,261,608      |                |                |               |               |               |
| Six years later  | 6,449,578     | 4,527,664     | 4,611,577     | 2,684,846      |                |                |                |               |               |               |
| Seven years later  | 6,642,776     | 4,603,819     | 4,887,139     |                |                |                |                |               |               |               |
| Eight years later  | 6,767,339     | 4,645,896     |               |                |                |                |                |               |               |               |
| Nine years later   | 6,844,942     |               |               |                |                |                |                |               |               |               |
| 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   | 5,883,173     | 6,066,556     | 5,805,056     | 5,698,539      | 7,202,203      | 6,645,736      | 6,903,658      | 7,513,616     | 6,810,448     | 5,521,091     |
| One year later   | 6,382,564     | 5,387,863     | 6,638,361     | 4,581,505      | 5,965,054      | 5,901,694      | 6,046,702      | 6,668,007     | 6,276,953     |               |
| Two years later  | 6,853,254     | 5,705,488     | 6,740,067     | 3,800,513      | 5,069,443      | 5,082,436      | 5,131,153      | 6,675,886     |               |               |
| Three years later  | 7,985,933     | 5,778,062     | 6,080,657     | 3,555,630      | 4,594,823      | 4,543,984      | 4,438,211      |               |               |               |
| Four years later   | 8,496,518     | 5,615,771     | 5,992,903     | 3,362,048      | 4,350,572      | 4,339,326      |                |               |               |               |
| Five years later   | 8,816,370     | 5,480,036     | 5,780,867     | 3,220,651      | 4,084,561      |                |                |               |               |               |
| Six years later  | 8,815,573     | 5,034,373     | 5,840,153     | 2,998,026      |                |                |                |               |               |               |
| Seven years later  | 8,152,415     | 4,995,580     | 5,514,912     |                |                |                |                |               |               |               |
| Eight years later  | 8,096,333     | 5,105,541     |               |                |                |                |                |               |               |               |
| Nine years later   | 8,079,864     |               |               |                |                |                |                |               |               |               |
| 7. Increase (decrease) in estimated incurred claims and expense from end of policy year: | \$ 2,196,691  | \$ (961,015)  | \$ (290,144)  | \$ (2,700,513) | \$ (3,117,642) | \$ (2,306,410) | \$ (2,465,447) | \$ (837,730)  | \$ (533,495)  | \$ 0          |



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

TEN YEAR CLAIMS DEVELOPMENT INFORMATION  
AS OF SEPTEMBER 30, 2022\*\*

EMPLOYEE BENEFITS

|  | 2012*         | 2013           | 2014           | 2015           | 2016           | 2017           | 2018           | 2019           | 2020           | 2021           |
|--|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| 1. Required contribution and investment revenue:   |               |                |                |                |                |                |                |                |                |                |
| Earned   | \$ 56,282,726 | \$ 114,818,392 | \$ 122,385,734 | \$ 124,199,980 | \$ 132,820,573 | \$ 141,651,982 | \$ 149,060,582 | \$ 149,327,404 | \$ 152,517,448 | \$ 157,231,521 |
| Ceded  | 541,419       | 836,491        | 1,029,985      | 1,276,428      | 1,538,801      | 1,636,443      | 2,107,541      | 2,847,451      | 3,042,473      | 2,135,657      |
| Net earned   | 55,741,307    | 113,981,901    | 121,355,749    | 122,923,552    | 131,281,772    | 140,015,539    | 146,953,041    | 146,479,954    | 149,474,976    | 155,095,864    |
| 2. Unallocated expenses:   | 737,231       | 1,734,193      | 2,878,450      | 3,681,387      | 2,994,455      | 2,817,544      | 2,443,630      | 2,677,795      | 2,635,152      | 2,431,738      |
| 3. Estimated claims and expenses end of policy year:                                     |               |                |                |                |                |                |                |                |                |                |
| Incurred   | 35,205,118    | 70,429,600     | 73,414,224     | 81,097,989     | 86,200,856     | 82,300,575     | 77,042,190     | 74,922,732     | 69,713,938     | 79,286,633     |
| Ceded  | 3,262,087     | 755,783        | 691,553        | 1,908,777      | 4,646,895      | 1,220,439      | 2,580,695      | 1,199,949      | 1,139,603      | 2,191,835      |
| Net incurred   | 31,943,031    | 69,673,817     | 72,722,671     | 79,189,212     | 81,553,961     | 81,080,136     | 74,461,495     | 73,722,783     | 68,574,335     | 77,094,798     |
| 4. Net paid (cumulative) as of :   |               |                |                |                |                |                |                |                |                |                |
| End of policy year   | 31,943,031    | 69,673,817     | 74,354,752     | 79,189,212     | 81,553,961     | 81,080,136     | 74,461,495     | 73,722,783     | 68,574,335     | 77,094,798     |
| One year later   | 32,327,809    | 69,742,278     | 74,319,010     | 79,155,502     | 81,292,341     | 80,826,492     | 73,801,326     | 71,802,955     | 67,435,994     |                |
| Two years later  | 31,837,837    | 69,744,060     | 74,319,010     | 78,652,326     | 81,295,992     | 80,840,759     | 73,346,741     | 71,802,750     |                |                |
| Three years later  | 31,837,948    | 69,744,060     | 74,319,761     | 78,661,126     | 81,297,624     | 80,840,661     | 73,346,741     |                |                |                |
| Four years later   | 31,837,948    | 69,748,815     | 74,345,853     | 78,661,126     | 81,297,624     | 80,840,661     |                |                |                |                |
| Five years later   | 31,837,897    | 69,779,919     | 74,346,152     | 78,661,126     | 81,297,624     |                |                |                |                |                |
| Six years later  | 31,837,897    | 69,780,190     | 74,346,303     | 78,661,126     |                |                |                |                |                |                |
| Seven years later  | 31,840,108    | 69,780,190     | 74,346,303     |                |                |                |                |                |                |                |
| Eight years later  | 31,840,108    | 69,780,190     |                |                |                |                |                |                |                |                |
| Nine years later   | 31,840,108    |                |                |                |                |                |                |                |                |                |
| 5. Reestimated claims and expenses:  | 3,262,087     | 755,783        | 691,553        | 1,908,777      | 4,690,073      | 1,218,617      | 1,201,469      | 1,201,469      | 1,324,308      | 2,191,835      |
| 6. Reestimated net incurred claims and expenses:   |               |                |                |                |                |                |                |                |                |                |
| End of policy year   | 31,943,031    | 69,673,817     | 72,722,671     | 79,189,212     | 81,553,961     | 81,080,136     | 74,461,495     | 73,722,783     | 68,574,335     | 77,094,798     |
| One year later   | 35,484,702    | 70,594,649     | 74,319,010     | 79,155,502     | 81,292,341     | 80,826,492     | 73,801,326     | 71,802,955     | 67,435,994     |                |
| Two years later  | 34,609,952    | 69,744,060     | 74,319,010     | 78,652,326     | 81,295,992     | 80,840,759     | 73,346,741     | 71,802,750     |                |                |
| Three years later  | 31,837,948    | 69,744,060     | 74,319,761     | 78,661,126     | 81,297,624     | 80,840,661     | 73,346,741     |                |                |                |
| Four years later   | 31,837,948    | 69,748,815     | 74,345,853     | 78,661,126     | 81,297,624     | 80,840,661     |                |                |                |                |
| Five years later   | 31,837,897    | 69,779,919     | 74,346,152     | 78,661,126     | 81,297,624     |                |                |                |                |                |
| Six years later  | 31,837,897    | 69,780,190     | 74,346,303     | 78,661,126     |                |                |                |                |                |                |
| Seven years later  | 31,840,108    | 69,780,190     | 74,346,303     |                |                |                |                |                |                |                |
| Eight years later  | 31,840,108    | 69,780,190     |                |                |                |                |                |                |                |                |
| Nine years later   | 31,840,108    |                |                |                |                |                |                |                |                |                |
| 7. Increase (decrease) in estimated incurred claims and expense from end of policy year: | \$ (102,923)  | \$ 106,373     | \$ 1,623,632   | \$ (528,086)   | \$ (256,337)   | \$ (239,475)   | \$ (1,114,754) | \$ (1,920,033) | \$ (1,138,341) | \$ 0           |

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

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

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

Notes to Required Supplementary Information  
Year Ended September 30, 2022

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

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

**(2) Claims Development Information**

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

The rows of the table are defined as follows:

1. This line shows the total of each fiscal year's gross earned contribution revenue and investment revenue, contribution revenue ceded to reinsurers, and net earned contribution revenue and reported investment revenue.
2. This line shows each fiscal year's other operating costs including overhead and claims expense not allocable to individual claims.
3. This line shows the gross incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred.
4. This section of ten rows shows the cumulative net amounts paid as of the net of successive years for each policy year.
5. This line shows the latest re-estimated amount of claims assumed by reinsurers as of the end of the current year for each accident year.
6. This section shows the annually re-estimated results from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims not previously known.
7. This line compares the latest re-estimated net incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of net claims cost is greater or less than originally thought.

As data for individual policy years mature, the correlation between original estimates and re-estimated amounts commonly is used to evaluate the accuracy of net incurred claims currently recognized in less mature policy years. The columns of the table show data for successive policy years.

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

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>      |
|--|-------------|-------------|-------------|---------------|------------------|
| Actuarial determined contribution                                    | \$ 221,901  | \$ 232,094  | \$ 278,058  | \$ 291,961    | \$ 0             |
| Contributions in relation to the actuarially determined contribution | (221,901)   | (232,094)   | (278,058)   | (201,239)     | (204,153)        |
| Contribution deficiency (excess)                                     | <u>0</u>    | <u>0</u>    | <u>0</u>    | <u>90,722</u> | <u>(204,153)</u> |
| <br>   |             |             |             |               |                  |
| Covered payroll  | 4,524,319   | 4,837,414   | 5,158,992   | 5,354,008     | 5,594,705        |
| <br>   |             |             |             |               |                  |
| Contributions as a percentage of covered payroll                     | 4.90%       | 4.80%       | 5.39%       | 3.76%         | 3.65%            |

**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:**

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

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

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

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

**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\*

|   | <u>2018</u>         | <u>2019</u>           | <u>2020</u>           | <u>2021</u>           | <u>2022</u>           |
|---|---------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>TOTAL OPEB LIABILITY</b>   |                     |                       |                       |                       |                       |
| Service cost  | \$ 269,165          | \$ 282,624            | \$ 259,189            | \$ 272,149            | \$ 242,007            |
| Interest  | 476,950             | 518,285               | 510,671               | 551,507               | 543,802               |
| Differences between expected and actual experience                      | (11)                | (178,909)             | (31,073)              | 150,000               | (67,937)              |
| Changes of assumptions  | 0                   | (516,365)             | 0                     | (846,669)             | 0                     |
| Benefit payments  | <u>(190,988)</u>    | <u>(192,597)</u>      | <u>(180,755)</u>      | <u>(201,239)</u>      | <u>(204,153)</u>      |
| <b>NET CHANGE IN TOTAL OPEB LIABILITY</b>                               | 555,116             | (86,962)              | 558,032               | (74,252)              | 513,719               |
| <b>TOTAL OPEB LIABILITY, Beginning</b>                                  | <u>6,376,160</u>    | <u>6,931,276</u>      | <u>6,844,314</u>      | <u>7,402,346</u>      | <u>7,328,094</u>      |
| <b>TOTAL OPEB LIABILITY, Ending (a)</b>                                 | <u>6,931,276</u>    | <u>6,844,314</u>      | <u>7,402,346</u>      | <u>7,328,094</u>      | <u>7,841,813</u>      |
| <b>PLAN FIDUCIARY NET POSITION</b>                                      |                     |                       |                       |                       |                       |
| Contributions—employer  | 319,185             | 232,094               | 278,058               | 201,239               | 204,153               |
| Net investment income (loss)  | 483,241             | 488,951               | 297,577               | 2,421,291             | (1,502,948)           |
| Benefit payments  | (190,988)           | (192,597)             | (180,755)             | (201,239)             | (204,153)             |
| Administrative expense  | <u>(3,795)</u>      | <u>(3,890)</u>        | <u>(4,190)</u>        | <u>(3,335)</u>        | <u>(5,459)</u>        |
| <b>NET CHANGE IN PLAN FIDUCIARY NET POSITION</b>                        | 607,643             | 524,558               | 390,690               | 2,417,956             | (1,508,407)           |
| <b>PLAN FIDUCIARY NET POSITION, Beginning</b>                           | <u>7,292,762</u>    | <u>7,900,405</u>      | <u>8,424,963</u>      | <u>8,815,653</u>      | <u>11,233,609</u>     |
| <b>PLAN FIDUCIARY NET POSITION, Ending (b)</b>                          | <u>7,900,405</u>    | <u>8,424,963</u>      | <u>8,815,653</u>      | <u>11,233,609</u>     | <u>9,725,202</u>      |
| <b>NET OPEB LIABILITY (ASSET), Ending (a) - (b)</b>                     | <u>\$ (969,129)</u> | <u>\$ (1,580,649)</u> | <u>\$ (1,413,307)</u> | <u>\$ (3,905,515)</u> | <u>\$ (1,883,389)</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | 113.98%             | 123.09%               | 119.09%               | 153.30%               | 124.02%               |
| Covered payroll   | \$ 4,470,013        | \$ 5,092,412          | \$ 5,063,961          | \$ 5,346,015          | \$ 5,496,891          |
| Net OPEB asset as a percentage of covered payroll                       | -21.68%             | -31.04%               | -27.91%               | -73.05%               | -34.26%               |

**Notes to Schedule:**

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

**Assumption Changes:**

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

\* Fiscal year 2018 was the 1st year of implementation, therefore only five 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, 2022  
Last 10 Years\*

|  | Measurement Date |                  |                  |                  |                  |                  |                  |                  |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|  | <u>6/30/2015</u> | <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> |
| The JPIA's Proportion of the Net Pension Liability (Asset)   | (0.01024%)       | 0.038815%        | 0.013959%        | (0.023017%)      | (0.008359%)      | (0.003275%)      | (0.25097%)       | 0.030884%        |
| The JPIA's Proportionate Share of the Net Pension Liability (Asset)  | (\$280,963)      | \$1,348,385      | \$550,282        | (\$867,450)      | (\$334,731)      | (\$138,133)      | (\$4,765,400)    | \$1,445,119      |
| The JPIA's Covered Payroll   | \$3,838,778      | \$4,240,054      | \$4,411,665      | \$4,470,013      | \$4,759,677      | \$5,063,961      | \$5,549,223      | \$5,496,891      |
| The JPIA's Proportionate Share of the Net Pension Liability/Asset as a Percentage of its Covered Payroll           | (7.32%)          | 31.80%           | 12.47%           | (19.41%)         | (7.03%)          | (2.73%)          | (85.88%)         | 26.29%           |
| The JPIA's Proportionate Share of the Fiduciary Net Position as a Percentage of the JPIA's Total Pension Liability | 101.34%          | 78.40%           | 73.31%           | 75.26%           | 75.26%           | 75.10%           | 88.29%           | 76.68%           |

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

**Notes to Schedule:**

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

**Changes in assumptions** - In 2018, demographic assumptions and inflation rate were changed in accordance with CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the financial reporting discount rate was lowered from 7.65% to 7.15%. Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. 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, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.

**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, 2022  
Last 10 Years\*

SCHEDULE OF CONTRIBUTIONS TO THE DEFINED BENEFIT PENSION PLAN

|   | <u>2015</u>    | <u>2016</u>    | <u>2017</u>        | <u>2018</u>        | <u>2019</u>    | <u>2020</u>      | <u>2021</u>    | <u>2022</u>     |
|---|----------------|----------------|--------------------|--------------------|----------------|------------------|----------------|-----------------|
| Actuarially determined contribution (actuarially determined)          | \$ 334,581     | \$ 352,666     | \$ 349,738         | \$ 361,115         | \$ 401,175     | \$ 437,050       | \$ 478,790     | \$ 498,192      |
| Contributions in relation to the actuarially determined contributions | <u>334,581</u> | <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>  |
| Contribution deficiency (excess)                                      | <u>0</u>       | <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> |
| Covered payroll   | \$ 3,917,613   | \$ 4,519,745   | \$ 4,428,325       | \$ 4,524,319       | \$ 4,837,414   | \$ 5,158,992     | \$ 5,354,008   | \$ 5,594,705    |
| Contributions as a percentage of covered payroll                      | 8.54%          | 7.80%          | 38.35%             | 31.64%             | 8.48%          | 16.48%           | 9.02%          | 9.97%           |

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

**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, 2022

|   | LIABILITY          | DAM<br>FAILURE | PROPERTY          | PASS -<br>THROUGHS | WORKERS'<br>COMP   | STORAGE<br>TANKS | EMPLOYEE<br>BENEFITS  | RPA<br>ADJUSTMENTS | CWIF                   | INTER-FUND<br>ELIMINATIONS | TOTALS                 |
|---|--------------------|----------------|-------------------|--------------------|--------------------|------------------|-----------------------|--------------------|------------------------|----------------------------|------------------------|
| <b>OPERATING REVENUES</b>                     |                    |                |                   |                    |                    |                  |                       |                    |                        |                            |                        |
| Member premiums                               | \$ 21,787,701      | \$ 512,250     | \$ 11,123,376     | \$ 1,139,584       | \$ 13,713,288      | \$ 38,741        | \$ 150,599,857        | \$ 0               | \$ 34,078,047          | \$ (34,078,047)            | \$ 198,914,797         |
| Retrospective premium adjustments             | 14,531,522         | 0              | 1,287,489         | 0                  | (5,797,302)        | (27,635)         | 0                     | 781,357            | 0                      | 0                          | 10,775,431             |
| <b>TOTAL OPERATING REVENUES</b>               | <b>36,319,223</b>  | <b>512,250</b> | <b>12,410,865</b> | <b>1,139,584</b>   | <b>7,915,986</b>   | <b>11,106</b>    | <b>150,599,857</b>    | <b>781,357</b>     | <b>34,078,047</b>      | <b>(34,078,047)</b>        | <b>209,690,228</b>     |
| <b>OPERATING EXPENSES</b>                     |                    |                |                   |                    |                    |                  |                       |                    |                        |                            |                        |
| Claims expense:                               |                    |                |                   |                    |                    |                  |                       |                    |                        |                            |                        |
| Claims paid                                   | 9,353,618          | 0              | 2,680,976         | 0                  | 5,619,689          | 0                | 78,488,622            |                    | 10,214,539             | (10,214,539)               | 96,142,905             |
| Change in claims reserves                     | 10,983,988         | 0              | (1,265,548)       | 0                  | (855,053)          | 0                | 0                     |                    | 10,200,469             | (10,200,469)               | 8,863,387              |
| Change in claims incurred but not reported    | 3,231,284          | 0              | 980,714           | 0                  | (1,457,783)        | 0                | 744,000               |                    | 3,834,857              | (3,834,857)                | 3,498,215              |
| Change in unallocated loss adjustment expense | 61,490             | 0              | 26,555            | 0                  | (895,018)          | 0                | 0                     |                    | 0                      | 0                          | (806,973)              |
| Total claims expense                          | 23,630,380         | 0              | 2,422,697         | 0                  | 2,411,835          | 0                | 79,232,622            | 0                  | 24,249,865             | (24,249,865)               | 107,697,534            |
| Excess insurance                              | 8,715,983          | 512,250        | 7,822,944         | 1,136,575          | 595,970            | 18,605           | 2,211,749             |                    | 0                      | (2,807,846)                | 18,206,230             |
| Benefit premiums                              | 0                  | 0              | 0                 | 0                  | 0                  | 0                | 69,351,776            |                    | 0                      | 0                          | 69,351,776             |
| Pension expense (credit)                      | 2,113,071          | 0              | 986,097           | 0                  | 2,540,280          |                  | 1,537,050             |                    | 0                      | 0                          | 7,176,498              |
| General, Administrative & Depreciation        | 3,078,193          | 0              | 1,426,113         | 3,009              | 3,841,843          | 0                | 1,864,832             |                    | 10,616,871             | (10,616,871)               | 10,213,990             |
| <b>TOTAL OPERATING EXPENSES</b>               | <b>37,537,627</b>  | <b>512,250</b> | <b>12,657,851</b> | <b>1,139,584</b>   | <b>9,389,928</b>   | <b>18,605</b>    | <b>154,198,029</b>    | <b>0</b>           | <b>34,866,736</b>      | <b>(37,674,582)</b>        | <b>212,646,028</b>     |
| <b>OPERATING INCOME (LOSS)</b>                | <b>(1,218,404)</b> | <b>0</b>       | <b>(246,986)</b>  | <b>0</b>           | <b>(1,473,942)</b> | <b>(7,499)</b>   | <b>(3,598,172)</b>    | <b>781,357</b>     | <b>(788,689)</b>       | <b>3,596,535</b>           | <b>(2,955,800)</b>     |
| <b>NONOPERATING REVENUES</b>                  |                    |                |                   |                    |                    |                  |                       |                    |                        |                            |                        |
| Investment income                             | 1,311,820          | 0              | 254,242           | 0                  | 1,556,472          | 11,994           | 1,296,059             |                    | 3,747,820              | (3,747,820)                | 4,430,587              |
| Net decrease in investment fair value         | (93,416)           | 0              | (7,256)           | 0                  | (82,530)           | (621)            | (3,498,780)           |                    | (34,818,795)           | 0                          | (38,501,398)           |
| <b>TOTAL NONOPERATING REVENUES</b>            | <b>1,218,404</b>   | <b>0</b>       | <b>246,986</b>    | <b>0</b>           | <b>1,473,942</b>   | <b>11,373</b>    | <b>(2,202,721)</b>    | <b>0</b>           | <b>(31,070,975)</b>    | <b>(3,747,820)</b>         | <b>(34,070,811)</b>    |
| <b>CHANGE IN NET POSITION</b>                 | <b>\$ 0</b>        | <b>\$ 0</b>    | <b>\$ 0</b>       | <b>\$ 0</b>        | <b>\$ 0</b>        | <b>\$ 3,874</b>  | <b>\$ (5,800,893)</b> | <b>\$ 781,357</b>  | <b>\$ (31,859,664)</b> | <b>\$ (151,285)</b>        | <b>\$ (37,026,611)</b> |



**CALIFORNIA WATER INSURANCE FUND**

SCHEDULE OF NET POSITION  
SEPTEMBER 30, 2022

|                                     | <u>2022</u>          | Comparative Totals<br><u>2021</u> |
|-------------------------------------|----------------------|-----------------------------------|
| <b>ASSETS:</b>                      |                      |                                   |
| <b>CURRENT ASSETS</b>               |                      |                                   |
| Cash and cash equivalents           | \$ 4,246,647         | \$ 566,989                        |
| Premiums receivable                 | 18,838,051           | 24,834,322                        |
| <b>TOTAL CURRENT ASSETS</b>         | <u>23,084,698</u>    | <u>25,401,311</u>                 |
| <b>NONCURRENT ASSETS</b>            |                      |                                   |
| Investments                         | <u>129,941,005</u>   | <u>76,389,018</u>                 |
| <b>TOTAL ASSETS</b>                 | <u>153,025,703</u>   | <u>101,790,329</u>                |
| <br><b>LIABILITIES:</b>             |                      |                                   |
| <b>CURRENT LIABILITIES</b>          |                      |                                   |
| Administrative fees payable to JPIA | 6,869,051            | 10,808,146                        |
| Claim reimbursements payable        | 10,214,539           | 8,066,009                         |
| Dividends payable                   | 3,747,820            | 4,167,542                         |
| Unearned premiums                   | 6,603,450            | 10,033,451                        |
| Claims reserves                     | 10,200,463           | 8,148,049                         |
| <b>TOTAL CURRENT LIABILITIES</b>    | <u>37,635,323</u>    | <u>41,223,197</u>                 |
| <b>NONCURRENT LIABILITIES</b>       |                      |                                   |
| Claims reserves                     | 9,431,229            | 2,215,788                         |
| Claims incurred but not reported    | 20,264,954           | 15,497,483                        |
| <b>TOTAL NONCURRENT LIABILITIES</b> | <u>29,696,183</u>    | <u>17,713,271</u>                 |
| <b>TOTAL LIABILITIES</b>            | <u>67,331,506</u>    | <u>58,936,468</u>                 |
| <br><b>NET POSITION:</b>            |                      |                                   |
| Capital stock                       | 250,000              | 250,000                           |
| Paid-in capital                     | 96,700,000           | 22,000,000                        |
| Unrestricted                        | <u>(11,255,803)</u>  | <u>20,603,861</u>                 |
| <b>TOTAL NET POSITION</b>           | <u>\$ 85,694,197</u> | <u>\$ 42,853,861</u>              |

## CALIFORNIA WATER INSURANCE FUND

### SCHEDULE OF CASH FLOWS YEAR ENDED SEPTEMBER 30, 2022

|  | <b>2022</b>          | Comparative Totals<br><b>2021</b> |
|--|----------------------|-----------------------------------|
|  | <u>2022</u>          | <u>2021</u>                       |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                      |                                   |
| Cash received for premiums   | \$ 36,644,317        | \$ 24,411,262                     |
| Dividends paid back to JPIA  | (4,167,542)          | 0                                 |
| Payments for claims  | (8,066,009)          | (2,881,429)                       |
| Payments for administrative fees   | (10,808,146)         | (642,988)                         |
| NET CASH PROVIDED BY OPERATING ACTIVITIES  | <u>13,602,620</u>    | <u>20,886,845</u>                 |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>                      |                      |                                   |
| Paid in capital from JPIA  | <u>74,700,000</u>    | <u>0</u>                          |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                      |                                   |
| Purchase of securities   | (134,740,936)        | (40,362,735)                      |
| Proceeds from sales of investments   | 46,370,154           | 18,359,245                        |
| Investment earnings  | 3,984,248            | 1,428,536                         |
| Investment expenses  | (236,428)            | (152,739)                         |
| NET CASH USED BY INVESTING ACTIVITIES  | <u>(84,622,962)</u>  | <u>(20,727,693)</u>               |
| Increase in cash and cash equivalents  | 3,679,658            | 159,152                           |
| Cash and cash equivalents, beginning   | 566,989              | 407,837                           |
| <b>Cash and cash equivalents, end of year</b>  | <u>\$ 4,246,647</u>  | <u>\$ 566,989</u>                 |
| <b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b> |                      |                                   |
| Operating income (loss)  | \$ (788,689)         | \$ 3,654,888                      |
| Adjustments to net cash provided by operating activities:                            |                      |                                   |
| Change in member premiums receivable   | 5,996,271            | (11,436,396)                      |
| Change in administrative fees payable  | (3,939,095)          | 7,337,296                         |
| Change in claims reimbursements payable  | 2,148,530            | 4,569,916                         |
| Change in dividends payable  | (419,722)            | 4,167,542                         |
| Change in unearned member premiums   | (3,430,001)          | (36,237)                          |
| Change in claims liabilities   | 14,035,326           | 12,629,836                        |
| NET CASH PROVIDED BY OPERATING ACTIVITIES  | <u>\$ 13,602,620</u> | <u>\$ 20,886,845</u>              |
| <b>NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>                         |                      |                                   |
| Change in unrealized fair value of investments                                       | \$ (34,818,795)      | \$ 7,176,553                      |

**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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## 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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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, |                      |                      |                      |                      |                      |                      |                       |                       |                       |
|--|---------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|
|  | 2013                      | 2014                 | 2015                 | 2016                 | 2017                 | 2018                 | 2019                 | 2020                  | 2021                  | 2022                  |
| <b>Assets</b>  |                           |                      |                      |                      |                      |                      |                      |                       |                       |                       |
| Current assets   | \$ 88,718,697             | \$ 69,901,479        | \$ 72,465,623        | \$ 64,697,698        | \$ 67,511,963        | \$ 60,182,304        | \$ 75,977,556        | \$ 90,574,861         | \$ 55,041,382         | \$ 62,751,382         |
| Noncurrent assets  | 106,104,907               | 125,682,527          | 122,029,131          | 124,869,063          | 131,853,381          | 128,161,913          | 136,122,295          | 146,950,212           | 216,728,977           | 183,863,832           |
| <b>TOTAL ASSETS</b>  | <b>194,823,604</b>        | <b>195,584,006</b>   | <b>194,494,754</b>   | <b>189,566,761</b>   | <b>199,365,344</b>   | <b>188,344,217</b>   | <b>212,099,851</b>   | <b>237,525,073</b>    | <b>271,770,359</b>    | <b>246,615,214</b>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES RELATED TO PENSION</b>                                   |                           |                      | 625,033              | 1,065,779            | 1,404,974            | 1,063,032            | 480,729              | 741,645               | 1,027,236             | 5,034,164             |
| <b>DEFERRED OUTFLOWS OF RESOURCES RELATED TO OTHER POSTEMPLOYMENT BENEFITS<sup>2</sup></b> |                           |                      |                      |                      |                      | 35,283               | 73,061               | 313,105               | 161,906               | 1,074,398             |
| <b>Liabilities</b>   |                           |                      |                      |                      |                      |                      |                      |                       |                       |                       |
| Current liabilities  | 52,189,011                | 53,163,043           | 55,874,099           | 63,978,099           | 65,377,439           | 44,238,468           | 49,702,296           | 55,629,664            | 49,931,094            | 54,139,990            |
| Noncurrent liabilities   | 48,118,825                | 54,463,790           | 57,465,715           | 57,496,224           | 58,494,030           | 56,582,233           | 62,344,624           | 57,445,500            | 73,627,596            | 82,986,616            |
| <b>TOTAL LIABILITIES</b>   | <b>100,307,836</b>        | <b>107,626,833</b>   | <b>113,339,814</b>   | <b>121,474,323</b>   | <b>123,871,469</b>   | <b>100,820,701</b>   | <b>112,046,920</b>   | <b>113,075,164</b>    | <b>123,558,690</b>    | <b>137,126,606</b>    |
| <b>DEFERRED INFLOWS OF RESOURCES RELATED TO PENSION</b>                                    |                           |                      | 846,155              | 1,802,985            | 1,576,175            | 2,117,303            | 1,070,024            | 1,281,433             | (2,780,885)           | 1,634,493             |
| <b>DEFERRED INFLOWS OF RESOURCES RELATED TO OTHER POSTEMPLOYMENT BENEFITS<sup>2</sup></b>  |                           |                      |                      |                      |                      | 38,924               | 602,195              | 536,019               | 2,371,164             | 1,178,756             |
| <b>Net Position</b>  |                           |                      |                      |                      |                      |                      |                      |                       |                       |                       |
| Net investment in capital assets   | 6,560,350                 | 6,206,203            | 5,302,885            | 5,072,656            | 4,839,789            | 4,641,581            | 4,539,034            | 4,310,372             | 4,104,251             | 3,910,782             |
| Unrestricted   | 87,955,418                | 81,750,970           | 75,630,933           | 63,630,961           | 70,482,885           | 81,824,023           | 94,395,468           | 119,376,835           | 145,706,281           | 108,873,139           |
| <b>TOTAL NET POSITION</b>  | <b>\$ 94,515,768</b>      | <b>\$ 87,957,173</b> | <b>\$ 80,933,818</b> | <b>\$ 68,703,617</b> | <b>\$ 75,322,674</b> | <b>\$ 86,465,604</b> | <b>\$ 98,934,502</b> | <b>\$ 123,687,207</b> | <b>\$ 149,810,532</b> | <b>\$ 112,783,921</b> |

1- Beginning in the fiscal year ended September 30, 2015, GASB 68 required the recognition of net pension liability, the related deferred outflows and inflows of resources, and pension expenses.

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

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

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
Last Ten Fiscal Years  
Fiscal Year Ended September 30,

|   | 2013                | 2014                  | 2015                  | 2016                   | 2017                | 2018                 | 2019                 | 2020                 | 2021*                | 2022*                  |
|---|---------------------|-----------------------|-----------------------|------------------------|---------------------|----------------------|----------------------|----------------------|----------------------|------------------------|
| <b>REVENUES</b>                                       |                     |                       |                       |                        |                     |                      |                      |                      |                      |                        |
| Member premiums                                       | \$ 147,247,532      | \$ 152,994,168        | \$ 154,042,184        | \$ 159,008,617         | \$ 171,496,710      | \$ 179,425,274       | \$ 183,179,723       | \$ 194,507,327       | \$ 200,775,298       | \$ 198,914,797         |
| Retrospective premium adjustments                     | (6,957,472)         | (10,979,765)          | 3,619,551             | (12,017,219)           | (1,504,527)         | (3,380,970)          | (9,532,430)          | (5,377,009)          | (11,457,566)         | 10,775,431             |
| <b>TOTAL OPERATING REVENUES</b>                       | <b>140,290,060</b>  | <b>142,014,403</b>    | <b>157,661,735</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>EXPENSES</b>                                       |                     |                       |                       |                        |                     |                      |                      |                      |                      |                        |
| Claims paid   | 79,132,931          | 86,929,610            | 92,455,329            | 97,258,190             | 92,556,531          | 93,668,325           | 87,791,048           | 90,772,703           | 85,905,737           | 96,142,905             |
| Change in excess aggregate recovery                   | 399,779             | 0                     | 0                     | 0                      | 0                   | 0                    | 0                    | 0                    | 0                    | 0                      |
| Change in claim reserves                              | 1,651,729           | 1,109,472             | 4,098,558             | (1,008,442)            | (255,677)           | 3,187,095            | 3,253,830            | (103,945)            | 4,749,782            | 8,863,387              |
| Change in claims incurred but not reported            | (2,586,808)         | 616,144               | 4,153,850             | (3)                    | 3,832,135           | (6,123,633)          | 172,859              | (4,252,240)          | 2,807,404            | 3,498,215              |
| Change in unallocated loss (gain) adjustment expenses | (154,761)           | 490,716               | 281,517               | 277,793                | 165,446             | (304,308)            | 51,335               | (686,050)            | 1,301,398            | (806,973)              |
| <b>TOTAL CLAIMS EXPENSE</b>                           | <b>78,442,870</b>   | <b>89,145,942</b>     | <b>100,989,254</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>     |
| Excess insurance and premium payments                 | 47,335,990          | 52,622,414            | 53,517,864            | 54,164,327             | 56,875,871          | 63,658,940           | 68,238,635           | 76,240,115           | 79,743,790           | 87,558,006             |
| General and administrative                            | 7,198,325           | 7,549,473             | 9,346,478             | 10,642,018             | 10,741,391          | 10,865,359           | 9,630,392            | 10,687,493           | 28,733               | 17,171,910             |
| Depreciation  | 322,789             | 366,360               | 341,832               | 268,088                | 254,843             | 244,521              | 218,147              | 228,662              | 223,612              | 218,578                |
| <b>TOTAL OPERATING EXPENSES</b>                       | <b>133,299,974</b>  | <b>149,684,189</b>    | <b>164,195,428</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>OPERATING INCOME (LOSS)</b>                        | <b>6,990,086</b>    | <b>(7,669,786)</b>    | <b>(6,533,693)</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>SPECIAL ITEM</b>                                   |                     |                       |                       |                        |                     |                      |                      |                      |                      |                        |
| Net position acquired from merger                     |                     |                       |                       |                        |                     |                      |                      |                      |                      |                        |
| <b>NONOPERATING REVENUES AND EXPENSES</b>             |                     |                       |                       |                        |                     |                      |                      |                      |                      |                        |
| Net investment income (loss)                          | 162,348             | 1,111,191             | 2,738,962             | 2,380,372              | 797,414             | 294,925              | 8,177,851            | 8,509,125            | 11,566,049           | (34,070,811)           |
| <b>CHANGE IN NET POSITION</b>                         | <b>\$ 7,152,434</b> | <b>\$ (6,558,595)</b> | <b>\$ (3,794,731)</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> |

\*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 RPA ADJUSTMENTS)

For the Fiscal Year Ending September 30,

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

**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-<br>Thru      | Workers'<br>Compensation | Underground<br>Storage Tanks | Employee<br>Benefits  | CWIF                 | Interfund<br>Eliminations | Totals      |
|-------------|----------------------|------------------|---------------------|--------------------|--------------------------|------------------------------|-----------------------|----------------------|---------------------------|-------------|
| 2012-13     | 16,006,207<br>12.01% | 265,276<br>0.20% | 3,946,774<br>2.96%  | 250,736<br>0.19%   | 7,499,767<br>5.63%       | 10,438<br>0.01%              | 105,320,776<br>79.01% |                      |                           | 133,299,974 |
| 2013-14     | 11,430,667<br>7.64%  | 255,503<br>0.17% | 4,925,813<br>3.29%  | 260,522<br>0.17%   | 10,965,338<br>7.33%      | 10,260<br>0.01%              | 121,836,086<br>81.40% |                      |                           | 149,684,189 |
| 2014-15     | 21,062,280<br>12.83% | 255,500<br>0.16% | 4,066,367<br>2.48%  | 253,987<br>0.15%   | 10,025,093<br>6.11%      | 10,564<br>0.01%              | 128,521,637<br>78.27% |                      |                           | 164,195,428 |
| 2015-16     | 7,064,155<br>4.37%   | 255,500<br>0.16% | 4,821,990<br>2.98%  | 262,220<br>0.16%   | 13,040,834<br>8.07%      | 10,564<br>0.01%              | 136,146,708<br>84.25% |                      |                           | 161,601,971 |
| 2016-17     | 14,594,442<br>8.89%  | 257,403<br>0.16% | 4,128,900<br>2.52%  | 305,519<br>0.19%   | 9,642,153<br>5.87%       | 14,243<br>0.01%              | 135,227,880<br>82.37% |                      |                           | 164,170,540 |
| 2017-18     | 17,147,781<br>10.38% | 261,024<br>0.16% | 4,759,037<br>2.88%  | 372,025<br>0.23%   | 7,709,196<br>4.67%       | 11,720<br>0.01%              | 134,935,516<br>81.68% |                      |                           | 165,196,299 |
| 2018-19     | 15,072,798<br>8.90%  | 279,607<br>0.17% | 6,713,310<br>3.96%  | 614,451<br>0.36%   | 9,716,581<br>5.74%       | 13,464<br>0.01%              | 136,946,035<br>80.86% |                      |                           | 169,356,246 |
| 2019-20     | 24,523,703<br>14.18% | 403,325<br>0.23% | 8,769,309<br>5.07%  | 1,263,183<br>0.73% | 7,310,250<br>4.23%       | 17,587<br>0.01%              | 133,129,193<br>77.00% | 20,226,751<br>11.70% | (22,756,563)<br>-13%      | 172,886,738 |
| 2020-21     | 18,330,243<br>10.49% | 439,753<br>0.25% | 10,659,051<br>6.10% | 680,693<br>0.39%   | 4,534,361<br>2.59%       | 17,053<br>0.01%              | 137,569,489<br>78.72% | 32,200,683<br>18.43% | (29,670,870)<br>-17%      | 174,760,456 |
| 2021-22     | 37,537,627<br>17.65% | 512,250<br>0.24% | 12,657,851<br>5.95% | 1,139,584<br>0.54% | 9,389,928<br>4.42%       | 18,605<br>0.01%              | 154,198,029<br>72.51% | 34,866,736<br>16.40% | (37,674,582)<br>-17.72%   | 212,646,028 |



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

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

| <b>Fiscal Year</b>                     | <b>2013</b>           | <b>2014</b>           | <b>2015</b>         | <b>2016</b>           | <b>2017</b>         | <b>2018</b>         | <b>2019</b>         | <b>2020</b>         | <b>2021</b>          | <b>2022</b>         |
|--|-----------------------|-----------------------|---------------------|-----------------------|---------------------|---------------------|---------------------|---------------------|----------------------|---------------------|
| <b>Liability</b>                       |                       |                       |                     |                       |                     |                     |                     |                     |                      |                     |
| Payroll Adjustments *                  | \$ 8,771              | \$ 77,449             | \$ 205,975          | \$ (21,465)           | \$ (54,358)         | \$ 63,818           | \$ (169,042)        | \$ (447,382)        | \$ (238,047)         | \$ 90,827           |
| RPA's *                                | 3,871,891             | (1,193,460)           | 3,355,680           | (707,907)             | 9,489,820           | 2,488,066           | 1,891,742           | 242,260             | 4,299,266            | (15,516)            |
| 10% Program *                          | (861,439)             | (416,028)             | (251,999)           | (1,041,835)           | (1,493,572)         | 0                   | (1,017,753)         | (1,648,316)         | (1,633,975)          | (839,995)           |
| Cat Funds *                            | (5,357,186)           | 1,106,460             | 2,201,780           | 896,656               | (603,846)           | 351,039             | (146,026)           | 1,907,767           | 121,757              | (295,422)           |
| <b>Property</b>                        |                       |                       |                     |                       |                     |                     |                     |                     |                      |                     |
| RPA's *                                | 1,497,493             | 747,493               | 422,814             | 324,287               | 699,465             | 891,754             | 431,317             | 531,326             | 0                    | 0                   |
| <b>Workers' Comp</b>                   |                       |                       |                     |                       |                     |                     |                     |                     |                      |                     |
| RPA's *                                | (1,815,910)           | (182,993)             | (1,294,405)         | (487,746)             | 75,039              | 5,013,647           | 3,184,330           | 4,749,199           | 7,233,304            | 5,445,202           |
| Cat Funds                              | (911,678)             | 1,154,883             | (752,710)           | (631,586)             | (872,242)           | 456,049             | (138,797)           | (209,062)           | 230,896              | 229,437             |
| <b>Underground -<br/>Storage Tanks</b> |                       |                       |                     |                       |                     |                     |                     |                     |                      |                     |
| RPA's *                                | 0                     | 0                     | 0                   | 0                     | 0                   | 0                   | 7,555               | 0                   | 0                    | 0                   |
| Cat Funds *                            | 0                     | 0                     | 0                   | 0                     | 0                   | 0                   | 0                   | 0                   | 0                    | 0                   |
| <b>UTEL</b>                            |                       |                       |                     |                       |                     |                     |                     |                     |                      |                     |
| RPA'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>\$ (3,568,058)</b> | <b>\$ 1,293,804</b>   | <b>\$ 3,887,135</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>Cash Flow</b>                       |                       |                       |                     |                       |                     |                     |                     |                     |                      |                     |
| Members Billed                         | 8,551                 | 7,556                 | 115,297             | 0                     | 0                   | 0                   | 6,530               | 0                   | 0                    | 366,541             |
| Self Insured Fund into RSF             | 0                     | 0                     | 0                   | 0                     | 0                   | 0                   | 0                   | 0                   | 0                    | 0                   |
| Refunds to Members                     | (3,787,895)           | (3,464,519)           | (3,565,724)         | (1,077,368)           | (4,713,370)         | (6,840,987)         | (4,569,107)         | (5,905,812)         | (6,210,994)          | (4,265,700)         |
| <b>Net Total</b>                       | <b>\$ (7,347,402)</b> | <b>\$ (2,163,159)</b> | <b>\$ 436,708</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>   |

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

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

ECONOMIC STATISTICS

(000's Omitted)

For the Fiscal Year September 30,

| Fiscal Year                            | 2013          | 2014          | 2015          | 2016          | 2017          | 2018          | 2019          | 2020           | 2021          | 2022           |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|----------------|
| <b>Liability</b>                       |               |               |               |               |               |               |               |                |               |                |
| Total Number of Claims (Cumulative)    | 10,614        | 10,792        | 9,393         | 11,294        | 11,586        | 11,908        | 12,200        | 12,555         | 12,842        | 13,183         |
| Closed Claims (Cumulative)             | 10,402        | 10,640        | 10,872        | 11,127        | 11,373        | 11,612        | 11,867        | 12,169         | 12,461        | 12,770         |
| Open Claims (at year end)              | 212           | 152           | 180           | 167           | 213           | 296           | 333           | 386            | 381           | 413            |
| Covered Payroll (Cumulative)           | \$ 8,438,819  | \$ 8,937,912  | \$ 9,427,805  | \$ 9,952,261  | \$ 10,461,457 | \$ 11,045,237 | \$ 11,738,353 | \$ 12,502,652  | \$ 13,267,403 | \$ 14,055,164  |
| <b>Property</b>                        |               |               |               |               |               |               |               |                |               |                |
| Total Number of Claims (Cumulative)    | 2,181         | 2,275         | 2,373         | 2,463         | 2,589         | 2,693         | 2,816         | 2,950          | 3,072         | 3,229          |
| Closed Claims (Cumulative)             | 2,142         | 2,244         | 2,336         | 2,417         | 2,532         | 2,645         | 2,759         | 2,875          | 3,004         | 3,139          |
| Open Claims (at year end)              | 39            | 31            | 37            | 46            | 57            | 48            | 57            | 75             | 68            | 90             |
| Covered Payroll (Cumulative)           | \$ 58,803,203 | \$ 63,798,940 | \$ 69,031,783 | \$ 74,533,519 | \$ 80,656,971 | \$ 87,762,361 | \$ 95,702,609 | \$ 104,858,066 | \$ 95,702,608 | \$ 112,816,437 |
| <b>Workers' Compensation</b>           |               |               |               |               |               |               |               |                |               |                |
| Total Number of Claims (Cumulative)    | 9,164         | 9,507         | 9,822         | 10,145        | 10,453        | 10,750        | 11,070        | 11,363         | 11,676        | 11,955         |
| Closed Claims (Cumulative)             | 8,724         | 9,075         | 9,373         | 9,712         | 10,046        | 10,336        | 10,670        | 10,983         | 11,270        | 11,576         |
| Open Claims (at year end)              | 440           | 432           | 449           | 433           | 407           | 414           | 400           | 380            | 406           | 379            |
| Covered Payroll (Cumulative)           | \$ 5,787,648  | \$ 6,241,955  | \$ 6,706,772  | \$ 6,720,301  | \$ 7,222,206  | \$ 7,743,749  | \$ 8,309,485  | \$ 8,944,051   | \$ 9,624,663  | \$ 10,334,448  |
| Number of Employees                    | 43            | 46            | 48            | 49            | 49            | 49            | 49            | 50             | 50            | 52             |
| <b>Ratio of Premium to Payroll/TIV</b> |               |               |               |               |               |               |               |                |               |                |
| Liability Program                      | 3.57%         | 3.37%         | 3.02%         | 2.94%         | 2.92%         | 3.00%         | 2.54%         | 2.71%          | 2.81%         | 2.75%          |
| Property Program                       | 0.11%         | 0.11%         | 0.11%         | 0.10%         | 0.10%         | 0.09%         | 0.08%         | 0.09%          | 0.12%         | 0.10%          |
| Workers' Comp. Program                 | 2.81%         | 2.72%         | 2.64%         | 2.59%         | 2.46%         | 2.39%         | 2.29%         | 2.19%          | 1.95%         | 1.70%          |

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

Demographic Statistics by Employer

| Employer  | 2021                |      |                                    | 2012                |      |
|---|---------------------|------|------------------------------------|---------------------|------|
|   | Number of Employees | Rank | Percentage of Total City Employees | Number of Employees | Rank |
| The Permanente Medical Group & Foundation Group | 5,200               | 1    | 5.63%                              | 4,430               | 1    |
| Sutter Roseville Medical Group                  | 2,202               | 2    | 2.39%                              | 1,654               | 4    |
| City of Roseville                               | 1,896               | 3    | 2.05%                              | 1,227               | 3    |
| Adventist Health                                | 1,320               | 4    | 1.43%                              |                     |      |
| Union Pacific Railroad Company                  | 1,150               | 5    | 1.25%                              | 1,118               | 6    |
| Roseville City School District                  | 1,133               | 6    | 1.23%                              |                     |      |
| PRIDE Industries                                | 1,062               | 7    | 1.15%                              | 661                 | 9    |
| Roseville Joint Union High School District      | 1,005               | 8    | 1.09%                              | 1,299               | 5    |
| Top Golf  | 450                 | 9    | 0.49%                              |                     |      |
| Hewlett-Packard                                 | 100                 | 10   | 0.11%                              | 3,200               | 2    |
| Roseville Elementary School District            |                     |      |                                    | 929                 | 7    |
| Wal-Mart (2 stores)                             |                     |      |                                    | 790                 | 8    |
| Telefunken Semiconductors America               |                     |      |                                    | 640                 | 10   |
| Subtotal  | <u>15,518</u>       |      | <u>16.82%</u>                      | <u>15,948</u>       |      |
| Total Employment                                | <u>92,281 (a)</u>   |      |                                    | <u>71,067</u>       |      |

(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**

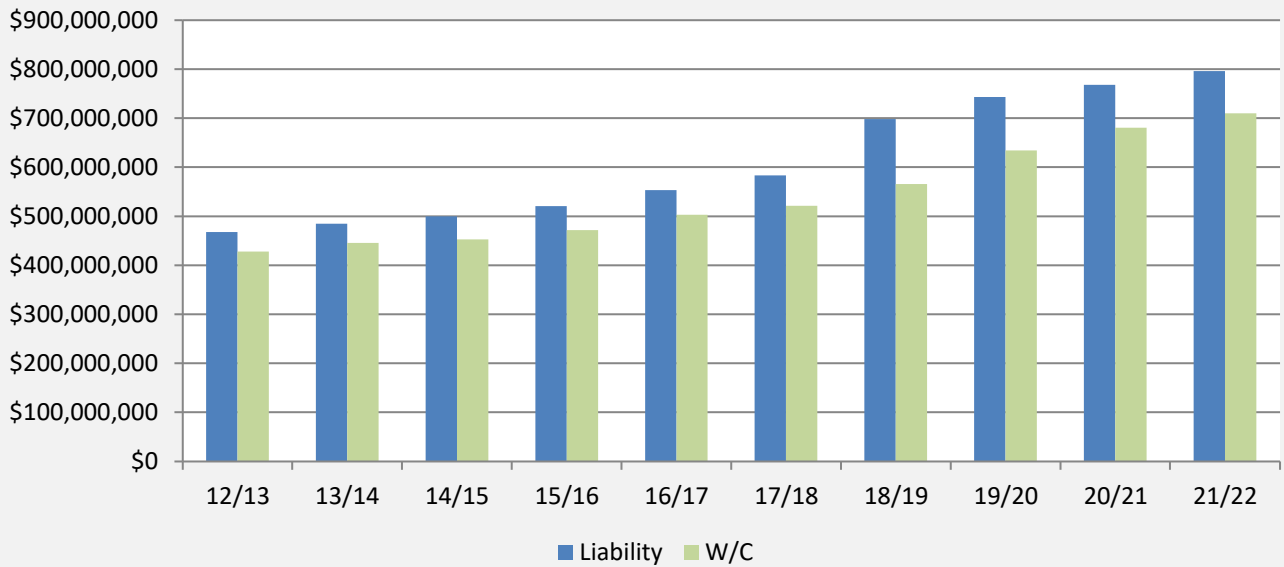
Demographic Statistics by Population

| Fiscal<br>Year | City of<br>Roseville<br>Population | County Total<br>Personal Income<br>(in thousands) | County Per<br>Capita<br>Personal<br>Income | Unemployment<br>Rate | Placer<br>County<br>Population | City<br>Population<br>% of<br>County |
|----------------|------------------------------------|---|--|----------------------|--------------------------------|--------------------------------------|
| 2012           | 122,060                            | 19,004,105  | 52,544                                     | 10.0%                | 355,328                        | 34.35%                               |
| 2013           | 124,255                            | 20,174,068  | 54,924                                     | 7.5%                 | 357,463                        | 34.76%                               |
| 2014           | 126,956                            | 21,182,771  | 55,000                                     | 6.5%                 | 366,000                        | 34.69%                               |
| 2015           | 128,832                            | 21,240,299  | 57,000                                     | 5.3%                 | 369,454                        | 34.87%                               |
| 2016           | 134,073                            | 22,741,453  | 59,000                                     | 4.5%                 | 373,796                        | 35.87%                               |
| 2017           | 135,868                            | 24,527,289  | 63,000                                     | 3.8%                 | 382,837                        | 35.49%                               |
| 2018           | 137,213                            | 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                            | (a)   | (a)  | 3.0%                 | 403,711                        | 35.96%                               |
| 2021           | 146,875                            | (a)   | (a)  | 3.0%                 | 404,994                        | 36.27%                               |

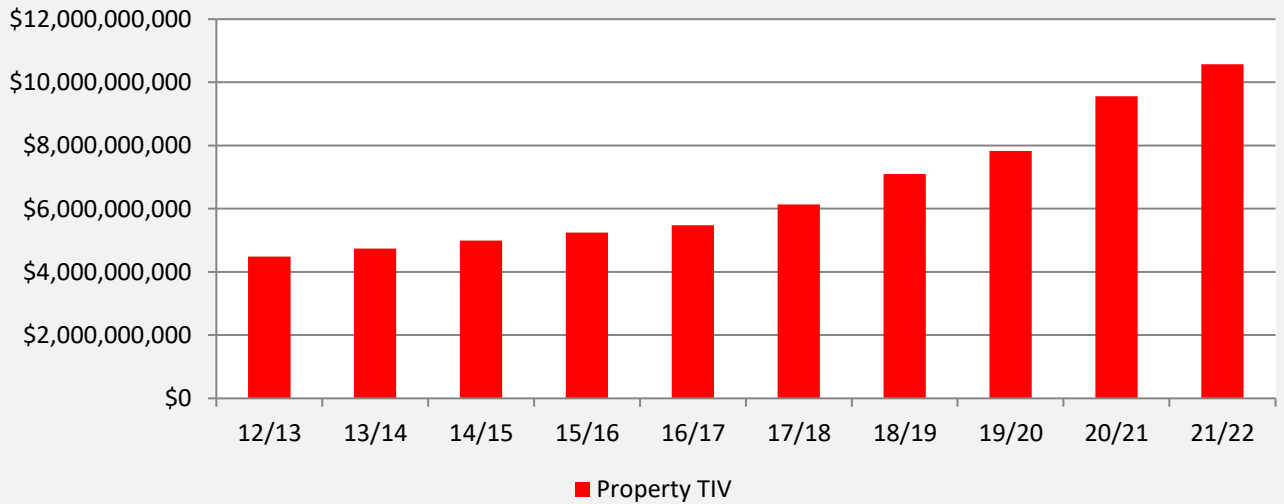
(a) Information not available

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, 2022, 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 22, 2023.

**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**  
**Sacramento, California**

**March 22, 2023**

## **FINDINGS AND RECOMMENDATIONS**



# CALIFORNIA WATER INSURANCE FUND

## FINDINGS AND RECOMMENDATIONS YEAR ENDED SEPTEMBER 30, 2022

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### STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS:

#### FINANCIAL STATEMENT FINDINGS

There were no financial statement findings reported in the prior year.

#### COMPLIANCE FINDINGS

| <u>Finding/Recommendation</u>   | <u>Current Status</u> | <u>Explanation If Not Implemented</u> |
|---------------------------------|-----------------------|---------------------------------------|
| <b>2021-001. BOARD MEETINGS</b> | Implemented           | N/A                                   |

CWIF's Board did not meet at least once a year in Utah during the year ended September 30, 2021.

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

**ACWA JPIA**  
**Proposed Operating Budget**  
**for Fiscal Year 10/1/2023-24**  
**May 8, 2023**

**BACKGROUND**

In March/April of each year, a proposed operating budget is submitted to the Finance & Audit Committee and then to the Executive Committee for review. At the ACWA spring conference, the proposed operating budget is presented for approval to the Board of Directors. The budget covers General & Administrative (G&A) Expenses for the fiscal year ending September 30, 2024.

**CURRENT SITUATION**

The most significant changes to the G&A budget for the fiscal year are staff salaries and staff employee benefits (lines 1 and 2).

Staff Salaries primary increase is due to an estimated 5% pay increases plus three more employees in the budget compared to the previous budget.

Staff Employee Benefits increase is a mixed bag of several things. The most notable changes are from CalPERS and health insurance. PERS rates increased from prior year due to investment returns not meeting expectations. Health insurance is anticipated to increase 10%.

The overall increase in the Operating Budget is 9.9% (line 36). Salaries remain the largest line item in the budget.

**RECOMMENDATION**

That the Board of Directors approve the proposed Operating Budget for the fiscal year ending September 30, 2024, as presented.

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

**GENERAL & ADMINISTRATIVE EXPENSES**

|   | BUDGETED<br>FYE 9/30/22 | ACTUAL<br>FYE 9/30/22 | DIFFERENCE<br>ACT - BUD | APPROVED<br>BUDGET<br>FYE 9/30/23 | PROPOSED<br>BUDGET<br>FYE 9/30/24 | DIFFERENCE<br>2023 vs. 2024 | % OF<br>CHANGE<br>23 vs. 24 |
|---|-------------------------|-----------------------|-------------------------|-----------------------------------|-----------------------------------|-----------------------------|-----------------------------|
| <b><u>ACWA/JPIA STAFF SERVICES</u></b>                        |                         |                       |                         |                                   |                                   |                             |                             |
| 1 Staff Salaries & Temporary Services                         | \$ 5,830,533            | \$ 5,839,000          | \$ 8,467                | \$ 6,200,000                      | \$ 6,840,000                      | \$ 640,000                  | 10.3%                       |
| 2 Staff Employee Benefits                                     | 3,605,286               | 2,148,602             | (1,456,684)             | 3,100,000                         | 3,410,000                         | 310,000                     | 10.0%                       |
| 3 Office Buildings  | 126,000                 | 127,680               | 1,680                   | 139,000                           | 137,000                           | (2,000)                     | -1.4%                       |
| 4 Postage and Freight   | 52,000                  | 54,052                | 2,052                   | 53,000                            | 54,000                            | 1,000                       | 1.9%                        |
| 5 Telephone Service   | 56,000                  | 47,855                | (8,145)                 | 57,000                            | 52,000                            | (5,000)                     | -8.8%                       |
| 6 JPIA Perspective Production                                 | 20,000                  | -                     | (20,000)                | 18,000                            | -                                 | (18,000)                    | -100.0%                     |
| 7 Outside Printing  | 22,000                  | 9,682                 | (12,318)                | 16,000                            | 15,000                            | (1,000)                     | -6.2%                       |
| 8 JPIA Office Insurance                                       | 19,000                  | 21,226                | 2,226                   | 26,000                            | 25,000                            | (1,000)                     | -3.8%                       |
| 9 General Office Supplies                                     | 29,000                  | 33,931                | 4,931                   | 29,000                            | 35,000                            | 6,000                       | 20.7%                       |
| 10 Computer Equipment Software, Office Furniture              | 815,000                 | 930,183               | 115,183                 | 840,000                           | 910,000                           | 70,000                      | 8.3%                        |
| 11 Dues, Subscriptions, & Misc. Publications                  | 125,000                 | 97,966                | (27,034)                | 125,000                           | 110,000                           | (15,000)                    | -12.0%                      |
| 12 Staff Ed/Training Seminars & Coursework Reimbs             | 70,000                  | 86,637                | 16,637                  | 75,000                            | 95,000                            | 20,000                      | 26.7%                       |
| 13 Depreciation on Capital Assets                             | 211,000                 | 218,578               | 7,578                   | 215,000                           | 213,000                           | (2,000)                     | -0.9%                       |
| 14 Staff Travel Related Expenses                              | 85,000                  | 71,918                | (13,082)                | 85,000                            | 90,000                            | 5,000                       | 5.9%                        |
| 15 Staff Risk Assessment Travel Related Expenses              | 46,000                  | 24,366                | (21,634)                | 46,000                            | 50,000                            | 4,000                       | 8.7%                        |
| 16 Member Informational Workshops                             | 113,000                 | 53,020                | (59,980)                | 113,000                           | 125,000                           | 12,000                      | 10.6%                       |
| 17 Lending Library  | 25,000                  | 1,270                 | (23,730)                | 5,000                             | 2,000                             | (3,000)                     | -60.0%                      |
| 18 Member Safety & Loss Control Incentive Awards              | 115,000                 | 105,850               | (9,150)                 | 115,000                           | 110,000                           | (5,000)                     | -4.3%                       |
| <b>19 Total ACWA/JPIA Staff Services</b>                      | <b>11,364,819</b>       | <b>9,871,816</b>      | <b>(1,493,003)</b>      | <b>11,257,000</b>                 | <b>12,273,000</b>                 | <b>1,016,000</b>            | <b>9.0%</b>                 |
| <b><u>COMMITTEES &amp; BD. OF DIRECTORS' SERVICES</u></b>     |                         |                       |                         |                                   |                                   |                             |                             |
| 20 Executive Committee Member Expenses                        | 220,000                 | 175,573               | (44,427)                | 170,000                           | 185,000                           | 15,000                      | 8.8%                        |
| 21 Finance/Audit Committee & Committee Expenses               | 30,000                  | 6,658                 | (23,342)                | 20,000                            | 15,000                            | (5,000)                     | -25.0%                      |
| 22 Semi-Annual ACWA Conf. & Bd of Directors' Expense          | 130,000                 | 81,635                | (48,365)                | 150,000                           | 160,000                           | 10,000                      | 6.7%                        |
| <b>23 Total Committees &amp; Board of Directors' Services</b> | <b>380,000</b>          | <b>263,866</b>        | <b>(116,134)</b>        | <b>340,000</b>                    | <b>360,000</b>                    | <b>20,000</b>               | <b>5.9%</b>                 |
| <b><u>EXTERNAL CONSULTING AND PROF. SERVICES</u></b>          |                         |                       |                         |                                   |                                   |                             |                             |
| 24 Insurance Program Actuarial Analysis                       | 24,000                  | 5,600                 | (18,400)                | 21,000                            | 22,000                            | 1,000                       | 4.8%                        |
| 25 Consulting Services  | 27,000                  | 38,848                | 11,848                  | 25,000                            | 25,000                            | -                           | 0.0%                        |
| 26 Occu-Med   | 86,000                  | 102,736               | 16,736                  | 106,000                           | 106,000                           | 0                           | 0.0%                        |
| 27 Vector Solutions   | 138,000                 | 141,484               | 3,484                   | 145,000                           | 150,000                           | 5,000                       | 3.4%                        |
| 28 General Legal/Attorney Services                            | 3,000                   | 9,357                 | 6,357                   | 5,000                             | 10,000                            | 5,000                       | 100.0%                      |
| 29 Specific Claims & Coverage Related Legal Fees              | 45,000                  | 15,145                | (29,855)                | 45,000                            | 45,000                            | 0                           | 0.0%                        |
| 30 External Claims Administration                             | 235,000                 | 256,847               | 21,847                  | 260,000                           | 270,000                           | 10,000                      | 3.8%                        |
| 31 ACWA/JPIA Financial Audit                                  | 60,000                  | 65,820                | 5,820                   | 66,000                            | 67,000                            | 1,000                       | 1.5%                        |
| 32 Insurance Programs Claims Audits                           | 17,000                  | -                     | (17,000)                | -                                 | -                                 | 0                           | 0.0%                        |
| 33 Personnel Consulting Services                              | -                       | -                     | -                       | -                                 | 5,000                             | 5,000                       | 0.0%                        |
| <b>34 Total External Consulting / Professional Services</b>   | <b>635,000</b>          | <b>635,837</b>        | <b>837</b>              | <b>673,000</b>                    | <b>700,000</b>                    | <b>27,000</b>               | <b>4.0%</b>                 |
| <b>35 PROGRAM DEVELOPMENT / CONTINGENCIES</b>                 | <b>-</b>                | <b>-</b>              | <b>-</b>                | <b>-</b>                          | <b>150,000</b>                    | <b>150,000</b>              | <b>0.0%</b>                 |
| <b>36 TOTAL GENERAL &amp; ADMINISTRATIVE EXPENSES</b>         | <b>\$ 12,379,819</b>    | <b>\$ 10,771,519</b>  | <b>\$ (1,608,300)</b>   | <b>\$ 12,270,000</b>              | <b>\$ 13,483,000</b>              | <b>\$ 1,213,000</b>         | <b>9.9%</b>                 |

**ACWA JPIA**  
**Pooled Programs Update**  
**May 8, 2023**

**BACKGROUND**

The JPIA has four major pooled programs. Created in 1979, the Liability Program has served JPIA members for over 40 years. The Property Program was implemented in 1982; while the Workers' Compensation Program began in 1984. Lastly, the JPIA assumed responsibility for the Employee Benefits Program in July 2012.

The JPIA continues to offer its members stability through a strong financial position, experienced management, and an unwavering and growing customer participation.

Each pooled program stands alone meaning they are separately funded and managed. The Programs have different levels of members participating, as not all members partake in all programs.

**CURRENT SITUATION**

Over the recent years, the member participation gaps are narrowing with improved pricing, expanded coverages, increased outreach program, and a coordinated focus on customer service.

Staff will review current highlights for each program.

**RECOMMENDATION**

None, informational only.

# ACWA JPIA

## Pooled Programs Highlights

### Liability Program – renews October 1

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- 345 members
- \$5 million retention, purchase an additional \$50 million in excess insurance; CWIF provides reinsurance in the \$10 million excess of \$10 million layer
- 10% rate increase in 2022/23; first increase in 15 years
- A hardened market and a few large losses have impacted pricing

### Property Program – renews July 1

---

- 287 members
- \$10,000,000 retention with \$500 million in limits
- 20% rate increase; rates have been increasing for the past 3 years
- A hardened market, catastrophic events (including wildfire), and a few large losses continue to dominate pricing
- Expect 15-20% increase in rates at July 1

### Workers' Compensation Program – renews July 1

---

- 204 members
- \$2 million retention, purchase reinsurance up to Statutory limits
- Flat rate renewal in 2022/23; 2-year rate guarantee for reinsurance
- Rates have stayed flat or decreased over the past 10 years
- Potential legislative changes present the biggest challenge to future renewals

### Employee Benefits Program – renews January 1

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- 267 members
- Program includes three self-insured products: Medical Benefits – 206 members; Dental – 212 members; Vision – 197 members
- Rates for the self-funded PPO program reduced 10%; rates have stayed flat or decreased over the past 5 years; other self-insured programs remain unchanged
- Insured program rate changes range from -10% to 5%
- Added Progyny, Hinge health, and Carrum Health enhancements to self-funded PPO
- Medical costs (partially related to inflation) are escalating rapidly; expect 10% or higher rate increases on January 1 and into future years

**ACWA JPIA**  
**Rate Stabilization Fund Process**  
**May 8, 2023**

**BACKGROUND**

At the January 31, 2023 Executive Committee meeting, JPIA Chief Executive Officer, Andy Sells detailed the current fiscal year's Rate Stabilization Fund (RSF) calculations and expected refunds for approval. These refunds were the result of an adjustment to how Retrospective Premium Adjustments (RPAs) are calculated.

**CURRENT SITUATION**

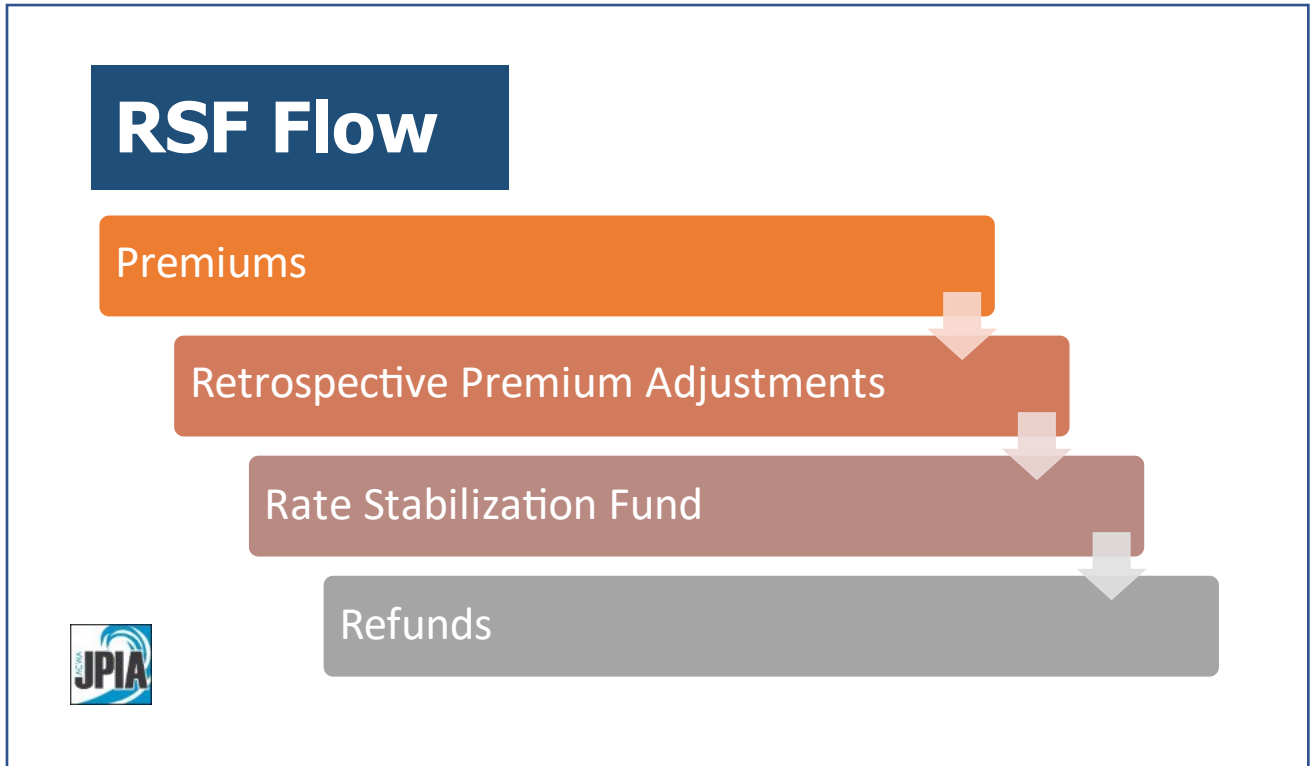
Up until this point, RPAs for the Liability, Property, and Workers' Compensation programs were factored into RSF calculations once the policy years had developed four years from the beginning of the policy year. Upon further analysis, it was evident that this period of time was just too soon, and that a **five**-year period from the END of the policy year would ensure better development of the policy year. This change aims to curb future volatility in RPA calculations.

At their January 31, 2023 meeting, the Executive Committee approved the change in Retrospective Premium Adjustments (RPA) calculation to five (5) years after the end of the policy year for the Liability, Property, and Workers' Compensation Programs.

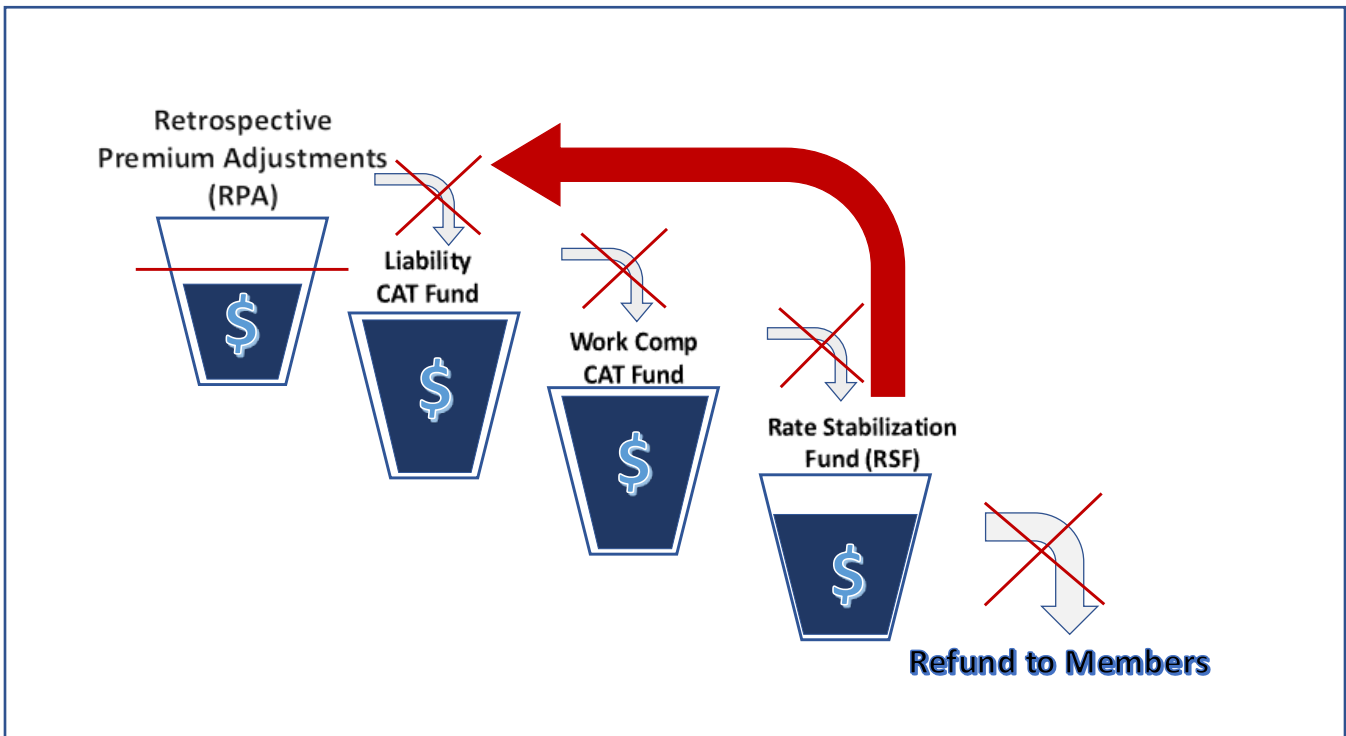
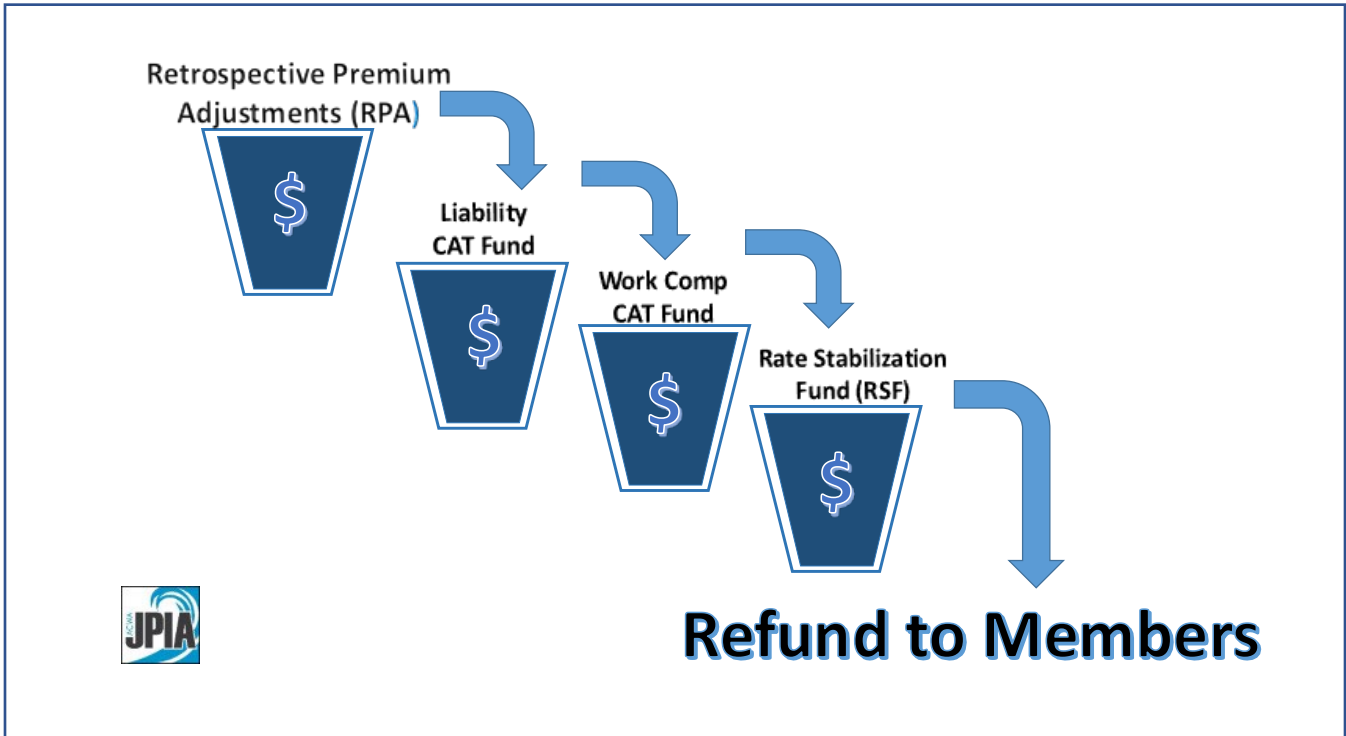
**RECOMMENDATION**

None, informational only.

## Rate Stabilisation Fund Process



## Rate Stabilization Fund Process





**ACWA JPIA**  
**Leadership Essentials for the Water Industry Program Update**  
**May 8, 2023**

**BACKGROUND**

The JPIA designed the Leadership Essentials program to meet the needs of tomorrow's leaders in the water industry. The year-long program began in 2015 and has graduated over 150 JPIA member agency leaders.

**CURRENT SITUATION**

The Leadership Essentials program continues to be popular with members, with cohorts quickly filling each year to the maximum occupancy, plus a waiting list. Currently, 32 member agency senior leaders are participating in two cohorts in Northern and Southern CA. Program participants and their agencies are listed on the next page.

Registration is now open for the upcoming 2023/2024 cohorts. Priority is given to JPIA members, and a discount is offered for members in the JPIA Liability Program. New to the program application this year is the Jerry Gladbach Leadership Development Program Grant covering program fees for one participant in each of the annual Northern and Southern CA cohorts. The grant was approved by the JPIA Board of Directors in November 2022 in honor of former Board President Gladbach's leadership and commitment to professional development. Applications for this year's grants will remain open until June 15, 2023.

In March 2023, the Leadership Essentials Program Alumni networking and educational event was hosted in both Northern and Southern California by JPIA for past graduates of the program. JPIA received positive feedback from the 30+ attendees at those events, supporting plans for future alumni events to come.

**RECOMMENDATION**

None, informational only.



## Leadership Essentials for the Water Industry Program

### 2022/2023 Southern California Cohort

|                  |  |                                       |
|------------------|--|---------------------------------------|
| Adrienne Beatty  | Assistant Executive Officer              | ACWA JPIA                             |
| Elijah Papan     | Program Analyst                          | Cachuma Operation & Maintenance Board |
| Bill Stretch     | General Manager                          | Fresno ID                             |
| James Chaisson   | General Manager                          | Little Rock Creek ID                  |
| Lynne Chaimowitz | Chief Financial Officer                  | Mojave WA                             |
| Allison Febbo    | General Manager                          | Mojave WA                             |
| Stephanie Reimer | Assistant GM/Chief Financial Officer     | Monte Vista WD                        |
| Judy Shay        | Public Affairs Director                  | Palmdale WD                           |
| Renee Poole      | Senior Accountant                        | Rainbow MWD                           |
| Jordan Farrell   | Water Quality Supervisor                 | Rancho California WD                  |
| Dusty Moio       | Assistant General Manager                | Rowland WD                            |
| Betsy Miller     | General Manager                          | San Bernardino Valley WCD             |
| Kelly Radvansky  | Secretary to the Board of Directors      | Santa Margarita WD                    |
| Evan Lue         | Manager of Data & Technology Services    | Water Replenishment District          |
| Esther Rojas     | Manager of Watermaster & Water Resources | Water Replenishment District          |
| Rosanne Weston   | Engineering Manager                      | Yorba Linda WD                        |



## Leadership Essentials for the Water Industry Program

### 2022/2023 Northern California Cohort

|                      |   |                        |
|----------------------|---|------------------------|
| Sarah Crawford       | Training Manager                        | ACWA JPIA              |
| Michael Minkler      | General Manager                         | Calaveras County WD    |
| Dana Mellado         | Management Analyst                      | Citrus Heights WD      |
| Kassy Chauhan        | Special Projects Manager                | Fresno ID              |
| Mike Prestridge      | Construction/Maintenance Superintendent | Fresno ID              |
| Debra Dunn           | Manager of Water Resources              | Kings River CD         |
| Jennifer Furstenburg | Controller                              | Madera ID              |
| Misty Malczon        | Administrative Supervisor               | Mid-Peninsula WD       |
| Julie Nemitz         | Customer Services Manager               | Sacramento Suburban WD |
| Hector Segoviano     | Distribution Superintendent             | Sacramento Suburban WD |
| Uriel Romero         | Associate Civil Engineer                | Solano ID              |
| Leslie Strohm        | Finance & Business Services Manager     | Soquel Creek WD        |
| Stephen Caswell      | Principal Engineer                      | South Tahoe PUD        |
| Priya Ram            | Finance Director                        | Stockton East WD       |
| Juan Vega            | Assistant General Manager               | Stockton East WD       |
| Jason Woosley        | Sr. Utilities Operations Specialist     | Tahoe City PUD         |



# LEADERSHIP ESSENTIALS FOR THE WATER INDUSTRY

## ABOUT OUR PROGRAM

Workplaces have seen dramatic change in recent years, which calls for a dynamic response from water agencies to develop skills needed for leading now - and into the future. That's where the JPIA Leadership Development Program for senior water agency leaders comes in.

## WHAT WE OFFER

This exciting program with 150+ graduates offers water agency general managers and other senior staff a year-long, robust education experience to develop leadership skills and facilitate growth in three spectrums: self, team, and agency leadership.

The success of this program is due to its unique structure:

- Small class sizes
- Personalized assessments
- Interaction with water industry peers
- Practical, on-the-job application of concepts

## DETAILS

Program investment includes 80+ hours of instruction, all materials, assessments, and meals. One-year commitment with four in-person sessions (2 days each) and monthly webinars:

\$2,195 JPIA members (\$500 discount for Liability Program members)  
\$2,625 Non-members



Apply by June 15. Limited seats - priority given to JPIA members. Programs held in Costa Mesa or Roseville, CA beginning Fall 2023.



training@acwajpia.com

252



1.800.231.JPIA X3121

**ACWA JPIA**  
**H.R. LaBounty Safety Award Winners – Spring 2023**  
**May 8, 2023**

**BACKGROUND**

The JPIA's H.R. LaBounty Safety Awards Program began in 1999 to promote safe workplace behavior and operation practices while rewarding those employees who demonstrate safe behavior, take part in recognizable proactive activities, or participate in risk-reducing actions. The JPIA Risk Control Advisors promote the Safety Awards Program during site visits and training classes. Additionally, nomination summaries of recognized hazards with corrective actions are available to the entire JPIA membership through the JPIA's website at <https://www.acwajpia.com/safety-risk-control/#safety-awards>.

**CURRENT SITUATION**

Results of the Safety Awards Program are announced each Spring and Fall at the ACWA JPIA Conferences and highlighted in the *JPIASource* and the *Perspective*.

There were 14 nominations submitted from eight members for Spring 2023. Eight member employees will receive monetary awards for their safety improvements and engineering solutions. The awards highlighted for presentation at the ACWA JPIA Spring Conference were selected based on the following judging criteria:

- Provides solid documentation of the hazard or exposure; and the controls to reduce or eliminate the hazard such as tools, forms, or programs.
- Demonstrates employee participation across all levels of the organization with documentation of communication and training methods.
- Implements a best practice for a Commitment to Excellence category based on JPIA loss data.
- Applies to small, medium, and large members within the JPIA.
- Provides a long-term solution to eliminate, substitute, or engineer out the hazard.

Winning submissions will be posted on the JPIA's website under Safety Awards - Award-Winning Submissions.

Risk Control Advisors continually promote the H.R. LaBounty Safety Awards Program during site visits and training classes to encourage members to engage their staff and continuously improve their safety programs.

**RECOMMENDATION**

None, informational only.

**ACWA JPIA**  
**Current Events at the JPIA**  
**May 8, 2023**

**BACKGROUND**

The JPIA's fiscal year ends annually on September 30.

**CURRENT SITUATION**

The JPIA's Chief Executive Officer, Andy Sells, will update the Board of Directors on the current events happening at the JPIA.

**RECOMMENDATION**

None, informational only.

**ACWA JPIA**  
**President's Update**  
**May 8, 2023**

**BACKGROUND**

This is a standing item on the Board of Directors meeting agenda.

**CURRENT SITUATION**

ACWA JPIA Board President, Melody McDonald, will address the Board of Directors on relevant items, events, and announcements.

**RECOMMENDATION**

None, informational only.