



Approved: September 24, 2026

FINANCE AND AUDIT COMMITTEE MEETING

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

March 26, 2026

MEMBERS PRESENT

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

MEMBERS ABSENT

Cindy Saks, San Bernardino Valley Municipal Water District

STAFF PRESENT

Chief Executive Officer: Adrienne Beatty
Erin Bowles, Workers' Compensation Claims Manager
Chimene Camacho, Senior Executive Assistant to the CEO
David deBernardi, Director of Finance
Tyler Dietz, Cost Estimator / Valuation Consultant
Kyle Hutchings, Senior Accountant *(via Zoom)*
Jennifer Jobe, Deputy Executive Officer
Joe Rumenapp, Information Technology Manager
Jillian Sciancalepore, Administrative Assistant III *(Recording Secretary)*
Judy Shiu, Liability & Property Claims Manager
Heidi Singer, Accountant II
Dan Steele, Finance Manager
Kayla Villa, Litigation Manager
Mike Whitright, Network/System Administrator

OTHERS IN ATTENDANCE

Carol Lee Gonzales-Brady, Rancho California Water District *(via Zoom; left @ 2:14 PM)*
Brent Hastey, Reclamation District 784
Szu Pei Lu-Yang, Rowland Water District *(via Zoom)*
Melody McDonald, San Bernardino Valley Water Conservation District *(via Zoom)*
Kellie Murphy, Johnson Schachter & Lewis, A Professional Law Corporation, Interim General Counsel

Scott Ratterman, Calaveras County Water District
Randall Reed, Cucamonga Valley Water District
David Wheaton, Citrus Heights Water District
Bob Green, Gilbert CPAs

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

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

PLEDGE OF ALLEGIANCE

Chair Rupp led the Pledge of Allegiance.

ANNOUNCEMENT OF RECORDING OF MEETING

Chair Rupp announced that the meeting would be recorded to assist in preparation of minutes. Recordings are kept 30 days following the meeting, as mandated by the Ralph M. Brown Act.

PUBLIC COMMENT

Chair Rupp noted that, as the agenda stated, members of the public would be allowed to address the Finance and Audit Committee on any agenda item prior to the Committee's decision on that item. Comments on any issues on the agenda, or not on the agenda, were also welcome. None were noted.

ADDITIONS TO OR DELETIONS FROM THE AGENDA

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

I. CONSENT AGENDA

Chair Rupp called for approval of the Consent Agenda:

M/S/C (Miller/Lyons) (Bryant-Yes; Crawford-Yes; Lyons - Yes; Miller-Yes; Smith-Yes; White-Yes; Kapheim-Yes; Rupp-Yes): That the Finance and Audit Committee approve the minutes of the September 29, 2025, meeting, as presented; and approve an excused absence for any Committee member.

II. ADMINISTRATION

Report on Meetings Attended on Behalf of the JPIA
None.

Presentation of Government Finance Officers Association (GFOA) Award

Chair Rupp presented the Finance Team with the GFOA Award for the year ending September 30, 2024.

III. FINANCIALS

Review and Provide Recommendation on Annual Comprehensive Financial Report (ACFR) for Year Ended September 30, 2025

Bob Green of Gilbert CPAs presented an overview of the audit process, which consisted of three phases: planning, testing, and final review. The planning phase involved reviewing financial statements and establishing the audit approach. The testing phase included extensive testing of balances and internal controls. The final review phase encompassed a thorough evaluation of audit procedures and results. Mr. Green praised the Finance team's professionalism and responsiveness, noting over 450 documents were exchanged during the audit, which reflects the effectiveness of JPIA's internal controls and financial reporting practices. An unmodified opinion was issued, and no material misstatements, fraud, or compliance issues were found. The audit process concluded smoothly with draft reports ready for final approval. Lastly, Mr. Green informed the Committee that upcoming GASB standards (104 and 103) will slightly adjust disclosures and presentation for the fiscal year ending June 30, 2026, but with no material accounting changes.

Mr. Steele reviewed the Statement of Net Position, which reflects the financial position of the JPIA at a specific point in time, detailing assets, liabilities, and net position. A key highlight was a significant increase in capital assets, largely due to the acquisition of the new building. The net OPEB asset decreased mostly due to retirements impacting actuarial assumptions, though the plan remains 151% funded. Pension expenses showed favorable results driven by CalPERS' 11.6% investment rate of return and \$2.3 billion in strong investment income, reducing liabilities despite increasing actuarial demands. Overall, JPIA's net position decreased by approximately \$5.9 million for a total net position of approximately \$123 million, year ended September 30, 2025.

M/S/C (Miller/Smith) (Bryant-Yes; Crawford-Yes; Lyons - Yes; Miller-Yes; Smith-Yes; White-Yes; Kapheim-Yes; Rupp-Yes): That the Finance and Audit Committee recommend that the Executive Committee approve the 2024-25 Audited Financial Statements, as presented, and submit for final approval by the Board of Directors at the subsequent ACWA JPIA Spring Membership Summit in Sacramento, CA – May 2026.

Review and Provide Recommendation on the Proposed Operating Budget for Fiscal Year 2026-27

Mr. deBernardi reminded the Committee that the proposed Operating Budget presented is for the fiscal year ending June 30, 2027, versus September 30, 2027, which improves financial forecasting and aligns budgeting with operational cycles. He reported to the Committee that the most significant changes in the G&A Budget for the fiscal year are seen in capital depreciation – reflecting partial year occupancy of the new building – expected to increase further once fully operational; staffing costs reflecting a 4% possible aggregate salary increase effective in October; an addition of a new Member Services Manager position to fill organizational gaps; and facilities costs related to operating two buildings.

Additionally, Mr. deBernardi explained that the budget for Computer Equipment Software and Office Furniture increased, mainly due to the purchase of new claims software with improved functionality, replacing a less effective legacy system. A new \$100,000 Member Safety and Loss Control Incentive Award was added to promote member safety initiatives relative to theft issues increasing in frequency for Central Valley members, recommended by the Risk Management Committee and approved by the Executive Committee in January 2026. Overall, these changes result in a 6.6% increase in the operating budget.

M/S/C (Lyons/Miller) (Bryant-Yes; Crawford-Yes; Lyons - Yes; Miller-Yes; Smith-Yes; White-Yes; Kapheim-Yes; Rupp-Yes): That the Finance and Audit Committee recommend that the Executive Committee approve the proposed Operating Budget for the fiscal year ending June 30, 2027, as presented, and submit for final approval by the Board of Directors at the subsequent ACWA JPIA Spring Membership Summit in Sacramento, CA – May 2026.

Retrospective Contribution Adjustment Process Update

Mr. Steele reviewed with the Committee that Retrospective Contribution Adjustments (RCA) reflect the difference between collected contributions and actual costs for each pooled program year; unfavorable retros increase liabilities, while favorable ones create refunds. With this being the first year that the 2019-20 program year has been included in the RCA, it shows an unfavorable retro of about \$13 million, while the Rate Stabilization Fund balance is \$5.3 million, insufficient to cover all liabilities. However, a \$21 million dividend declared from CWIF last year has helped soften recent retros, improving fund health. Still, staff recommended holding back some retros to allow the fund to absorb fluctuations, reducing immediate member assessments.

Mr. Steele informed the Committee that some members have balances below the current negative 40% threshold of their basic liability contributions and will be asked to make partial payments to bring balances up to that threshold. Staff will meet individually with members to explain balances and coordinate reasonable payment plans, including interest charges, recognizing varied member financial situations. Approximately 30 members were below the negative 40% threshold at the last calculation, with 146 members currently below zero, indicating the scope of balances to be addressed as the threshold tightens.

Review and Provide Recommendation on Comprehensive Plan to Stabilize the Rate Stabilization Fund

Mr. deBernardi reviewed with the Committee the purpose of the Rate Stabilization Fund (RSF) and emphasized a strategic move to tighten fund balances and enhance fiscal stability by gradually eliminating negative member balances. The plan is to gradually increase the minimum RSF balance allowed from negative 40% to zero over several years in 10% increments, spreading out member financial impact. Simultaneously, the upper limit is proposed to increase from 70% to 80%, expanding the fund's capacity for positive balances. The negative 40% threshold was originally designed as a buffer

allowing member leeway, but recent trends show increased claims and more frequent negative years. Moving to zero reduces the pool's exposure to unpaid amounts and lost investment income on negative balances.

M/S/C (Kapheim/Crawford) (Bryant-Yes; Crawford-Yes; Lyons - Yes; Miller-Yes; Smith-Yes; White-Yes; Kapheim-Yes; Rupp-Yes): That the Finance and Audit Committee recommend that the Executive Committee approve incrementally increasing the floor for RSF member balances from negative 40% to zero and increase the ceiling for RSF member balances from 70% to 80%.

Review and Provide Recommendation on Revision to Calculation of Program Funding for the Liability Program

Mr. deBernardi informed the Committee that each year, the Finance Department collects estimated payroll data from Liability Program members for early-year billing before actual figures are known, and later reconciles these estimates against actual payrolls after the program year ends, adjusting member contributions through their Rate Stabilization Funds – a time-consuming process for staff and members. Transitioning to billing based on the prior year's actual payroll would streamline operations, reduce staff workload, and improve efficiency. Members would also benefit from fewer information requests, less risk of inaccurate estimates, more consistent exposure bases, and the removal of payroll reconciliation from the Retrospective Contribution Process, resulting in simplified management and more stable RSF balances.

M/S/C (Miller/Smith) (Bryant-Yes; Crawford-Yes; Lyons - Yes; Miller-Yes; Smith-Yes; White-Yes; Kapheim-Yes; Rupp-Yes): That the Finance and Audit Committee recommend that the Executive Committee approve revising the calculation of program funding for the Liability Program to use an exposure base of prior year's actual payroll.

California Water Insurance Fund (CWIF) Update

Ms. Beatty informed the Committee that CWIF is exceeding its 7% benchmark, with the rate of return since inception currently at approximately 8.11%. In addition, as of December 31, the market value of CWIF exceeded the book value by nearly \$20 million.

Vice Chair Ratterman informed the Committee that during the September 2025 meeting, CWIF Officers were reelected, and the reinsurance agreements for the Workers' Compensation and Liability Programs were reviewed and approved. During the December 2025 meeting, the Investment Policy Statement, the transition of the fiscal year-end to June 30, and a \$3.55 million dividend were approved. The CWIF Board will meet next in May 2026.

IV. STAFF UPDATES

Director of Finance Update

Mr. deBernardi and Mr. Steele presented to the Committee that the Finance staff has been advancing automation and payment innovations to improve efficiency and reduce

administrative burdens. The department is implementing a vendor-supported ACH payment system to simplify member payments and reduce manual processing. Integration with accounting and IDMS software will enable automatic posting of payments, saving significant staff time, especially for cash receipts. In addition, staff is exploring third-party claim payment automation to reduce manual check issuance and improve timeliness, including potential revenue-sharing virtual card programs for large vendors, which could offset vendor costs, making the service financially neutral.

Lastly, Mr. deBernardi informed the Committee that the upcoming fiscal year shift will require an additional audit to be presented at the next Committee meeting, increasing the workload on the finance department. Staff is preparing to manage this change efficiently to maintain audit quality and compliance.

V. UPCOMING MEETINGS

The Finance & Audit Committee is scheduled to meet next on Thursday, September 24, 2026, at 1:00 PM.

The Finance and Audit Committee meeting adjourned at 2:42 PM.