



**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University
Financial Statements and Supplementary Schedules
June 30, 2024
(With Independent Auditors' Report Thereon)

CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY
A Discretely Presented Component Unit of the California State University

Table of Contents

	Page
Independent Auditors' Report	1
Management's Discussion and Analysis	4
Basic Financial Statements:	
Statement of Net Position	8
Statement of Revenues, Expenses, and Changes in Net Position	9
Statement of Cash Flows	10
Notes to Financial Statements	11
Supplementary Information	
Schedule 1 – Reconciliation of Workers' Compensation Claims Liabilities	27
Schedule 2 – Reconciliation of General Liability Claims Liabilities	28
Schedule 3 – Reconciliation of Industrial Disability, Nonindustrial Disability, and Unemployment Insurance (IDL/NDI/UI) Claims Liabilities	29
Schedule 4 – Reconciliation of Property Claims Liabilities	30
Schedule 5 – Reconciliation of Athletic Injury Medical Expense (AIME) Claims Liabilities	31
Schedule 6 – Reconciliation of Club Sports Claims Liabilities	32
Schedule 7 – Reconciliation of AORMA Workers' Compensation Claims Liabilities	33
Schedule 8 – Reconciliation of AORMA General Liability Claims Liabilities	34
Schedule 9 – Reconciliation of AORMA Property Claims Liabilities	35
Schedule 10 – Reconciliation of AORMA Crime Claims Liabilities	36
Schedule 11 – Reconciliation of AORMA Unemployment Insurance Program (UIP) Claims Liabilities	37
Schedule 12 – Schedule of Net Position	38
Schedule 13 – Schedule of Revenues, Expenses, and Changes in Net Position	39
Schedule 14 – Other Information	40
Required Supplementary Information	
Schedule 15 – Claims Development Information (Unaudited)	45



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Independent Auditors' Report

The Board of Directors
California State University Risk Management Authority:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the California State University Risk Management Authority (the Authority), a component unit of the California State University, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements for the year then ended as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2024, and the changes in its financial position and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a



substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis and the claims development information in Schedule 15 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary information in schedules 1 through 14 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2024 on our consideration of the Authority'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 the Authority'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 the Authority's internal control over financial reporting and compliance.

KPMG LLP

Los Angeles, California
September 20, 2024

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University
Management's Discussion and Analysis
June 30, 2024

The following discussion and analysis provides an overview of the financial position and performance of the California State University Risk Management Authority (the Authority) as of and for the year ended June 30, 2024. It is designed to assist the readers in focusing on financial overview and analysis of the financial activities of the Authority. The discussion has been prepared by management and should be read in conjunction with the basic financial statements and accompanying notes, which follow this section.

Overview of the Financial Statements

The financial statements of the Authority as of and for the year ended June 30, 2024 have been prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*. For reporting purposes, the Authority is considered a special-purpose government engaged in business-type activities.

The Authority's financial statements consist of the Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, Statement of Cash Flows, the notes to the financial statements, supplementary information, and required supplementary information. The Authority's basic financial statements include the Statement of Net Position, the Statement of Revenue, Expenses, and Changes in Net Position, and the Statement of Cash Flows and the related notes to the financial statements.

Statement of Net Position

The Statement of Net Position presents the financial position of the Authority at the end of the fiscal year and includes all assets and liabilities of the Authority. The difference between total assets and total liabilities, net position, is one indicator of the current financial condition of the Authority, while the change in net position is an indicator of how the overall financial condition has fluctuated from year to year.

A summary of the Authority's assets, liabilities, and net position at June 30, 2024 and 2023 is as follows:

Condensed Schedules of Net Position

(In thousands)

	2024	2023
Assets:		
Current assets	\$ 63,000	74,776
Noncurrent assets	44,186	44,421
Total assets	\$ 107,186	119,197
Liabilities:		
Current liabilities	\$ 29,917	32,854
Noncurrent liabilities	42,484	41,920
Total liabilities	\$ 72,401	74,774
Net position:		
Unrestricted	\$ 34,785	44,423
Total net position	\$ 34,785	44,423

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University
Management's Discussion and Analysis
June 30, 2024

Assets

The Authority's assets totaled \$107 million on June 30, 2024, a decrease of \$12.01 million or 10%, as compared to the previous year. This is mainly attributed to the decrease in investments by \$12.51 million, due to higher claims payments and reinsurance premiums payments. Accounts receivable increased by \$4.23 million mainly due to the AORMA Property Assessment and PRISM recovery outstanding balance. Prepaid expenses decreased by \$2.92 million as OCIP has been fully amortized, and recognized as expenses in the current fiscal year.

Liabilities

The Authority's liabilities totaled \$72.40 million on June 30, 2024, a decrease of \$2.37 million or 3%, as compared to the previous year. This is primarily due to a decrease of \$3.06 million in OCIP unearned revenues, which has been fully amortized, and recognized as revenues in the current fiscal year.

Despite the overall decrease in liabilities, the claims liabilities for losses and loss adjustment expenses increased by \$2.08 million, which represents 88% of the total liabilities as of June 30, 2024, while it is 81% as of previous year. Majority of the increase is in claims liability from the General Liability, AORMA Liability and Athletic Injury Medical Expense (AIME) programs which increased by \$1.46 million, \$2.25 million and \$0.20 million, respectively. This is offset by a decrease of \$1.83 million of claims liabilities from the Workers' Compensation programs.

The accounts payable decreased \$0.56 million primarily due to payment of prior year's outstanding premiums for Workers' Compensation program offset by higher unemployment claims in the last quarter of the fiscal year.

Net Position

Net position may serve over time as a useful indicator of the Authority's financial position. Net position represents the residual measure of assets net of liabilities. Net position fluctuates annually due to the Authority's operating results for a given fiscal year as well as changes in investment income. The Authority's net position is classified as unrestricted and may be designated for use by the Authority.

The Authority's net position totaled \$34.79 million on June 30, 2024, a decrease of \$9.64 million or 22%, as compared to the previous year. This is primarily due to increase claim losses and loss adjustments expenses and Insurance premium, combined with investment income in fiscal year 2024. The revenues from member contributions increased by 3% compared to fiscal year 2023.

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenue, Expenses, and Changes in Net Position is the Authority's income statement. Revenues earned and expenses incurred during the year on an accrual basis are classified as either operating or nonoperating. It presents the results of the Authority's operations and changes in net position over the course of the fiscal year.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**
A Discretely Presented Component Unit of the California State University
Management's Discussion and Analysis
June 30, 2024

A summary of the Authority's statement of revenues, expenses, and changes in net position for the year ended June 30, 2024, and 2023 is as follows:

Condensed Schedules of Revenues, Expenses, and Changes in Net Position

Years ended June 30, 2024 and 2023

(In thousands)

	<u>2024</u>	<u>2023</u>
Operating revenues	\$ 116,200	\$ 126,711
Operating expenses	<u>132,512</u>	<u>114,422</u>
Operating (loss) income	(16,312)	12,289
Nonoperating revenues (expenses), net	<u>6,674</u>	<u>(1,111)</u>
Change in net position	(9,638)	11,178
Net position, beginning of year	<u>44,423</u>	<u>33,245</u>
Net position, end of year	<u>\$ 34,785</u>	<u>44,423</u>

Operating Revenues and Expenses

The Authority's operating revenues consist of member contributions, net of reinsurance premiums. Any increases or decreases in member contributions are primarily attributable to recommended funding for campus-covered programs calculated by an independent actuarial firm employed by the Authority.

During fiscal year 2024, operating revenues totaled \$116.20 million, a decrease of \$10.51 million or 8%, which was primarily due to an increase in reinsurance premium of \$14.42 million for Property coverage netted against an increase in member contributions of \$2.21 million in General Liability coverage and \$7.10 million for Property coverage. This is offset by a decrease in OCIP revenue of \$2.23 million as it has been fully amortized.

During fiscal year 2024, operating expenses totaled \$132.51 million, an increase of \$18.09 million or 16% compared to the previous year. This is primarily due to an increase in claim losses and loss adjustment expenses, net of reinsurance and deductible recoveries of \$16.82 million, increase in insurance premium of \$1.43 million.

Claim losses and loss adjustment expenses include actual claim payments made, as well as adjustments for reserves on claims. Claim case reserves are adjusted as claims develop and mature and additional information regarding potential loss amounts are known. Reserves for claims incurred but not reported, as determined by independent actuaries, are also included in this expense category. Claims administration includes expenses incurred by the Authority for claims administrator's fees and program administrator's fees, and brokerage commissions. Dividend distributions represent the return of contributions to CSU campuses and Auxiliary Organization members. In providing insurance coverage and risk management services to its members, the Authority incurs general and administrative and miscellaneous services expenses that are budgeted and approved by the Board of Directors annually.

Nonoperating Revenues (Expenses), Net

During fiscal year 2024, net nonoperating revenues totaled \$6.67 million, an increase of \$7.79 million from prior year mainly due to the increase in net investment incomes.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University
Management's Discussion and Analysis
June 30, 2024

Factors Impacting Future Periods

There are no known issues that are expected to materially impact the organization with respect to the COVID-19 pandemic. However, there are trends that may influence membership and developments in the hardening commercial insurance market that warrant notice.

The Authority has a limited pool of membership consisting of CSU and its not-for-profit Auxiliary Organizations. The CSU and Auxiliary Organizations are subject to economic trends which impact funding, operations, and grants and contracts.

The California workers' compensation operating environment has stabilized despite increases in the cost of medical care and prescription drugs, combined with an aging workforce. To combat increasing costs to settle workers' compensation claims, the Authority has implemented a Workers' Compensation Claims Management and Return to Work Program, as well as an ongoing claims closure initiative. Results have been positive, however, the environment may change. The annual spend on the Workers' Compensation continues to remain essentially stable year over year.

Generally, the commercial insurance and reinsurance market is relatively stable but we see diminished capacity, increased premiums and more narrow coverage. However, weather extremes, catastrophic losses, pandemics and investment losses are areas of concern for commercial insurance carriers and the California market has experienced catastrophic claims due to pandemic, wildfire, and excessive rainfall. Institutional size risks, such as the CSU and its Auxiliary Organizations, with large valued property locations spread throughout the state are experiencing rate increases as commercial insurers raise concerns about recent natural disasters such as floods, hurricanes, and potential wildfires.

The market for excess liability for California public entities has firmed considerably. This is largely due to a significant rise in the cost of claims, especially those involving employment practices, law enforcement, and injuries to minors. The Authority manages this risk by developing long-term underwriting relationships and attracting other insurers and risk financing schemes to the program. Further, the Authority demonstrates to current and prospective carriers a sample of our risk mitigation endeavors.

Funds are invested by the Authority to pay expected claims in the pooled programs. The valuation of claims liabilities is discounted based on assumed investment earning rates. A divergence in the rate assumed for discounting claims liabilities and investment earnings can affect the ultimate claims liability recorded in the financial statements. To guard against possible divergence, the dividend calculations utilized to return excess funds to the membership use a more conservative calculation of equity.

CSU participated in the Schools Excess Liability Fund (SELF) for excess Liability coverage from July 1, 1995 to June 30, 2010. SELF has declared an assessment of their membership with a potential estimated impact ranging from \$13 million to \$28 million for various coverage years, and CSU disputes the assessments. Pending litigation will determine the amount of the assessment, if any. CSURMA and Auxiliary Organization participants also are subject to the assessments and outcome of the pending litigation. The SELF assessments were the result of CA State Assembly Bill 218 which extended the time period for the filing of certain lawsuits.

The rates charged by the Authority for member contributions for the future year increased due to claim and market trends for the liability, industrial disability/nonindustrial disability/unemployment insurance, and property programs. In the May 2024 Board of Director's meeting, the fiscal year 2025 budget was approved for operating revenues of \$122.35 million and operating expenses of \$125.30 million.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University
Statement of Net Position
June 30, 2024
(In thousands)

Assets:

Current assets:

Short-term investments	\$	51,681
Accounts receivable		8,851
Prepaid expenses		2,449
Reinsurance recoverable – workers' compensation		19
Total current assets		63,000

Noncurrent assets:

Capital assets, net		1,702
Other long-term investments		42,484
Total noncurrent assets		44,186
Total assets		107,186

Liabilities:

Current liabilities:

Accounts payable		6,884
Unearned revenues		427
Interest payable		12
SBITA liabilities - current portion		902
Claims liability for losses and loss adjustment expenses – current portion:		
Reported claims		9,154
Claims incurred but not reported		12,538
Total current liabilities		29,917

Noncurrent liabilities:

SBITA liabilities - net of current portion		156
Claims liability for losses and loss adjustment expenses – noncurrent portion:		
Reported claims		17,863
Claims incurred but not reported		24,465
Total noncurrent liabilities		42,484
Total liabilities		72,401

Net position:

Unrestricted		34,785
Total net position		\$ 34,785

See accompanying notes to financial statements.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University
Statement of Revenues, Expenses, and Changes in Net Position
June 30, 2024
(In thousands)

Operating revenues:	
Member contributions	\$ 159,521
Reinsurance premiums	(43,321)
Total operating revenues	116,200
Operating expenses:	
Claim losses and loss adjustment expenses	49,754
Claims administration	12,245
Insurance premiums	64,434
Depreciation	884
Dividend distributions	1,059
General and administrative	2,489
Miscellaneous services	1,647
Total operating expenses	132,512
Operating loss	(16,312)
Nonoperating revenues (expenses):	
Investment income, net	6,022
Interest expense	(69)
Other nonoperating revenues	721
Total nonoperating revenues, net	6,674
Change in net position	(9,638)
Net position, beginning of year	44,423
Net position, end of year	\$ 34,785

See accompanying notes to financial statements.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University
Statement of Cash Flows
June 30, 2024
(In thousands)

Cash flows from operating activities:	
Receipts of member contributions	\$ 156,716
Payments to providers	(122,622)
Payments of claims	(48,800)
Dividend distributions to members	(3,514)
Net cash used in operating activities	<u>(18,220)</u>
Cash flows from noncapital and related financing activities:	
Other noncapital financing activities	705
Net cash provided by noncapital and related financing activities	<u>705</u>
Cash flows from capital financing activities:	
Subscription payments for subscription-based IT arrangements	(967)
Net cash used in capital and related financing activities	<u>(967)</u>
Cash flows from investing activities:	
Proceeds from sales and maturities of investments	251,432
Purchases of investments	(252,613)
Withdrawals from the CSU Consolidated Investment Pool	201,495
Deposits into the CSU Consolidated Investment Pool	(186,120)
Investment income proceeds	4,288
Net cash provided by investing activities	<u>18,482</u>
Net change in cash and cash equivalents	—
Cash and cash equivalents at beginning of year	<u>—</u>
Cash and cash equivalents at end of year	<u><u>\$ —</u></u>
Reconciliation of operating income to net cash used in operating activities:	
Operating loss	\$ (16,312)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	884
Changes in assets and liabilities:	
Increase in accounts receivable	(4,176)
Decrease in prepaid expenses	2,925
Decrease in reinsurance recoverable - workers' compensation	2
Decrease in accounts payable	(557)
Decrease in unearned revenues	(3,062)
Increase in claims liability for losses and loss adjustment expenses	2,076
Net cash used in operating activities	<u><u>\$ (18,220)</u></u>

See accompanying notes to financial statements.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University
Notes to Financial Statements
June 30, 2024
(In thousands)

(1) Organization

On January 1, 1997, California State University (CSU or the University) and certain auxiliary organizations of the University established the California State University Risk Management Authority (the Authority) pursuant to the provisions of Section 6500 et seq. of the California Government Code (the Code). The Code authorizes CSU and Auxiliary Organizations to establish and operate pooled coverage programs and to provide related services. The Authority provides entity risk pooling programs for workers' compensation, general liability, industrial and nonindustrial disability, unemployment insurance coverage, property, construction, and other risk-related programs for its member organizations (the Members). Members participating in the Authority's coverage programs at June 30, 2024 are as follows:

Location	Member Organization
Bakersfield	California State University, Bakersfield
Bakersfield	Associated Students, California State University, Bakersfield, Inc.
Bakersfield	California State University, Bakersfield Auxiliary for Sponsored Programs Administration
Bakersfield	California State University, Bakersfield Foundation
Bakersfield	California State University, Bakersfield Student Union, Inc.
Chancellor's Office	Office of the Chancellor
Chancellor's Office	California State University Foundation
Chancellor's Office	California State University Institute
Channel Islands	California State University, Channel Islands
Channel Islands	Associated Students of California State University, Channel Islands, Inc.
Channel Islands	California State University Channel Islands Foundation
Channel Islands	CI University Auxiliary Services, Inc.
Channel Islands	Channel Islands Site Authority
Chico	California State University, Chico
Chico	Associated Students of California State University, Chico
Chico	Auxiliary Organization Associations
Chico	Chico State Enterprises
Chico	The University Foundation, California State University, Chico
Dominguez Hills	California State University, Dominguez Hills
Dominguez Hills	Associated Students, California State University, Dominguez Hills
Dominguez Hills	CSUDH Toro Auxiliary Partners**
Dominguez Hills	CSU Dominguez Hills Philanthropic Foundation
Dominguez Hills	The Donald P. and Katherine B. Loker University Student Union, Inc., California State University, Dominguez Hills
East Bay	California State University, East Bay
East Bay	Associated Students Inc., California State University, East Bay
East Bay	Cal State East Bay Educational Foundation
East Bay	California State University, East Bay Foundation, Inc.

** Formerly known as California State University, Dominguez Hills Foundation

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University
Notes to Financial Statements
June 30, 2024
(In thousands)

Location	Member Organization
Fresno	California State University, Fresno
Fresno	Associated Students of California State University, Fresno
Fresno	California State University, Fresno Association, Inc.
Fresno	California State University, Fresno Foundation
Fresno	Fresno State Programs for Children, Inc.
Fresno	The Agricultural Foundation of California State University, Fresno
Fresno	The California State University, Fresno Athletic Corporation
Fullerton	California State University, Fullerton
Fullerton	Associated Students, California State University, Fullerton, Inc.
Fullerton	Cal State Fullerton Philanthropic Foundation
Fullerton	CSU Fullerton Auxiliary Services Corporation
Humboldt	California State Polytechnic University, Humboldt
Humboldt	Associated Students, Humboldt State University
Humboldt	Cal Poly Humboldt Foundation
Humboldt	Humboldt State University Center Board of Directors
Humboldt	Humboldt State University Sponsored Programs Foundation
Long Beach	California State University, Long Beach
Long Beach	Associated Students, California State University, Long Beach
Long Beach	California State University, Long Beach Research Foundation
Long Beach	CSULB 49er Foundation
Long Beach	Forty-Niner Shops, Inc.
Los Angeles	California State University, Los Angeles
Los Angeles	Associated Students, California State University, Los Angeles, Inc.
Los Angeles	Cal State L.A. University Auxiliary Services, Inc.
Los Angeles	California State University, Los Angeles Foundation
Los Angeles	University-Student Union at California State University, Los Angeles
Maritime Academy	California State University Maritime Academy
Maritime Academy	Cal Maritime Corporation
Maritime Academy	California Maritime Academy Foundation, Inc.
Maritime Academy	The Associated Students of the California Maritime Academy
Monterey Bay	California State University, Monterey Bay
Monterey Bay	Foundation of California State University, Monterey Bay
Monterey Bay	The University Corporation at Monterey Bay
Monterey Bay	Otter Student Union at CSU Monterey Bay

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University
Notes to Financial Statements
June 30, 2024
(In thousands)

Location	Member Organization
Northridge	California State University, Northridge
Northridge	Associated Students, California State University, Northridge, Inc.
Northridge	California State University, Northridge Foundation
Northridge	North Campus University Park Development Corporation
Northridge	The University Corporation, CSU Northridge
Northridge	University Student Union of California State University, Northridge
Pomona	California State Polytechnic University, Pomona
Pomona	Associated Students Inc., California State Polytechnic University, Pomona
Pomona	The Cal Poly Pomona Foundation, Inc.
Pomona	Cal Poly Pomona Philanthropic Foundation
Sacramento	California State University, Sacramento
Sacramento	Associated Students of California State University, Sacramento
Sacramento	Capital Public Radio, Inc., CSU Sacramento
Sacramento	The University Foundation at Sacramento State
Sacramento	University Enterprises, Inc., CSU Sacramento
Sacramento	University Union Operation of CSUS, Inc.
San Bernardino	California State University, San Bernardino
San Bernardino	Associated Students Inc., California State University, San Bernardino
San Bernardino	CSUSB Philanthropic Foundation
San Bernardino	Santos Manuel Student Union of California State University, San Bernardino
San Bernardino	University Enterprises Corporation at CSUSB
San Diego	San Diego State University
San Diego	Associated Students, San Diego State University
San Diego	Aztec Shops, Ltd., San Diego State University
San Diego	San Diego State University Research Foundation
San Diego	* SDSU Mission Valley Enterprises
San Diego	The Campanile Foundation
San Francisco	San Francisco State University
San Francisco	Associated Students, Inc., San Francisco State University
San Francisco	San Francisco State University Foundation
San Francisco	The University Corporation, San Francisco State
San Jose	San Jose State University
San Jose	Associated Student, San Jose State University
San Jose	San Jose State University Research Foundation
San Jose	Spartan Shops, Inc., San Jose State University
San Jose	The Student Union of San Jose State University

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University
Notes to Financial Statements
June 30, 2024
(In thousands)

Location	Member Organization
San Jose	The Tower Foundation, San Jose State University
San Luis Obispo	California Polytechnic State University, San Luis Obispo
San Luis Obispo	Associated Students, Inc., California Polytechnic State University at San Luis Obispo
San Luis Obispo	Cal Poly Corporation
San Luis Obispo	California Polytechnic State University Foundation
San Marcos	California State University, San Marcos
San Marcos	California State University San Marcos Corporation
San Marcos	California State University San Marcos Foundation
San Marcos	Associated Students, Inc. of California State University, San Marcos
Sonoma	Sonoma State University
Sonoma	Associated Students of Sonoma State University
Sonoma	Sonoma State Enterprises, Inc.
Sonoma	Sonoma State University Foundation
Stanislaus	California State University, Stanislaus
Stanislaus	Associated Students, Inc., California State University, Stanislaus
Stanislaus	California State University, Stanislaus Auxiliary and Business Services
Stanislaus	California State University, Stanislaus Foundation
Stanislaus	University Student Center of California State University, Stanislaus

* *New member in 2024*

The accompanying financial statements are also included in the CSU's financial statements as a discretely presented component unit.

The Authority is managed by a board of directors, which is composed of 30 directors appointed by the CSU Executive Vice Chancellor/Chief Financial Officer, Business and Finance, and 10 directors elected by the Auxiliary Organizations, which are members of the Authority. The Executive Vice Chancellor may also appoint alternate representatives who shall serve in the absence of the primary representatives. Directors elected by the Auxiliary Organizations serve subject to terms and conditions adopted by the Auxiliary Organizations for election and replacement of the same. Each director of the Authority must be an officer, director, or employee of the University or an Auxiliary Organization.

The Authority assumed the losses of the University's risk pool on January 1, 1997 (inception date) in exchange for a commitment from the University to fund incurred losses. In addition, the University has made the commitment to provide sufficient cash flows to the Authority to meet its operating needs.

All post-development costs of the Authority's programs are funded by annual premiums charged to members participating in the program each policy year and by interest earnings on the accumulated funds. Premiums are based on a cost allocation plan and rating formula developed by the Authority with the assistance of actuaries, risk management consultants, and other qualified persons. The premium for each member participating in the shared risk programs includes the member's share of expected program losses, program reinsurance costs, and program administrative costs for the year. If the Authority experiences unusually large losses in one of the aforementioned programs during a policy year, those pooled funds for

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University
Notes to Financial Statements
June 30, 2024
(In thousands)

the program may be exhausted before the next annual premiums are due. The Board of Directors may, upon consultation, impose assessments on all participating members in the respective program to provide adequate funds to the Authority for the payment of all incurred losses.

The Authority coordinates the claims process in conjunction with various organizations. These entities include the State of California Attorney General's Office; Sedgwick Claims Management Services, Inc. (Sedgwick); Carl Warren & Company (Carl Warren); Health Special Risk, Inc. (HSR); the CSU Office of General Counsel; Systemwide Risk Management; Alliant Insurance Services (Alliant); the CSU Office of the Chancellor; and the 23 CSU campuses. Sedgwick is the third-party administrator (TPA) for all workers' compensation claims involving campuses and Auxiliary Organizations. Carl Warren is the TPA for Auxiliary Organization liability claims. HSR is the TPA for Athletic Injury Medical Expense (AIME) and Club Sports Insurance Program (CSIP) claims. Alliant administers all entity risk pooling programs provided by the Authority.

(2) Summary of Significant Accounting Policies

a. New Accounting Pronouncements

On July 1, 2023, the Authority implemented GASB Statement No. 99, "Omnibus 2022," for provisions related to financial guarantees and the classification and reporting of derivative instruments within the scope of GASB 53. This Statement clarifies accounting and financial reporting for financial guarantees. The implementation of this standard did not have a material impact on the Authority's financial statements.

On July 1, 2023, the Authority implemented GASB Statement No. 100, "*Accounting Changes and Error Corrections.*" This Statement is intended to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The implementation of this standard did not have a material impact on the Authority's financial statements.

In June 2022, the GASB issued Statement No. 101, "Compensated Absences," which will be effective for the fiscal year ending June 30, 2025. This statement will update the recognition and measurement guidance for compensated absences. This statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. The Authority is currently assessing the impact of the implementation of this Statement on its financial statements, but does not expect it to have any material impact.

In December 2023, the GASB issued Statement No. 102, "Certain Risk Disclosure," which will be effective for the fiscal year ending June 30, 2025. This statement will require disclosure about risks related to the Authority's vulnerabilities due to certain concentrations or constraints. This statement requires the Authority to assess (1) whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact, and (2) whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The Authority is currently assessing the impact of the implementation of this Statement on its financial statements, but does not expect it to have any material impact.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University
Notes to Financial Statements
June 30, 2024
(In thousands)

b. ***Basis of Presentation***

The accompanying financial statements for the Authority have been prepared under the standards promulgated by the Governmental Accounting Standards Board (GASB) using the accrual basis of accounting and economic resources measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The financial statements include the Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows. The Authority is considered a special-purpose government. The Authority records revenues primarily from fees collected from the campuses and Auxiliary Organizations and, accordingly, has chosen to present its financial statements using the reporting model for special-purpose governments engaged only in business-type activities.

c. ***Classification of Current and Noncurrent Assets (Other than Investments) and Liabilities***

The Authority considers assets to be current when they can be reasonably expected, as part of its normal business operations, to be converted to cash and be available for liquidation of current liabilities within 12 months of the Statement of Net Position date. Liabilities that can be reasonably expected, as part of the Authority's normal business operations, to be liquidated within 12 months of the Statement of Net Position date are considered to be current. All other assets and liabilities are considered to be noncurrent. For classification of current and noncurrent investments, refer to note 2(e).

d. ***Cash and Cash Equivalents and Statement of Cash Flows***

The Authority considers all highly liquid investments with an original maturity date of three months or less to be cash and cash equivalents. The Authority considers amounts included in the Morgan Stanley Smith Barney and the CSU Consolidated Investment Pool to be investments. Certain transactions recorded as revenues or expenses in the accompanying Statement of Revenues, Expenses and Changes in Net Position include transactions between entities that are also participants in the Investment Pool. The Authority considers changes in the respective participants' equity in the CSU Consolidated Investment Pool resulting from these transactions to represent cash flows of the Authority in the accompanying Statement of Cash Flows.

e. ***Investments***

Investments are reflected at fair value using quoted market prices. Realized and unrealized gains and losses are included in the accompanying Statement of Revenues, Expenses, and Changes in Net Position as a component of investment income, net.

Investments that are used for current operations are classified as short-term investments. Investments that are restricted for withdrawal or use for other than current operations, designated or restricted for the liquidation of the noncurrent portion of long-term liabilities, or restricted as to the liquidity of the investments are classified as other long-term investments.

f. ***Accounts Receivable***

Accounts receivable represents amounts due from the Members and excess insurance carriers.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University
Notes to Financial Statements
June 30, 2024
(In thousands)

g. **Reinsurance Recoverable**

Reinsurance recoverable represents estimated amounts due from reinsurers, who reinsured the CSU's workers' compensation claims liability for claims incurred during the fiscal year. The estimates are related to paid claims and claim adjustment expenses as of fiscal year-end. The estimated amounts recoverable from reinsurers that are related to the liabilities for unpaid claims and claim adjustment expenses are deducted from those claims liabilities for losses and loss adjustment expenses (LAE) (note 2(j)).

h. **Capital Assets**

Capital Assets are subscription IT assets that are stated at the present value of payments expected to be made during the subscription term less accumulated amortization. Capital Assets are depreciated or amortized on a straight-line basis over their estimated useful lives, which ranges from 5 to 10 years.

Depreciation and amortization expense is shown separately in the Statement of Revenues, Expenses and Changes in Net Position rather than being allocated among other categories of operating expenses.

i. **Member Contributions**

The Authority reports contributions received from the Members in the Statement of Revenues, Expenses, and Changes in Net Position. Contribution calculations for both campuses and Auxiliary Organizations are based on program funding policies and procedures and various rating plans, including pro rata shares of the anticipated claims liabilities for losses and LAE based on actuary projections and loss rates. Contributions are recorded as revenue for the policy year in which coverage is provided. Contributions collected in advance of the policy year are recorded in the Statement of Net Position as unearned revenues.

j. **Claims Liability for Losses and LAE**

The claims liability for losses and LAE included in the accompanying financial statements reflect the estimated cost of settling claims relating to events that have occurred as of fiscal year-end. The liability includes the estimated amount that will be required for future payments of claims that have been reported and claims related to events that have occurred but have not been reported. The liability is also reduced by estimated amounts recoverable from the reinsurer that are related to the liability for unpaid claims and claim adjustment expenses. The liability is estimated through an actuarial calculation using individual case basis valuations and statistical analyses. The liability is not discounted.

Claims liability is recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. Adjustments to claim liabilities are charged or credited to expense in the periods in which they are made.

In estimating unpaid losses and LAE, the Authority has employed methods and assumptions considered reasonable and appropriate given the information currently available. Given the inherent uncertainty in the nature of such estimates, future losses may deviate from those estimates.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University
Notes to Financial Statements
June 30, 2024
(In thousands)

k. ***Subscription-Based Information Technology Arrangements***

The Authority has noncancellable subscription Information Technology (IT) arrangements for the right-to-use information technology hardware and software. For subscription IT arrangements with a maximum possible term of 12 months or less at commencement, the Authority recognizes expenses based on the provision of the lease contract or subscription IT arrangement. For all other subscription IT arrangements, the Authority recognizes subscription IT liability (SBITA Liability) and a subscription IT assets in the Statement of Net Position.

At subscription commencement, the Authority initially measures the subscription IT liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription IT liability is reduced by the principal portion of subscription made. The subscription IT asset is initially measured as the initial amount of the subscription IT liability, less subscription payments made at or before the subscription commencement date, less any vendor incentives received at or before the subscription commencement date, plus the capitalizable implementation costs.

Subsequently, the subscription IT asset is amortized into depreciation expenses on a straight-line basis over the shorter of the subscription term or the useful life of the underlying hardware or software.

The Authority monitors changes in circumstances that may require remeasurement of a lease or subscription IT arrangement. When certain changes occur that are expected to significantly affect the amount of the subscription IT liability, the liability is remeasured and a corresponding adjustment is made to the subscription IT asset.

l. ***Dividend Distributions***

The Authority reports dividends in the Statement of Revenues, Expenses, and Changes in Net Position for the return of contributions to the Members. Dividends to CSU campuses are based on a review of the funding status report by the Executive Committee and are distributed to each member by their pro rata contributions over the past five completed fiscal years. Dividends to any participating Auxiliary Organization are calculated and distributed in accordance with the Dividends and Assessment Policy. Dividend distributions are accrued as dividend expense once they are approved and declared by the Executive Committee and the Auxiliary Organizations Risk Management Alliance (AORMA) Committee.

m. ***Net Position***

The Authority's net position is classified as unrestricted. Unrestricted net position may be designated for use by the Authority. The Authority has adopted a policy of utilizing restricted funds, when available, prior to unrestricted funds.

n. ***Classification of Revenues and Expenses***

The Authority considers operating revenues and expenses in the Statement of Revenues, Expenses, and Changes in Net Position to be those revenues and expenses that result from exchange transactions or other activities that are connected directly to the Authority's primary functions. Certain other transactions are reported as nonoperating revenues and expenses in accordance with GASB requirements. These nonoperating activities include the Authority's investment income, net, and interest income from loans.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University
Notes to Financial Statements
June 30, 2024
(In thousands)

o. Income Taxes

The Authority was formed pursuant to the Code Section 6500 et seq. and, as a governmental entity, is not subject to federal or state income taxes under §115 of the Internal Revenue Code of 1986.

p. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

(3) Cash and Cash Equivalents, Investments, and Investment Income, Net

The Authority's cash, cash equivalents, and investments as of June 30, 2024 are classified in the accompanying Statement of Net Position as follows:

Short-term investments	\$	51,681
Other long-term investments		42,484
Total	<u>\$</u>	<u>94,165</u>

a. Cash and Cash Equivalents

Cash and cash equivalents consists of demand deposits held at a financial institution. There were no Cash and cash equivalents for the year ended June 30, 2024.

The Authority maintains centralized management for substantially all of its cash and cash equivalents. Cash in demand deposit accounts is minimized by sweeping available cash balances into the CSU Consolidated Investment Pool on a daily basis.

b. Investments

At June 30, 2024, the Authority's investment portfolio consists of investments held at Morgan Stanley Smith Barney and in the CSU Consolidated Investment Pool. Separate accounting is maintained as to the amounts allocable to the various funds and programs.

i. Investment Policy

State law and regulations require that surplus monies of the Authority must be invested. The primary objective of the Authority's investment policy is to safeguard the principal. The secondary objective is to meet the liquidity needs of the Authority. The third objective is to return an acceptable yield.

The Authority's investment policy authorizes funds held in local trust accounts under Education Code Sections 89721 and 89724 to be invested in any of the securities authorized by Government Code Sections 16430 and 53601, and Education Code Section 89724, subject to certain limitations. In general, the Authority's investment policy permits investments in obligations of the federal and

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University
Notes to Financial Statements
June 30, 2024
(In thousands)

California state governments, certificates of deposit, high-quality domestic corporate and fixed-income securities, and certain other investment instruments.

ii. *Custodial Credit Risk*

Custodial credit risk is the risk that in the event of the failure of the custodian, the investments or deposits may not be returned to the Authority. Substantially all of the Authority's securities are registered in the Authority's name by the custodial bank as an agent for the Authority.

iii. *Interest Rate Risk*

Interest rate risk is the risk that fluctuations in interest rates will adversely affect the fair market value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair market value to fluctuations in market interest rates. The Authority's investment guidelines measure interest rate risk by limiting an eligible investment to a maximum effective maturity and by limiting the average duration of the portfolio. The effective maturity date reflects a bond with embedded options, such as a call, put, or reset date, and prepayment speed resulting in the maturity of a bond being less than its final maturity date. Duration is a measure of the sensitivity of the price of an investment relative to fluctuations in market interest rates.

Durations of the Authority's investment portfolio for each investment type as of June 30, 2024 are presented in the table below.

<u>Investment type</u>	<u>Fair value</u>	<u>Duration (in years)</u>
Asset-backed securities	\$ 894	4.07337
Corporate bonds	16,778	2.32076
Money market funds	1,412	—
Mortgage-backed securities	11,194	6.48927
Municipal bonds	2,045	2.58321
U.S. agency securities	395	5.27443
U.S. Treasury securities	41,966	5.50713
The CSU Consolidated Investment Pool	19,481	2.34346
Total investments	<u>\$ 94,165</u>	

Another way the Authority manages its exposure to interest rate risk is by purchasing a combination of short-term and long-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or nearing maturity evenly over time as necessary to provide cash flows and liquidity needed for operations.

iv. *Credit Risk*

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This risk is measured by the assignment of a rating by a nationally recognized statistical rating organization.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University
Notes to Financial Statements
June 30, 2024
(In thousands)

By law, the Authority invests in low credit risk securities, such as U.S. government securities, securities of federally sponsored agencies, highly rated domestic corporate bonds, prime-rated commercial paper, repurchase and reverse repurchase agreements, banker's acceptances, and negotiable certificates of deposit.

Ratings of the Authority's investment portfolio for each investment type as of June 30, 2024 are presented in the table below:

Investment type	Fair value	Ratings as of year-end				
		AAA	AA	A	BB	Not rated
Asset-backed securities	\$ 894	—	362	338	194	—
Corporate bonds	16,778	3,159	4,569	9,050	—	—
Money market funds	1,412	1,412	—	—	—	—
Mortgage-backed securities	11,194	11,194	—	—	—	—
Municipal bonds	2,045	1,015	1,030	—	—	—
U.S. agency securities	395	395	—	—	—	—
U.S. Treasury securities	41,966	41,966	—	—	—	—
The CSU Consolidated Investment Pool	19,481	—	—	—	—	19,481
Total investments	<u>\$ 94,165</u>	<u>59,141</u>	<u>5,961</u>	<u>9,388</u>	<u>194</u>	<u>19,481</u>

v. *Concentration Risk*

Concentration of credit risk rises as investments become concentrated relative to a portfolio characteristic, such as issuance, issuer, market sector, counter party, or sovereign nation, and is best mitigated by diversification. The Authority's investment policy has concentration limits that provide sufficient diversification.

As of June 30, 2024, the following investments held at Morgan Stanley Smith Barney (other than U.S. Treasury securities, mutual funds, and external investment pools) represented 5% or more of the Authority's investment held at Morgan Stanley Smith Barney: Federal National Mortgage Association totaling \$5,581 or 7.08% and Federal Home Loan Mortgage Corporation totaling \$4,066 or 5.32%.

vi. *Fair Value Measurements*

The Authority uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine the fair value disclosures. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction among market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in certain instances, there are no quoted market prices for the Authority's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including discount rates and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument. The Authority groups its assets and liabilities measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University
Notes to Financial Statements
June 30, 2024
(In thousands)

assumptions used to determine fair value. The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest-level input that is significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Authority has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability. This valuation is accomplished using management's best estimate of fair value, with inputs into the determination of fair value that require significant management judgment or estimation.

The following table presents investments that are measured at fair value on a recurring basis at June 30, 2024:

<u>Investment type</u>	<u>Fair value</u>	<u>Level 2</u>	<u>Net asset value</u>
Asset-backed securities	\$ 894	894	—
Corporate bonds	16,778	16,778	—
Money market funds	1,412	—	1,412
Mortgage-backed securities	11,194	11,194	—
Municipal bonds	2,045	2,045	—
U.S. agency securities	395	395	—
U.S. Treasury securities	41,966	41,966	—
	<u>74,684</u>	<u>73,272</u>	<u>1,412</u>
Investments not subject to fair value hierarchy:			
Equity in the CSU Consolidated Investment Pool	19,481		
Total investments	<u>\$ 94,165</u>		

The following discussion describes the valuation methodologies used for financial assets and liabilities measured at fair value. The techniques utilized in estimating the fair value are affected by the assumptions used.

Investments classified in Level 2 as fair value are calculated using valuations that include observable market quoted prices for similar assets or liabilities. These include observable inputs other than quoted prices such as price services or indices, estimates, appraisals, assumptions, and other methods that are reviewed by management. Changes in market conditions and economic environments may impact the net asset value (NAV) of the funds and consequently the fair value of the Authority's interests in the funds.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University
Notes to Financial Statements
June 30, 2024
(In thousands)

Money market funds are not categorized under the fair value hierarchy and are shown at NAV. These investments are measured at amortized cost when calculating NAV per share (or its equivalent) of the investment.

c. Investment Income, Net

Investment income, net, included within the Statement of Revenues, Expenses, and Changes in Net Position is comprised of unrealized gain of \$1,733, realized loss of \$1,546, and interest and dividend income of \$5,835 for the year ended June 30, 2024.

(4) Capital Assets, Net

A summary of subscription IT asset activities during the year ended June 30, 2024 is as follows.

	Balance June 30, 2023	Addition	Balance June 30, 2024
Subscription IT assets	\$ 4,153	146	4,299
Less accumulated amortization	(1,651)	(946)	(2,597)
Subscription IT assets, net	\$ 2,502	(800)	1,702

(5) SBITA Liabilities

A summary of changes in the related subscription IT liabilities during year ended June 30, 2024 is as follows:

	Balance June 30, 2023	Addition	Remeasurements/ Reductions	Balance June 30, 2024	Current Portion	Noncurrent Portion
SBITA Liabilities	\$ 1,884	67	(893)	1,058	902	156
Total SBITA liabilities	\$ 1,884	67	(893)	1,058	902	156

Future annual subscription payments are as follows:

	Principal	Interest	Total
Year ending June 30:			
2025	\$ 903	39	942
2026	20	6	26
2027	22	6	28
2028	24	5	29
2029	27	4	31
2030 - 2032	62	4	66
	\$ 1,058	64	1,122

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University
Notes to Financial Statements
June 30, 2024
(In thousands)

(6) Claims Liability for Losses and Loss Adjustment Expenses

The Authority establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related loss adjustment expenses. Although considerable variability is inherent in such estimates, management believes that the liability is reasonable at June 30, 2024.

Changes in the Authority's claims liability for the year ended June 30, 2024 is as follows:

Claims liability for losses and loss adjustment expenses, June 30, 2023	\$	61,944
Less current portion		(21,082)
Claims liability for losses and loss adjustment expenses, June 30, 2023, net of current portion		40,862
Incurring claims for losses and loss adjustment expenses:		
Provision for insured events of the current fiscal year		67,699
Decrease in provision for reinsured events of the current fiscal year		(27,750)
Increase in provision for insured events of prior fiscal years		9,806
Total incurred claims for losses and loss adjustment expenses		49,755
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current fiscal year		(20,152)
Claims and claim adjustment expenses attributable to recoveries from reinsured events of the current fiscal year		18,968
Claims and claim adjustment expenses attributable to insured events of prior fiscal years		(46,495)
Total payments		(47,679)
Claims liability for losses and loss adjustment expenses, June 30, 2024		64,020
Less current portion		(21,692)
Claims liability for losses and loss adjustment expenses, June 30, 2024, net of current portion	\$	42,328

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University
Notes to Financial Statements
June 30, 2024
(In thousands)

(7) Related-Party Transactions

The following represents a summary of the accounts receivable, contributions, and dividends for the year ended June 30, 2024, and general liability insurance deductibles for the policy period detailed by member type:

<u>Member</u>	<u>Accounts receivable</u>	<u>Contributions</u>	<u>Dividends</u>	<u>General liability insurance deductibles per occurrence</u>
Campuses	\$ 2,189	136,329	(4,059)	50 - 1,000
Auxiliary Organizations	2,937	23,192	3,000	0 - 100
	<u>\$ 5,126</u>	<u>159,521</u>	<u>(1,059)</u>	

(8) Excess Insurance and Reinsurance

a. **Excess Insurance**

For the year ended June 30, 2024, the Authority purchased excess insurance to protect the Members from catastrophic losses.

The Authority maintained excess public entity liability insurance coverage provided by School Excess Liability Fund (SELF), a joint powers authority, with coverage for individual claims above \$5,000 and up to \$45,000 per occurrence until December 2009.

The Authority maintained excess general liability insurance coverage provided by various insurers with coverage for individual claims above \$15,000 up to \$255,000 per occurrence. The Authority purchased from Safety National excess workers' compensation insurance to statutory limits in excess of the \$2,500 self-insured retention for the year ended June 30, 2024. For the AORMA workers' compensation program, the Authority also purchased from Safety National excess workers' compensation insurance to statutory limits in excess of the \$750 self-insured retention for the year ended June 30, 2024. There have been no settlements exceeding insurance limits in the past three fiscal years.

Effective January 1, 2015, the Authority joined the CSAC Excess Insurance Authority Excess Workers' Compensation Program, pursuant to the memorandum of coverage issued by the EIA. In 2020, CSAC EIA changed their name to Public Risk Innovation, Solutions and Management (PRISM.) PRISM is responsible for all covered losses within the amount of the self-insured retention layer of \$2,500 for the campus workers' compensation program and \$750 for the AORMA workers' compensation program.

The estimated amounts that are recoverable from PRISM as of June 30, 2024 were \$73,894 for the campus workers' compensation program and \$4,679 for the AORMA workers' compensation program, respectively.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University
Notes to Financial Statements
June 30, 2024
(In thousands)

b. **Reinsurance**

For the year ended June 30, 2024, the Authority did not enter into the CSU's workers' compensation reinsurance contract. From the year ended June 30, 2008 through June 30, 2012, the Authority entered into a reinsurance contract with the Insurance Company of the State of Pennsylvania (the Reinsurer). This transaction reinsured the CSU's workers' compensation claims liability for claims incurred within the \$2,500 self-insured retention up to aggregate limits. The estimated amounts that are recoverable from the reinsurer and that reduce the liabilities as of June 30, 2024 was \$2,776. While such losses are reinsured, the Authority will not be relieved of its primary obligations to the policyholder in these reinsurance transactions.

For the year ended June 30, 2024, the Authority purchased reinsurance for the campus and AORMA liability programs provided by various insurers. This transaction reinsured the campus and AORMA claims liability for individual claims incurred in excess of \$500 and up to \$15,000 per occurrence. The reinsurance premiums for the year ended June 30, 2024 were \$5,184. There have been no settlements in the most recent three fiscal years that have exceeded insurance limits.

For the year ended June 30, 2024, the Authority purchased reinsurance for the campus and AORMA property programs provided by the Public Entity Property Insurance Program (the PEPiP). This transaction reinsured the campus and AORMA property programs for individual claims in excess of \$2,500 for the Campus program and \$100 for the AORMA program, and up to \$1,000,000 per occurrence. The reinsurance premiums for the year ended June 30, 2024 were \$38,137. The coverage terms and conditions are the same as provided by the PEPiP in prior years.

(9) SELF Assessment Liability

Prior to July 1, 2004, the Authority maintained excess workers' compensation insurance coverage provided by SELF, a public entity risk pool. The Authority remained liable for assessments from SELF in settlement of claims incurred prior to July 1, 2004. The ten-year assessment plan was completed in December 2022.

(10) Subsequent Events

Subsequent events have been evaluated through September 20, 2024, which corresponds to the date when the financial statements were issued. There are no additional subsequent events that require disclosure.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

Supplementary Information
Reconciliation of Workers' Compensation Claims Liabilities
June 30, 2024

(In thousands)

The schedule below presents the changes in claims liabilities for the Authority's workers' compensation contract for the year ended June 30:

Claims liability for losses and loss adjustment expenses, beginning of year	\$ 9,599
Incurred claims and claim adjustment expenses:	
Provision for insured events of current fiscal year	26,529
Decrease in provision for reinsured events of current fiscal year	(26,010)
Decrease in provision for insured events of prior fiscal years	<u>(4,075)</u>
Total incurred claims and claim adjustment expenses	<u>(3,556)</u>
Payments:	
Claims and claim adjustment expenses attributable to recoveries from reinsured events of current fiscal year	17,948
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>(16,012)</u>
Total payments	<u>1,936</u>
Claims liability for losses and loss adjustment expenses, end of year	<u><u>\$ 7,979</u></u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

Supplementary Information
Reconciliation of General Liability Claims Liabilities
June 30, 2024
(In thousands)

The schedule below presents the changes in claims liabilities for the Authority's general liability contract for the year ended June 30:

Claims liability for losses and loss adjustment expenses, beginning of year	\$	43,230
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year		13,715
Increase in provision for insured events of prior fiscal year		12,075
Total incurred claims and claim adjustment expenses		25,790
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year		(65)
Claims and claim adjustment expenses attributable to insured events of prior fiscal years		(24,263)
Total payments		(24,328)
Claims liability for losses and loss adjustment expenses, end of year	\$	44,692

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

Supplementary Information

Reconciliation of Industrial Disability, Nonindustrial Disability, and Unemployment Insurance (IDL/NDI/UI) Claims
Liabilities

June 30, 2024

(In thousands)

The schedule below presents the changes in claims liabilities for the Authority's IDL/NDL/UI contracts for the year ended June 30:

Claims liability for losses and loss adjustment expenses, beginning of year	\$	—
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year		13,732
Total incurred claims and claim adjustment expenses		13,732
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year		(13,732)
Total payments		(13,732)
Claims liability for losses and loss adjustment expenses, end of year	\$	—

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

Supplementary Information

Reconciliation of Property Claims Liabilities

June 30, 2024

(In thousands)

The schedule below presents the changes in claims liabilities for the Authority's property contract for the year ended June 30:

Claims liability for losses and loss adjustment expenses, beginning of year	\$	—
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year		2,801
Total incurred claims and claim adjustment expenses		2,801
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year		(2,801)
Total payments		(2,801)
Claims liability for losses and loss adjustment expenses, end of year	\$	—

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

Supplementary Information

Reconciliation of Athletic Injury Medical Expense (AIME) Claims Liabilities

June 30, 2024

(In thousands)

The schedule below presents the changes in claims liabilities for the Authority's AIME contract for the year ended June 30:

Claims liability for losses and loss adjustment expenses, beginning of year	\$	3,219
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year		4,625
Decrease in provision for insured events of prior fiscal years		(239)
Total incurred claims and claim adjustment expenses		4,386
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year		(1,812)
Claims and claim adjustment expenses attributable to insured events of prior fiscal years		(2,371)
Total payments		(4,183)
Claims liability for losses and loss adjustment expenses, end of year	\$	3,422

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

Supplementary Information

Reconciliation of Club Sports Claims Liabilities

June 30, 2024

(In thousands)

The schedule below presents the changes in claims liabilities for the Authority's club sports contract for the year ended June 30:

Claims liability for losses and loss adjustment expenses, beginning of year	\$	—
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year		106
Total incurred claims and claim adjustment expenses		106
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year		(106)
Total payments		(106)
Claims liability for losses and loss adjustment expenses, end of year	\$	—

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

Supplementary Information

Reconciliation of AORMA Workers' Compensation Claims Liabilities

June 30, 2024

(In thousands)

The schedule below presents the changes in claims liabilities for the AORMA workers' compensation contract for the year ended June 30:

Claims liability for losses and loss adjustment expenses, beginning of year	\$ 528
Incurred claims and claim adjustment expenses:	
Provision for insured events of current fiscal year	1,763
Decrease in provision for reinsured events of current fiscal year	(1,740)
Decrease in provision for insured events of prior fiscal years	(182)
Total incurred claims and claim adjustment expenses	<u>(159)</u>
Payments:	
Claims and claim adjustment expenses attributable to recoveries from reinsured events of current fiscal year	1,020
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	(1,080)
Total payments	<u>(60)</u>
Claims liability for losses and loss adjustment expenses, end of year	<u>\$ 309</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

Supplementary Information

June 30, 2024

Reconciliation of AORMA General Liability Claims Liabilities

(In thousands)

The schedule below presents the changes in claims liabilities for the AORMA general liability contract for the year ended June 30:

Claims liability for losses and loss adjustment expenses, beginning of year	\$	5,368
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year		2,839
Increase in provision for insured events of prior fiscal years		2,227
Total incurred claims and claim adjustment expenses		5,066
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year		(47)
Claims and claim adjustment expenses attributable to insured events of prior fiscal years		(2,769)
Total payments		(2,816)
Claims liability for losses and loss adjustment expenses, end of year	\$	7,618

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

Supplementary Information

Reconciliation of AORMA Property Claims Liabilities

June 30, 2024

(In thousands)

The schedule below presents the changes in claims liabilities for the AORMA property contract for the year ended June 30:

Claims liability for losses and loss adjustment expenses, beginning of year	\$	—
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year		278
Total incurred claims and claim adjustment expenses		278
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year		(278)
Total payments		(278)
Claims liability for losses and loss adjustment expenses, end of year	\$	—

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY
 Supplementary Information
 Reconciliation of AORMA Crime Claims Liabilities
 June 30, 2024
 (In thousands)

The schedule below presents the changes in claims liabilities for the AORMA crime contract for the year ended June 30:

Claims liability for losses and loss adjustment expenses, beginning of year	\$ —
Incurred claims and claim adjustment expenses:	
Provision for insured events of current fiscal year	3
Total incurred claims and claim adjustment expenses	3
Payments:	
Claims and claim adjustment expenses attributable to insured events of current fiscal year	(3)
Total payments	(3)
Claims liability for losses and loss adjustment expenses, end of year	\$ —

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

Supplementary Information

Reconciliation of AORMA Unemployment Insurance Program (UIP) Claims Liabilities

June 30, 2024

(In thousands)

The schedule below presents the changes in claims liabilities for the AORMA UIP contract for the year ended June 30:

Claims liability for losses and loss adjustment expenses, beginning of year	\$	—
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year		1,308
Total incurred claims and claim adjustment expenses		1,308
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year		(1,308)
Total payments		(1,308)
Claims liability for losses and loss adjustment expenses, end of year	\$	—

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

Schedule of Net Position

June 30, 2024

(For inclusion in the California State University Basic Financial Statements)

Assets:

Current assets:

Cash and cash equivalents	\$ —
Short-term investments	51,681,051
Accounts receivable, net	8,869,892
Prepaid expenses and other assets	2,448,980
Total current assets	<u>62,999,923</u>

Noncurrent assets:

Capital assets, net	1,702,224
Other long-term investments	42,484,074
Total noncurrent assets	<u>44,186,298</u>
Total assets	<u>107,186,221</u>

Liabilities:

Current liabilities:

Accounts payable	6,883,362
Unearned revenues	427,400
SBITA liabilities - current portion	902,601
Claims liability for losses and loss adjustment expenses, current portion	21,691,996
Other liabilities	11,834
Total current liabilities	<u>29,917,193</u>

Noncurrent liabilities:

SBITA liabilities, net of current portion	155,440
Claims liability for losses and loss adjustment expenses, net of current portion	42,328,570
Total noncurrent liabilities	<u>42,484,010</u>
Total liabilities	<u>72,401,203</u>

Net position:

Unrestricted	34,785,018
Total net position	<u>\$ 34,785,018</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

Schedule of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2024

(For inclusion in the California State University Basic Financial Statements)

Revenues:

Operating revenues:

Other operating revenues	\$ 116,200,036
Total operating revenues	<u>116,200,036</u>

Expenses:

Operating expenses:

Instruction	4,970,866
Research	95,192
Public service	45,969
Academic support	1,146,597
Student services	1,290,691
Institutional support	122,054,614
Operation and maintenance of plant	745,013
Auxiliary enterprise expenses	220,251
Depreciation and amortization	884,099
Total operating expenses	<u>131,453,292</u>
Operating loss	<u>(15,253,256)</u>

Nonoperating revenues (expenses):

Investment income, net	6,021,676
Interest expense	(68,778)
Other nonoperating expenses	(337,672)
Net nonoperating revenues	<u>5,615,226</u>
Decrease in net position	<u>(9,638,030)</u>

Net position:

Net position, beginning of year	44,423,048
Net position, end of year	<u>\$ 34,785,018</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

Other Information
June 30, 2024

(For inclusion in the California State University Financial Statements)

1 Cash and cash equivalents: *Not applicable*

2.1 Composition of investments:

	<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
Money market funds	\$ 608,659	803,054	1,411,713
Repurchase agreements			—
Certificates of deposit			—
U.S. agency securities	170,178	224,530	394,708
U.S. Treasury securities	18,093,763	23,872,571	41,966,334
Municipal bonds	881,589	1,163,151	2,044,740
Corporate bonds	7,234,038	9,544,453	16,778,491
Asset backed securities	385,304	508,362	893,666
Mortgage-backed securities	4,826,469	6,367,953	11,194,422
Commercial paper			—
Supranational			—
Mutual funds			—
Exchange traded funds			—
Equity securities			—
Alternative investments:			
Private equity (including limited partnerships)		—	—
Hedge funds		—	—
Managed futures		—	—
Real estate investments (including REITs)		—	—
Commodities		—	—
Derivatives		—	—
Other alternative investment		—	—
Other external investment pools			—
CSU Consolidated Investment Pool (formerly SWIFT)	19,481,051	—	19,481,051
State of California Local Agency Investment Fund (LAIF)		—	—
State of California Surplus Money Investment Fund (SMIF)		—	—
Other investments:			
	—	—	—
Total Other investments	—	—	—
Total investments	51,681,051	42,484,074	94,165,125
Less endowment investments (enter as negative number)	—	—	—
Total investments, net of endowments	\$ 51,681,051	42,484,074	94,165,125

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

Other Information

June 30, 2024

(for inclusion in the California State University Basic Financial Statements)

2.2 Fair value hierarchy in investments:

	Fair value measurements using				Net Asset Value (NAV)
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Money market funds	\$ 1,411,713	—	—	—	1,411,713
Repurchase agreements	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
U.S. agency securities	394,708	—	394,708	—	—
U.S. Treasury securities	41,966,334	—	41,966,334	—	—
Municipal bonds	2,044,740	—	2,044,740	—	—
Corporate bonds	16,778,491	—	16,778,491	—	—
Asset backed securities	893,666	—	893,666	—	—
Mortgage-backed securities	11,194,422	—	11,194,422	—	—
Commercial paper	—	—	—	—	—
Supranational	—	—	—	—	—
Mutual funds	—	—	—	—	—
Exchange traded funds	—	—	—	—	—
Equity securities	—	—	—	—	—
Alternative investments:	—	—	—	—	—
Private equity (including limited partnerships)	—	—	—	—	—
Hedge funds	—	—	—	—	—
Managed futures	—	—	—	—	—
Real estate investments (including REITs)	—	—	—	—	—
Commodities	—	—	—	—	—
Derivatives	—	—	—	—	—
Other alternative investment	—	—	—	—	—
Other external investment pools	—	—	—	—	—
CSU Consolidated Investment Pool (formerly SWIFT)	19,481,051	—	—	—	19,481,051
State of California Local Agency Investment Fund (LAIF)	—	—	—	—	—
State of California Surplus Money Investment Fund (SMIF)	—	—	—	—	—
Total Other investments	—	—	—	—	—
Total investments	\$ 94,165,125	—	73,272,361	—	20,892,764

2.3 Investments held by the University under contractual agreements: *Not applicable*

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

Other Information
June 30, 2024

(for inclusion in the California State University Basic Financial Statements)

3.1 Capital Assets, excluding ROU assets:

Composition of capital assets, excluding ROU assets: *Not applicable*

3.1 Capital Assets, Right of Use:

Composition of capital assets - Lease ROU, net: *Not applicable*

Composition of capital assets - SBITA ROU, net:

	Balance June 30, 2023	Additions	Balance June 30, 2024
Depreciable/Amortizable SBITA assets:			
Software	\$ 4,153,116	145,756	4,298,872
Total depreciable/amortizable SBITA assets	4,153,116	145,756	4,298,872
Less accumulated depreciation/amortization:			
Software	(1,650,863)	(945,785)	(2,596,648)
Total accumulated depreciation/amortization	(1,650,863)	(945,785)	(2,596,648)
Total capital assets - SBITA ROU, net	\$ 2,502,253	(800,029)	1,702,224
Total capital assets, net including ROU assets			\$ 1,702,224

3.2 Detail of depreciation and amortization expense:

Amortization expense - SBITA ROU	\$ 884,099
Total depreciation and amortization	\$ 884,099

4 Long-term liabilities:

	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024	Current Portion	Noncurrent Portion
Claims liability for losses and loss adjustment expenses	\$ 61,944,309	49,754,569	(47,678,312)	64,020,566	21,691,996	42,328,570
Total long-term liabilities	\$ 61,944,309	49,754,569	(47,678,312)	64,020,566	21,691,996	42,328,570

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

Other Information
June 30, 2024

(for inclusion in the California State University Basic Financial Statements)

5 SBITA Liabilities:

	Balance June 30, 2023	Additions	Remeasurements/ Reductions	Balance June 30, 2024	Current Portion	Noncurrent Portion
SBITA liabilities	\$ 1,884,489	66,552	(893,000)	1,058,041	902,601	155,440
Total SBITA liabilities	\$ 1,884,489	66,552	(893,000)	1,058,041	902,601	155,440

5 Future minimum payments schedule - SBITA:

	SBITA liabilities		
	Principal Only	Interest Only	Principal and Interest
Year ending June 30:			
2025	\$ 902,601	39,891	942,492
2026	20,039	6,326	26,365
2027	22,172	5,511	27,683
2028	24,459	4,608	29,067
2029	26,908	3,613	30,521
2030 - 2032	61,862	3,834	65,696
Total minimum payments	\$ 1,058,041	63,783	1,121,824
Less: amounts representing interest			(63,783)
Present value of future minimum payments			1,058,041
Total SBITA liabilities			1,058,041
Less: current portion			(902,601)
SBITA liabilities, net of current portion			\$ 155,440

6 Long-term debt obligations schedule: Not applicable**7 Transactions with related entities:**

Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ 2,684,467
Payments to University for other than salaries of University personnel	33,258
Payments received from University for services, space, and programs	68,846
Gifts-in-kind to the University from discretely presented component units	—
Gifts (cash or assets) to the University from discretely presented component units	—
Accounts (payable to) University	
Other amounts (payable to) University	
Accounts receivable from University	3,184
Other amounts receivable from University	

8 Restatements: Not applicable

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

Other Information

June 30, 2024

(for inclusion in the California State University Basic Financial Statements)

9 Natural classifications of operating expenses:

	Salaries	Benefits - Other	Benefits - Pension	Benefits - OPEB	Scholarships and fellowships	Supplies and other services	Depreciation and amortization	Total operating expenses
Instruction	\$ —	4,970,866	—	—	—	—	—	4,970,866
Research	—	95,192	—	—	—	—	—	95,192
Public service	—	45,969	—	—	—	—	—	45,969
Academic support	—	1,146,597	—	—	—	—	—	1,146,597
Student services	—	1,290,691	—	—	—	—	—	1,290,691
Institutional support	—	1,295,851	—	—	—	120,758,763	—	122,054,614
Operation and maintenance of plant	—	745,013	—	—	—	—	—	745,013
Student grants and scholarships	—	—	—	—	—	—	—	—
Auxiliary enterprise expenses	—	220,251	—	—	—	—	—	220,251
Depreciation and amortization	—	—	—	—	—	—	884,099	884,099
Total operating expenses	\$ —	9,810,430	—	—	—	120,758,763	884,099	131,453,292

10 Deferred outflows/inflows of resources: *Not applicable*

11 Other nonoperating revenues (expenses):

Other nonoperating revenues	\$ 721,168
Other nonoperating (expenses)	(1,058,840)
Total other nonoperating revenues (expenses)	\$ (337,672)

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

Claims Development Information

(In thousands)

(Unaudited)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Net earned required contribution and investment revenues:										
Earned	\$ 96,997	104,997	102,346	101,752	113,265	127,701	121,554	132,451	153,843	166,264
Ceded	6,872	6,886	9,441	9,812	11,219	13,413	17,397	22,306	28,150	43,321
Net earned	<u>\$ 90,125</u>	<u>98,111</u>	<u>92,905</u>	<u>91,940</u>	<u>102,046</u>	<u>114,288</u>	<u>104,157</u>	<u>110,145</u>	<u>125,693</u>	<u>122,943</u>
Unallocated expenses	\$ 44,878	60,194	80,309	71,150	69,756	76,439	84,907	86,914	81,579	82,827
Estimated incurred claims and expenses, end of policy year:										
Incurred	\$ 60,386	56,800	60,246	63,078	67,753	62,713	54,708	55,234	62,320	67,699
Ceded	14,527	24,959	26,653	29,282	30,120	22,606	14,314	25,438	26,160	27,750
Net incurred	<u>\$ 45,859</u>	<u>31,841</u>	<u>33,593</u>	<u>33,796</u>	<u>37,633</u>	<u>40,107</u>	<u>40,394</u>	<u>29,796</u>	<u>36,160</u>	<u>39,949</u>
Paid (cumulative) as of:										
End of policy year	\$ 14,300	9,658	7,058	5,830	3,533	8,912	(26,212)	(159)	877	1,184
One year later	24,260	21,005	23,554	23,227	22,540	28,539	28,146	16,586	19,773	—
Two years later	26,281	24,800	25,923	24,406	28,490	35,970	28,975	18,495	—	—
Three years later	27,674	32,329	27,174	25,971	30,457	39,558	31,216	—	—	—
Four years later	28,625	32,772	28,477	29,086	32,426	46,427	—	—	—	—
Five years later	29,329	32,772	30,311	30,914	33,309	—	—	—	—	—
Six years later	30,271	32,882	30,333	31,807	—	—	—	—	—	—
Seven years later	31,490	32,900	30,333	—	—	—	—	—	—	—
Eight years later	31,814	32,899	—	—	—	—	—	—	—	—
Nine years later	32,082	—	—	—	—	—	—	—	—	—
Re-estimated ceded claims and expenses	\$ 14,527	24,959	26,653	29,282	30,120	22,606	14,314	25,438	26,160	27,750
Re-estimated incurred claims and expenses:										
End of policy year	\$ 45,859	31,841	33,593	33,796	37,633	40,107	40,394	29,796	36,160	39,949
One year later	36,014	31,206	28,940	30,941	31,785	39,187	38,687	27,095	32,876	—
Two years later	33,781	29,356	28,377	27,913	33,524	44,068	37,427	26,533	—	—
Three years later	33,386	32,892	28,012	27,638	35,844	46,752	39,026	—	—	—
Four years later	32,341	33,207	29,754	32,465	34,230	50,617	—	—	—	—
Five years later	31,714	33,640	31,706	32,876	34,443	—	—	—	—	—
Six years later	32,541	33,249	31,532	32,389	—	—	—	—	—	—
Seven years later	33,492	32,925	30,475	—	—	—	—	—	—	—
Eight years later	33,322	32,910	—	—	—	—	—	—	—	—
Nine years later	33,674	—	—	—	—	—	—	—	—	—
Increase (decrease) in estimated incurred claims and expenses from end of policy year	\$ (12,185)	1,069	(3,118)	(1,407)	(3,190)	10,510	(1,368)	(3,263)	(3,284)	—

See accompanying independent auditors' report.