CALIFORNIA TRANSIT SYSTEMS
JOINT POWERS AUTHORITY

REPORT ON AUDITED
FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION

YEARS ENDED APRIL 30, 2024 AND 2023

CONTENTS

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
California Transit Systems Joint Powers Authority
Sacramento, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of California Transit Systems Joint Powers Authority (CalTIP) as of and for the years ended April 30, 2024 and 2023 and the related notes to the financial statements, which collectively comprise CalTIP's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CalTIP as of April 30, 2024 and 2023, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the State Controller's office and state regulations governing special districts.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the State Controller's Minimum Audit Requirements for California Special Districts. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CalTIP 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards,* and the State Controller's Minimum Audit Requirements for California Special Districts will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, the *Government Auditing Standards* and the State Controller's Minimum Audit Requirements for California Special Districts, 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 CalTIP'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 CalTIP's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on CalTIP's basic financial statements. The accompanying Combining Statement of Net Position and Combining Statement of Revenues, Expenses and Changes in Net Position are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining Statement of Net Position and Combining Statement of Revenues, Expenses and Changes in Net Position as of and for the year ending April 30, 2024 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Statement of Net Position and Combining Statement of Revenues, Expenses and Changes in Net Position are 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 October 10, 2024 on our consideration of CalTIP's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 CalTIP'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 CalTIP's internal control over financial reporting and compliance.

Sampson & Sampson, LLP

Clovis, California
October 10, 2024

The management of the California Transit Systems Joint Powers Authority (CalTIP) is pleased to present the following discussion and analysis that provides an overview of the financial position and activities of CalTIP for the year ended April 30, 2024. This discussion should be read in conjunction with the financial statements and accompanying notes, which follow this section.

Background

CalTIP is a joint powers authority created in 1987 in response to insurance challenges faced by all public transit agencies. Rate increases, which skyrocketed in the late 1980s, and threats of cancellation or reduced coverage, propelled several transit agencies looking for alternatives to for-profit insurance companies to band together and form CalTIP. By organizing as a joint powers authority, CalTIP allows its members to self-insure their liability and vehicle physical damage coverages through a shared risk pool and obtain additional insurance such as excess and reinsurance through the commercial market at more favorable rates than an individual agency could obtain.

CalTIP is a member-driven organization dedicated to providing stable, cost-effective insurance, risk management, and safety services to public transit agencies. The organization offers its members an alternative to the commercial insurance market. Specifically, CalTIP pursues its mission by providing reasonably priced liability and vehicle physical damage coverage, guaranteed and adequate coverage, and stable administrative costs.

CalTIP encourages and depends on active member participation to ensure that it continues to provide its members with the best services and programs. As each of the programs and services is designed to reduce the risk associated with the provision of public transit services, CalTIP's primary goal is for the safety and welfare of the transit agency members, their employees, riders, and communities.

CalTIP joined Government Entities Mutual, Inc., PCC (GEM), a member-owned and controlled reinsurance captive, to provide a portion of its reinsurance coverage above the shared risk pool within the Liability Program in the 2004/05 program year. GEM is essentially a "pool of pools" providing reinsurance to its members which are comprised of various risk sharing pools in the United States. The CalTIP General Manager attends a majority of GEM Board meetings which are held a minimum of four times per year and participates in GEM's annual membership meeting.

Claims adjusting services for CalTIP's claims are provided by Sedgwick. Sedgwick is an international risk management firm providing a variety of insurance services including claims management and specialized loss adjusting. As CalTIP's claims administrator, Sedgwick is responsible for the day-to-day administration and payment of reported claims and for estimating the cost of such claims. These estimates are used by CalTIP in the preparation of its financial statements.

Program administration services for CalTIP are also provided by Sedgwick via its risk pooling services division. Sedgwick's risk pooling services division specializes in the management of risk pools and handles the day-to-day operations of CalTIP. The firm's employees provide general administrative, financial accounting, underwriting, claims management oversight, risk and litigation management, and other services as necessary for the operations of CalTIP. Sedgwick's claims adjusting division, which is responsible for managing CalTIP's claims, remains independent from the risk pooling services division.

CalTIP is a member of the California Association of Joint Powers Authorities (CAJPA), and for 23 years has held the distinguished designation of "Accreditation With Excellence." This is the highest level of accreditation offered by CAJPA and places it among the elite of accredited joint powers authorities in California. The accreditation review process involves an in-depth review of CalTIP's operations, financial stability, performance, and overall management effectiveness by an independent consultant.

CalTIP is a member of the Association of Governmental Risk Pools (AGRiP), an international association representing and connecting risk pools throughout the United States and from other countries. CalTIP has been recognized for its compliance with the AGRiP Advisory Standards for Public Entity Pools since 2015. The AGRiP Advisory Standards are best practice guidelines by which an internal review of an organization's operations, policies, and procedures is conducted, and the results are submitted to AGRiP's Membership Practices Committee and Executive Director. The internal review provides an opportunity to evaluate core operational procedures, consider updates or changes to policies and procedures, facilitate collaboration with other departments and risk pools, and provide the governing board of CalTIP assurance that operational best practices are being met.

CalTIP's Liability Program Memorandum of Coverage was amended starting in the 2017/18 program year to exclude employment practices liability coverage. Those members requiring employment practices liability coverage have the option to join the Employment Risk Management Authority (ERMA), a joint powers authority providing employment practices liability (EPL) coverage to its members. The EPL coverage includes coverage for defense and indemnity of claims alleging harassment, discrimination, wrongful termination, retaliation, and workplace torts. Eighteen of CalTIP's members are eligible to join ERMA through CalTIP, and ten participated as of April 30, 2024.

2023/24 Program Highlights

- The CalTIP Board has established target equity thresholds to assist the Board with maintaining equity in the Liability and VPD Programs. The target equity threshold for the Liability Program is currently $20.0 million, ten times the Program's self-insured retention (SIR) of $2.0 million. The target equity threshold for the VPD Program is $1.0 million, ten times the Program's SIR of $100,000. In accordance with one of CalTIP's strategic goals, the target equity threshold for both programs was evaluated during the 2023/24 fiscal year with no changes made.

- In the 2023/24 fiscal year, the Board approved a change to the retrospective adjustment (retro) calculation as an additional conservative measure. If a program year not yet eligible to receive a retrospective adjustment is in a deficit position at the 90% confidence level, the deficit will be subtracted from the total net position available of program years eligible for a release of equity.

- In the 2023/24 fiscal year, the CalTIP Board of Directors elected not to release equity in the Liability Program through the retro process, in contrast to the prior year's release in the amount of $1,867,339, formally closing the 2010/11, 2011/12, and 2012/13 program years with said release.

- The net position of the Vehicle Physical Damage (VPD) Program was above the target of $1.0 million at April 30, 2023, which is the date by which the net position was evaluated; however, no distribution of equity was made from the VPD Program during the 2023/24 fiscal year in order to continue to build equity in the program.

- CalTIP secured reinsurance and excess coverage for its Liability Program for the 2023/24 program year as follows:

Carrier	Coverage Type	Coverage Amount	Layer
GEM	Reinsurance	$4,000,000	$2M - $6M
Everest Re	Reinsurance	$4,000,000	$6M - $10M
Hallmark	Excess Insurance	$5,000,000	$10M - $15M
Landmark/RSUI	Excess Insurance	$10,000,000	$15M - $25M

- Through the purchase of reinsurance and excess insurance, members selected a coverage limit of $10.0 million or $25.0 million for the Liability Program.

- CalTIP continued self-funding the first $100,000 per occurrence for the VPD Program and purchased excess insurance coverage of $14.9 million per occurrence through Hallmark, and an additional $5.0 million per occurrence in excess of $15.0 million through Landmark/RSUI.

- CalTIP changed the discount factor used in the budgeting of rates in the 2023/24 program year to 1.5% for both programs, an increase over the 1.0% that had been used since the 2013/14 program year. At April 30, 2024, claims liabilities were discounted at 2.0% to recognize the potential investment earnings in the current market as compared to the prior year at 1.5%.

- The confidence level for the Liability Program pooled funding continued at the 90% confidence level. For the VPD Program, funding continued at the 70% confidence level.

- Tim Vincent, Praxis Claims Consulting, conducted a full independent claims audit of Sedgwick. The results of the claims audit were presented to the CalTIP Board of Directors with no significant findings.

- CalTIP continued its risk control program strategy to address specific key loss areas and to encourage member accountability. The strategy was also structured to allow assistance with compliance of any new regulatory requirements that may arise during the year and to collect and analyze data to measure the impact of risk control efforts. CalTIP also continued providing members with access to Department of Motor Vehicle Employer Pull Notice services as well as access to streaming safety videos and other risk control resources.

Description of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to CalTIP's financial statements: the Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position; and the Statements of Cash Flows. The statements are accompanied by footnotes to clarify unique accounting policies and other financial information, and required supplementary information. The assets, liabilities, revenues and expenses of CalTIP are reported on a full-accrual basis.

The **Statements of Net Position** present information on CalTIP's assets and liabilities and the difference between the two representing net position (equity). Assets and liabilities are classified as current or non-current.

The **Statements of Revenues, Expenses and Changes in Net Position** present information regarding revenues versus expenses and the change in CalTIP's net position during the fiscal year. Revenues earned and expenses incurred during the year are classified as either "operating" or "non-operating." All revenues and expenses are recognized as soon as the underlying event occurs, regardless of the timing of related cash flows.
Thus, revenues and expenses are reported in these statements for some items that will result in the disbursement or collection of cash during future fiscal years (e.g., the expense associated with the increase in claim liability involving cash outlay beyond the date of the financial statements).

The **Statement of Cash Flows** presents the changes in CalTIP's cash and cash equivalents during the fiscal year. The statement breaks the sources and uses of CalTIP's cash and cash equivalents into two categories: operating activities and investing activities. CalTIP's routine activities appear in the operating activities while sales and purchases of investments and interest income comprise the investing activities.

The **Notes to the Financial Statements** provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes describe the nature of CalTIP's operations and significant accounting policies as well as clarify unique financial information.

Following the basic financial statements and footnotes is the **Required Supplementary Information**, which provides further detail on claims activities. The supplementary information presents the financial position and results of both CalTIP's Liability and Vehicle Physical Damage Programs.

Sampson and Sampson, LLP, Certified Public Accountants, has performed an independent audit of the financial statements in accordance with auditing standards generally accepted in the United States of America. Their opinion is included in this report.

Condensed Statements of Net Position

as of April 30, 2024, 2023 & 2022

	April 30, 2024	April 30, 2023	Incr/(Decr) 2024 from 2023	April 30, 2022	Incr/(Decr) 2023 from 2022
Current Assets:					
Cash and Investments	$ 19,884,992	$ 14,670,407	$ 5,214,585	$ 20,180,443	$ (5,510,036)
Other Current Assets	1,029,623	4,195,106	(3,165,483)	934,389	3,260,717
Total Current Assets	20,914,615	18,865,513	2,049,102	21,114,832	(2,249,319)
Noncurrent Assets:					
Deposit with GEM Corporation	655,000	655,000		655,000	
Investments	27,772,298	26,204,592	1,567,706	26,766,430	(561,838)
Total Noncurrent Assets	28,427,298	26,859,592	1,567,706	27,421,430	(561,838)
Total Assets	49,341,913	45,725,105	3,616,808	48,536,262	(2,811,157)
Current Liabilities:					
Other Current Liabilities	334,911	214,453	120,458	242,898	(28,445)
Return to Members	1,669,650	4,359,464	(2,689,814)	4,398,899	(39,435)
Claims Liabilities	6,273,554	4,973,558	1,299,996	7,654,189	(2,680,631)
Total Current Liabilities	8,278,115	9,547,475	(1,269,360)	12,295,986	(2,748,511)
Noncurrent Liabilities:					
Claims Liabilities	13,838,703	9,428,299	4,410,404	10,125,148	(696,849)
Total Noncurrent Liabilities	13,838,703	9,428,299	4,410,404	10,125,148	(696,849)
Total Liabilities	22,116,818	18,975,774	3,141,044	22,421,134	(3,445,360)
Net Position	$ 27,225,095	$ 26,749,331	$ 475,764	$ 26,115,128	$ 634,203

CalTIP's Pool Assets

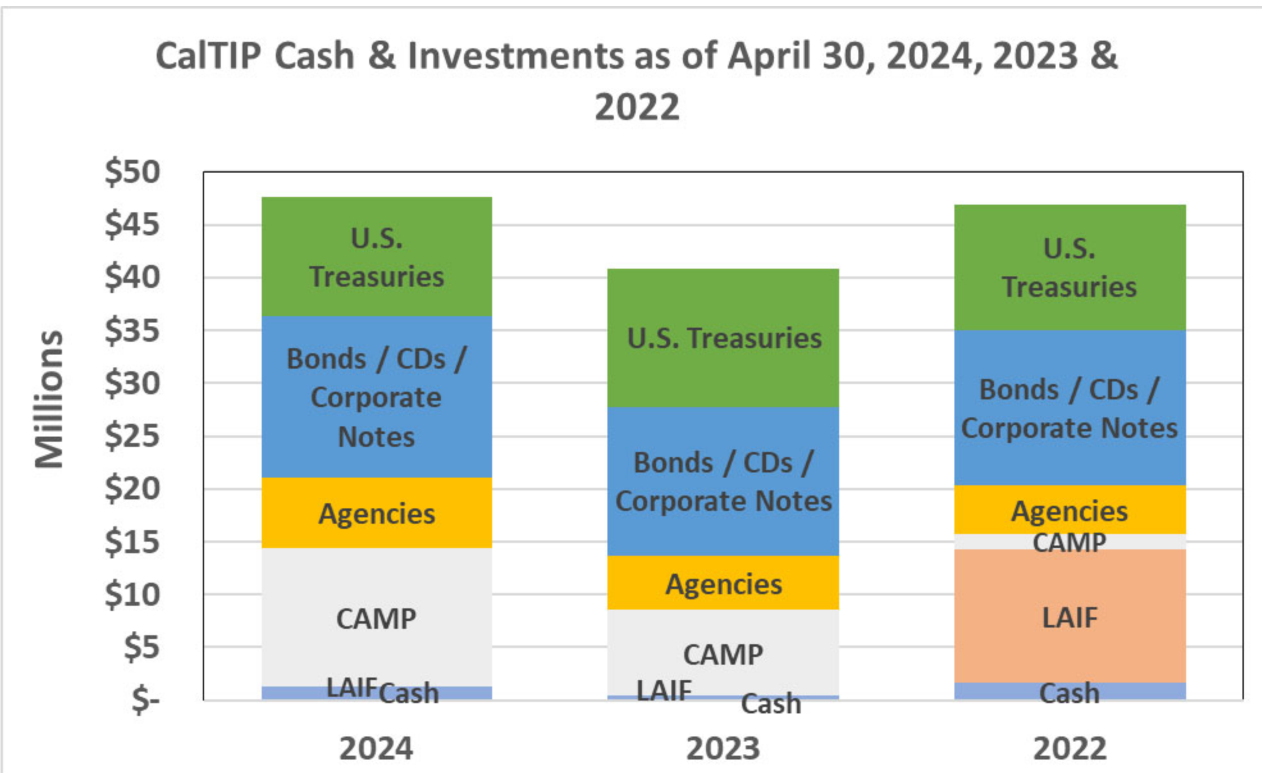
Total assets increased $3.6 million over the prior year to $49.3 million as of April 30, 2024, due to an increase in cash as a result of an increase in excess receivable payments received for prior program years, offset by an increase in other receivables. Other Current Assets include various receivables and prepaid expenses that decreased $3.2 million from the prior year, mostly due to a decrease in excess receivable.

As of April 30, 2023, total assets had decreased $2.8 million from the prior year to $45.7 million, due to a decrease in cash as a result of an increase in claim payments for prior program years, offset by an increase in receivables.

The ability of CalTIP's excess funds to earn investment income has a direct effect on the program rates, as this income is used to discount future liabilities. When investments fall short of projections, additional funding may be required to meet actuarial estimates. CalTIP takes these interest rate conditions into consideration when developing annual contributions.

CalTIP maintains those funds not immediately needed for the payment of claims and administrative expenses in the Local Agency Investment Fund (LAIF), which is administered by the State Treasurer's Office in Sacramento or in the California Asset Management Program Trust (CAMP), a joint powers authority managed by PFM Asset Management, LLC (PFM). CalTIP holds two separate CAMP accounts: one for the investment of liquid funds and one which is used as a pass-through for the purchases and sales of CalTIP's investments. The CalTIP Board adopted a policy in April 2019 to evaluate the comparative yields of LAIF and CAMP on a quarterly basis and hold at least 75% of the liquid funds in the fund with the higher yield. During the 2023/24 fiscal year, the majority of liquid funds continued to be invested in CAMP rather than LAIF due to yields in CAMP consistently exceeding those in LAIF.

The remainder of CalTIP's investments is managed by PFM Asset Management with custodial services provided by U.S. Bank. The managed portfolio consists of fixed income securities in accordance with CalTIP's investment policy and the California Government Code. The following chart depicts the makeup of CalTIP's cash and investments:



CalTIP's Pool Liabilities

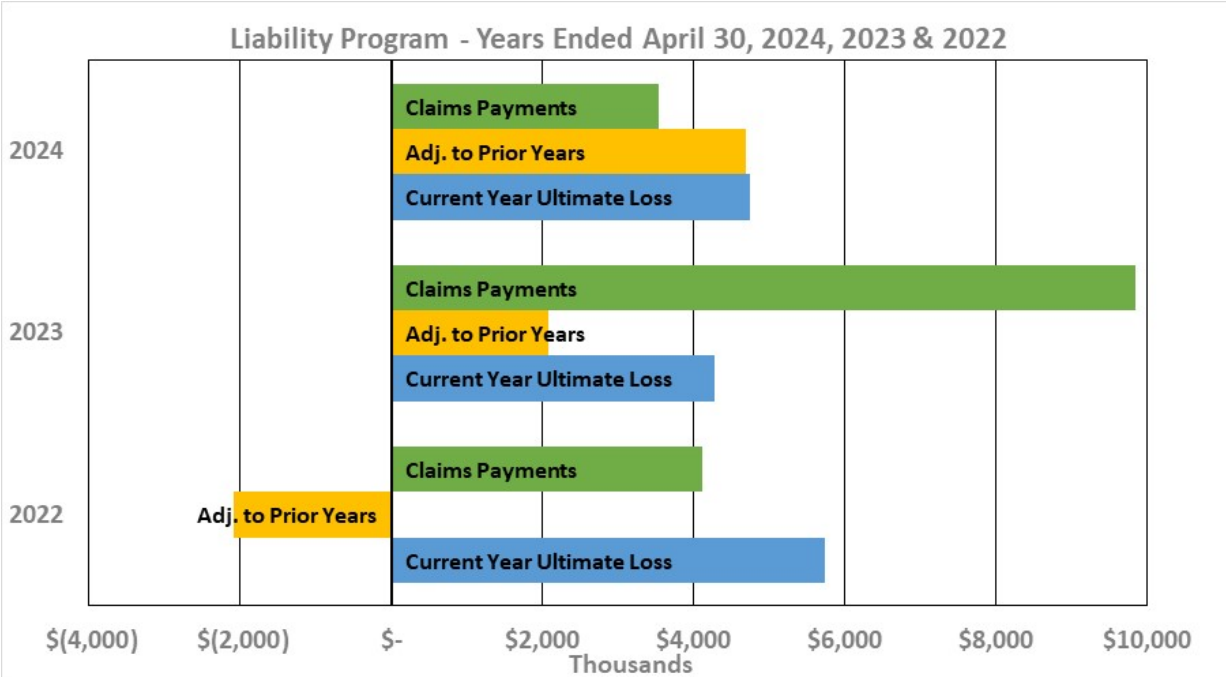
Total liabilities for both the Liability and VPD Programs increased $3.1 million over the prior year to $22.1 million as of April 30, 2024, which was the result of a decrease in claim payments of $6.3 million, offset by the introduction of new program year claim liabilities of $4.7 million and unfavorable claims development in prior program years of $4.7 million. Incurred But Not Reported (IBNR) reserves decreased by 6%, and reserves for known claims increased by 78%. Other Current Liabilities include accounts payable and unearned contributions that increased $120,000 in total, over the prior year end. The payable amount in the Rate Offset Reserve Fund (RORF) decreased $1.6 million from the prior year due to the usage of the fund by the members to pay annual contribution invoices, in addition to $1.1 million in payments to two withdrawn members.

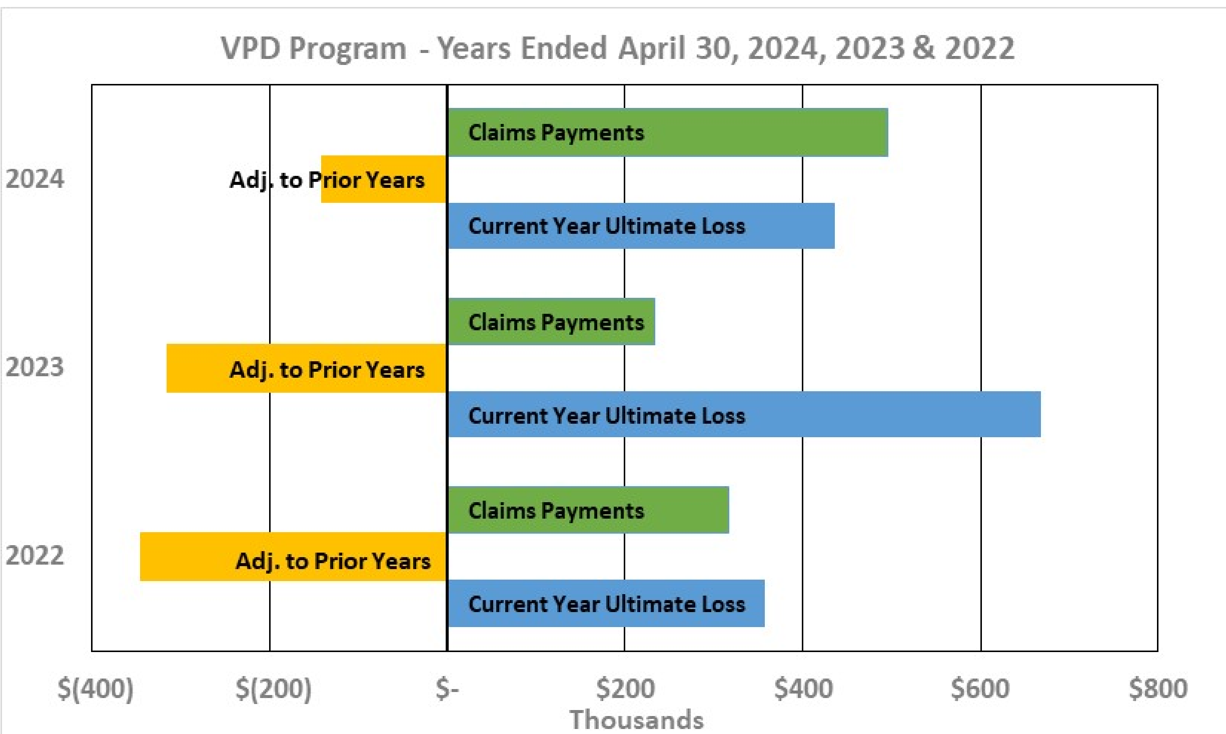
As of April 30, 2023, total liabilities for both Liability and VPD Programs had decreased $3.4 million from the prior year to $19.0 million, which was the result of an increase in claim payments of $10.1 million, offset by the introduction of new program year claim liabilities of $4.9 million and unfavorable claims development in prior program years of $1.8 million. Incurred But Not Reported (IBNR) reserves had decreased by 28%, and reserves for known claims had decreased by 13%. Other Current Liabilities include accounts payable and unearned contributions that decreased $28,000 in total from the prior year end. The payable amount in the Rate Offset Reserve Fund (RORF) decreased $39,000 from the prior year due to the usage of the fund by the members to pay annual contribution invoices, offset by a $1.9 million dividend release placing monies into the fund.

The portion of claim liabilities considered to be currently payable (in less than one year) was actuarially determined. The current portion of claim liabilities payable for all programs is $6.3 million, $5.0 million, and $7.7 million, as of April 30, 2024, 2023, and 2022, respectively.

Bickmore Actuarial performed an independent actuarial review of the Liability and VPD Programs to provide recommended funding levels as well as to value the outstanding claims liabilities for the 2023/24 fiscal year.

The charts on the following page display the three components of claims activity:


Liability Program - Years Ended April 30, 2024, 2023 & 2022
2024
2023
2022
Claims Payments
Adj. to Prior Years
Current Year Ultimate Loss
$(4,000)
$(2,000)
$-
$2,000
$4,000
$6,000
$8,000
$10,000
Thousands


VPD Program - Years Ended April 30, 2024, 2023 & 2022
2024
2023
2022
Claims Payments
Adj. to Prior Years
Current Year Ultimate Loss
$(400)
$(200)
$-
$200
$400
$600
$800
Thousands

Condensed Statements of Revenue, Expenses and Changes in Net Position

Fiscal Years Ended April 30, 2024, 2023 & 2022

	April 30, 2024	April 30, 2023	Incr/(Decr) 2024 from 2023	April 30, 2022	Incr/(Decr) 2023 from 2022
Operating Revenues					
Member Contributions	$ 16,954,944	$ 15,818,877	$ 1,136,067	$ 14,966,153	$ 852,724
ERMA Contributions (Pass Through)	258,850	183,315	75,535	140,390	42,925
Total Operating Revenue	17,213,795	16,002,192	1,211,603	15,106,543	895,649
Operating Expenses					
Claims Expense	9,736,184	6,696,582	3,039,602	3,665,921	3,030,661
Insurance	7,045,694	6,235,212	810,482	4,943,431	1,291,781
Retrospective Adjustment		1,867,339	(1,867,339)	2,867,306	(999,967)
General & Administrative	1,424,679	1,402,151	22,528	1,292,393	109,758
Total Operating Expenses	18,206,557	16,201,284	2,005,273	12,769,051	3,432,233
Operating Income (Loss)	(992,763)	(199,092)	(793,671)	2,337,492	(2,536,584)
Non-Operating Revenue (Expense)					
Investment Income (Loss)	1,468,526	833,295	635,231	(1,367,547)	2,200,842
Increase (Decrease) in Net Position	475,763	634,203	(158,440)	969,945	(335,742)
Net Position - Beginning of Year	26,749,331	26,115,128	634,203	25,145,183	969,945
Net Position - End of Year	$ 27,225,094	$ 26,749,331	$ 475,763	$ 26,115,128	$ 634,203

Revenues (Operating and Non-operating)

Total operating revenues increased $1.2 million in the 2023/24 program year. In the Liability Program, pooling rates increased 5.3%, excess rates increased 8.2% over the prior year, and there was an increase in covered miles of 3.2%. The VPD Program had decreased pooling rates of 1.4% and an increase of 9.2% in excess rates. The insurance market continued to harden during the 2023/24 fiscal year. Excess insurance contributions collected from members increased $474,000 (8.2%) and $104,000 (22.6%) in the Liability and VPD Programs, respectively. CalTIP continued with allocating 91% and 9% of the administrative costs to the Liability Program and VPD Program, respectively, per the allocation methodology adopted in the 2020/21 program year. Prior to 2020/21, administrative costs were allocated with 85% to the Liability Program and 15% to the VPD Program. Non-operating revenues consist entirely of $1.5 million in investment income, including interest income of $1.0 million and unrealized gains of $428,000 recognized during 2023/24. Investment marketplace conditions are described in detail in the last section of this report.

Total operating revenues had increased $896,000 in the 2022/23 fiscal year. Pooling rates had increased 5.5% and excess rates had increased 10.8%, offset by a decrease in covered miles of 0.4%. The insurance market continued to harden during the 2022/23 fiscal year. Excess insurance contributions collected from members increased $500,000 (9.5%) and $19,000 (4.3%) in the Liability and VPD Programs, respectively. Non-operating revenues had consisted entirely of $833,000 in investment income, including interest income of $644,000 and unrealized gains of $189,000 recognized during 2022/23.

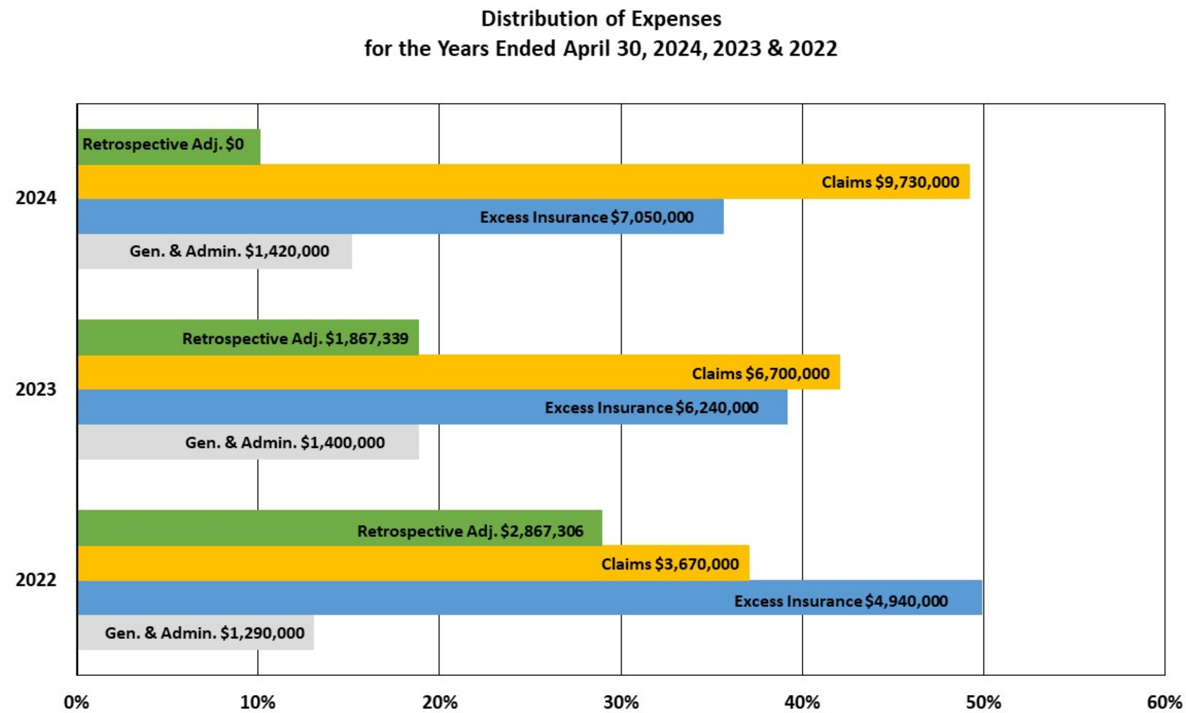
Beginning in the 2017/18 program year, employment practices liability coverage was offered to eligible CalTIP members through the Employment Risk Management Authority (ERMA), a JPA specializing in employment practices liability coverage. Ten of CalTIP's members elected to obtain coverage through ERMA paying contributions of $262,000 for program year 2023/24 as compared to $183,000 for ten members for program year 2022/23, with one member joining mid-year.

Operating Expenses

Operating expenses for 2023/24 increased $2.0 million over the prior year. Claims expense increased $3.0 million over the prior year due to an increase in claims paid, offset by a decrease in claims adjustments to prior years' liability. The claims expense increase is mainly in the Liability Program. Excess and reinsurance costs increased by $810,000. CalTIP received returns of premiums from excess carriers due to audits of actual miles for program year 2022/23, an offset to the 2023/24 excess insurance expense. There was not a Retrospective Adjustment expense for 2023/24, as the Board elected to not return funds to the members. A slight increase in General & Administrative expenses of $23,000 was mainly due to increases in Program Administration as per the contract, and Travel and Meetings expense. Board of Directors meetings were held in person during the 2023/24 fiscal year.

Operating expenses for 2022/23 had increased $3.4 million over the prior year. Claims expense had increased $3.0 million over the prior year due to an increase in claims paid, offset by a decrease in claims adjustments to prior years' liability. The claims expense increase was mainly in the Liability Program. Excess and reinsurance costs increased by $1.3 million. CalTIP had received returns of premiums from excess carriers due to audits of actual miles for program year 2021/22, an offset to the 2022/23 excess insurance expense. The Retrospective Adjustment expense had decreased to $1.9 million from the prior year, which represents the dividend release that had been declared by the Board in the Liability Program. An increase in General & Administrative expenses of $110,000 was mainly due to contractual increases.

The chart on the following page displays the allocation of CalTIP's expenses:



Description of Facts or Conditions that are Expected to have a Significant Effect on Financial Position or Results of Operations

Investment Arena:

The first quarter of 2024 was characterized by continued economic resilience led by strong consumer spending, inflation that continues to slowly grind lower, and a robust labor market.

The Federal Reserve (Fed) kept the overnight rate at its current target range of 5.25% to 5.50% at its March 20 meeting, as expected, marking the fifth consecutive pause following the last rate hike in July 2023. The Fed's updated "dot plot" implies three 0.25% rate cuts through 2024 while the number of cuts implied for 2025 was reduced from three to two. Markets entered the year pricing in over six cuts in 2024 but since have now converged to Fed projections. The Fed chair has said they need more confidence that inflation is moving toward its 2% target before the first rate cut. Yields moved higher in the first quarter with the return of the Fed's "higher-for-longer" stance.

A strong economic backdrop and increasing likelihood for a soft-landing led equity markets to reach new record highs. The S&P 500 Index jumped 10.6% in the first quarter, while yields on U.S. Treasury maturities from one to 30 years were higher by 25 to 40 basis points (bps).

Although January and February inflation readings came in above expectations, CPI actually trended lower in the first quarter and continued to decline from its mid-2022 peak. Headline and core CPI (which excludes food and energy) registered year-over-year increases of 3.2% and 3.8%, respectively, through February.

U.S. real gross domestic product (GDP) growth in the fourth quarter came in at an impressive 3.4%, capping a strong year in which GDP grew 3.1%. The economy continues to be bolstered by strong consumer spending, supported by the strength of the labor market. This trend is expected to continue before moderating through the balance of the year.

The U.S. labor market showed little signs of softening, adding over 800,000 jobs in the first quarter after 637,000 were added in the fourth quarter. In the latest reading, 303,000 jobs were created in March, which is the highest level since May of 2023. The unemployment rate also ticked down to 3.8% and has been below 4% for over two years. Strong wage increases reflect a competitive labor market and further support consumer spending.

The market spent the majority of the first quarter adjusting its expectations as strong economic data and Fed commentary pushed back on the notion that a rate cut was imminent. As a result, fed funds futures recalibrated expectations throughout the quarter and are now priced for the first rate cut to occur in July, a four-month delay from expectations at the beginning of the year.

Reflecting the market adjustment to delayed rate cuts expectations, U.S. Treasury yields increased notably over the quarter. The yield on the 2-, 5-, and 10-year U.S. Treasuries rose 37 bps, 37 bps, and 32 bps, respectively.

As a result of higher absolute yields, U.S. Treasury indices with longer durations generated negative returns, with the breakeven point around the two year maturity. For example, the ICE BofA 3-, 5-, and 10-year U.S. Treasury indices returned -0.21%, -0.76%, and -1.61%, respectively. On the flipside, shorter-duration indices posted positive total returns, as higher income was able to more than offset negative price impacts. The ICE BofA 3-month, 1-, and 2- year U.S. Treasury indices returned +1.29%, +0.83%, and +0.21% respectively.

Yield spreads across most investment-grade (IG) sectors continued to tighten throughout the first quarter, resulting in positive excess returns on corporates and most other non-government fixed income sectors. Diversification across these "spread sectors" helped bolster relative performance given the absolute back-up in yields to start the year.

Federal agency, municipal, and supranational spreads remained low and range bound throughout the first quarter. These sectors eked out positive excess returns, mostly from their modest incremental income. Callable agencies outperformed bullet agencies as bond market volatility waned from recent multi-year highs.

IG corporates produced strong excess returns on robust market demand and continued yield spread tightening. IG corporates finished the quarter at their lowest spread in over two years. As a result of historically tight spreads, value in the sector is now more opportunistic.

The asset-backed security (ABS) sector was the strongest-performing fixed income sector in the first quarter. The rally in the sector was supported by strong structural elements of the asset class as well as ongoing optimism regarding the strength of the American consumer and, like IG corporates, robust appetite for new issues. Incremental income from ABS remains attractive and our fundamental outlook for the economy remains supportive for the sector.

Mortgage-backed security (MBS) performance was mixed for the first quarter, with yield spreads widening in longer maturity structures. Volatility was relativity muted compared to the fourth quarter and helped returns in the first quarter, but the overall sector underperformed. On the other hand, agency commercial mortgage-backed security spreads tightened relative to passthroughs, resulting in strong relative performance.

Insurance Markets:

Liability Program

In the past 12 months California Public Transits with favorable loss history have seen rate increases in the high single digits to low double digits. Continued pressure on premium for capacity and CalTIP loss development continues to have an impact on our Program. The overarching theme from underwriters is that unfavorable auto liability reserve developments across their books of business are causing continued rate pressure. Commercial auto loss ratios in California are up 10% YoY.

Vehicle Physical Damage Program

The broader Property market has experienced stabilization over the past 12 months. The market is driven by global catastrophic events, and while these events persist, the market has adjusted their rating in recent years to a level that has created a more stable rating environment. Most insureds in California, with favorable loss history, have seen single-digit rate increase. Property values are still a focal point in the market, and these increasing values have contributed to an increase in premiums.

CALIFORNIA TRANSIT SYSTEMS JOINT POWERS AUTHORITY

STATEMENTS OF NET POSITION

ASSETS

	April 30, 2024	April 30, 2023
Current Assets:		
Cash and cash equivalents	$14,366,451	$ 8,521,439
Investments	5,518,541	6,148,968
Receivables:		
Interest	167,677	125,124
Member premiums	652,571	428,705
Excess insurance	143,148	3,596,985
Prepaid expenses	66,227	44,292
Total Current Assets	20,914,615	18,865,513
Non-Current Assets:		
Deposit with GEM Corporation	655,000	655,000
Investments	27,772,298	26,204,592
Total Non-Current Assets	28,427,298	26,859,592
Total Assets	49,341,913	45,725,105

LIABILITIES AND NET POSITION

	2024	2023
Current Liabilities:		
Accounts payable	291,257	173,874
Return to members	1,669,650	4,359,464
Unearned member funding	43,654	40,579
Current portion of claims liabilities	6,273,554	4,973,558
Total Current Liabilities	8,278,115	9,547,475
Non-Current Liabilities:		
Claims liabilities	13,838,703	9,428,299
Total Non-Current Liabilities	13,838,703	9,428,299
Total Liabilities	22,116,818	18,975,774
Net Position-Unrestricted	$27,225,095	$26,749,331

See independent auditor’s report and notes to financial statements.

CALIFORNIA TRANSIT SYSTEMS JOINT POWERS AUTHORITY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	Year Ended April 30, 2024	2023
OPERATING REVENUES:		
Member Funding:		
Member contributions	$ 8,805,606	$ 8,228,011
Excess insurance	6,797,976	6,220,063
Administrative contributions	1,545,966	1,525,509
Total Member Funding	17,149,548	15,973,583
Other income	64,246	28,609
Total Operating Revenues	17,213,794	16,002,192
OPERATING EXPENSES:		
Claims expense	9,736,184	6,696,582
Excess insurance	7,045,694	6,235,212
Retrospective adjustment		1,867,339
Sub-total	16,781,878	14,799,133
General and Administrative:		
Program administration	921,613	874,333
Loss prevention – safety consultant	213,500	213,500
Professional fees	85,990	82,317
Travel and meetings	74,882	102,803
Other general and administrative	128,693	129,198
Total General and Administrative	1,424,678	1,402,151
Total Operating Expenses	18,206,556	16,201,284
Operating Income (Loss)	(992,762)	(199,092)
NON-OPERATING REVENUES:		
Investment income	1,468,526	833,295
CHANGES IN NET POSITION	475,764	634,203
NET POSITION, Beginning of Year	26,749,331	26,115,128
NET POSITION, End of Year	$27,225,095	$26,749,331

See independent auditor's report and notes to financial statements.

CALIFORNIA TRANSIT SYSTEMS JOINT POWERS AUTHORITY

STATEMENTS OF CASH FLOWS

	Year Ended April 30, 2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Contributions received	$ 17,692,780	$ 10,873,715
Cash paid for claims	(4,025,784)	(10,074,062)
Cash paid for insurance premiums	(7,048,779)	(6,252,082)
Cash paid for general and administrative expenses	(1,326,145)	(1,447,453)
Other income received	64,246	28,609
Net cash provided (used) by operating activities	5,356,318	(6,871,273)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income received	997,829	753,243
Purchase of investments	(11,706,827)	(8,710,548)
Proceeds from sales and maturities of investments	11,197,692	7,676,265
Net cash provided (used) by investing activities	488,694	(281,040)
CASH AND CASH EQUIVALENTS:		
Net increase (decrease)	5,845,012	(7,152,313)
Beginning balance	8,521,439	15,673,752
Ending balance	$ 14,366,451	$ 8,521,439
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Net operating income (loss)	$ (992,762)	$ (199,092)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Changes in assets and liabilities:		
(Increase) Decrease in:		
Member premiums receivable	(223,866)	(77,433)
Excess insurance receivable	3,453,837	(3,132,523)
Prepaid expenses	(21,935)	(16,865)
Increase (Decrease) in:		
Accounts payable	117,383	(45,307)
Return to members	(2,689,814)	(39,435)
Unearned member funding	3,075	16,862
Claims liabilities	5,710,400	(3,377,480)
Net cash provided (used) by operating activities	$ 5,356,318	$ (6,871,273)
SUPPLEMENTAL DISCLOSURES		
Noncash investing and financing activities		
Unrealized loss on investments	$ (764,287)	$ (1,192,432)

See independent auditor’s report and notes to financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Organization

California Transit Systems Joint Powers Authority dba California Transit Indemnity Pool (CalTIP) was formed May 1, 1987, pursuant to California Government Code Sections 990, 990.4, 990.8 and 6500 et seq., in order to provide comprehensive and economical public liability, and property coverage or coverage for other risks which the Board of Directors may include in a joint protection program.

CalTIP is under the control and direction of directors consisting of one representative from each of its members.

B. Membership and Member Coverage

CalTIP provides liability coverage and vehicle physical damage coverage for its member agencies. The Liability Coverage Program is a mandatory program in which all members of CalTIP are required to participate. At April 30, 2024 and 2023, CalTIP was comprised of 35 and 35 member agencies, respectively. The Vehicle Physical Damage Program is an optional program.

Liability Program

The CalTIP Liability Program provides coverage for general and auto liability, public officials' errors & omissions. Within the Liability Program, a risk sharing pool arrangement has been established whereby each member selects its own self-insured retention level and assumes its own losses up to its selected retention for the given program year. The self-insured retentions offered are $10,000 (Prefunded), $25,000, $50,000, $100,000, $250,000, and $350,000. Any losses in excess of the member's retention up to the pool SIR are shared by participating members. CalTIP's pool SIR for program years 2023/24 and 2022/23 was $2.0 million. CalTIP purchases reinsurance and excess insurance to protect its members against losses which may exceed the pool SIR shared layer of coverage. All members received $10.0 million in liability limits with options of purchasing a higher limit of liability coverage of $25.0 million. A $6.0 million option is also available.

CalTIP is responsible for funding claims in excess of a member's applicable self-insured retention to the shared risk layer or pool limit. Losses in excess of the pool limit are then ceded to CalTIP's reinsurers up to $10.0 million with coverage based on applicable liability limit selected by the member. Losses in excess of $10.0 million are covered by excess insurance obtained through a group purchase arrangement by CalTIP up to a $25.0 million limit, if a member has elected to purchase such coverage.

During the 2016/2017 year, there were two programs within the liability pool that determined the level of claims administration services as explained below. Effective May 1, 2017, Program II was discontinued for claims incurred after that date. Members previously covered under this program were transitioned to Program I. Members can continue to manage existing claims under Program II provided that the date of loss was prior to May 1, 2017.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Program I – Members utilize the services of the claims administrator through a master contract between the claims administrator and CalTIP. The claims administrator adjusts and pays the claims costs which are then charged back to the member within their self-insured retention. Currently under this program, claims administration services are provided by Sedgwick.

Program II – Under this program, claims administration services were performed at the discretion of the member, subject to the provisions of CalTIP governing documents. Members elected to self-administer their claims or contract directly with a claims administrator to provide claims handling services. CalTIP does not adjust or pay any claims costs until the member has exhausted their self-insured retention. The Program II structure was discontinued effective May 1, 2017.

Prefunded layer – Prefunded members retain $10,000 per claim but an estimated amount is calculated up front as part of their member contribution.

Vehicle Physical Damage Program

The CalTIP Vehicle Physical Damage Program is an optional program that provides participating members with comprehensive and collision coverage to transit and maintenance vehicles. Each member selects a deductible for each of their covered vehicles; vehicle deductibles range from $500, $1,000, $2,500, $5,000 and $10,000. Any losses in excess of the vehicle deductible and up to $100,000 are shared by the participating members of the Vehicle Physical Damage Program. Excess insurance is purchased for losses exceeding the $100,000 shared layer and provides the members with coverage up to $20.0 million per occurrence. There are no optional limits of coverage for this program; all participating members received $20.0 million in limits. The program also has an aggregate stop-loss equal to the five highest deductibles of any vehicles involved in a multi-vehicle loss.

Employment Practices Liability Coverage

CalTIP participates in Employment Risk Management Authority (ERMA), a joint powers authority. Member participation in ERMA is optional. ERMA arranges for pooled risk sharing related to employment practices liability. Deductibles vary by member and coverage is provided up to $1,000,000, with optional coverage up to $3,000,000 available.

The relationship between the CalTIP and ERMA is such that ERMA is not a component unit of the CalTIP for financial reporting purposes.

The schedule on the next page reflects the liability program, vehicle physical damage program and ERMA participation at April 30, 2024 and 2023 for each of CalTIP's member agencies.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Member	Self-Insured Retention/ Deductible	Selected Liability Limit	Physical Damage	ERMA
Amador Transit	Prefunded	$10,000,000	X	
Central Contra Costa Transit Authority	$250,000	$25,000,000	X	
City of Arcata	Prefunded	$25,000,000	X	
City of Auburn	$250,000	$10,000,000		
City of Avalon	$25,000	$25,000,000		
City of Carson	$250,000	$25,000,000		
City of Culver City	$250,000	$25,000,000	X	
City of Dixon	$250,000	$10,000,000	X	
City of El Monte	$100,000	$25,000,000	X	
City of Gardena	$250,000	$25,000,000	X	
City of Lodi	$25,000	$25,000,000	X	
City of Porterville	$100,000	$10,000,000	X	
City of Santa Rosa	$250,000	$25,000,000	X	
City of Torrance	$350,000	$25,000,000		
City of Vacaville	$25,000	$25,000,000	X	
City of Whittier	Prefunded	$25,000,000	X	
El Dorado County Transit Authority	Prefunded	$25,000,000	X	X
Gold Coast Transit District	$25,000	$25,000,000	X	
Golden Empire Transit District	$250,000	$25,000,000		
Humboldt Transit	$50,000	$25,000,000	X	X
Livermore Amador Valley Transit Authority	$25,000	$10,000,000	X	X
Mendocino Transit Authority	$25,000	$10,000,000	X	X
Monterey Salinas Transit District	$250,000	$25,000,000	X	
Morongo Basin Transit Authority	Prefunded	$25,000,000	X	X
County of Nevada	$25,000	$25,000,000		
Omnitrans	$100,000	$25,000,000	X	
Placer County	$250,000	$25,000,000	X	
San Joaquin Regional Transit District	$350,000	$10,000,000	X	X
San Luis Obispo Regional Transit Authority	Prefunded	$25,000,000	X	X
Santa Cruz Metropolitan District	$250,000	$25,000,000	X	
Siskiyou County	Prefunded	$25,000,000	X	
**South County Area Transit	Prefunded	$25,000,000	X	X
Tahoe Transportation District	$25,000	$25,000,000	X	X
Town of Truckee	$25,000	$10,000,000		
Western Contra Costa Transit Authority	$100,000	$25,000,000	X	X
Yolo County Transportation District	Prefunded	$25,000,000	X	X

**South County Area Transit merged with San Luis Obispo Regional Transit Authority on January 1, 2021

.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

C. Admission and Withdrawal of Members

Admission – Membership shall be approved by two-thirds vote of the entire Board present and voting. In addition, new members will be required to pay an application fee for an on-site audit and to analyze their loss data and determine their deposit.

Withdrawal – A member may withdraw after three years of participation in CalTIP, only at the end of the fiscal year, provided they have given a six-month written notice of intent to withdraw from CalTIP and a ninety-day final written notice of intent to withdraw.

D. Reporting entity

CalTIP's reporting entity includes all activities (operations, executive board and board of directors as they relate to the Authority) considered part of (controlled by or dependent on) CalTIP. This includes financial activity relating to all of the membership years of CalTIP.

CalTIP has determined that no other outside entity meets the criteria for inclusion in its financial statements. In addition, CalTIP is not aware of any entity that would exercise such oversight responsibility that would result in CalTIP being considered a component unit of that entity. In determining its reporting entity, CalTIP considered all governmental units that were members since inception. The criteria did not require the inclusion of these entities in CalTIP's financial statements primarily because CalTIP does not exercise oversight responsibility over any members.

E. Fund Accounting

The accounts of CalTIP are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, net position, revenues and expenses. The activities of CalTIP are organized into two separate funds, the liability fund and the vehicle physical damage fund, which are accounted for as enterprise funds as prescribed by the Governmental Accounting Standards Board (GASB).

1. The Liability Program Fund

This fund was established on May 1, 1987, to account for the pooling and claim payout of liability claims and related administrative costs. Funding is based on contributions established by the CalTIP Board.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

CalTIP provides the following self-insured retention options, shared risk, and reinsurance and excess insurance coverages:

a. Member Self-Insured Retentions: $0 (prefunded up to $10,000), $25,000, $50,000, $100,000, $250,000, and $350,000.
b. CalTIP's Shared Risk Layer: $2.0 million less member's self-insured retention for 2023/2024 and 2022/2023.
c. All Members Reinsurance Limit: $4.0 million excess of $2.0 million of CalTIP's shared risk layer.
d. Optional Reinsurance: $6.0 million to $10.0 million.
e. Optional Excess Insurance: $10.0 million to $25.0 million.

2. The Vehicle Physical Damage Program Fund

This fund was established on July 1, 1988, to account for vehicle physical damage claims incurred by member agencies. Funding is based on contributions established by the CalTIP Board.

CalTIP provides the following vehicle deductibles, shared risk, and excess insurance coverage:

a. Per Vehicle Deductible: Ranges from $500 to $10,000.
b. CalTIP's Shared Risk Layer: $100,000 inclusive of the vehicle deductible.
c. Excess Insurance: Excess of $100,000 shared risk layer to replacement cost or $20.0 million limit per occurrence for 2023/2024 and 2022/2023.

F. Basis of Accounting

These statements are prepared on the economic resources measurement focus and on the accrual basis of accounting. Under this method, revenues from contributions and interest are recognized when earned and expenses are recognized when goods or services have been rendered.

CalTIP maintains two insurance funds; however, separate program accounting is maintained for each program's revenues, expenses and related reserves. The claims program funds are considered proprietary/enterprise fund type.

G. Cash Equivalents for Statement of Cash Flows

For purposes of the statement of cash flows, CalTIP considers all highly liquid assets with an original maturity of three months or less to be cash equivalents.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

H. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. At April 30, 2024 and 2023, the total accounts receivable portfolio was considered collectible.

I. Investments

Investments are recorded at fair market value.

J. Prepaid Expenses

Expenditures for the portion of insurance and other services that extended to future accounting periods have been recorded as prepaid expenses.

K. Unpaid Claims Liabilities

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

L. Member Prefunded Payable

CalTIP offers members various self-insured retentions in the liability program. One of these options is a $0 self-insured retention or prefunded option. Contributions collected for the prefunded option includes a provision for claims costs below a $10,000 self-insured retention. CalTIP directly pays the claims costs within the $10,000 self-insured layer, and then the contributions collected for the prefunded layer and the losses paid within the $10,000 self-insured retention are charged to the member through the retrospective adjustment process.

The deposits for this self-insured retention are treated as contribution revenue and the claims reserves within the self-insured retention are recognized as additional claims liability.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

M. Net Position

The unrestricted net position represents the net position available for future operations or distribution.

N. Revenues and Expenses

Revenues and expenses are recognized on an accrual basis. Revenues are recognized when earned. Expenses are recognized when a liability is incurred. Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

O. Member Contribution and Retrospective Assessments

Member contributions are collected in advance and recognized as revenues in the period for which coverage is provided. If CalTIP's Board of Directors determines that the Liability Program and Vehicle Physical Damage Program funds, including anticipated investment earnings, for either program are insufficient to pay losses, fund known estimated losses, and fund estimated losses which have been incurred but not reported, CalTIP may impose a retrospective assessment on all participating member agencies. Retrospective assessments are recognized as income in the period assessed.

P. Operating Revenues

Operating revenues include all program contributions, related fees and assessments. Investment income is classified as non-operating income.

Q. Excess of Loss Insurance

CalTIP uses excess of loss insurance agreements to reduce its exposure to large losses on all types of covered events. Excess of loss insurance discharges the primary liability of CalTIP as the direct insurer of the losses greater than CalTIP's self-insured retention. CalTIP does not report these risks as liabilities unless it is probable that excess insurers will not cover those risks.

R. Reinsurance

CalTIP uses reinsurance agreements to reduce its exposure to large losses from their liability program. Reinsurance permits recovery of a portion of losses from reinsurers. Although it does not discharge the primary liability of CalTIP as the direct insurer of the risks reinsured, CalTIP does not report reinsured risks as liabilities unless it is probable that those risks will not be covered by the reinsurers.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

S. Services

Services donated by many officers and directors are important to the activities of CalTIP. The financial statements do not reflect the value of these donated services since there is no basis for measuring and valuing these services.

T. Income Taxes

CalTIP is an organization comprised of public agencies and is exempt from federal income and California franchise taxes. Accordingly, no provision for federal or state income taxes has been made in the accompanying financial statements.

U. Estimates

The preparation of financial statements, in conformity with 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

V. Dividends

CalTIP's Board annually reviews the available net position in the Liability and Vehicle Physical Damage Programs and the appropriate actuarial information to determine if dividends should be declared. Each member's pro-rata share of the dividends shall be calculated in the same proportion as the contribution paid by each member agency during the fiscal year for which the dividend is declared.

NOTE 2 – CASH AND INVESTMENTS:

CalTIP has adopted an investment policy pursuant to Government Code Section 53646, which authorized CalTIP's deposits in banks with offices statewide, the California Asset Management Program (CAMP), and the State of California Local Agency Investment Fund (LAIF).

Cash and cash equivalents are summarized as follows:

	April 30,	
	2024	2023
Demand Deposits	$ 1,272,248	$ 410,777
Money Market Fund-CAMP Pool	13,080,289	8,097,362
Pooled Funds - LAIF	13,914	13,300
Total	$14,366,451	$8,521,439

NOTE 2 – CASH AND INVESTMENTS (continued):

Investments Authorized by the California Government Code and CalTIP's Investment Policy

The table below identifies the investment types that are authorized for the Authority by the California Government Code and its investment policy. The table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptances	180 days	40%	5%
Commercial Paper	270 days	25%	5%
Negotiable Certificates of Deposit	5 years	30%	5%
Time Certificates of Deposit	5 years	None	5%
Medium-Term Notes	5 years	30%	5%
Municipal Debt Issues	5 years	None	5%
Repurchase Agreements	30 days	None	5%
Money Market Mutual Funds	5 years	20%	5%
Mortgage Pass-Through Securities	5 years	20%	5%
Local Agency Investment Fund (LAIF)	N/A	None	$75 million
JPA Pools (other investment pools)	N/A	20%	5%
Supra-National Agency Bonds/Notes	5 years	30%	None

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways CalTIP manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

NOTE 2 – CASH AND INVESTMENTS (continued):

Information about the sensitivity of the fair values of CalTIP's investments to market interest rate fluctuations is provided by the following table that shows the distribution of CalTIP's investments by maturity.

April 30, 2024

Investment Type	Amount	Investment Maturities <1 yr	1-3 yrs	>3 yrs
U.S. Treasury Notes	$11,378,746	$561,703	$ 7,778,159	$3,038,884
Supranational Agency Bonds	573,701	573,701		
Municipal Bonds	1,321,260	555,889	765,371	
Federal Agency Mortgage	4,807,938	192,633	1,388,111	3,227,194
Federal Agency Bonds	1,886,222	573,597	1,312,625	
Corporate Notes	7,919,116	2,080,363	3,546,303	2,292,450
Commercial Paper	980,655	980,655		
Certificate of Deposit	952,135		952,135	
Asset Backed Securities	3,471,066		1,576,359	1,894,707
Total	$33,290,839	$5,518,541	$17,319,063	$10,453,235

April 30, 2023

Investment Type	Amount	Investment Maturities <1 yr	1-3 yrs	>3 yrs
U.S. Treasury Notes	$13,120,662	$1,426,664	$ 5,687,786	$ 6,006,212
Supranational Agency Bonds	1,888,955	1,335,419	553,536	
Municipal Bonds	1,293,907		1,160,017	133,890
Federal Agency Mortgage	695,558		362,692	332,866
Federal Agency Bonds	4,453,051	2,605,362	1,847,689	
Corporate Notes	6,811,616	781,523	4,126,914	1,903,179
Certificate of Deposit	949,893		949,893	
Asset Backed Securities	3,139,918		1,547,585	1,592,333
Total	$32,353,560	$6,148,968	$16,236,112	$9,968,480

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

At April 30, 2024 and 2023, CalTIP's portfolio included $5,608,466 and $4,125,263, respectively, of corporate notes that were considered to be highly sensitive to interest rate fluctuations. These securities were subject to early payment in a period of declining interest rates. The resultant reduction in expected total cash flows affects the fair value of these securities and makes the fair value of these securities highly sensitive to changes in interest rates.

NOTE 2 – CASH AND INVESTMENTS (continued):

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating requirements by (where applicable) the California Government Code or CalTIP's investment policy and the actual Standard and Poor's rating as of year end for each investment type.

April 30, 2024

Investment Type	Amount	Rating as of Year End AAA	AA	A	BBB	A-1	NR
U.S. Treasury Notes	$11,378,746	$	$11,378,746	$	$	$	$
Supranational Agency Bonds	573,701	573,701					
Municipal Bonds	1,321,260	94,498	790,088				436,674
Federal Agency Mortgage	4,807,938		4,807,938				
Federal Agency Bond	1,886,222		1,886,222				
Corporate Notes	7,919,116		2,368,886	4,773,711	776,519		
Commercial Paper	980,655					980,655	
Certificate of Deposit	952,135		476,586	475,549			
Asset Backed Securities	3,471,066	3,066,336					404,730
Total	$33,290,839	$3,734,535	$21,708,466	$5,249,260	$776,519	980,655	$841,404

April 30, 2023

Investment Type	Amount	Rating as of Year End AAA	AA	A	BBB	NR
U.S. Treasury Notes	$13,120,662	$	$13,120,662	$	$	$
Supranational Agency Bonds	1,888,955	1,888,955				
Municipal Bonds	1,293,907	92,227	779,910			421,770
Federal Agency Mortgage	695,558		695,558			
Federal Agency Bond	4,453,051		4,453,051			
Corporate Notes	6,811,616		1,604,331	4,169,558	1,037,727	
Certificate of Deposit	949,893		475,253	474,640		
Asset Backed Securities	3,139,918	2,626,152				513,766
Total	$32,353,560	$4,607,334	$21,128,765	$4,644,198	$1,037,727	$935,536

The investment policy of CalTIP contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total CalTIP investments are as follows:

April 30, 2024

Issuer	Investment Type	Reported Amount	% of Portfolio
FHLMC	Federal Agency Securities	$5,105,243	15.16%

NOTE 2 – CASH AND INVESTMENTS (continued):

April 30, 2023

Issuer	Investment Type	Reported Amount	% of Portfolio
FHLMC	Federal Agency Securities	$3,922,480	11.96%

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code's investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public entity deposits by pledging the first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of April 30, 2024 and 2023, none of CalTIP's deposits in excess of FDIC limits were held in uncollateralized accounts. In addition, as of April 30, 2024 and 2023, no investments were held by the same broker dealer (counterparty) that was used by CalTIP to purchase the securities.

Managed Investment Pools

CalTIP is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of CalTIP's investment in this pool is reported in the accompanying financial statements at amounts based upon CalTIP's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

As of April 30, 2024 and 2023, CalTIP's investment in the California Asset Management Program (CAMP) pool was $13,080,289 and $8,097,362, respectively. CAMP is directed by a Board of Trustees, which is made up of experienced local government finance directors and treasurers. The value of the pool shares in CAMP, which may be withdrawn, is determined on an amortized cost basis.

NOTE 2 – CASH AND INVESTMENTS (continued):

Fair Value Measurements

CalTIP categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

CalTIP has the following recurring fair value measurements as of April 30, 2024:

Debt Securities	Level 1	Level 2	Level 3	Total
U.S. Treasury Notes	$	$11,378,746	$	$11,378,746
Supranational Agency Bonds		573,701		573,701
Municipal Bonds		1,321,260		1,321,260
Federal Agency Mortgage		4,807,938		4,807,938
Federal Agency Bonds		1,886,222		1,886,222
Corporate Notes		7,919,116		7,919,116
Commercial Paper		980,655		980,655
Certificate of Deposits		952,135		952,135
Asset Backed Securities		3,471,066		3,471,066

CalTIP has the following recurring fair value measurements as of April 30, 2023:

Debt Securities	Level 1	Level 2	Level 3	Total
U.S. Treasury Notes	$	$13,120,662	$	$13,120,662
Supranational Agency Bonds		1,888,955		1,888,955
Municipal Bonds		1,293,907		1,293,907
Federal Agency Mortgage		695,558		695,558
Federal Agency Bonds		4,453,051		4,453,051
Corporate Notes		6,811,616		6,811,616
Certificate of Deposits		949,893		949,893
Asset Backed Securities		3,139,918		3,139,918

Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique.

NOTE 3 – DEPOSITS:

The contribution made to Government Entities Mutual, Inc. PCC (GEM) is considered a deposit, pursuant to GASB interpretation No. 4, which states that a contribution made to a public entity risk pool with transfer or pooling of risk should be reported as a deposit if it is probable that the contribution will be returned to the entity upon either the dissolution of or the approved withdrawal from the pool. The deposit balance includes the initial deposit and the net allocated surplus dividends or deficit assessments. As of April 30, 2024 and 2023, the balance of the deposit held with GEM was $655,000 for both years.

NOTE 4 – CLAIMS LIABILITIES:

Claims liabilities represent the reserves for open claims and incurred but not reported (IBNR) claim costs for the Liability and Vehicle Physical Damage Programs. These estimates are continually reviewed and updated, and any resulting adjustments are reflected in current earnings. In accordance with actuarially determined discount formulas, claim reserves are reflected on a discounted basis of 2.0% for April 30, 2024 and 1.5% for April 30, 2023. The undiscounted balances are $20,862,242 and $14,787,270 for April 30, 2024 and 2023, respectively. The changes to the claims liabilities are as follows:

	April 30, 2024	April 30, 2023
Unpaid claims and claim adjustment expenses – beginning of year	$14,401,857	$17,779,337
Incurred claims and claim adjustment expenses:		
Provision for insured events of the current fiscal year	5,179,402	4,940,633
Changes in provision for insured events of prior fiscal years	4,556,782	1,755,949
Total incurred claims and claim adjustment expenses	9,736,184	6,696,582
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	170,430	275,672
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	3,855,354	9,798,390
Total payments	4,025,784	10,074,062
Total unpaid claims and claim adjustment expenses – end of year	$20,112,257	$14,401,857

NOTE 4 – CLAIMS LIABILITIES (continued):

The components of unpaid claims and claim adjustment expenses are as follows:

	April 30,	
	2024	2023
Claims reserves	$14,440,214	$ 8,516,877
Claims incurred but not reported	4,817,256	5,020,669
Unallocated loss adjustment expense (ULAE)	854,787	864,311
Total liabilities	$20,112,257	$14,401,857
Current portion of claim liabilities	$ 6,273,554	$ 4,973,558
Long-term portion of claim liabilities and ULAE	13,838,703	9,428,299
Total claim liabilities	$20,112,257	$14,401,857

NOTE 5 – NET POSITION:

The board approved, as part of its liability program retrospective adjustments and vehicle physical damage dividend policies, a target equity to ensure adequate funds are available prior to dividend declaration. The following shows Target Equity and the available net equity at April 30, 2024 and 2023:

	Liability Program		Vehicle Physical Damage Program	
	2024	2023	2024	2023
Targeted Equity	$20,000,000	$20,000,000	$ 1,000,000	$ 1,000,000
Net Position	25,455,094	25,171,393	1,770,001	1,577,938
Exceed (Not met)	$ 5,455,094	$ 5,171,393	$ 770,001	$ 577,938

NOTE 6 – INSURANCE PREMIUMS AND RETROSPECTIVE ADJUSTMENTS:

The accompanying financial statements include, as insurance premium revenue, all billings to member agencies for liability coverage for the years ended April 30, 2024 and 2023. The premium for each member has been calculated pursuant to CalTIP's Liability Program Master Plan Document and is subject to retrospective adjustment.

NOTE 6 – INSURANCE PREMIUMS AND RETROSPECTIVE ADJUSTMENTS (continued):

CalTIP is required to make a retrospective adjustment to allocate the actual incurred costs of the self-insurance pool back to individual member agencies following the close of the coverage period. The retrospective adjustment will result in either an additional premium due or a premium overpayment credit for each of CalTIP's member agencies. At April 30, 2024 and 2023, the board approved distributions of $-0- and $1,867,339, respectively, in the Liability Program.

NOTE 7 – SUBSEQUENT EVENTS:

The Company's management evaluated its April 30, 2024 financial statements for subsequent events through October 10, 2024, the date the financial statements were issued. Management is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CALIFORNIA TRANSIT SYSTEMS JOINT POWERS AUTHORITY

CLAIMS DEVELOPMENT INFORMATION

APRIL 30, 2024

The following table illustrates how CalTIP's earned revenue and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by CalTIP for its most current ten year period. The rows of the table are defined as follows:

(1) This line shows the total of each fiscal year's a) gross earned contributions revenue and investment revenue, b) the amount of contributions revenue ceded to reinsurers, and c) the amount of net earned contributions revenue and investment revenue.

(2) This line shows each fiscal year's other operating costs of the Program including overhead and loss adjustment expenses not allocable to individual claims.

(3) This line shows the Program's gross incurred losses and allocated loss adjustment expense, losses assumed by reinsurers, and net incurred losses and loss adjustment expense (both paid and accrued) as originally reported at the end of the year in which the event that triggered coverage occurred (called program year).

(4) This section of rows shows the cumulative net amounts paid as of the end of successive years for each program year.

(5) This line shows the latest reestimated amount of losses assumed by reinsurers for each program year.

(6) This section of rows shows how each program year's net amount of losses increased or decreased as of the end of successive years. (This annual reestimation results from new information received on known losses, reevaluation of existing information on known losses, and emergence of new losses not previously known.)

(7) This line compares the latest reestimated net incurred losses amount to the amount originally established (line 3) and shows whether this latest estimate of losses is greater or less than originally thought. As data for individual program years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of net incurred losses currently recognized in less mature program years. The columns of the table show data for successive program years.

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

CALIFORNIA TRANSIT SYSTEMS JOINT POWERS AUTHORITY

CLAIMS DEVELOPMENT INFORMATION – LIABILITY PROGRAM

AS OF APRIL 30, 2024

	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
1. Required contribution and investment revenue:										
Earned	$ 7,865,885	$ 8,766,576	$12,868,250	$11,111,003	$13,962,955	$15,020,733	$14,388,966	$12,805,503	$15,824,164	$17,521,979
Retrospective adjustment:							(2,060,554)	(2,867,306)	(1,867,339)	
Ceded	(2,556,502)	(2,922,306)	(3,197,712)	(2,954,041)	(4,445,509)	(4,688,295)	(5,111,804)	(4,535,799)	(5,794,694)	(6,496,749)
Net earned	5,309,383	5,844,270	9,670,538	8,156,962	9,517,446	10,332,438	7,216,608	5,402,398	8,162,131	11,025,230
2. Unallocated expenses	1,035,316	1,023,499	1,074,084	1,030,284	1,161,001	1,054,415	1,124,678	1,181,257	1,279,494	1,300,107
3. Estimated incurred claims and expense, end of program year:										
Incurred	5,497,388	5,012,878	5,675,393	8,735,086	6,384,200	6,207,779	4,629,692	5,729,430	4,272,578	4,743,780
Ceded										
Net Incurred	5,497,388	5,012,878	5,675,393	8,735,086	6,384,200	6,207,779	4,629,692	5,729,430	4,272,578	4,743,780
4. Paid (cumulative) as of:										
End of program year	402,551	213,318	111,175	62,484	68,057	170,088	20,571	40,573	49,763	83,868
One year later	895,217	672,966	306,258	275,440	403,443	764,015	80,151	287,408	252,348	
Two years later	3,936,171	2,350,633	513,660	1,668,724	2,099,578	1,161,492	1,424,205	477,231		
Three years later	6,444,030	2,462,536	1,734,404	2,091,227	3,291,913	3,214,991	3,730,095			
Four years later	7,761,655	2,488,160	1,855,390	3,287,254	7,856,089	3,377,673				
Five years later	8,388,709	2,488,160	2,731,079	4,688,159	8,330,906					
Six years later	8,501,600	2,488,160	2,731,079	4,688,159						
Seven years later	8,565,308	2,488,160	2,731,079							
Eight years later	8,735,162	2,488,160								
Nine years later	8,798,380									
5. Reestimated ceded claims and expenses	7,240,387	12,243,855	285,109	2,388,842	1,512,736			75,000	377,500	
6. Reestimated incurred claims and expenses:										
End of program year	5,497,388	5,012,878	5,675,393	8,735,086	6,384,200	6,207,779	4,629,692	5,729,430	4,272,578	4,743,780
One year later	8,812,887	5,495,506	5,095,623	6,533,588	6,124,814	5,780,841	3,504,644	3,935,553	6,220,675	
Two years later	8,532,822	4,607,293	3,375,675	4,645,841	5,156,210	3,488,598	4,498,282	5,094,799		
Three years later	8,739,876	2,820,474	2,819,360	5,639,826	7,232,719	4,781,343	5,228,398			
Four years later	8,595,836	2,560,770	2,943,778	5,031,110	8,660,042	5,485,776				
Five years later	8,470,300	2,488,160	2,817,024	4,873,564	9,090,119					
Six years later	8,504,113	2,488,160	2,862,282	4,688,159						
Seven years later	8,609,250	2,488,160	2,731,079							
Eight years later	8,931,510	2,488,160								
Nine years later	8,925,654									
7. Increase (decrease) in estimated incurred claims and expenses from end of program year	$ 3,428,266	$ (2,524,718)	$ (2,944,314)	$ (4,046,927)	$2,705,919	$ (722,003)	$ 598,706	$ (634,631)	$ 1,948,097	$

CALIFORNIA TRANSIT SYSTEMS JOINT POWERS AUTHORITY

CLAIMS DEVELOPMENT INFORMATION – VEHICLE PHYSICAL DAMAGE PROGRAM

AS OF APRIL 30, 2024

	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
1. Required contribution and investment revenue:										
Earned	$ 852,487	$ 831,050	$ 933,119	$ 849,676	$ 899,741	$1,044,832	$1,067,270	$ 933,493	$ 1,011,323	$ 1,160,341
Retrospective adjustment	(271,025)			(335,590)	(302,423)					
Ceded	(242,547)	(272,251)	(299,445)	(285,900)	(300,371)	(373,021)	(388,519)	(407,632)	(440,517)	(548,945)
Net earned	338,915	558,799	633,674	228,186	296,947	671,811	678,751	525,861	570,806	611,571
2. Unallocated expenses	172,009	174,160	181,160	178,608	190,924	181,710	106,990	111,136	122,657	124,571
3. Estimated incurred claims and expense, end of program year:										
Incurred	354,613	412,866	441,000	371,000	427,624	658,052	437,608	358,189	668,055	435,622
Ceded							(2,000)			
Net Incurred	354,613	412,866	441,000	371,000	427,624	658,052	435,608	358,189	668,055	435,622
4. Paid (cumulative) as of:										
End of program year	236,207	251,559	237,076	252,845	73,820	280,033	128,844	186,226	225,909	86,562
One year later	359,322	214,418	217,217	259,815	176,684	298,574	271,068	194,512	603,896	
Two years later	364,301	177,793	199,848	261,414	282,216	296,288	269,095	189,050		
Three years later	364,301	170,428	161,280	251,658	268,494	296,340	301,985			
Four years later	364,301	170,679	161,280	251,658	268,699	296,340				
Five years later	364,302	170,420	161,280	251,658	268,913					
Six years later	364,302	170,420	161,280	251,658						
Seven years later	364,302	170,420	161,280							
Eight years later	364,302	170,420								
Nine years later	364,302									
5. Reestimated ceded claims and expenses	715		3,484	769		5,987	1,653		148,912	
6. Reestimated incurred claims and expenses:										
End of program year	354,613	412,866	441,000	371,000	427,624	658,052	435,608	358,189	668,055	435,622
One year later	381,399	273,000	246,000	374,000	483,579	531,071	348,697	237,024	628,387	
Two years later	366,563	193,000	207,000	322,925	391,385	361,086	293,145	189,050		
Three years later	364,301	170,428	165,117	340,218	329,925	296,340	301,985			
Four years later	364,302	175,809	170,559	309,846	333,547	296,340				
Five years later	364,302	181,320	170,559	251,658	268,913					
Six years later	364,302	181,320	161,280	251,658						
Seven years later	364,302	170,420	161,280							
Eight years later	364,302	170,420								
Nine years later	364,302									
7. Increase (decrease) in estimated incurred claims and expenses from end of program year	$ 9,689	$(242,446)	$(279,720)	$ (119,342)	$ (158,711)	$ (361,712)	$ (133,623)	$ (169,139)	$ (39,668)	$

SUPPLEMENTARY INFORMATION

CALIFORNIA TRANSIT SYSTEMS JOINT POWERS AUTHORITY

RECONCILIATION OF CLAIMS LIABILITY BY TYPE OF PROGRAM

AS OF APRIL 30, 2024 AND 2023

	Liability		Vehicle Physical Damage		Totals	
	2024	2023	2024	2023	2024	2023
Unpaid claims and claim adjustment expenses at beginning of the fiscal year	$13,828,299	$17,325,148	$ 573,558	$ 454,189	$14,401,857	$17,779,337
Incurred claims and claim adjustment expenses:						
Provision for insured events of the current fiscal year	4,743,780	4,272,578	435,622	668,055	5,179,402	4,940,633
Changes in provision for insured events of prior fiscal years	4,697,642	2,071,345	(140,860)	(315,396)	4,556,782	1,755,949
Total incurred claims and claim adjustment expenses	9,441,422	6,343,923	294,762	352,659	9,736,184	6,696,582
Payments:						
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	83,868	49,763	86,562	225,909	170,430	275,672
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	3,447,150	9,791,009	408,204	7,381	3,855,354	9,798,390
Total payments	3,531,018	9,840,772	494,766	233,290	4,025,784	10,074,062
Total unpaid claims and claim adjustment expenses at end of the fiscal year	$19,738,703	$13,828,299	$ 373,554	$ 573,558	$20,112,257	$14,401,857

The components of unpaid claims and claim adjustment expenses as of April 30, 2024 and 2023 were as follows:

Claims reserves	$14,339,565	$ 8,057,747	$ 100,649	$ 459,130	$14,440,214	$ 8,516,877
Claims incurred but not reported	4,562,138	4,933,552	255,118	87,117	4,817,256	5,020,669
Unallocated loss adjustment liability	837,000	837,000	17,787	27,311	854,787	864,311
Total liabilities	$19,738,703	$13,828,299	$ 373,554	$ 573,558	$20,112,257	$14,401,857

CALIFORNIA TRANSIT SYSTEMS JOINT POWERS AUTHORITY

COMBINING STATEMENT OF NET POSITION

APRIL 30, 2024

ASSETS

	Liability Fund	Vehicle Physical Damage Fund	Total
Current Assets:			
Cash and cash equivalents	$12,108,836	$2,257,615	$14,366,451
Investments	5,518,541		5,518,541
Receivables:			
Interest	167,670	7	167,677
Member premiums	652,571		652,571
Excess insurance	41,001	102,147	143,148
Prepaid expenses	64,195	2,032	66,227
Total Current Assets	18,552,814	2,361,801	20,914,615
Non-Current Assets:			
Deposit with GEM Corporation	655,000		655,000
Investments	27,772,298		27,772,298
Total Non-Current Assets	28,427,298		28,427,298
Total Assets	46,980,112	2,361,801	49,341,913

LIABILITIES AND NET POSITION

	Liability Fund	Vehicle Physical Damage Fund	Total
Current Liabilities:			
Accounts payable	276,337	14,920	291,257
Return to members	1,466,324	203,326	1,669,650
Unearned member funding	43,654		43,654
Current portion of claim liabilities	5,900,000	373,554	6,273,554
Total Current Liabilities	7,686,315	591,800	8,278,115
Non-Current Liabilities:			
Claims liabilities	13,838,703		13,838,703
Total Non-Current Liabilities	13,838,703		13,838,703
Total Liabilities	21,525,018	591,800	22,116,818
Net Position:			
Unrestricted	$25,455,094	$1,770,001	$27,225,095

CALIFORNIA TRANSIT SYSTEMS JOINT POWERS AUTHORITY

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEAR ENDED APRIL 30, 2024

	Liability Fund	Vehicle Physical Damage Fund	Total
OPERATING REVENUES:			
Member Funding:			
Member contributions	$ 8,443,644	$ 361,962	$ 8,805,606
Excess insurance	6,235,510	562,466	6,797,976
Administrative contributions	1,412,159	133,807	1,545,966
Total Member Funding	16,091,313	1,058,235	17,149,548
Other income	62,468	1,778	64,246
Total Operating Revenues	16,153,781	1,060,013	17,213,794
OPERATING EXPENSES:			
Claims expense	9,441,422	294,762	9,736,184
Excess insurance	6,496,749	548,945	7,045,694
Sub-total	15,938,171	843,707	16,781,878
General and Administrative:			
Program administration	838,668	82,945	921,613
Loss prevention – safety consultant	194,285	19,215	213,500
Professional fees	81,900	4,090	85,990
Travel and meetings	68,143	6,739	74,882
Other general and administrative	117,111	11,582	128,693
Total General and Administrative	1,300,107	124,571	1,424,678
Total Operating Expenses	17,238,278	968,278	18,206,556
Operating Income (Loss)	(1,084,497)	91,735	(992,762)
NON-OPERATING REVENUES:			
Investment income	1,368,198	100,328	1,468,526
CHANGES IN NET POSITION	283,701	192,063	475,764
NET POSITION, Beginning of Year	25,171,393	1,577,938	26,749,331
NET POSITION, End of Year	$25,455,094	$1,770,001	$27,225,095

ADDITIONAL REPORT

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

Board of Directors
California Transit Systems Joint Powers Authority (CalTIP)
Sacramento, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of California Transit Systems Joint Powers Authority (CalTIP) as of and for the year ended April 30, 2024, and the related notes to the financial statements, which collectively comprise CalTIP's basic financial statements, and have issued our report thereon dated October 10, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether CalTIP's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of CalTIP's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CalTIP's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sampson & Sampson, LLP

Clovis, California
October 10, 2024