

Finance & Audit Committee Meeting



JPIA Executive Conference Room
2100 Professional Drive
Roseville, CA 95661

Wednesday
March 30, 2022
10:00 A.M.

Chairman: Melody McDonald, San Bernardino Valley Water Conservation
District

Vice - Chairman: Bruce Rupp, Humboldt Bay Municipal Water District

Jennifer Bryant, Helix Water District

Louis Jarvis, Glenn-Colusa Irrigation District

Marlene Kelleher, Vista Irrigation District

Steve Ruetters, Kern County Water Agency

Jim Smith, Wheeler Ridge-Maricopa Water Storage

Susan Talwar, Citrus Heights Water District



FINANCE & AUDIT COMMITTEE MEETING

AGENDA

JPIA Offices

2100 Professional Drive, Roseville, CA 95661
(800) 231-5742 – WWW.ACWAJPIA.COM

YOUR BEST PROTECTION

Wednesday, March 30, 2022 - 10:00 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:

- Bryant – 7811 University Avenue, La Mesa
- Jarvis – 344 East Laurel Street, Willows
- Kelleher – 1391 Engineer Street, Vista
- Ruettgers – 3200 Rio Mirada Drive, Bakersfield
- Rupp – 828 7th Street, Eureka
- Smith – 12109 Highway 166, Bakersfield

WELCOME

CALL TO ORDER AND ANNOUNCEMENT OF QUORUM

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

EVACUATION PROCEDURES

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

INTRODUCTIONS

ADDITIONS TO OR DELETIONS FROM THE AGENDA

<u>Presenter</u>		<u>Page#</u>
McDonald	I. * Approve the minutes of the meeting of September 27, 2021	1

<u>Presenter</u>		<u>Page#</u>
All	II. Report on meetings attended on behalf of the JPIA.	
deBernardi	III. * Review and make recommendation on Annual Comprehensive Financial Report for year ended September 30, 2021.	4
deBernardi	IV. * Review and make recommendation on the Proposed Operating Budget for Fiscal Year 2022-23.	87
Sells	V. * CEO Update	90
McDonald	VII. * Announce next meeting date September 28, 2022	91

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

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

Unapproved 9/27/2021



Finance & Audit Committee Meeting

ACWA Joint Powers Insurance Authority
2100 Professional Drive
Roseville, CA 95661
(800) 231-5742

September 27, 2021

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

MEMBERS PRESENT

Chairman: Thomas Cuquet, South Sutter Water District
Vice-chair: Bruce Rupp, Humboldt Bay Municipal Water District
Rick Aragon, Rancho Water
Jennifer Bryant, Helix Water District
Louis Jarvis, Glenn-Colusa Irrigation District
Marlene Kelleher, Vista Irrigation District
Steve Ruetters, Kern County Water Agency
Jim Smith, Wheeler Ridge-Maricopa Water Storage District
Susan Talwar, Citrus Heights Water District

MEMBERS ABSENT

None.

STAFF PRESENT

Chief Executive Officer/Secretary: Walter "Andy" Sells
David deBernardi, Director of Finance
Robert Greenfield, General Counsel
Patricia Slaven, Director of Human Resources and Administration
Sandra Smith, Employee Benefits Manager
Dan Steele, Finance Manager
Jennifer Nogosek, Liability/Property Claims Manager
Robin Flint, Risk Control Manager
Melody Tucker, WC Claims Manager
Shelley Tippit, Accountant II (*Recording Secretary*)
Chimene Camacho, Executive Assistant to the CEO
Jillian Sciancalepore, Administrative Assistant II

OTHERS IN ATTENDANCE

E.G. "Jerry" Gladbach, Santa Clarita Valley Water Agency
Fred R. Bockmiller, Mesa Water District
David Drake, Rincon del Diablo Municipal Water District
Brent Hastey, Yuba Water Agency
Melody A. McDonald, San Bernardino Valley Water Conservation District

Randall J. Reed, Cucamonga Valley Water District
 Pamela Tobin, San Juan Water District, ACWA VP
 Richard Babbe, PFM Asset Management

WELCOME/INTRODUCTIONS

Chairman Cuquet welcomed everyone in attendance.

CALL TO ORDER AND ANNOUNCEMENT OF QUORUM

Chairman Cuquet called the meeting to order at 8:30 a.m. He announced there was a quorum.

ANNOUNCEMENT RECORDING OF MINUTES

Chairman Cuquet 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.

ADDITIONS TO OR DELETIONS FROM THE AGENDA

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

APPROVAL OF MINUTES

Chairman Cuquet called for approval of the minutes of the April 07, 2021 meeting.

M/S/C (Ruetters/Talwar) (Aragon-Abstain, Bryant-Yes; Jarvis-Yes; Kelleher-Yes; Ruetters-Yes; Smith-Yes; Talwar-Yes; Rupp-Yes, Cuquet-Yes): That the Finance & Audit Committee approve the minutes of the April 07, 2021 meeting.

MEETINGS ATTENDED ON BEHALF OF THE JPIA

None reported.

INVESTMENT POLICY

Mr. deBernardi reported that the current Investment Policy was approved by the Board of Directors in November 2020. Every year, per the JPIA Bylaws, the Investment Policy must be approved by the Board of Directors.

After review by JPIA's investment advisor, PFM and staff, staff proposed three minor changes to the policy:

1. Eliminate the 10% limit on commercial paper.
2. Increase the exceed limit for commercial paper from 25% to 40%.
3. Regarding prohibited investments, wording was added in reference to code section 53601.6.

M/S/C (Rupp/Bryant) (Aragon-Yes; Bryant-Yes; Jarvis-Yes; Kelleher-Yes; Ruetters-Yes; Smith-Yes; Talwar-Yes, Rupp-Yes, Cuquet-Yes): That the Finance & Audit Committee recommends that the Executive Committee approve the Investment Policy and to forward to the Board of Directors at their next meeting for final approval.

LONG-TERM INVESTMENT PORTFOLIO

Mr. deBernardi introduced Mr. Babbe representing PFM to present a summary of the Investment Portfolio which they manage for the JPIA. This presentation included commentary on the current market and thoughts about managing the investments going forward.

Mr. Babbe began his presentation with an overview of the economy, labor market and a 2021 second quarter review of JPIA's economic portfolio. The diversification of the portfolio and maturity distribution was also discussed.

The JPIA's total return on the portfolio since inception has outperformed the Bank of America/Merrill Lynch 1-5 Year U.S. Government Index benchmark by an annual average of 0.33%. The portfolio continues to be well diversified and in compliance with policy and code.

CALIFORNIA WATER INSURANCE FUND

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

- As of June 30, 2021, the book value of the CWIF portfolio was \$65,224,426 vs. a market value of \$77,212,829.
- The rate of return since inception is approximately 18.0% vs. a rate of return on the JPIA portfolio of approximately 1.49%.

JPIA CUSTODIAL SERVICE PROVIDER

Mr. deBernardi reported on the merger between PFM and US Bank. As of December 2021, PFM would become a fully owned subsidiary of US Bank. Staff is recommending changing the JPIA investment custodian (US Bank) to a new custodian that is independent of PFM.

MISCELLANEOUS

Future Agenda Items

None stated.

Availability for Upcoming Meeting

No meetings scheduled for the remainder of the year.

The Finance & Audit Committee meeting adjourned at 10:00 a.m.

ACWA JPIA
Audited Financial Statements
Year Ended September 30, 2021
March 30, 2022

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, 2020 through September 30, 2021.

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, 2021, 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 Finance & Audit Committee recommend that the Executive Committee approve the 2020/21 Audited Financial Statements, as presented, and submit for final approval by the Board of Directors at their next meeting.



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

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Year Ended September 30, 2021

Presented by

THE ACWA JPIA FINANCE DEPARTMENT

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

Year Ended September 30, 2021

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May 1, 2022

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, 2021, 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, 2021, 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, 2021, 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, 2021, the JPIA had 396 members. Each member selects one representative to serve as a director on the ACWA JPIA Board of Directors. From this body, eight members are elected to serve with staggered terms as members of ACWA JPIA's Executive Committee. The current vice president of the Association of California Water Agencies also serves as a voting member on the Executive Committee.

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

LOCAL ECONOMY

The national economy has been recovering from the worldwide pandemic caused by COVID 19. From October 2020 through September 2021, the national unemployment rate decreased from 6.9% to 4.7%. This has been a very positive trend. Meanwhile in the State of California, the unemployment rate went from 9.8 % in October 2020, to 7.5% at the end of September 2021. This data suggests the lockdowns to curb the pandemic in California have had a lingering effect on unemployment and businesses. The UCLA Anderson Forecast has indicated that California lags the nation because of a "spatial and sectoral mismatch". This means that the sectors and locations where there is demand for workers are not the sectors and locations where there is supply of workers, even though there are approximately 11 million job openings for 8 million unemployed workers in aggregate. In the City of Roseville, where the JPIA office resides, the unemployment rate has moved from 6.4% in October 2020 to 4.2% in September 2021. This change 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 49 from fiscal year 2012 to fiscal year 2021. The JPIA continues to experience employees retiring as the employment force ages. Market conditions for both the Liability and Property Programs have been challenging. The JPIA was able hold off on any rate increases in

the Liability Program but did implement a 10% rate increase in the Property Program. The Workers' Compensation Program has continued to see favorable loss experience. The Employee Benefits Program experienced another unusual year with the pandemic causing many participants to put off medical care in favor of not self-exposing themselves to COVID 19.

LONG-TERM FINANCIAL PLANNING

In August of 2015, the ACWA JPIA Executive Committee approved a goal for reserves in the Employee Benefits Program. This goal was set using an actuary estimate of incurred but not reported losses using a 99% confidence level. Confidence level refers to the degree of certainty the actuary has 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 is planned for early 2022.

In September 2012, the ACWA JPIA Executive Committee approved a monetary policy to cover funding for the Liability and Workers' Compensation Programs. The policy is two-fold, covering both the Rate Stabilization Fund and the Catastrophic Reserve Fund. The Rate Stabilization Fund is used to add and subtract monies from individual members' accounts as needed to true up policy years annually based on new actuary estimates of losses. This process commences when a policy year reaches four years of history. The monies in these individual accounts kept on behalf of the members are capped at 70% of their basic deposit premium, or approximately \$16.9 million in the aggregate. The Catastrophic Reserve Fund consists of funds set aside to be used in time of need. Such funds are subject to ACWA JPIA Executive Committee approval and are most likely to be used when the JPIA experiences adverse claims experience. The Catastrophic Reserve Fund is targeted using the ultimate losses estimated by the actuary for all open policy years using a 99% confidence level as a guide. The Catastrophic Fund goals are \$25 million for the Liability Program and \$15 million for the Workers' Compensation Program.

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

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

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

INTERNAL ACCOUNTING CONTROLS

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

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

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

AWARDS & ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the JPIA for its comprehensive report for the fiscal year ended September 30, 2020. 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*

Walter "Andy" Sells
Chief Executive Officer

X *David deBernardi*

David deBernardi
Director of Finance

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

**COMPREHENSIVE REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

EXECUTIVE COMMITTEE

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

Office Address

2100 Professional Drive
Roseville, California 95661

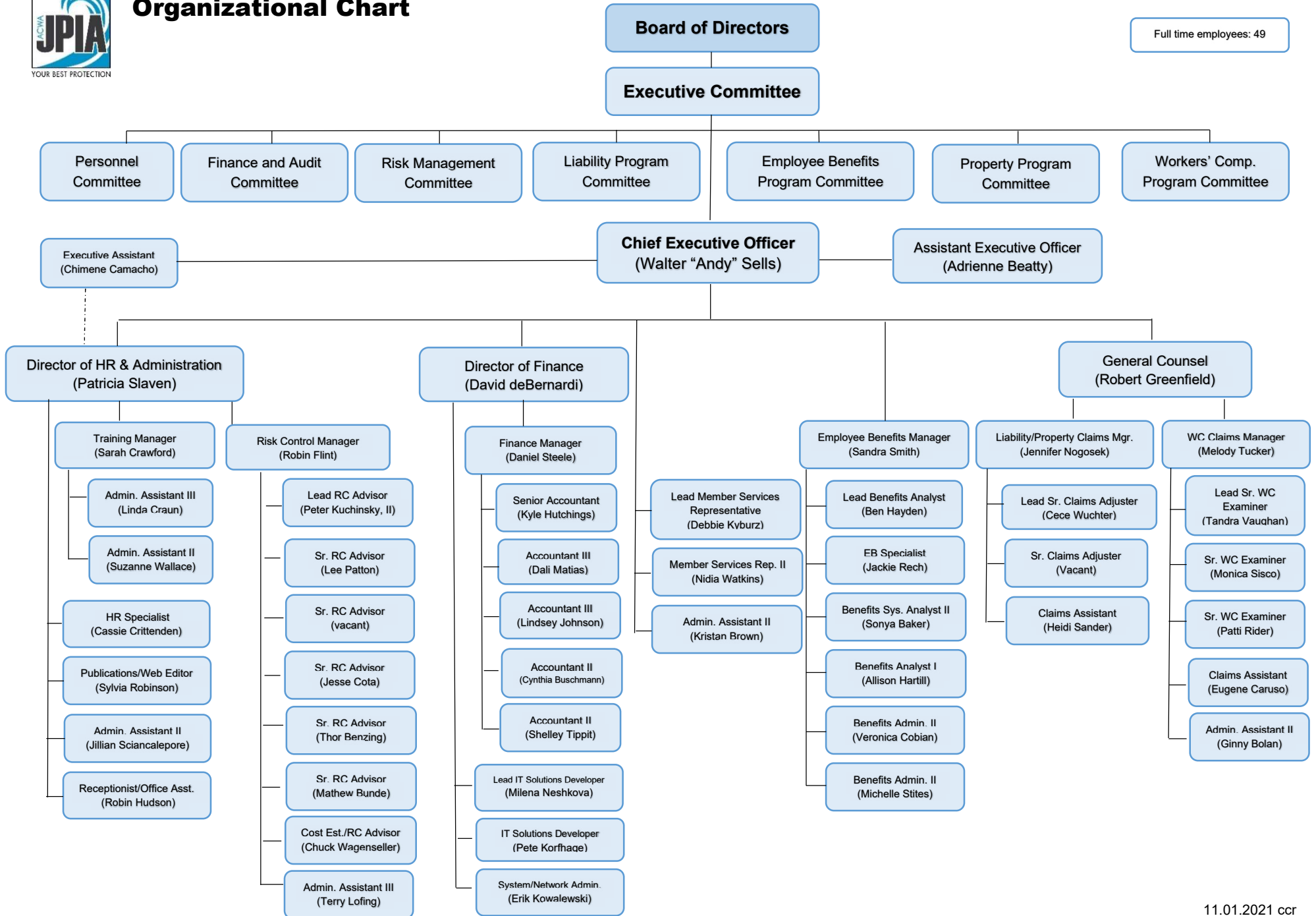
Report Prepared by the
JPIA Finance Department

David deBernardi, CPA, Director of Finance
Dan Steele, Finance Manager
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: 49





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, 2020

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT (Placeholder for 2022 - pending)

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Association of California Water Agencies Joint Powers Insurance Authority (ACWA JPIA) as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise ACWA JPIA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ACWA JPIA as of September 30, 2020, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information, on pages 16-26 and 53-62, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the September 30, 2020 financial statements and the related notes to the financial statements that collectively comprise ACWA JPIA's basic financial statements. The Introductory Section, the "Memo only" column in the basic financial statements, the Supplementary Information section, and the Statistical Section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary Information section is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information section is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory Section, the "Memo only" column in the basic financial statements, and the Statistical Section, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the September 30, 2020 basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Board of Directors
Association of California Water Agencies
Joint Powers Insurance Authority
Page 3

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 7, 2021, on our consideration of ACWA JPIA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of ACWA JPIA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ACWA JPIA's internal control over financial reporting and compliance.

Gilbert CPAs

**GILBERT CPAs
Sacramento, California**

April 7, 2021



MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Association of California Water Agencies Joint Powers Insurance Authority (ACWA JPIA or JPIA), we offer readers of the JPIA financial statements this narrative overview and analysis of the financial activities of the JPIA for the fiscal year ended September 30, 2021. 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, 2021. 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, 2020 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.

CONDENSED STATEMENTS OF NET POSITION			
	9/30/2021	9/30/2020	Variance
ASSETS			
Other Assets	\$267,666,108	\$233,214,701	\$34,451,407
Capital Assets	4,104,251	4,310,372	(206,121)
Total Assets	271,770,359	237,525,073	34,245,286
DEFERRED OUTFLOWS			
Related to Pensions	1,027,236	741,645	285,591
Related to OPEB	161,906	313,105	(151,199)
Total Deferred Outflows	1,189,142	1,054,750	134,392
LIABILITIES			
Current Liabilities	49,931,094	55,629,664	(5,698,578)
Noncurrent Liabilities	73,627,596	57,445,500	16,182,096
Total Liabilities	123,558,690	113,075,164	10,483,526
DEFERRED INFLOWS			
Related to Pensions	(2,780,885)	1,281,433	(4,062,318)
Related to OPEB	2,371,164	536,019	1,835,145
Total Deferred Inflows	(409,721)	1,817,452	(2,227,173)
NET POSITION			
Net Investment in Capital Assets	4,104,251	4,310,372	(206,121)
Unrestricted	145,706,281	119,376,835	26,329,446
TOTAL NET POSITION	\$149,810,532	\$123,687,207	\$26,123,325

HARD MARKETS

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

disasters show few signs of subsiding and carriers have factored these unfortunate events into pricing across the industry.

COVID-19

In March of 2020, California Governor Gavin Newsom announced “shelter in place” measures to curb the spread of COVID-19. Consequently, planned medical procedures, routine and preventative care, dental, and vision appointments, and even some emergency cares were delayed, deferred, or cancelled. This resulted in significantly fewer claims being incurred during 2020 than anticipated.

The self-funded medical plans incurred nearly \$4 million in expenses related to COVID-19. However, that was more than offset by cancelled or delayed care. Many of these claims may be deferred to later dates once the impacts of COVID-19 subside. The potential cost to treat “long COVID” is also unknown at this point.

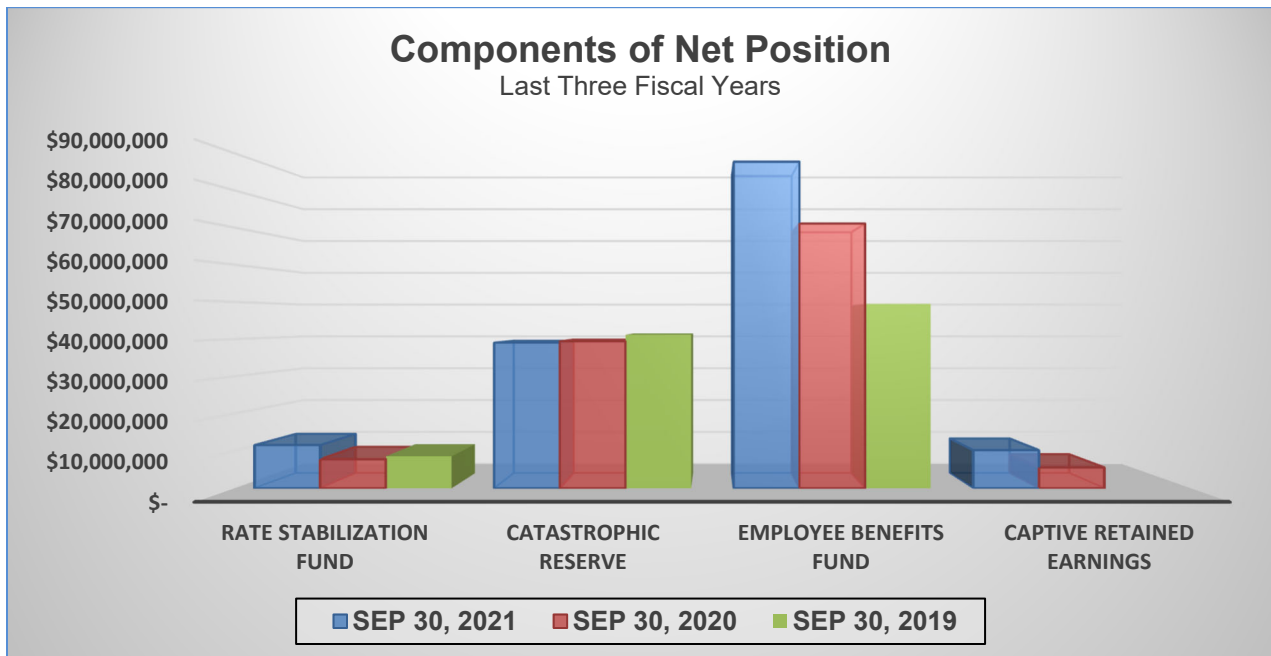
Other factors leading to the large \$34 million increase in other assets:

- There was \$11.5 million of nonoperating revenues attributed to investment income. This income helped to increase investments at year end.
- Further contributing to the rise in other assets, payments for claims decreased by \$5 million. The largest influence here was a decrease of \$6.8 million in claims payments for the liability program. This decrease in claims made for more cash and investments on hand at year end.
- \$7.1 million increase between the net OPEB and pension assets. Plan investment returns from CalPERS for the current fiscal year helped grow the fiduciary net positions of both funds considerably. JPIA reported a net OPEB asset of \$3.9 million versus \$1.4 million from the 2020 year, as well as a \$4.7 million net pension asset versus \$138,133 in 2020.
- ACWA JPIA paid out some large loss claims in 2020 that reached well into the excess layers in the liability and property programs. These were claims related to wildfires, floods, and other extreme conditions that resulted in considerable loss of life and/or property. These claims make up approximately \$25 million of the variances between cash paid out for excess claims, as well as the incoming cash from excess carriers to compensate for those claims qualifying for reimbursement per excess schedules.

NET POSITION

The components of Net Position graph (depicted on the following page) illustrate the year-to-year changes in the funds that comprise JPIA's net position from 2020 to 2021 (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 \$4 million included several notable adjustments for the new year. Refunds to member districts were paid out in the early part of 2021 in the amount of \$6.2 million. Retrospective premium adjustments for Liability and Workers' Compensation added close to \$11.5 million to grow the RSF balance. Payroll reconciliations and other adjustments totaled just over \$238,000 to bring that balance to \$11.6 million. During 2021 the JPIA Executive Committee moved the maximum limit for each members' rate stabilization fund from 50% of the basic deposit premium to 70%. The effect of this change was \$2.7 million more money in the rate stabilization fund.

The Catastrophic Reserve decreased slightly due to refund adjustments within the RSF process. The overall balance on September 30th was just over \$39 million.

As mentioned in the COVID-19 section of this document, the Employee Benefits department's downward claims trend (and factoring in pension expense adjustments) added an additional \$18 million to the fund. Deferred or foregone care and the increased use of telehealth substantially reduced claims costs. Large credits totaling approximately \$7 million were reconciled and paid back to the JPIA after working closely with Anthem Blue Cross and MedImpact. These credits were related to commercial and Employer Group Waiver Plan (EGWP) pharmaceutical manufacturer rebates and contracted minimums, which helped reduce claim expenses from the end of 2018 through September 2019.

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

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

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

The final component of JPIA's net position is the addition of the new captive insurance company, California Water Insurance Fund (CWIF). Originally established in September 2019, the nonprofit captive's retained earnings comprise about \$10.2 million of overall net position and represent the excess of premiums over costs for the current fiscal year plus prior year earnings.

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:

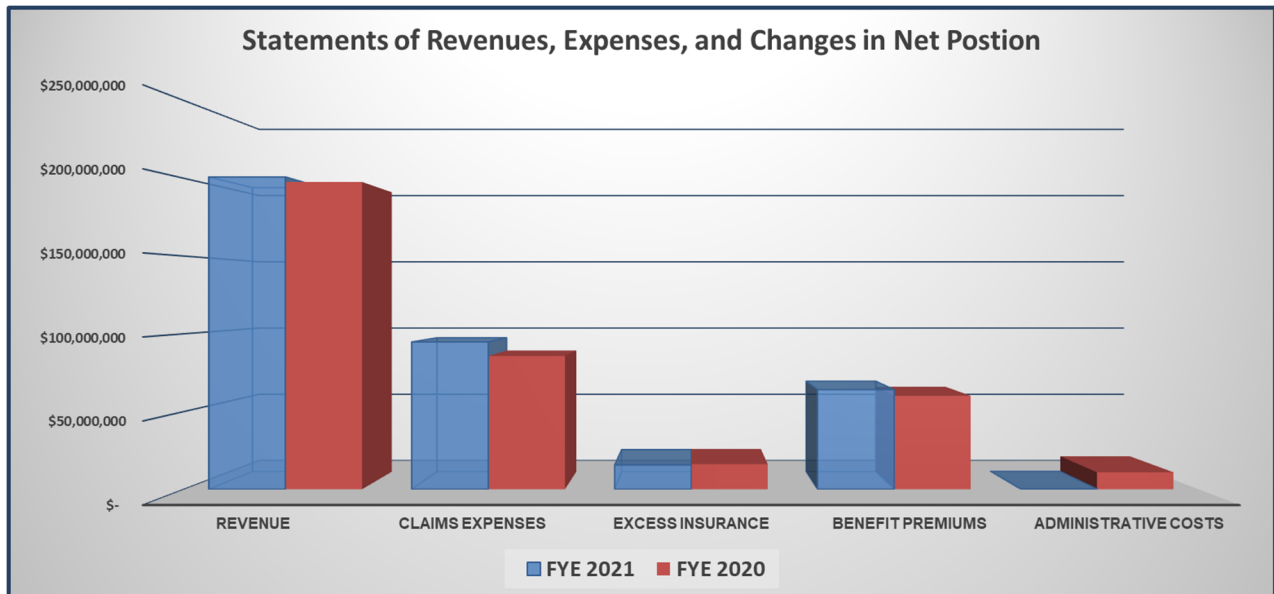
1. Favorable actuarial adjustments
2. Realized investment income
3. Other

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.

REVENUES, EXPENSES, & CHANGES IN NET POSITION

CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	9/30/2021	9/30/2020	Variance
OPERATING REVENUES			
Members Premiums	\$200,775,298	\$194,507,327	\$6,267,971
Retrospective Premium Adjustments	(11,457,566)	(5,377,009)	(6,080,557)
Total Operating Revenues	189,317,732	189,130,318	187,414
OPERATING EXPENSES			
Provision for Claims	94,764,321	85,730,468	9,033,853
Excess Insurance	15,682,763	16,113,131	(430,368)
Benefit Premiums	64,061,027	60,126,984	3,934,043
Pension expense (credit)	(8,492,368)	401,655	(8,894,023)
General & Administrative	8,744,713	10,514,500	(1,769,787)
Total Operating Expenses	174,760,456	172,886,738	1,873,718
OPERATING INCOME	14,557,276	16,243,580	(1,686,304)
NON-OPERATING REVENUES			
Investment Income	11,566,049	8,509,125	3,056,924
CHANGE IN NET POSITION	26,123,325	24,752,705	1,370,620
NET POSITION, BEGINNING	123,687,207	98,934,502	24,752,705
NET POSITION, ENDING	\$149,810,532	\$123,687,207	\$26,123,325



PREMIUMS

In June of 2020, the JPIA Property Program Committee voted to increase premium pricing for the new 2021-2022 property policy year by 10%. This change was due to growing excess insurance costs (\$6.4 million compared to \$4.8 million in the 20-21 policy year) and pooled “total insured values” of over \$8 billion. This decision created over \$1.5 million in additional premium 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 either the 2020-2021 or 2021-2022 policy years and helped alleviate the impact of the expenses endured by the property program while contributing over \$7.2 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 2021 and added an additional \$4.5 million in premiums. The Kaiser plans are pass-thru only, and no claims are paid by JPIA. Anthem’s PPO program is a self-insured plan in which JPIA pays claims and administers its own stop loss (self-insured retention) levels up to \$750,000 per occurrence.

RETROSPECTIVE PREMIUM ADJUSTMENTS (RPA)

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

- \$14.8 million net excess of revenues over costs for the fiscal year 2020-21 versus \$2.8 million last year
- \$3.8 million increase in the Rate Stabilization Fund (RSF) versus a \$780,000 reduction in the prior year
- \$350,000 reduction in catastrophic funds versus a \$1.7 million reduction last year

These changes make up most of the \$6 million member premiums variance from 2020 to 2021.

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	2021	2020	VARIANCE
Liability	\$16,763,703	\$13,395,505	\$3,368,198
Property	3,847,324	2,249,482	1,597,842
Workers Comp.	4,129,087	2,816,067	1,313,020
Employee Benefits	70,024,207	67,269,414	2,754,793
Totals:	\$94,764,321	\$85,730,468	\$9,033,853

The liability program experienced an increase of \$3.3 million. This was largely due to actuarial increases in the 2017-18 and 2018-19 policy year ultimate loss figures. 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 \$10 million already. This was only the third time since inception that the JPIA has experienced a liability claim that reached into that layer of coverage.

As shown in the chart above, the \$1.5 million increase in the property program mainly resides in the primary level reserves for claims. This largely pertains to a claim as a direct result of the Caldor Fire in August of 2021 that burned over 220,000 acres and caused extensive damage throughout El Dorado County. This claim alone broke through the \$1 million aggregate excess limits for the current policy year and is expected to be

upwards of \$10 million in costs to the pool (estimated) after all reserves have been accounted and paid for, prior to any recoveries from the excess carrier.

Actuary updates to ultimate loss numbers for the workers compensation policy years '19-20 and '20-21 added approximately \$3.5 million in additional incurred but not reported figures (IBNR) during the current fiscal year. These projections are higher than originally reported upon the inceptions of both program years where the original IBNRs were recorded.

The COVID-19 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 bill in 2021. This could explain why the 2021 claims trend is trending higher compared to the prior year (\$67 million annualized, compared to \$59 million total).

EXCESS

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

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

Due to a stop-loss increase from \$500,000 to \$750,000 in the Employee Benefits' PPO medical program, the pool should save approximately \$1 million in premium to SunLife Financial, with conservatively estimated savings of \$120,000 after adjusting for increased risk.

ADMINISTRATIVE

General and administrative costs, collectively, were reduced in fiscal year 2021 by over \$9.5 million. Approximately \$1 million of this variance can be explained from lower spending related to travel expenses, meeting expenses, training expenses, and other costs affected by the COVID pandemic. The other \$8.5 million was the result of a considerable pension expense credit, mainly stemming from changes to the net pension asset, deferred outflows, and deferred inflows related to pensions. As explained earlier, CalPERS investment earnings reported this year boosted the miscellaneous risk pool plan assets, and with the JPIA's fiduciary net position already in a fully funded state, the growth resulted in a massive increase to the net pension asset reported on the Statement

of Net Position, offset by a reduction in pension expense. This change was material enough to report separately, outside of general and administrative expenses, considered to be better for presentational reasons on the audited financial statements.

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, 2021.

Over the course of the fiscal year, funds were transferred from the JPIA fixed-income portfolio over to CWIF. This was accomplished in one wire transaction in November 2020. The total amount transferred was calculated around \$20.8 million, enough to cover \$21 million for the liability 20-21 policy year, as well as \$3.3 million paid for the first completed quarter of workers compensation coverage for the 2021-2022 policy year.

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	2021	2020	VARIANCE
JPIA Cash/Equivalents	\$31,132,871	\$61,019,857	\$(29,886,986)
CWIF Cash/Equivalents	566,989	407,837	159,152
JPIA Fixed Income	123,863,259	99,373,811	24,489,448
CWIF Mutual Funds – Equities	53,134,192	29,528,758	23,605,434
CWIF Mutual Funds – Fixed Income	23,254,826	14,788,472	8,466,354
Totals:	\$231,952,137	\$205,118,735	\$26,833,402

A decision was made to move \$25 million from the Local Area Investment Fund (LAIF) to the JPIA Fixed Income portfolio in September 2021 to try to maximize return on investment without sacrificing operational cash flow. State of California reported LAIF monthly average yields of 0.206% on September 30, 2021.

CAPITAL ASSETS

The 2021 fiscal year had no material activity regarding acquiring capital assets. Depreciation expense for the period totaled \$223,612.

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 (2021-2022). 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 – internally, the JPIA Information Technology department continues to assess cyber security threats and opportunities, and endeavors to protect the sanctity of sensitive information and data through various measures, such as multi-factored authentication for accessing software programs, more stringent password policies, and training centered on identifying malware, phishing scams, and other penetration-related risks. These measures are not only conducted internally with JPIA staff but recommended and encouraged to JPIA members as well.

CONCLUSION

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

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

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

STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

	2021	Memo Only 2020
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 31,699,860	\$ 61,427,694
Investments	5,000,000	10,852,100
Member premiums receivable	8,551,240	10,437,486
Investment income and other receivables	413,403	608,572
Excess insurance proceeds receivable	456,143	872,225
Retrospective premium adjustment receivable	177,858	421,030
Prepaid expenses	8,742,878	5,955,754
TOTAL CURRENT ASSETS	55,041,382	90,574,861
NONCURRENT ASSETS		
Investments	195,252,277	132,838,940
Retrospective premium adjustment receivable	8,701,534	8,249,460
Net OPEB asset	3,905,515	1,413,307
Net pension asset	4,765,400	138,133
Capital assets - net	4,104,251	4,310,372
TOTAL NONCURRENT ASSETS	216,728,977	146,950,212
TOTAL ASSETS	271,770,359	237,525,073
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pensions	1,027,236	741,645
Deferred outflows of resources related to OPEB	161,906	313,105
TOTAL DEFERRED OUTFLOWS	1,189,142	1,054,750
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	2,203,625	5,636,356
Unearned member premiums	21,405,985	19,491,759
Retrospective premium adjustment payables	11,498,168	12,512,318
Provision for claims	14,823,316	17,989,231
TOTAL CURRENT LIABILITIES	49,931,094	55,629,664
NONCURRENT LIABILITIES		
Retrospective premium adjustment payables	23,247,837	19,090,240
Claims reserves	17,196,761	14,593,059
Claims incurred but not reported	29,642,153	21,522,754
Unallocated loss adjustment liability	3,540,845	2,239,447
TOTAL NONCURRENT LIABILITIES	73,627,596	57,445,500
TOTAL LIABILITIES	123,558,690	113,075,164
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pensions	(2,780,885)	1,281,433
Deferred inflows of resources related to OPEB	2,371,164	536,019
TOTAL DEFERRED INFLOWS	(409,721)	1,817,452
NET POSITION		
Net investment in capital assets	4,104,251	4,310,372
Unrestricted	145,706,281	119,376,835
TOTAL NET POSITION	\$ 149,810,532	\$ 123,687,207

See accompanying notes to financial statements.

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2021

	<u>2021</u>	<u>Memo Only 2020</u>
OPERATING REVENUES		
Member premiums	\$ 200,775,298	\$ 194,507,327
Retrospective premium adjustments	(11,457,566)	(5,377,009)
TOTAL OPERATING REVENUES	<u>189,317,732</u>	<u>189,130,318</u>
OPERATING EXPENSES		
Claims expense:		
Claims paid	85,905,737	90,772,703
Change in claims reserves	4,749,782	(103,945)
Change in claims incurred but not reported	2,807,404	(4,252,240)
Change in unallocated loss adjustment expense	1,301,398	(686,050)
Total claims expense	<u>94,764,321</u>	<u>85,730,468</u>
Excess insurance	15,682,763	16,113,131
Benefit premiums	64,061,027	60,126,984
Pension expense (credit)	(8,492,368)	401,655
General and administrative	8,521,101	10,285,838
Depreciation	223,612	228,662
TOTAL OPERATING EXPENSES	<u>174,760,456</u>	<u>172,886,738</u>
OPERATING INCOME	<u>14,557,276</u>	<u>16,243,580</u>
NONOPERATING REVENUES		
Investment income	6,086,423	5,091,535
Net increase in investment fair value	5,479,626	3,417,590
TOTAL NONOPERATING REVENUES	<u>11,566,049</u>	<u>8,509,125</u>
CHANGE IN NET POSITION	26,123,325	24,752,705
NET POSITION, BEGINNING OF YEAR	<u>123,687,207</u>	<u>98,934,502</u>
NET POSITION, END OF YEAR	<u>\$ 149,810,532</u>	<u>\$ 123,687,207</u>

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

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STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2021

	2021	Memo Only 2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from members	\$ 199,818,859	\$ 189,153,896
Cash received from excess/aggregate insurance	3,951,914	31,001,622
Payments for claims	(85,905,737)	(90,772,703)
Payments for excess/aggregate claims	(7,183,942)	(27,674,471)
Payments for excess insurance	(15,682,763)	(16,113,131)
Payments for benefit premiums	(64,061,027)	(60,126,984)
Payments for billings & RPA fund	(6,210,993)	(5,905,812)
Payments to vendors	(2,203,980)	(2,692,409)
Payments to employees	(7,567,189)	(7,995,084)
NET CASH PROVIDED BY OPERATING ACTIVITIES	14,955,142	8,874,924
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(17,512)	(12,607)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	3,179,434	3,777,981
Purchase of investments	(111,099,963)	(121,986,702)
Proceeds from maturities of investments	63,255,065	122,392,901
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(44,665,464)	4,184,180
Increase (decrease) in cash and cash equivalents	(29,727,834)	13,046,497
Cash and cash equivalents, beginning of year	61,427,694	48,381,197
Cash and cash equivalents, end of year	\$ 31,699,860	\$ 61,427,694
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 14,557,276	\$ 16,243,580
Adjustments to net cash provided by operating activities:		
Depreciation of capital assets	223,612	228,662
Change in member premiums receivable	1,886,246	(3,456,470)
Change in excess insurance proceeds receivable	416,082	(448,831)
Change in retrospective premium adjustment receivable	(208,902)	(4,059,682)
Change in net pension asset	(4,627,267)	196,598
Change in net OPEB asset	(2,492,208)	167,342
Change in other receivables and prepaids	(2,591,955)	(130,720)
Changes in deferred outflows/inflows related to net pension and OPEB	(2,361,565)	(355,727)
Changes in payables and accrued expenses and other expenses	(3,762,434)	2,946,437
Change in unearned member premiums	1,914,226	1,277,547
Change in retrospective premium adjustment payables	3,143,447	1,308,423
Change in claims liabilities	8,858,584	(5,042,235)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 14,955,142	\$ 8,874,924
NON CASH ITEMS		
Change in unrealized fair value of investments	\$ 5,479,626	\$ 3,417,590

See accompanying notes to financial statements.

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

NOTES TO FINANCIAL STATEMENTS
Year Ended September 30, 2021

(1) General Information

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

The JPIA currently offers five joint protection programs:

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

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

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

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

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS
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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 - 9/30/21*	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)
- \$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

- 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.

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.

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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 - 6/30/22**	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, 2021. 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. Workers Compensation holds four different general ledger accounts to track receivables separately since the billing is done quarterly. A significant portion of premiums receivable are also recognized as unearned premiums for those policies extending into the subsequent year.

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

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

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 program contributions, related fees and assessments that are integral to the financing of the insurance programs. Investment income is classified as non-operating revenue.

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

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

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

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

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

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

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

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(3) Cash and Investments

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

<u>AUTHORIZED INVESTMENT TYPE</u>	<u>MAXIMUM MATURITY*</u>	<u>MAXIMUM PERCENTAGE OF PORTFOLIO</u>	<u>MAXIMUM INVESTMENT IN ONE ISSUER</u>	<u>MINIMUM CREDIT QUALITY</u>
Federal Agency	5 years	100%	50%	None
Asset-Backed Securities/CMO	5 years	20%	5%	AA
Bankers' Acceptance	180 days	20%	5%	Highest by NRSRO
Commercial Paper	270 days	25%	5%	Highest by NRSRO
Negotiable Certificates of Deposits	5 years	30%	5%	A
Time Certificates of Deposits	5 years	30%	FDIC/NCUA Limits	Banks S&L / CU Insured
Repurchase Agreements	92 days	20%	20%	Primary Dealer
Medium-Term Notes	5 years	30%	5%	A
LGIP	N/A	50%	N/A	AAAm
LAIF	Daily	50%	N/A	N/A
Money Market Funds	N/A	20%	20%	Treasury / Agency Only
U.S. Treasury	5 years	100%	100%	None
California State Obligations	5 years	100%	5%	A
Other State/Local Gov. Obligations	5 years	100%	5%	A
Supranationals	5 years	20%	20%	AAA

* The average life of the total portfolio at any time shall not exceed four years.

CWIF Investment Policy

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

Investment Credit Risk - CWIF's investments on September 30, 2021, are summarized in the following table. The credit quality rating used is Standard and Poor's, a nationally recognized rating agency.

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INVESTMENTS	FAIR VALUE	%	CREDIT QUALITY RATING
Mutual Funds – Equity	\$53,134,192	70%	None
Mutual Funds – Fixed Income	23,254,826	30%	None
Total Investments	\$76,389,018	100%	

Concentration of Credit Risk – As of September 30, 2021, investments in any one issuer, other than U.S. Treasury Securities, LAIF and LGIP, represent 5% or more of the total ACWA JPIA portfolio:

<u>Issuer</u>	<u>Investment Type</u>	<u>Market Value</u>
FNMA	Federal Agency	\$10,715,945

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, 2021, are as follows:

Authorized Investment Type	Fair Value	Effective Duration
U.S. Treasury Obligations	\$63,338,054	2.776
Federal Agency Securities	15,204,643	2.818
Federal Mortgage-Backed Securities	3,464,312	0.885
Medium-Term Notes	16,474,593	2.811
Asset-Backed Securities/CMOs	5,597,176	1.678
Negotiable Certificates of Deposit	4,998,464	1.014
Commercial Paper	5,000,000	0.333
Municipal Bonds	6,409,107	2.724
Supranationals	3,376,910	2.131
Mutual Funds – Equity	53,134,192	N/A
Mutual Funds – Fixed Income	23,254,826	N/A

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

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

Investment Credit Risk – the JPIA and CWIF securities are summarized in the following table by the respective fair values as of September 30, 2021. 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	11,652,672				11,652,672
Asset-Backed Securities	5,597,176	3,159,142			2,438,034
Negotiable Certificates of Deposit	4,998,464	3,174,904	1,268,744	554,816	
LGIP (Managed Pool Account) *	257,037				257,037
LAIF	19,789,951				19,789,951
U.S. Treasury Obligations	63,338,054	63,338,054			
Federal Agency Securities	15,204,643	15,204,643			
Federal Mortgage-Backed Secur.	3,464,312	633,398			2,830,914
Municipal Bonds	6,409,107	2,217,639	3,432,738		758,730
Commercial Paper	5,000,000		5,000,000		
Medium-Term Notes	16,474,593	582,759	580,426	15,311,408	
Supranationals	3,376,910	3,376,910			
Mutual Funds – Equity**	53,134,192				53,134,192
Mutual Funds – Fixed Income**	23,254,826				23,254,826
Totals	<u>\$231,952,137</u>	<u>\$91,687,449</u>	<u>\$10,281,908</u>	<u>\$15,866,224</u>	<u>\$114,116,556</u>

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 \$257,037 in CAMP. This investment is not rated by Moody’s but is, however, rated AAAm by Standard and Poor’s.

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**California Water Insurance Fund (CWIF), a captive insurance company and subsidiary of ACWA JPIA. Investment fund managed by PFM Asset Management LLC, with custodial US Bank.

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

- Level 1 Inputs – Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date. An active market for the asset is one in which transactions for the asset occur with sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 Inputs – Inputs to the valuation methodology that are observable for an asset/liability either directly or indirectly (other than quoted prices included within Level 1). They include quoted prices for similar assets/liabilities in active markets and quoted prices for identical or similar assets/liabilities in markets that are NOT active.
- Level 3 Inputs – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the assumptions that market participants would use in pricing the asset/liability, including assumptions about risk.

The following schedule classifies the JPIA's security assets at fair value based on hierarchy level as of September 30, 2021:

Investments by Fair Value Level		Fair Value Measurements Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Debt Securities:			
U.S. Treasury Obligations	\$ 63,338,054	\$ 63,338,054	
Asset-Backed Securities	5,597,176		\$5,597,176
Negotiable Certificates of Deposit	4,998,464		4,998,464
Medium-Term Notes	16,474,593		16,474,593
Commercial Paper	5,000,000		5,000,000
Federal Agency Securities	18,668,955		18,668,955
Municipal Bonds	6,409,107		6,409,107
Supranationals	3,376,910		3,376,910
Mutual Funds – Closed-ended	39,330,382	39,330,382	
Mutual Funds – Open-ended	37,058,636		37,058,636
Totals	\$200,252,277	\$102,668,436	\$97,583,841

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, 2021:

	<u>9/30/2020</u>	<u>Additions/ Disposals</u>	<u>9/30/2021</u>
<u>NON-DEPRECIABLE ASSETS:</u>			
Land	\$ 590,545	\$ 0	\$ 590,545
Undeveloped Software/Equipment	0	17,512	17,512
Total Non-Depreciable Assets:	590,545	17,512	608,057
<u>DEPRECIABLE ASSETS:</u>			
Building & Improvements	5,336,035	0	5,336,035
Furniture & Equipment	724,010	(21)	723,989
Software	497,982	0	497,982
Total Depreciable Assets	6,558,027	(21)	6,558,006
<u>LESS ACCUMULATED DEPRECIATION:</u>			
Building & Improvements	(1,744,302)	(179,073)	(1,923,375)
Furniture & Equipment	(628,841)	(35,950)	(664,791)
Software	(465,057)	(8,589)	(473,646)
Total Accumulated Depreciation	(2,838,200)	(223,612)	(3,061,812)
Capital Assets - Net	\$4,310,372	\$(206,121)	\$ 4,104,251

(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, 2021. 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, 2021, unpaid losses of \$65,660,276 are presented at the net present value of \$65,203,075. These losses are discounted at a rate of 1% for Liability, 1.5% for Workers' Compensation, .5% for Property and 0% for Employee Benefits.

The following schedule represents changes in the aggregate liabilities for all programs during the past year ending September 30, 2021:

Discounted Unpaid Claims and Claim Adjustment	
Expenses at Beginning of Fiscal Year	\$56,344,491
Incurred Claims and Claim Adjustment Expenses:	
Provision for Insured Events of the Current Fiscal Year	89,652,870
Increase in Provision of Insured Events of Prior Fiscal Years	5,111,451
Total Incurred Claims and Claim Adjustment Expenses	94,764,321
PAYMENTS:	
Claims and Claim Adjustment Expenses Attributable to Insured Events of the Current Fiscal Year	66,962,689
Claims and Claim Adjustment Expenses Attributable to Insured Events of Prior Fiscal Years	18,943,048
Total Payments	85,905,737
Discounted Unpaid Claims and Claim Adjustment	
Expenses at End of Fiscal Year	\$65,203,075
<u>Components of Claims Liability:</u>	
Provision for Claims (Current)	\$14,823,316
Claims Reserves	17,196,761
Claims Incurred but Not Reported	29,642,153
Unallocated Loss Adjustment Liability	3,540,845
Total Claims Liability	\$65,203,075

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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 earnings over expenses in the amount of \$13,612,283 for fiscal year 2020-21.

Net position is designated in the following manner:

September 30, 2021:	
Rate Stabilization Fund (RSF)	\$11,581,997
Catastrophic (CAT)/Natural Disaster Fund	39,048,710
Employee Benefits Fund	88,928,195
Captive's Retained Earnings (CWIF)*	10,251,630
Net Position	\$149,810,532
<i>*Difference of retained earnings reported on this schedule varies by \$10,352,241 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.

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, 2021 (the measurement date) was 9.929% and 7.874% 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, 2021, the employer contributions to the plan were \$478,789, plus additional elective contributions totaling \$4,019 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, 2021, for the year ended September 30, 2021. The total pension liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of June 30, 2020, rolled forward to June 30, 2021, using standard update procedures. As of September 30, 2021, ACWA JPIA's proportionate share of the Plan's net pension liability (NPL) was (\$4,765,400).

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, 2020, and 2021 were as follows:

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	Plan
Proportion - June 30, 2020	(.003275%)
Proportion - June 30, 2021	(.250969%)
Change	(.247694%)

For the year ended September 30, 2021, ACWA JPIA recognized a pension expense credit of \$8,894,023, and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience*	\$ (534,388)	\$ 0
Changes of assumptions	0	0
Net difference between projected and actual earnings on pension plan investments	0	4,159,942
Changes in proportions	1,456,290	
Changes in proportionate share of contributions		(1,379,057)
Contributions subsequent to the measurement date	105,334	
Total	\$ 1,207,236	\$ 2,780,885

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

As of September 30, 2021, the \$105,334 reported as deferred outflows of resources related to employer contributions subsequent to the measurement date will be recognized as an increase to the Net Pension Asset in the year ending September 30, 2022. As of September 30, 2021, other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized as pension expense (benefit) as follows:

Year Ended September 30	
2022	\$ 770,832
2023	769,645
2024	1,012,715
2025	1,149,594

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Actuarial Methods and Assumptions

The collective TPL for the June 30, 2021, measurement period was determined by an actuarial valuation as of June 30, 2020, with update procedures used to roll forward the TPL to June 30, 2021. The collective TPL was based on the following assumptions:

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

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

Changes of Assumptions

There were no changes of assumptions for the measurement period ended June 30, 2021.

Discount Rate

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

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

In determining the long-term expected rate of return, CalPERS considered both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

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

<u>Asset Class ⁽¹⁾</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1 – 10^(2,4)</u>	<u>Real Return Years 11+^(3,4)</u>
Public equity	50.00%	4.80%	5.98%
Fixed income	28.00%	1.00%	2.62%
Inflation assets		0.77%	1.81%
Private equity	8.00%	6.30%	7.23%
Real estate	13.00%	3.75%	4.93%
Liquidity	1.00%		-0.92%
Total	<u>100.00%</u>		

⁽¹⁾ In the system's Annual Comprehensive Financial Report, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

⁽²⁾ An expected inflation of 2.00% was used for this period.

⁽³⁾ An expected inflation of 2.92% was used for this period.

⁽⁴⁾ Figures are based on previous ALM of 2017.

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, 2021, measurement date, calculated using the discount rate of 7.15%, as well as what ACWA JPIA's Proportional Share of the NPL would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate:

	<u>Discount Rate – 1% (6.15%)</u>	<u>Current Discount Rate (7.15%)</u>	<u>Discount Rate + 1% (8.15%)</u>
ACWA JPIA's Proportionate Share of Plan's NPL (NPA)	\$ (361,002)	\$ (4,765,400)	\$ (8,406,452)

(10) OPEB

Plan Description

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

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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.

<u>Age plus Years of Service</u>	<u>ACWA JPIA Percentage of Premium Payment</u>
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:

Inactive employees receiving benefits	18
Inactive employees entitled to but not receiving benefits	0
Participating active employees	<u>50</u>
Total	<u>68</u>

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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.

Net OPEB Asset

The JPIA's net OPEB asset was measured as of June 30, 2021, and was determined by an actuarial valuation based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate	7.28%
Inflation	2.01%
Salary Increases ⁽¹⁾	3.50%
Investment Rate of Return ⁽²⁾	7.28%
Mortality ⁽³⁾	CalPERS' Membership Data
Health care cost trend rates	The rate for post-65 participants is estimated at 5.00%. The rate for pre-65 is estimated as shown in the table below.

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

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

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

⁽³⁾ The mortality rates used in this valuation are those used in the 2017 CalPERS demographic study.

Pre-Retirement: CalPERS 2017 Mortality

Post-Retirement: CalPERS 2017 Mortality

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Assumption Changes

The average per capita claims cost was updated to reflect a baseline cost of \$11,051 per year for pre-Medicare premiums, and \$5,564 per year for post-Medicare premiums. The health care cost trend rate was updated to reflect 2020 industry survey data, the mortality, withdrawal, disablement, and retirement tables were updated to reflect the 2017 CalPERS studies. The population for curving and morbidity factors have also been updated to the 2017 CalPERS study.

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

The arithmetic long-term expected rate of return on OPEB plan investments for the next ten years was provided by JP Morgan. For years thereafter, returns were based on historical average index real returns over the last 30 years assuming a similar equity/fixed investment mix and a 2.47% 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 * Expected Real Rate of 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, 2021, is based on these requirements and the following information:

<u>Discount Rate</u>	<u>Bond Buyer 20-Bond GO Index</u>
7.28%	2.16%

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Changes in the Net OPEB Asset

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

	<u>Increase (Decrease)</u>		
	<u>Total OPEB Liability (TOL) (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net OPEB Liability (Asset) (a)-(b)</u>
Balance as of June 30, 2020,	\$ 7,402,346	\$ 8,815,653	\$ (1,413,307)
Changes recognized for the measurement period:			
Service cost	272,149		272,149
Interest	551,507		551,507
Contributions—employer		201,239	(201,239)
Net investment income		2,421,291	(2,421,291)
Differences between expected and actual experience	150,000		150,000
Change of assumptions	(846,669)		(846,669)
Benefit payments	(201,239)	(201,239)	
Administrative expense		(3,335)	3,335
Net changes	<u>(74,252)</u>	<u>2,417,956</u>	<u>(2,492,208)</u>
Balance as of June 30, 2021 (Measurement date June 30, 2021)	<u>\$ 7,328,094</u>	<u>\$ 11,233,609</u>	<u>\$ (3,905,515)</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 Rate -1% (6.28%)</u>	<u>Current Discount Rate (7.28%)</u>	<u>Discount Rate +1% (8.28%)</u>
Net OPEB Asset	\$ 2,944,736	\$ 3,905,515	\$ 4,708,810

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

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

	<u>Trend Rate -1%</u>	<u>Health Care Trend Rate</u>	<u>Trend Rate +1%</u>
Net OPEB Asset	\$ 5,572,792	\$ 3,905,515	\$ 1,878,307

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OPEB plan fiduciary net position

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

Recognition of Deferred Outflows and Deferred Inflows of Resources

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

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

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

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

OPEB Expense and Deferred Outflows/Inflows Related to OPEB

For the year ended September 30, 2021, the JPIA recognized an OPEB expense credit of \$304,625, and reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions after the measurement date*	\$ 33,390	\$ 0
Changes in assumptions		1,034,367
Differences between expected and actual experience	128,516	129,807
Net difference between projected and actual earnings on OPEB plan investments		1,206,990
Total	\$ 161,906	\$ 2,371,164

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*The \$33,390 reported as deferred outflows of resources related to contributions after the June 30, 2021, measurement date will be recognized as an increase in the net OPEB Asset during the fiscal year ending September 30, 2022.

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

Fiscal Year Ended September 30	Recognized Deferred Outflows/(Inflows) of Resources
2022	(481,374)
2023	(471,642)
2024	(489,138)
2025	(552,956)
2026	(147,600)
Thereafter	(99,938)
Total Deferred Resources:	<u>\$(2,242,648)</u>

(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

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RECONCILIATION OF CLAIMS LIABILITIES BY TYPE OF CONTRACT

SEPTEMBER 30, 2021

	Liability Program	Property Program	Workers' Compensation Program	Employee Benefits Program	Total
Unpaid Claims and Claim Adjustment 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 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 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 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 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 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:					
Provision for Claims (Current)	\$ 7,674,522	\$ 1,735,484	\$ 5,413,310	\$ 0	\$ 14,823,316
Claims Reserves	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>

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TEN YEAR CLAIMS DEVELOPMENT INFORMATION
AS OF SEPTEMBER 30, 2021

LIABILITY PROGRAM

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
1. Required contribution and investment revenue:										
Earned	\$ 19,829,593	\$ 17,696,468	\$ 16,972,008	\$ 15,731,018	\$ 15,825,795	\$ 16,819,754	\$ 18,907,940	\$ 18,938,052	\$ 21,727,054	\$ 23,053,520
Ceded	4,145,093	4,080,300	3,659,417	3,634,717	3,875,750	2,758,676	3,014,553	3,196,277	5,504,597	4,306,746
Net earned	15,684,500	13,616,168	13,312,591	12,096,301	11,950,045	14,061,078	15,893,387	15,741,775	16,222,457	18,746,774
2. Unallocated expenses	2,607,083	1,674,297	2,480,414	2,032,629	2,199,304	2,788,735	2,853,721	1,895,503	1,596,359	552,004
3. Estimated claims and expenses end of policy year:										
Incurred	11,501,735	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
Ceded	3,340,797	2,803,191	2,829,815	2,688,625	3,489,316	949,000	860,000	1,025,000	1,155,000	1,222,000
Net incurred	8,160,938	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
4. Net paid (cumulative) as of :										
End of policy year	980,968	1,327,647	2,058,691	2,355,454	2,313,638	1,702,912	1,827,061	1,622,001	2,812,515	2,909,828
One year later	2,347,481	2,892,313	3,985,953	4,630,229	5,197,925	3,375,115	3,176,237	9,430,733	6,238,788	
Two years later	5,333,836	4,419,948	5,066,762	5,405,345	9,257,380	6,537,956	5,560,989	10,866,250		
Three years later	6,184,173	4,569,894	5,883,558	7,270,381	9,148,742	6,713,185	6,826,024			
Four years later	6,176,719	4,592,713	6,077,650	7,010,514	9,158,435	6,844,171				
Five years later	6,345,207	4,647,004	6,112,400	7,283,663	9,156,252					
Six years later	6,496,242	4,647,004	7,996,565	7,284,406						
Seven years later	6,543,103	4,648,071	7,995,529							
Eight years later	7,310,419	4,648,432								
Nine years later	7,310,419									
5. Reestimated claims and expenses:	0	8,000	13,122,587	0	0	99,000	285,000	9,500,000	772,000	1,222,000
6. Reestimated net incurred claims and expenses:										
End of policy year	8,160,938	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
One year later	7,445,949	6,729,662	10,676,485	8,611,154	10,817,319	10,717,162	10,791,082	15,836,297	13,526,276	
Two years later	6,853,715	6,742,879	9,275,901	7,454,187	10,800,508	9,064,480	10,205,529	17,077,914		
Three years later	8,546,852	5,191,809	8,487,171	7,961,888	9,960,435	7,428,404	10,999,841			
Four years later	6,607,018	4,744,468	8,216,397	7,312,945	9,353,029	7,366,721				
Five years later	7,399,352	4,711,351	8,165,264	7,498,827	9,156,253					
Six years later	7,471,152	4,647,005	7,996,565	7,284,406						
Seven years later	7,403,311	4,655,076	7,995,529							
Eight years later	7,310,994	4,650,006								
Nine years later	7,310,419									
7. Increase (decrease) in estimated incurred claims and expense from end of policy year:	\$ (850,519)	\$ (3,887,802)	\$ (1,166,886)	\$ (4,767,329)	\$ (2,364,972)	\$ (4,307,777)	\$ (661,460)	\$ 4,001,674	\$ (311,714)	\$ 0

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

TEN YEAR CLAIMS DEVELOPMENT INFORMATION
AS OF SEPTEMBER 30, 2021

PROPERTY PROGRAM

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
1. Required contribution and investment revenue:										
Earned	\$ 4,607,305	\$ 4,875,627	\$ 5,111,733	\$ 5,313,836	\$ 5,062,856	\$ 5,287,901	\$ 5,734,800	\$ 5,962,639	\$ 6,943,685	\$ 8,468,391
Ceded	3,050,768	3,368,987	2,720,489	2,318,261	1,527,000	1,523,521	1,657,369	3,042,615	4,844,385	6,464,344
Net earned	1,556,537	1,506,640	2,391,244	2,995,575	3,535,856	3,764,380	4,077,431	2,920,024	2,099,300	2,004,047
2. Unallocated expenses	309,319	192,097	421,225	1,754,005	1,666,816	1,921,459	1,209,961	1,551,346	1,254,057	172,981
3. Estimated claims and expenses end of policy year:										
Incurred	2,458,165	2,532,879	3,122,568	949,153	1,403,306	5,960,208	4,625,770	13,273,427	2,196,813	4,460,497
Ceded	1,665,007	1,815,000	1,917,000	96,880	531,733	4,226,383	3,316,000	10,419,000	455,000	1,326,000
Net incurred	793,158	717,879	1,205,568	852,273	871,573	1,733,825	1,309,770	2,854,427	1,741,813	3,134,497
4. Net paid (cumulative) as of :										
End of policy year	661,882	596,198	952,945	611,312	847,420	1,275,484	1,089,031	2,110,318	735,138	1,902,445
One year later	760,239	616,432	1,052,728	778,469	848,772	1,211,080	1,146,171	2,202,967	1,203,955	
Two years later	822,930	615,623	1,047,753	808,445	849,197	1,183,299	1,165,339	2,427,451		
Three years later	922,930	615,623	1,047,753	801,718	869,804	1,139,451	1,079,440			
Four years later	922,930	615,623	1,105,398	759,655	869,804	1,141,746				
Five years later	922,930	615,623	1,105,398	759,655	869,804					
Six years later	922,930	615,623	1,105,398	759,655						
Seven years later	922,930	615,623	1,105,398							
Eight years later	922,930	615,623								
Nine years later	922,930									
5. Reestimated claims and expenses:	1,635,784	699,338	359,408	0	398,104	4,772,580	2,549,000	12,440,000	1,302,000	1,326,000
6. Reestimated net incurred claims and expenses:										
End of policy year	793,158	717,879	1,205,568	852,273	871,573	1,733,825	1,309,770	2,854,427	1,741,813	3,134,497
One year later	767,256	618,919	1,052,729	1,039,107	870,772	1,512,876	1,148,440	2,582,914	2,318,206	
Two years later	899,853	615,623	1,047,754	809,445	871,272	1,259,393	1,167,503	2,459,948		
Three years later	922,930	615,623	1,107,754	801,718	871,272	1,253,000	1,079,441			
Four years later	922,930	615,623	1,105,399	759,655	871,272	1,153,356				
Five years later	922,930	615,623	1,105,399	759,655	871,272					
Six years later	922,930	615,623	1,105,399	759,655						
Seven years later	922,930	615,623	1,105,399							
Eight years later	922,930	615,623								
Nine years later	922,930									
7. Increase (decrease) in estimated incurred claims and expense from end of policy year:	\$ 129,772	\$ (102,256)	\$ (100,169)	(92,618)	\$ (301)	\$ (580,469)	\$ (230,329)	\$ (394,479)	\$ 576,393	\$ 0

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

TEN YEAR CLAIMS DEVELOPMENT INFORMATION
AS OF SEPTEMBER 30, 2021

WORKERS' COMPENSATION

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
1. Required contribution and investment revenue:										
Earned	\$ 12,487,238	\$ 13,423,399	\$ 12,554,931	\$ 12,528,820	\$ 12,593,296	\$ 12,904,089	\$ 13,150,524	\$ 13,822,457	\$ 14,979,984	\$ 13,856,399
Ceded	413,858	516,165	523,904	431,752	506,645	556,796	499,119	507,276	534,177	549,670
Net earned	12,073,380	12,907,234	12,031,027	12,097,068	12,086,651	12,347,293	12,651,405	13,315,181	14,445,807	13,306,729
2. Unallocated expenses:	2,591,156	3,364,592	2,193,540	2,769,452	2,143,417	2,366,871	2,325,929	2,064,391	1,704,510	800,815
3. Estimated claims and expenses end of policy year:										
Incurred	6,404,310	5,915,673	6,196,556	5,805,056	5,698,539	7,202,203	6,645,736	6,903,658	7,513,616	6,810,448
Ceded	230,000	32,500	130,000	0	0	0	0	0	0	0
Net incurred	6,174,310	5,883,173	6,066,556	5,805,056	5,698,539	7,202,203	6,645,736	6,903,658	7,513,616	6,810,448
4. Net paid (cumulative) as of :										
End of policy year	1,512,505	1,665,717	1,472,839	1,332,057	1,151,894	1,611,621	1,365,070	1,379,721	1,908,694	1,741,263
One year later	2,351,310	3,039,536	2,499,754	2,726,529	1,666,309	2,345,827	2,248,484	2,343,026	3,104,064	
Two years later	2,901,384	3,944,478	3,207,520	3,343,412	2,086,129	2,657,368	2,579,285	3,008,537		
Three years later	3,238,077	4,974,571	3,675,577	3,828,609	2,274,301	2,995,480	2,828,582			
Four years later	3,408,547	5,612,187	4,198,011	4,131,207	2,561,481	3,149,659				
Five years later	3,554,532	5,947,094	4,452,783	4,412,425	2,635,281					
Six years later	4,989,772	6,449,578	4,527,664	4,611,577						
Seven years later	5,177,253	6,642,776	4,603,819							
Eight years later	5,386,729	6,767,339								
Nine years later	5,440,981									
5. Reestimated claims and expenses:	292,073	0	0	0	0	0	0	0	0	0
6. Reestimated net incurred claims and expenses:										
End of policy year	6,174,310	5,883,173	6,066,556	5,805,056	5,698,539	7,202,203	6,645,736	6,903,658	7,513,616	6,810,448
One year later	5,377,941	6,382,564	5,387,863	6,638,361	4,581,505	5,965,054	5,901,694	6,046,702	6,668,007	
Two years later	5,632,117	6,853,254	5,705,488	6,740,067	3,800,513	5,069,443	5,082,436	5,131,153		
Three years later	5,255,945	7,985,933	5,778,062	6,080,657	3,555,630	4,594,823	4,543,984			
Four years later	5,343,587	8,496,518	5,615,771	5,992,903	3,362,048	4,350,572				
Five years later	5,415,049	8,816,370	5,480,036	5,780,867	3,220,651					
Six years later	5,829,245	8,815,573	5,034,373	5,840,153						
Seven years later	6,104,408	8,152,415	4,995,580							
Eight years later	6,103,421	8,096,333								
Nine years later	6,041,299									
7. Increase (decrease) in estimated incurred claims and expense from end of policy year:	\$ (133,011)	\$ 2,213,160	\$ (1,070,976)	\$ 35,097	\$ (2,477,888)	\$ (2,851,631)	\$ (2,101,752)	\$ (1,772,505)	\$ (845,609)	\$ 0

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

TEN YEAR CLAIMS DEVELOPMENT INFORMATION
AS OF SEPTEMBER 30, 2021**

EMPLOYEE BENEFITS

	2012*	2013	2014	2015	2016	2017	2018	2019	2020
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	\$ 152,752,376
Ceded	541,419	836,491	1,029,985	1,276,428	1,538,801	1,636,443	2,107,541	2,847,452	3,042,473
Net earned	55,741,307	113,981,901	121,355,749	122,923,552	131,281,772	140,015,539	146,953,041	146,479,952	149,709,903
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	2,221,597
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
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
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
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
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	
Two years later	31,837,837	69,744,060	74,319,010	78,652,326	81,295,992	80,840,759	73,346,741		
Three years later	31,837,948	69,744,060	74,319,761	78,661,126	81,297,624	80,840,661			
Four years later	31,837,948	69,748,815	74,345,853	78,661,126	81,297,624				
Five years later	31,837,897	69,779,919	74,346,152	78,661,126					
Six years later	31,837,897	69,780,190	74,346,303						
Seven years later	31,840,108	69,780,190							
Eight years later	31,840,108								
5. Reestimated claims and expenses:	3,262,087	755,783	691,553	1,908,777	4,690,073	1,218,617	2,580,839	1,201,469	1,139,603
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
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	
Two years later	34,609,952	69,744,060	74,319,010	78,652,326	81,295,992	80,840,759	73,346,741		
Three years later	31,837,948	69,744,060	74,319,761	78,661,126	81,297,624	80,840,661			
Four years later	31,837,948	69,748,815	74,345,853	78,661,126	81,297,624				
Five years later	31,837,897	69,779,919	74,346,152	78,661,126					
Six years later	31,837,897	69,780,190	74,346,303						
Seven years later	31,840,108	69,780,190							
Eight 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)	\$ (1,919,828)	\$ 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, 2021

(1) Reconciliation of Claims Liabilities by Type of Contract

These schedules represent the changes in claims liabilities in the past year for the Liability, Property, Workers' Compensation, Employee Benefit Programs, and the new captive company, CWIF.

(2) Claims Development Information

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

The rows of the table are defined as follows:

1. This line shows the total of each fiscal year's gross earned contribution revenue and investment revenue, contribution revenue ceded to reinsurers, and net earned contribution revenue and reported investment revenue.
2. This line shows each fiscal year's other operating costs including overhead and claims expense not allocable to individual claims.
3. This line shows the gross incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred.
4. This section of ten rows shows the cumulative net amounts paid as of the net of successive years for each policy year.
5. This line shows the latest re-estimated amount of claims assumed by reinsurers as of the end of the current year for each accident year.
6. This section shows the annually re-estimated results from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims not previously known.
7. This line compares the latest re-estimated net incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of net claims cost is greater or less than originally thought.

As data for individual policy years mature, the correlation between original estimates and re-estimated amounts commonly is used to evaluate the accuracy of net incurred claims currently recognized in less mature policy years. The columns of the table show data for successive policy years.

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

SCHEDULE OF 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>
TOTAL OPEB LIABILITY				
Service cost	\$ 269,165	\$ 282,624	\$ 259,189	\$ 272,149
Interest	476,950	518,285	510,671	551,507
Differences between expected and actual experience	(11)	(178,909)	(31,073)	150,000
Changes of assumptions	0	(516,365)	0	(846,669)
Benefit payments	<u>(190,988)</u>	<u>(192,597)</u>	<u>(180,755)</u>	<u>(201,239)</u>
NET CHANGE IN TOTAL OPEB LIABILITY	555,116	(86,962)	558,032	(74,252)
TOTAL OPEB LIABILITY, Beginning	<u>6,376,160</u>	<u>6,931,276</u>	<u>6,844,314</u>	<u>7,402,346</u>
TOTAL OPEB LIABILITY, Ending (a)	<u>6,931,276</u>	<u>6,844,314</u>	<u>7,402,346</u>	<u>7,328,094</u>
PLAN FIDUCIARY NET POSITION				
Contributions—employer	319,185	232,094	278,058	201,239
Net investment income	483,241	488,951	297,577	2,421,291
Benefit payments	(190,988)	(192,597)	(180,755)	(201,239)
Administrative expense	<u>(3,795)</u>	<u>(3,890)</u>	<u>(4,190)</u>	<u>(3,335)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	607,643	524,558	390,690	2,417,956
PLAN FIDUCIARY NET POSITION, Beginning	<u>7,292,762</u>	<u>7,900,405</u>	<u>8,424,963</u>	<u>8,815,653</u>
PLAN FIDUCIARY NET POSITION, Ending (b)	<u>7,900,405</u>	<u>8,424,963</u>	<u>8,815,653</u>	<u>11,233,609</u>
NET OPEB LIABILITY (ASSET), Ending (a) - (b)	<u>\$ (969,129)</u>	<u>\$ (1,580,649)</u>	<u>\$ (1,413,307)</u>	<u>\$ (3,905,515)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	113.98%	123.09%	119.09%	153.30%
Covered payroll	\$ 4,470,013	\$ 5,092,412	\$ 5,063,961	\$ 5,346,015
Net OPEB asset as a percentage of covered payroll	-21.68%	-31.04%	-27.91%	-73.05%

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 four years are presented.

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

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

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Actuarial determined contribution	\$ 221,901	\$ 232,094	\$ 278,058	\$ 291,961
Contributions in relation to the actuarially determined contribution	<u>(221,901)</u>	<u>(232,094)</u>	<u>(278,058)</u>	<u>(201,239)</u>
Contribution deficiency (excess)	<u>0</u>	<u>0</u>	<u>0</u>	<u>90,722</u>
Covered payroll	4,470,013	5,092,412	5,063,961	5,346,015
Contributions as a percentage of covered payroll	4.96%	4.56%	5.49%	5.46%

Notes to Schedule:

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

Methods and assumptions used to determine contributions:

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

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

* Fiscal year 2018 was the 1st year of implementation, therefore only four 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, 2021
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>
The JPIA's Proportion of the Net Pension Liability (Asset)	(0.01024%)	0.038815%	0.013959%	(0.023017%)	(0.008359%)	(0.003275%)	(0.25097%)
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)
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
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%)
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%

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

Notes to Schedule:

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

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

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

Miscellaneous Plan, a Cost Sharing-Employer Defined Benefit Pension Plan
As of fiscal year ending September 30, 2021
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>
Actuarially determined contribution (actuarially determined)	\$ 334,581	\$ 352,666	\$ 349,738	\$ 361,115	\$ 401,175	\$ 437,050	\$ 478,790
Contributions in relation to the actuarially determined contributions	<u>334,581</u>	<u>352,666</u>	<u>349,738</u>	<u>361,115</u>	<u>401,175</u>	<u>437,050</u>	<u>478,790</u>
Contribution deficiency (excess)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Covered payroll	\$3,917,613	\$4,519,745	\$4,428,325	\$4,524,319	\$4,837,414	\$5,158,992	\$5,354,008
Contributions as a percentage of covered payroll	8.54%	7.80%	7.90%	7.98%	8.29%	8.47%	8.94%

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

SUPPLEMENTARY INFORMATION

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION BY PROGRAM
YEAR ENDED SEPTEMBER 30, 2021

	LIABILITY	DAM FAILURE	PROPERTY	PASS - THROUGHS	WORKERS' COMP	STORAGE TANKS	EMPLOYEE BENEFITS	RPA ADJUSTMENTS	CWIF	INTER-FUND ELIMINATIONS	TOTALS
OPERATING REVENUES											
Member premiums	\$ 22,162,155	\$ 439,753	\$ 8,916,727	\$ 680,693	\$ 13,039,509	\$ 35,506	\$ 155,500,955	\$ 0	\$ 35,855,571	\$ (35,855,571)	\$ 200,775,298
Retrospective premium adjustments	(6,002,861)	0	1,572,189	0	(10,387,549)	(29,062)	0	3,389,717	0	0	(11,457,566)
TOTAL OPERATING REVENUES	16,159,294	439,753	10,488,916	680,693	2,651,960	6,444	155,500,955	3,389,717	35,855,571	(35,855,571)	189,317,732
OPERATING EXPENSES											
Claims expense:											
Claims paid	12,174,668	0	2,472,382	0	4,714,909	0	69,425,207		8,066,009	(10,947,438)	85,905,737
Change in claims reserves	7,949,196	0	1,335,634	0	781,334	0	0		4,114,840	(9,431,222)	4,749,782
Change in claims incurred but not reported	9,645,107	0	(96,476)	0	574,873	0	599,000		8,514,996	(16,430,096)	2,807,404
Change in unallocated loss adjustment expense	832,721	0	135,784	0	332,893	0	0		(3,470,850)	3,470,850	1,301,398
Total claims expense	30,601,692	0	3,847,324	0	6,404,009	0	70,024,207	0	17,224,995	(33,337,906)	94,764,321
Excess insurance	(11,993,254)	439,753	6,917,074	747,667	(1,709,068)	17,053	2,620,813		0	18,642,725	15,682,763
Benefit premiums	0	0	0	0	0	0	64,061,027		0	0	64,061,027
Pension expense (credit)	(3,013,853)	0	(1,407,335)	0	(3,623,464)		(447,716)		0	0	(8,492,368)
General, Administrative & Depreciation	2,735,658	0	1,301,988	(66,974)	3,462,884	0	1,311,158		14,975,688	(14,975,689)	8,744,713
TOTAL OPERATING EXPENSES	18,330,243	439,753	10,659,051	680,693	4,534,361	17,053	137,569,489	0	32,200,683	(29,670,870)	174,760,456
OPERATING INCOME (LOSS)	(2,170,949)	0	(170,135)	0	(1,882,401)	(10,609)	17,931,466	3,389,717	3,654,888	(6,184,701)	14,557,276
NONOPERATING REVENUES											
Investment income	2,359,490	0	179,701	0	2,044,025	15,370	1,487,837		4,167,542	(4,167,542)	6,086,423
Net increase (decrease) in investment fair value	(188,541)	0	(9,566)	0	(161,624)	(1,211)	(1,335,985)		7,176,553	0	5,479,626
TOTAL NONOPERATING REVENUES	2,170,949	0	170,135	0	1,882,401	14,159	151,852	0	11,344,095	(4,167,542)	11,566,049
CHANGE IN NET POSITION	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,550	\$ 18,083,318	\$ 3,389,717	\$ 14,998,983	\$ (10,352,243)	\$ 26,123,325

CALIFORNIA WATER INSURANCE FUND

STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

	<u>2021</u>	Memo Only <u>2020</u>
ASSETS:		
CURRENT ASSETS		
Cash and cash equivalents	\$ 566,989	\$ 407,837
Premiums receivable	23,447,622	13,397,926
TOTAL CURRENT ASSETS	<u>24,014,611</u>	<u>13,805,763</u>
NONCURRENT ASSETS		
Investments	<u>76,389,018</u>	<u>44,317,230</u>
TOTAL ASSETS	<u>100,403,629</u>	<u>58,122,993</u>
 LIABILITIES:		
CURRENT LIABILITIES		
Accounts payable	8,066,009	3,496,093
Dividends payable	4,167,542	0
Unearned premiums	10,033,451	10,069,688
Claims reserves	8,148,049	2,283,527
TOTAL CURRENT LIABILITIES	<u>30,415,051</u>	<u>15,849,308</u>
NONCURRENT LIABILITIES		
Administrative fees payable to JPIA	10,808,146	3,470,850
Claims reserves	1,283,174	3,032,856
Claims incurred but not reported	16,430,097	7,915,101
TOTAL NONCURRENT LIABILITIES	<u>28,521,417</u>	<u>14,418,807</u>
TOTAL LIABILITIES	<u>58,936,468</u>	<u>30,268,115</u>
 NET POSITION:		
Capital stock	250,000	250,000
Unrestricted	41,217,161	27,604,878
TOTAL NET POSITION	<u>\$ 41,467,161</u>	<u>\$ 27,854,878</u>

CALIFORNIA WATER INSURANCE FUND

STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2021

	<u>2021</u>	<u>Memo Only 2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received for premiums	\$ 24,411,262	\$ 19,400,000
Payments for claims	(2,881,429)	0
Payments for administrative fees	(642,988)	0
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>20,886,845</u>	<u>19,400,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Paid in capital from JPIA	<u>0</u>	<u>22,249,989</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of securities	(40,362,735)	(58,239,137)
Proceeds from sales of investments	18,359,245	16,544,367
Investment earnings	1,428,536	508,651
Investment expenses	(152,739)	(56,033)
NET CASH USED BY INVESTING ACTIVITIES	<u>(20,727,693)</u>	<u>(41,242,152)</u>
Increase in cash and cash equivalents	159,152	407,837
Cash and cash equivalents, beginning	407,837	0
Cash and cash equivalents, end of year	<u>\$ 566,989</u>	<u>\$ 407,837</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 2,268,188	\$ 2,529,812
Adjustments to net cash provided by operating activities:		
Change in member premiums receivable	(10,049,696)	(13,397,927)
Changes in accounts payable	4,569,916	3,496,093
Changes in administrative fees payable	7,337,296	0
Changes in dividends payable	4,167,542	0
Change in unearned member premiums	(36,237)	10,069,688
Change in claims liabilities	12,629,836	16,702,334
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 20,886,845</u>	<u>\$ 19,400,000</u>

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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Schedule of Rate Stabilization Fund Activity.....	73

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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Covered Payrolls/Property Values.....	77

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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Assets										
Current assets	\$ 76,819,567	\$ 88,718,697	\$ 69,901,479	\$ 72,465,623	\$ 64,697,698	\$ 67,511,963	\$ 60,182,304	\$ 75,977,556	\$ 90,574,861	\$ 55,041,382
Noncurrent assets	111,214,183	106,104,907	125,682,527	122,029,131	124,869,063	131,853,381	128,161,913	136,122,295	146,950,212	216,728,977
TOTAL ASSETS	188,033,750	194,823,604	195,584,006	194,494,754	189,566,761	199,365,344	188,344,217	212,099,851	237,525,073	271,770,359
DEFERRED OUTFLOWS OF RESOURCES RELATED TO PENSIONS¹				625,033	1,065,779	1,404,974	1,063,032	480,729	741,645	1,027,236
DEFERRED OUTFLOWS OF RESOURCES RELATED TO OTHER POSTEMPLOYMENT BENEFITS²							35,283	73,061	313,105	161,906
Liabilities										
Current liabilities	60,219,720	52,189,011	53,163,043	55,874,099	63,978,099	65,377,439	44,238,468	49,702,296	55,629,664	41,783,045
Noncurrent liabilities	40,450,696	48,118,825	54,463,790	57,465,715	57,496,224	58,494,030	56,582,233	62,344,624	57,445,500	81,775,645
TOTAL LIABILITIES	100,670,416	100,307,836	107,626,833	113,339,814	121,474,323	123,871,469	100,820,701	112,046,920	113,075,164	123,558,690
DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS¹				846,155	1,802,985	1,576,175	2,117,303	1,070,024	1,281,433	(2,780,885)
DEFERRED INFLOWS OF RESOURCES RELATED TO OTHER POSTEMPLOYMENT BENEFITS²							38,924	602,195	536,019	2,371,164
Net Position										
Net investment in capital assets	6,904,191	6,560,350	6,206,203	5,302,885	5,072,656	4,839,789	4,641,581	4,539,034	4,310,372	4,104,251
Unrestricted	80,459,143	87,955,418	81,750,970	75,630,933	63,630,961	70,482,885	81,824,023	94,395,468	119,376,835	145,706,281
TOTAL NET POSITION	\$ 87,363,334	\$ 94,515,768	\$ 87,957,173	\$ 80,933,818	\$ 68,703,617	\$ 75,322,674	\$ 86,465,604	\$ 98,934,502	\$ 123,687,207	\$ 149,810,532

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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021*
REVENUES										
Member premiums	\$ 60,219,073	\$ 147,247,532	\$ 152,994,168	\$ 154,042,184	\$ 159,008,617	\$ 171,496,710	\$ 179,425,274	\$ 183,179,723	\$ 194,507,327	\$ 200,775,298
Retrospective premium adjustments	(1,782,760)	(6,957,472)	(10,979,765)	3,619,551	(12,017,219)	(1,504,527)	(3,380,970)	(9,532,430)	(5,377,009)	(11,457,566)
TOTAL OPERATING REVENUES	58,436,313	140,290,060	142,014,403	157,661,735	146,991,398	169,992,183	176,044,304	173,647,293	189,130,318	189,317,732
EXPENSES										
Claims paid	27,272,010	79,132,931	86,929,610	92,455,329	97,258,190	92,556,531	93,668,325	87,791,048	90,772,703	85,905,737
Change in excess aggregate recovery	(8,186)	399,779	0	0	0	0	0	0	0	0
Change in claim reserves	395,087	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
Change in claims incurred but not reported	3,058,785	(2,586,808)	616,144	4,153,850	(3)	3,832,135	(6,123,633)	172,859	(4,252,240)	2,807,404
Change in unallocated loss adjustment expenses	86,653	(154,761)	490,716	281,517	277,793	165,446	(304,308)	51,335	(686,050)	1,301,398
TOTAL CLAIMS EXPENSE	30,804,349	78,442,870	89,145,942	100,989,254	96,527,538	96,298,435	90,427,479	91,269,072	85,730,468	94,764,321
Excess insurance and premium payments	17,301,864	47,335,990	52,622,414	53,517,864	54,164,327	56,875,871	63,658,940	68,238,635	76,240,115	79,743,790
General and administrative	6,641,962	7,198,325	7,549,473	9,346,478	10,642,018	10,741,391	10,865,359	9,630,392	10,687,493	28,733
Depreciation	322,936	322,789	366,360	341,832	268,088	254,843	244,521	218,147	228,662	223,612
TOTAL OPERATING EXPENSES	55,071,111	133,299,974	149,684,189	164,195,428	161,601,971	164,170,540	165,196,299	169,356,246	172,886,738	174,760,456
OPERATING INCOME (LOSS)	3,365,202	6,990,086	(7,669,786)	(6,533,693)	(14,610,573)	5,821,643	10,848,005	4,291,047	16,243,580	14,557,276
SPECIAL ITEM										
Net position acquired from merger	34,986,207									
NONOPERATING REVENUES AND EXPENSES										
Net investment income	1,699,881	162,348	1,111,191	2,738,962	2,380,372	797,414	294,925	8,177,851	8,509,125	11,566,049
CHANGE IN NET POSITION	\$ 40,051,290	\$ 7,152,434	\$ (6,558,595)	\$ (3,794,731)	\$ (12,230,201)	\$ 6,619,057	\$ 11,142,930	\$ 12,468,898	\$ 24,752,705	\$ 26,123,325

*General and administrative expenses reflect pension credit of \$8,492,368 in accordance with GASB 68 (see MD&A for details)

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

REVENUES BY PROGRAM
For the Fiscal Year Ending September 30,

Fiscal Year	Liability	Dam	Property	Pass- Thru	Workers' Compensation	Underground Storage Tanks	Employee Benefits	CWIF	Interfund Eliminations	Change in Rate	Totals
										Stabilization Fund & GASB Adj's	
2011-12	17,338,107	258,944	4,068,841	246,167	11,235,128	12,269	\$ 26,901,485			75,253	60,136,194
	28.83%	0.43%	6.77%	0.41%	18.68%	0.02%	44.73%			0.13%	
2012-13	16,490,152	265,276	3,946,776	250,736	8,044,738	12,271	112,521,087			(1,078,628)	140,452,408
	11.74%	0.19%	2.81%	0.18%	5.73%	0.01%	80.11%			-0.77%	
2013-14	11,430,667	255,503	4,925,813	260,521	10,965,338	12,378	119,699,883			(4,424,509)	143,125,594
	7.99%	0.18%	3.44%	0.18%	7.66%	0.01%	83.63%			-3.09%	
2014-15	21,062,280	255,500	4,316,367	253,987	10,025,093	12,682	122,243,564			2,231,224	160,400,697
	13.13%	0.16%	2.69%	0.16%	6.25%	0.01%	76.21%			1.39%	
2015-16	7,064,155	255,500	5,321,990	262,220	13,040,835	12,680	126,441,388			(3,026,998)	149,371,770
	4.73%	0.17%	3.56%	0.18%	8.73%	0.01%	84.65%			-2.03%	
2016-17	14,594,442	257,403	4,628,900	305,519	9,642,153	16,650	137,343,585			4,000,945	170,789,597
	8.55%	0.15%	2.71%	0.18%	5.65%	0.01%	80.42%			2.34%	
2017-18	17,147,781	261,024	5,259,036	372,025	7,709,196	14,079	143,957,698			1,618,390	176,339,229
	9.72%	0.15%	2.98%	0.21%	4.37%	0.01%	81.64%			0.92%	
2018-19	15,072,798	279,607	6,963,310	614,451	9,716,581	16,289	149,417,400			(255,292)	181,825,144
	8.29%	0.15%	3.83%	0.34%	5.34%	0.01%	82.18%			-0.14%	
2019-20	24,523,703	403,325	8,769,309	1,263,183	7,310,250	21,015	154,805,758	25,831,640	(22,756,563)	(2,532,177)	197,639,443
	12.41%	0.20%	4.44%	0.64%	3.70%	0.01%	78.33%	13.07%	-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%	

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

EXPENSES BY PROGRAM
For the Fiscal Year Ending September 30,

Fiscal Year	Liability	Dam	Property	Pass- Thru	Workers' Compensation	Underground Storage Tanks	Employee Benefits	CWIF	Interfund Eliminations	Totals
2011-12	14,478,675	258,944	4,068,841	246,167	10,632,214	10,532	\$ 25,375,738			55,071,111
	26.29%	0.47%	7.39%	0.45%	19.31%	0.02%	46.08%			
2012-13	16,006,207	265,276	3,946,774	250,736	7,499,767	10,438	105,320,776			133,299,974
	12.01%	0.20%	2.96%	0.19%	5.63%	0.01%	79.01%			
2013-14	11,430,667	255,503	4,925,813	260,522	10,965,338	10,260	121,836,086			149,684,189
	7.64%	0.17%	3.29%	0.17%	7.33%	0.01%	81.40%			
2014-15	21,062,280	255,500	4,066,367	253,987	10,025,093	10,564	128,521,637			164,195,428
	12.83%	0.16%	2.48%	0.15%	6.11%	0.01%	78.27%			
2015-16	7,064,155	255,500	4,821,990	262,220	13,040,834	10,564	136,146,708			161,601,971
	4.37%	0.16%	2.98%	0.16%	8.07%	0.01%	84.25%			
2016-17	14,594,442	257,403	4,128,900	305,519	9,642,153	14,243	135,227,880			164,170,540
	8.89%	0.16%	2.52%	0.19%	5.87%	0.01%	82.37%			
2017-18	17,147,781	261,024	4,759,037	372,025	7,709,196	11,720	134,935,516			165,196,299
	10.38%	0.16%	2.88%	0.23%	4.67%	0.01%	81.68%			
2018-19	15,072,798	279,607	6,713,310	614,451	9,716,581	13,464	136,946,035			169,356,246
	8.90%	0.17%	3.96%	0.36%	5.74%	0.01%	80.86%			
2019-20	24,523,703	403,325	8,769,309	1,263,183	7,310,250	17,587	133,129,193	20,226,751	(22,756,563)	172,886,738
	14.18%	0.23%	5.07%	0.73%	4.23%	0.01%	77.00%	11.70%	-13%	
2020-21	18,330,243	439,753	10,659,051	680,693	4,534,361	17,053	137,569,489	32,200,683	(29,670,870)	174,760,456
	10.49%	0.25%	6.10%	0.39%	2.59%	0.01%	78.72%	18.43%	-17%	

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

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

Fiscal Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Liability										
Payroll Adjustments *	\$ (41,178)	\$ 8,771	\$ 77,449	\$ 205,975	\$ (21,465)	\$ (54,358)	\$ 63,818	\$ (169,042)	\$ (447,382)	\$ (238,047)
RPA's *	(414,298)	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
10% Program *	(1,006,330)	(861,439)	(416,028)	(251,999)	(1,041,835)	(1,493,572)	0	(1,017,753)	(1,648,316)	(1,633,975)
Cat Funds *	0	(5,357,186)	1,106,460	2,201,780	896,656	(603,846)	351,039	(146,026)	1,907,767	121,757
Property										
RPA's *	770,282	1,497,493	747,493	422,814	324,287	699,465	891,754	431,317	531,326	0
Workers' Comp										
RPA's *	5,120,265	(1,815,910)	(182,993)	(1,294,405)	(487,746)	75,039	5,013,647	3,184,330	4,749,199	7,233,304
Cat Funds		(911,678)	1,154,883	(752,710)	(631,586)	(872,242)	456,049	(138,797)	(209,062)	230,896
Underground - Storage Tanks										
RPA's *	0	0	0	0	0	0	0	7,555	0	0
Cat Funds *	0	0	0	0	0	0	0	0	0	0
UTEL										
RPA's *	0	0	0	0	0	0	0	0	0	0
Cat Funds *	0	0	0	0	0	0	0	0	0	0
Totals	\$ 4,428,741	\$ (3,568,058)	\$ 1,293,804	\$ 3,887,135	\$ (1,669,596)	\$ 7,240,306	\$ 9,264,373	\$ 4,043,326	\$ 5,125,792	\$ 10,013,201
Cash Flow										
Members Billed	2,766	8,551	7,556	115,297	0	0	0	6,530	0	0
Self Insured Fund into R:	4,573,112	0	0	0	0	0	0	0	0	0
Refunds to Members	(4,356,252)	(3,787,895)	(3,464,519)	(3,565,724)	(1,077,368)	(4,713,370)	(6,840,987)	(4,569,107)	(5,905,812)	(6,210,994)
Net Total	\$ 4,648,367	\$ (7,347,402)	\$ (2,163,159)	\$ 436,708	\$ (2,746,964)	\$ 2,526,936	\$ 2,423,386	\$ (519,251)	\$ (780,020)	\$ 3,802,207

* 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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Liability										
Total Number of Claims (Cumulative)	10,309	10,614	10,792	9,393	11,294	11,586	11,908	12,200	12,555	12,842
Closed Claims (Cumulative)	10,158	10,402	10,640	10,872	11,127	11,373	11,612	11,867	12,169	12,461
Open Claims (at year end)	151	212	152	180	167	213	296	333	386	381
Covered Payroll (Cumulative)	\$ 7,970,475	\$ 8,438,819	\$ 8,937,912	\$ 9,427,805	\$ 9,952,261	\$ 10,461,457	\$ 11,045,237	\$ 11,738,353	\$ 12,502,652	\$ 13,267,403
Property										
Total Number of Claims (Cumulative)	2,079	2,181	2,275	2,373	2,463	2,589	2,693	2,816	2,950	3,072
Closed Claims (Cumulative)	2,030	2,142	2,244	2,336	2,417	2,532	2,645	2,759	2,875	3,004
Open Claims (at year end)	49	39	31	37	46	57	48	57	75	68
Covered Payroll (Cumulative)	\$ 54,070,573	\$ 58,803,203	\$ 63,798,940	\$ 69,031,783	\$ 74,533,519	\$ 80,656,971	\$ 87,762,361	\$ 95,702,609	\$ 104,858,066	\$ 95,702,608
Workers' Compensation										
Total Number of Claims (Cumulative)	8,808	9,164	9,507	9,822	10,145	10,453	10,750	11,070	11,363	11,676
Closed Claims (Cumulative)	8,378	8,724	9,075	9,373	9,712	10,046	10,336	10,670	10,983	11,270
Open Claims (at year end)	430	440	432	449	433	407	414	400	380	406
Covered Payroll (Cumulative)	\$ 5,350,300	\$ 5,787,648	\$ 6,241,955	\$ 6,706,772	\$ 6,720,301	\$ 7,222,206	\$ 7,743,749	\$ 8,309,485	\$ 8,944,051	\$ 9,624,663
Number of Employees	39	43	46	48	49	49	49	49	50	50
Ratio of Premium to Payroll/TIV										
Liability Program	3.58%	3.57%	3.37%	3.02%	2.94%	2.92%	3.00%	2.54%	2.71%	2.81%
Property Program	0.11%	0.11%	0.11%	0.11%	0.10%	0.10%	0.09%	0.08%	0.09%	0.12%
Workers' Comp. Program	2.79%	2.81%	2.72%	2.64%	2.59%	2.46%	2.39%	2.29%	2.19%	1.95%

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

Demographic Statistics by Employer

Employer	2020			2011	
	Number of Employees	Rank	Percentage of Total City Employees	Number of Employees	Rank
The Permanente Medical Group & Foundation Group	5,200	1	5.70%	4,430	1
Sutter Roseville Medical Group	2,202	2	2.41%	1,654	3
City of Roseville	1,896	3	2.08%	1,230	5
Adventist Health	1,320	4	1.45%	0	
Union Pacific Railroad Company	1,150	5	1.26%	1,118	6
Roseville City School District	1,133	6	1.24%	929	7
PRIDE Industries	1,062	7	1.16%	661	9
Roseville Joint Union High School District	1,005	8	1.10%	1,299	4
Top Golf	450	9	0.49%		
Consolidated Communications	320	10	0.35%		
Hewlett-Packard				3,200	2
Wal-Mart				790	8
Telefunken Semiconductors America				640	10
Subtotal	<u>15,738</u>		<u>17.24%</u>	<u>15,951</u>	
Total Employment	<u>91,253</u> (a)			<u>68,130</u>	

(a) Total Employment (as used above) represents the total employment of all employees located within the City of Roseville, which is the office location of ACWA JPIA.

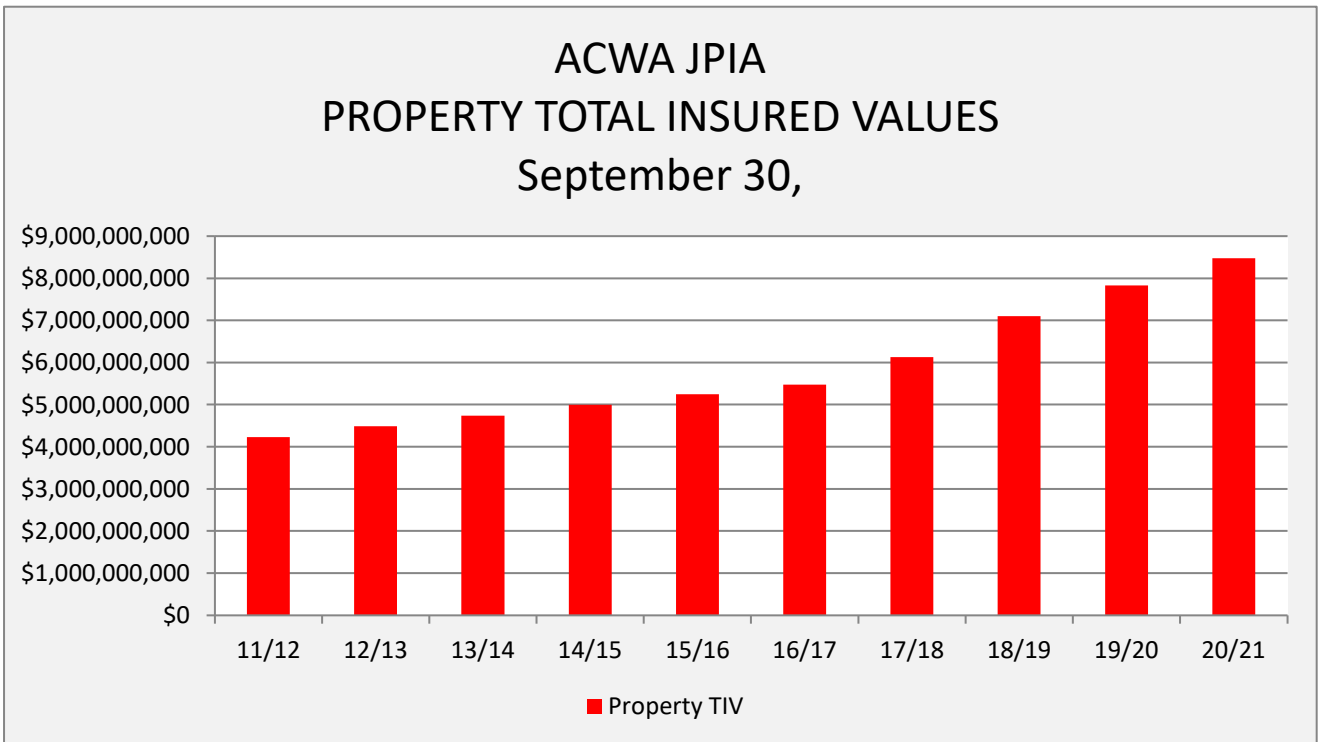
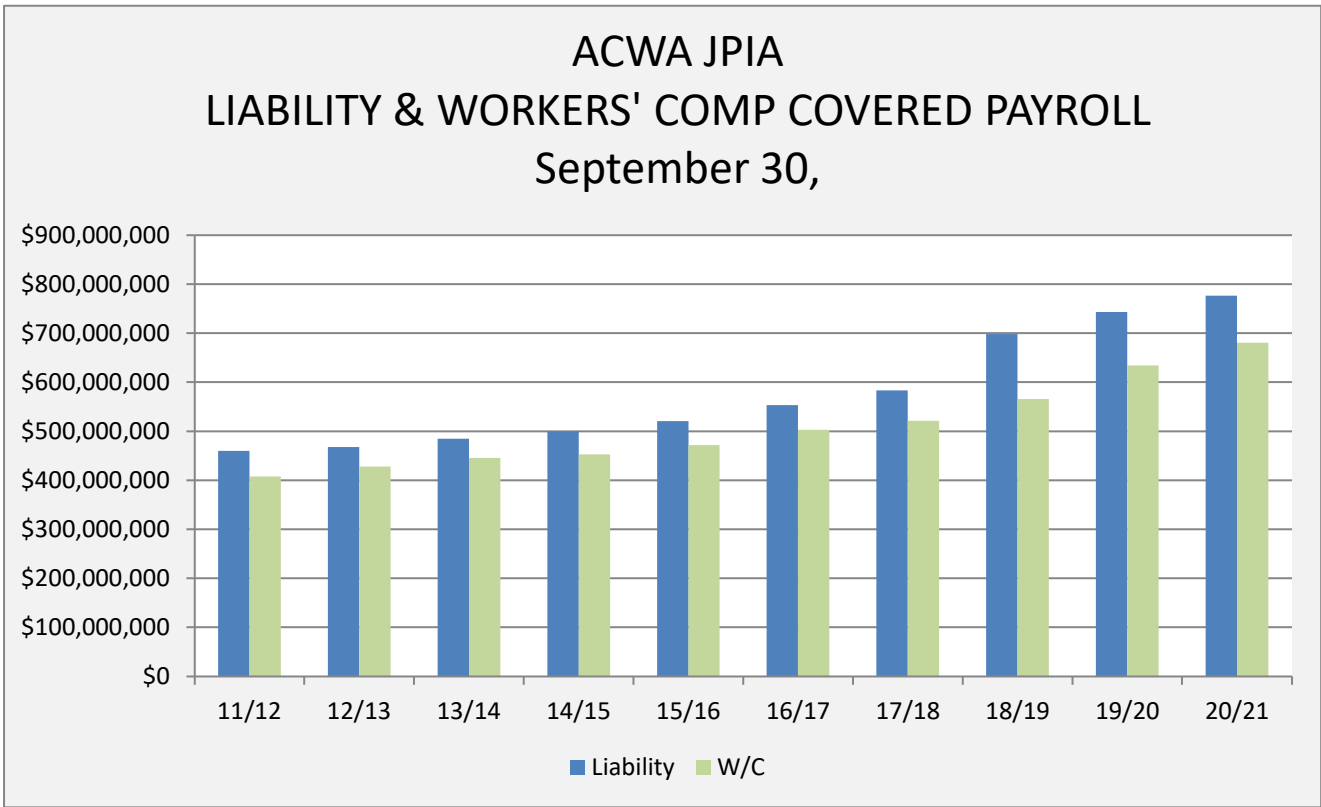
**ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY**

Demographic Statistics by Population

Fiscal Year	City of Roseville Population	County Total Personal Income (in thousands)	County Per Capita Personal Income	Unemployment Rate	Placer County Population	City Population % of County
2011	120,593	17,312,666	48,476	11.4%	357,138	33.77%
2012	122,060	19,004,105	52,544	10.0%	355,328	34.35%
2013	124,255	20,174,068	54,924	7.5%	357,463	34.76%
2014	126,956	21,182,771	55,000	6.5%	366,000	34.69%
2015	128,832	21,240,299	57,000	5.3%	369,454	34.87%
2016	134,073	22,741,453	59,000	4.5%	373,796	35.87%
2017	135,868	24,527,289	63,000	3.8%	382,837	35.49%
2018	137,213	26,223,081	67,000	3.0%	389,532	35.23%
2019	139,643	(a)	(a)	3.5%	396,691	35.20%
2020	145,163	(a)	(a)	3.0%	403,711	35.96%

(a) Information not available

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



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

Independent Auditor's Report

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

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

Internal Control over Financial Reporting

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

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

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

To the Board of Directors
Association of California Water Agencies
Joint Powers Insurance Authority
Page 2

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, and contracts noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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

Month XX, 2021

DRAFT

FINDINGS AND RECOMMENDATIONS

FINDINGS AND RECOMMENDATIONS
YEAR ENDED SEPTEMBER 30, 2020

COMPLIANCE FINDINGS

2020-001. BOARD MEETINGS

Condition:

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

Criteria:

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

Cause:

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

Effect:

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

Recommendation:

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

Corrective Action Plan:

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

FINDINGS AND RECOMMENDATIONS
YEAR ENDED SEPTEMBER 30, 2020

2020-002. CONFLICT OF INTEREST STATEMENTS

Condition:

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

Criteria:

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

Cause:

CWIF was not aware of this compliance requirement.

Effect:

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

Recommendation:

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

Corrective Action Plan:

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

STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS:

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

ACWA JPIA
Proposed Operating Budget
for Fiscal Year 10/1/2022-23
March 30, 2022

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, 2023.

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 a 4% cost of living adjustment and an additional employee not previously budgeted.

Staff Employee Benefits decrease is due to \$500,000 estimated for pension expense and retirement benefits for medical where previously it was \$1 million. The reduction is primarily the result of favorable investment performance in these funds managed by CalPERS. Favorable investment performance for both these funds has resulted in net pension assets where the underlying assets exceed the estimated obligation.

The overall decrease in the Operating Budget is .9% (line 36). Salaries remain the largest line item in the budget.

RECOMMENDATION

That the Finance & Audit Committee recommend that the Executive Committee approve the proposed Operating Budget for the fiscal year ending September 30, 2023, as presented, and forward to the Board of Directors for final approval at their next meeting.

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

GENERAL & ADMINISTRATIVE EXPENSES

	BUDGETED	ACTUAL	DIFFERENCE	APPROVED	PROPOSED	DIFFERENCE	% OF
	FYE 9/30/21	FYE 9/30/21	ACT - BUD	BUDGET	BUDGET	2022 vs. 2023	CHANGE
				FYE 9/30/22	FYE 9/30/23		22 vs. 23
<u>ACWA/JPIA STAFF SERVICES</u>							
1 Staff Salaries & Temporary Services	\$ 5,650,806	\$ 5,513,862	\$ (136,944)	\$ 5,830,533	\$ 6,189,645	\$ 359,112	6.2%
2 Staff Employee Benefits	2,790,059	1,720,877	(1,069,182)	3,605,286	3,110,975	(494,311)	-13.7%
3 Office Buildings	119,000	131,551	12,551	126,000	139,000	13,000	10.3%
4 Postage and Freight	51,000	47,294	(3,706)	52,000	53,000	1,000	1.9%
5 Telephone Service	54,000	56,716	2,716	56,000	57,000	1,000	1.8%
6 JPIA Perspective Printing & Distribution	21,000	16,906	(4,094)	20,000	18,000	(2,000)	-10.0%
7 Outside Printing	19,000	13,253	(5,747)	22,000	16,000	(6,000)	-27.3%
8 JPIA Office Insurance	19,000	24,271	5,271	19,000	26,000	7,000	36.8%
9 General Office Supplies	40,000	22,094	(17,906)	29,000	29,000	0	0.0%
10 Computer Equipment Software, Office Furniture	818,000	826,353	8,353	815,000	840,000	25,000	3.1%
11 Dues, Subscriptions, & Misc. Publications	100,000	129,794	29,794	125,000	125,000	-	0.0%
12 Staff Ed/Training Seminars & Coursework Reimbs	72,000	22,033	(49,967)	70,000	75,000	5,000	7.1%
13 Depreciation on Capital Assets	200,000	223,604	23,604	211,000	215,000	4,000	1.9%
14 Staff Travel Related Expenses	77,000	16,850	(60,150)	85,000	85,000	-	0.0%
15 Staff Risk Assessment Travel Related Expenses	36,000	8,097	(27,903)	46,000	46,000	-	0.0%
16 Member Informational Workshops	115,000	(59,611)	(174,611)	113,000	113,000	-	0.0%
17 Lending Library	18,000	747	(17,253)	25,000	5,000	(20,000)	-80.0%
18 Member Safety & Loss Control Incentive Awards	116,000	102,063	(13,937)	115,000	115,000	0	0.0%
19 Total ACWA/JPIA Staff Services	10,315,865	8,816,754	(1,499,111)	11,364,819	11,257,620	(107,198)	-0.9%
<u>COMMITTEES & BD. OF DIRECTORS' SERVICES</u>							
20 Executive Committee Member Expenses	152,000	108,083	(43,917)	220,000	170,000	(50,000)	-22.7%
21 Finance/Audit Committee & Committee Expenses	20,000	11,103	(8,897)	30,000	20,000	(10,000)	-33.3%
22 Semi-Annual ACWA Conf. & Bd of Directors' Expense	136,000	21,381	(114,619)	130,000	150,000	20,000	15.4%
23 Total Committees & Board of Directors' Services	308,000	140,567	(167,433)	380,000	340,000	(40,000)	-10.5%
<u>EXTERNAL CONSULTING AND PROF. SERVICES</u>							
24 Insurance Program Actuarial Analysis	24,000	18,900	(5,100)	24,000	21,000	(3,000)	-12.5%
25 Consulting Services	8,000	28,499	20,499	27,000	25,000	(2,000)	-7.4%
26 Occu-Med	95,000	100,148	5,148	86,000	106,000	20,000	23.3%
27 Target Solutions	132,000	138,400	6,400	138,000	145,000	7,000	5.1%
28 General Legal/Attorney Services	2,000	54,107	52,107	3,000	5,000	2,000	66.7%
29 Specific Claims & Coverage Related Legal Fees	45,000	48,825	3,825	45,000	45,000	0	0.0%
30 External Claims Administration	275,000	219,876	(55,124)	235,000	260,000	25,000	10.6%
31 ACWA/JPIA Financial Audit	60,000	63,100	3,100	60,000	66,000	6,000	10.0%
32 Insurance Programs Claims Audits	-	-	-	17,000	-	(17,000)	0.0%
33 Personnel Consulting Services	-	-	-	0	0	0	0.0%
34 Total External Consulting / Professional Services	641,000	671,855	30,855	635,000	673,000	38,000	6.0%
35 PROGRAM DEVELOPMENT / CONTINGENCIES	-	-	-	-	-	0	0.0%
36 TOTAL GENERAL & ADMINISTRATIVE EXPENSES	\$ 11,264,865	\$ 9,629,176	\$ (1,635,689)	\$ 12,379,819	\$ 12,270,620	\$ (109,198)	-0.9%

**ACWA JPIA
2022-2023 BUDGET WORK PAPERS - BENEFITS COMPARISON**

					<u>PERCENT OF GROSS PAYROLL</u>			
	<u>PROPOSED 2021-2022</u>	<u>PROPOSED 2022-2023</u>	<u>DOLLAR DIFFERENCE</u>	<u>PERCENT CHANGE</u>	<u>BUDGETED 2021-2022</u>	<u>PROPOSED 2022-2023</u>	<u>DIFFERENCE</u>	<u>PERCENT CHANGE</u>
SALARIES	\$ 5,830,533	\$ 6,189,645	\$ 359,112	6.16%				
PERS	\$ 1,723,433	\$ 1,278,712	\$ (444,721)	-25.80%	29.56%	20.66%	-8.90%	-30.11%
MEDICARE	81,718	86,720	5,002	6.12%	1.40%	1.40%	0.00%	0.00%
MEDICAL	1,511,958	1,450,361	(61,597)	-4.07%	25.93%	23.43%	-2.50%	-9.64%
DENTAL	49,230	49,571	341	0.69%	0.84%	0.80%	-0.04%	-4.76%
LIFE	49,011	49,737	726	1.48%	0.84%	0.80%	-0.04%	-4.76%
DISABILITY	53,327	56,526	3,199	6.00%	0.91%	0.91%	0.00%	0.00%
EMP.ASSIST.PROG.	1,427	1,527	100	7.01%	0.02%	0.02%	0.00%	0.00%
WORK COMP	57,351	60,172	2,821	4.92%	0.98%	0.97%	-0.01%	-1.02%
VISION	12,708	12,962	254	2.00%	0.22%	0.21%	-0.01%	-4.55%
OTHER	<u>65,123</u>	<u>64,687</u>	<u>(436)</u>	<u>-0.67%</u>	<u>1.12%</u>	<u>1.05%</u>	<u>-0.07%</u>	<u>-6.25%</u>
TOTAL STAFF EE BENEFITS	<u>\$ 3,605,286</u>	<u>\$ 3,110,975</u>	<u>\$ (494,311)</u>	<u>-13.71%</u>	61.8%	50.3%	-11.57%	-18.71%

ACWA JPIA
CEO Update
March 30, 2022

BACKGROUND

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

CURRENT SITUATION

The JPIA's Chief Executive Officer will update the Finance and Audit Committee on relevant current issues.

RECOMMENDATION

None, informational only.

JPIA MEETING & CONFERENCE CALENDAR – 2022

MEETING DATES	BOARD OF DIRECTORS	EXECUTIVE	PERSONNEL	FINANCE & AUDIT	PROGRAMS				RISK MGMT
					Emp. Benefits	Liability	Property	Work Comp	
JAN 26			11:00 AM						
JAN 31		1:00 PM							10:00 AM
MAR 30		1:00 PM		10:00 AM					
MAY 2	1:30 PM	10:15 AM							
ACWA SPRING CONFERENCE MAY 3-6 - SACRAMENTO									
STRATEGIC PLANNING SESSION – JUNE 15-17- COSTA MESA									
JUNE 20							3:00 PM	1:00 PM	
JUNE 21		9:00 AM							
JUNE 29			11:00 AM COSTA MESA						
JULY 18		1:00 PM			9:00 AM				
CAJPA CONFERENCE – SEPTEMBER 13-16 – LAKE TAHOE									
SEPT 21			11:00 AM TBD						
SEPT 28		1:00 PM		8:30 AM		10:30 AM			
Nov 28	1:30 PM	10:15 AM							
ACWA FALL CONFERENCE – NOVEMBER 28 – DECEMBER 2 – INDIAN WELLS									