

**COLORADO SPECIAL DISTRICTS
PROPERTY AND LIABILITY POOL
Denver, Colorado**

**FINANCIAL STATEMENTS
December 31, 2015 and 2014**

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Independent Auditors' Report

Board of Directors
Colorado Special Districts Property and Liability Pool
Denver, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of Colorado Special Districts Property and Liability Pool (the Pool), which comprise the statutory statements of admitted assets, liabilities, and surplus as of December 31, 2015 and 2014, and the related statutory statements of income and changes in surplus, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Division of Insurance of the Department of Regulatory Agencies of the State of Colorado. Management is also responsible 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 error or fraud.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2, the financial statements are prepared by the Pool on the basis of the financial reporting provisions of the Division of Insurance of the Department of Regulatory Agencies of the State of Colorado, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Division of Insurance of the Department of Regulatory Agencies of the State of Colorado. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Pool as of December 31, 2015 and 2014, or the results of its operations or its cash flows for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the admitted assets, liabilities, and surplus of the Pool as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended, on the basis of the financial reporting provisions of the Division of Insurance of the Department of Regulatory Agencies of the State of Colorado as described in Note 2.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the statutory financial statements as a whole. The accompanying supplementary schedules of Reconciliation of Loss Liabilities by Type of Contract, Loss Development Information, and Appendix A-001 - Investments are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the statutory financial statements. The information has been subjected to the auditing procedures applied in the audit of the statutory financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the statutory financial statements or to the statutory financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the statutory financial statements as a whole.



CliftonLarsonAllen LLP

Greenwood Village, Colorado
March 28, 2016

STATUTORY FINANCIAL STATEMENTS

**COLORADO SPECIAL DISTRICTS PROPERTY AND LIABILITY POOL
 STATUTORY STATEMENTS OF ADMITTED ASSETS, LIABILITIES
 AND SURPLUS
 December 31, 2015 and 2014**

	2015	2014
ADMITTED ASSETS		
Cash and cash equivalents	\$ 14,089,465	\$ 6,487,477
Investments	29,027,355	32,277,558
Accrued interest receivable	58,934	65,448
Premiums receivable	1,282	2,092
Reinsurance receivables	724,038	126,415
Other assets	153,670	16,336
TOTAL ADMITTED ASSETS	\$ 44,054,744	\$ 38,975,326
LIABILITIES AND SURPLUS		
LIABILITIES		
Loss and loss adjustment expense reserves	\$ 16,665,000	\$ 14,289,000
Unallocated loss adjustment expense reserve	666,500	571,600
Unearned premiums	7,307,404	6,852,493
Other liabilities	100,877	154,811
Total liabilities	24,739,781	21,867,904
SURPLUS		
Unassigned surplus	19,314,963	17,107,422
Total surplus	19,314,963	17,107,422
TOTAL LIABILITIES AND SURPLUS	\$ 44,054,744	\$ 38,975,326

The accompanying notes are an integral part of the statutory financial statements.

**COLORADO SPECIAL DISTRICTS PROPERTY AND LIABILITY POOL
STATUTORY STATEMENTS OF INCOME AND CHANGES IN SURPLUS
Years Ended December 31, 2015 and 2014**

	2015	2014
REVENUE		
Premiums earned	\$ 16,193,507	\$ 14,975,024
Ceding commissions	123,520	116,026
Other income	<u>39,239</u>	<u>15,888</u>
Total revenue	<u>16,356,266</u>	<u>15,106,938</u>
UNDERWRITING EXPENSES		
Losses and loss adjustment expenses	9,444,234	11,122,839
Unallocated loss adjustment expenses	<u>542,928</u>	<u>492,749</u>
	9,987,162	11,615,588
Other underwriting expenses	<u>4,852,831</u>	<u>4,561,796</u>
Total underwriting expenses	<u>14,839,993</u>	<u>16,177,384</u>
UNDERWRITING INCOME (LOSS)	1,516,273	(1,070,446)
INVESTMENT INCOME	<u>205,186</u>	<u>202,350</u>
NET INCOME (LOSS)	1,721,459	(868,096)
CHANGE IN NONADMITTED ASSETS	486,082	(317,851)
UNASSIGNED SURPLUS - BEGINNING OF YEAR	<u>17,107,422</u>	<u>18,293,369</u>
UNASSIGNED SURPLUS - END OF YEAR	<u>\$ 19,314,963</u>	<u>\$ 17,107,422</u>

The accompanying notes are an integral part of the statutory financial statements.

**COLORADO SPECIAL DISTRICTS PROPERTY AND LIABILITY POOL
STATUTORY STATEMENTS OF CASH FLOWS
Years Ended December 31, 2015 and 2014**

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Premiums collected from participants	\$ 20,890,145	\$ 21,038,225
Ceded premiums paid to reinsurers	(4,201,678)	(3,925,799)
Loss and loss adjustment expenses paid	(10,025,106)	(10,931,832)
Loss and loss adjustment expenses recovered from reinsurers(paid)	1,775,836	1,303,554
Ceded premium commission received	123,520	116,026
Underwriting expenses paid	(4,422,632)	(4,837,774)
Interest received	225,864	282,115
Net cash provided by operating activities	4,365,949	3,044,515
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments purchased	(8,402,978)	(14,994,625)
Investments sold or matured	11,639,017	12,086,427
Net cash (used) in investing activities	3,236,039	(2,908,198)
NET INCREASE IN CASH AND CASH EQUIVALENTS	7,601,988	136,317
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	6,487,477	6,351,160
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 14,089,465	\$ 6,487,477

The accompanying notes are an integral part of the statutory financial statements.

COLORADO SPECIAL DISTRICTS PROPERTY AND LIABILITY POOL
NOTES TO STATUTORY FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 1 - ORGANIZATION

The Colorado Special Districts Property and Liability Pool (the Pool) is sponsored by the Special District Association of Colorado and provides insurance coverage to participating Special Districts throughout the State of Colorado. The Pool provides property, terrorism, general liability, automobile physical damage and liability, public officials liability, employee dishonesty and crime and equipment breakdown coverages to its members. The Pool began to provide workers compensation insurance coverage beginning January 1, 2001. At December 31, 2015, there were 1,270 special districts who were members of the Pool for property and liability coverage and 714 special districts who were members of the Pool for workers compensation coverage.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the basis of accounting practices prescribed or permitted by the Division of Insurance of the Department of Regulatory Agencies of the State of Colorado. Such practices vary in certain respects from generally accepted accounting principles. The more significant variances include accounting for salvage and subrogation recoveries on a cash basis rather than an accrual basis, investments are carried at amortized cost instead of fair value, and certain assets designated as "nonadmitted assets" (principally contributions receivable over 90 days old and prepaid expenses) being charged against surplus for statutory accounting purposes.

Cash Equivalents

For purposes of the statement of cash flows, the Pool considers cash deposits and highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments

Investments are carried at amortized cost.

Loss and Loss Adjustment Expense Reserves

The reserves for losses and loss adjustment expenses (both allocated and unallocated) include estimates of the ultimate net cost of all losses which are incurred but unpaid, as well as a provision for incurred but not reported losses, as of December 31, 2015 and 2014.

The reserves for losses and loss adjustment expenses are determined using individual case evaluations and independent actuarial projections. These estimates are continually reviewed and, as adjustments become necessary, such adjustments are reflected in current operations.

Since reserves are based on estimates, the ultimate settlement of claims may vary from the amounts included in the financial statements. Although it is not possible to measure the degree of variability inherent in such estimates, management believes that the reserves for loss and loss adjustment expenses are reasonable.

COLORADO SPECIAL DISTRICTS PROPERTY AND LIABILITY POOL
NOTES TO STATUTORY FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recognition of Premium Revenue

Premiums are net of reinsurance paid and ceded and are recognized as earned on a daily pro rata basis in proportion to the period of coverage provided.

Income Taxes

The Pool provides an essential governmental function to its members as described in Section 115 of the Internal Revenue Code and is considered to be exempt from Federal income taxes pursuant to the Code.

Member Contributions

Any excess unassigned surplus which the Pool determines is not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

In the event aggregated losses incurred by the Pool exceed amounts recoverable from the reinsurance contracts and surplus accumulated by the Pool, the Pool may require additional contributions from the Pool members.

NOTE 3 - CASH AND INVESTMENTS

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government and entities such as the Pool deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to the aggregate uninsured deposits.

The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2015 and 2014, the Pool's cash deposits had a bank balance and a carrying balance as follows:

	<u>2015</u>		<u>2014</u>	
	<u>Carrying Balance</u>	<u>Bank Balance</u>	<u>Carrying Balance</u>	<u>Bank Balance</u>
Insured deposits	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
Deposits collateralized in single institution pools	<u>3,396,202</u>	<u>3,823,786</u>	<u>4,852,940</u>	<u>5,669,287</u>
	<u>\$ 3,646,202</u>	<u>\$ 4,073,786</u>	<u>\$ 5,102,940</u>	<u>\$ 5,919,287</u>

COLORADO SPECIAL DISTRICTS PROPERTY AND LIABILITY POOL
NOTES TO STATUTORY FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Investments

The Pool's investment policy specifies investment instruments meeting defined criteria in which the Pool may invest, which include:

- . Obligations of the United States and certain U.S. government agency securities
- . Certain corporate debt
- . Government sponsored enterprises debt
- . Certain money market mutual funds
- . Local government investment pools
- . State and local government bond securities
- . Certain repurchase agreements

The Pool's investments at December 31, 2015 and 2014 are summarized as follows:

	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
2015:				
U.S. Treasury securities	\$ 8,496,843	\$ 1,762	\$ (2,610)	\$ 8,495,995
U.S. government agency obligations	15,015,743	321	(51,450)	14,964,614
Corporate notes	5,406,153	733	(15,612)	5,391,274
Mortgage backed securities	108,616	4,622	-	113,238
Total	<u>\$ 29,027,355</u>	<u>\$ 7,438</u>	<u>\$ (69,672)</u>	<u>\$ 28,965,121</u>
2014:				
U.S. Treasury securities	\$ 11,562,478	\$ 18,455	\$ -	\$ 11,580,933
U.S. government agency obligations	17,533,136	4,718	(27,307)	17,510,547
Corporate notes	3,011,747	-	(8,095)	3,003,652
Mortgage backed securities	170,197	9,313	-	179,510
Total	<u>\$ 32,277,558</u>	<u>\$ 32,486</u>	<u>\$ (35,402)</u>	<u>\$ 32,274,642</u>

Fair values represent quoted market value prices traded in the public marketplace.

COLORADO SPECIAL DISTRICTS PROPERTY AND LIABILITY POOL
NOTES TO STATUTORY FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

A summary of the amortized cost and fair value of the Pool's investments at December 31, 2015 and 2014, by contractual maturity, is as follows:

	<u>2015</u>	
	<u>Amortized Cost</u>	<u>Fair Value</u>
Maturity:		
Due in one year or less	\$ 10,011,588	\$ 10,009,430
Due after one through five years	19,015,767	18,955,691
	<u>\$ 29,027,355</u>	<u>\$ 28,965,121</u>

	<u>2014</u>	
	<u>Amortized Cost</u>	<u>Fair Value</u>
Maturity:		
Due in one year or less	\$ 4,574,660	\$ 4,577,931
Due after one through five years	27,702,898	27,696,711
	<u>\$ 32,277,558</u>	<u>\$ 32,274,642</u>

Proceeds from the sales and maturities of debt securities during 2015 and 2014 were \$11,639,017 and \$12,086,427, respectively. Gross gains of \$4,720 and \$49, respectively, were realized on those sales. Losses of \$0 and \$0 were realized on sales of debt securities during 2015 and 2014.

At December 31, 2015 and 2014, the Pool had the following unrealized losses, which were not impaired:

2015:	<u>Less than 12 months</u>		<u>12 Months or Greater</u>		<u>Total</u>	
	<u>Fair Value</u>	<u>Unrealized losses</u>	<u>Fair Value</u>	<u>Unrealized losses</u>	<u>Fair Value</u>	<u>Unrealized losses</u>
<u>Description of securities</u>						
U.S. government agency obligations	\$ 6,975,468	\$ (34,458)	\$ 5,988,834	\$ (16,992)	\$ 12,964,302	\$ (51,450)
U.S. Treasury securities	496,621	(2,610)	-	-	496,621	(2,610)
Corporate notes	2,387,012	(12,379)	2,003,529	(3,233)	4,390,541	(15,612)
	<u>\$ 9,859,101</u>	<u>\$ (49,447)</u>	<u>\$ 7,992,363</u>	<u>\$ (20,225)</u>	<u>\$ 17,851,464</u>	<u>\$ (69,672)</u>

2014:	<u>Less than 12 months</u>		<u>12 Months or Greater</u>		<u>Total</u>	
	<u>Fair Value</u>	<u>Unrealized losses</u>	<u>Fair Value</u>	<u>Unrealized losses</u>	<u>Fair Value</u>	<u>Unrealized losses</u>
<u>Description of securities</u>						
U.S. government agency obligations	\$ 1,498,932	\$ (850)	\$ 8,988,125	\$ (26,457)	\$ 10,487,057	\$ (27,307)
Corporate notes	3,003,652	(8,095)	-	-	3,003,652	(8,095)
	<u>\$ 4,502,584</u>	<u>\$ (8,945)</u>	<u>\$ 8,988,125</u>	<u>\$ (26,457)</u>	<u>\$ 13,490,709</u>	<u>\$ (35,402)</u>

**COLORADO SPECIAL DISTRICTS PROPERTY AND LIABILITY POOL
NOTES TO STATUTORY FINANCIAL STATEMENTS
December 31, 2015 and 2014**

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

As of December 31, 2015 and 2014, the Pool had invested \$532,220 and \$531,287, respectively, in the Colorado Local Government Liquid Asset Trust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00.

At December 31, 2015 and 2014, \$500,000 of the investment in the Trust is held in a joint account with the Division of Insurance of the State of Colorado.

As of December 31, 2015 and 2014, the Pool had invested \$9,911,043 and \$853,250 respectively, in the Colorado Surplus Asset Fund Trust (CSAFE), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing CSAFE. CSAFE operates similarly to a money market fund and each share is equal in value to \$1.00.

Cash deposits and investments are reflected on the December 31, 2015 and 2014 statements of admitted assets, liabilities and surplus as follows:

	<u>2015</u>	<u>2014</u>
Cash and cash equivalents	\$ 14,089,465	\$ 6,487,477
Investments	<u>29,027,355</u>	<u>32,277,558</u>
	<u>\$ 43,116,820</u>	<u>\$ 38,765,035</u>
Cash deposits	\$ 3,646,202	\$ 5,102,940
Investments	<u>39,470,618</u>	<u>33,662,095</u>
	<u>\$ 43,116,820</u>	<u>\$ 38,765,035</u>

**COLORADO SPECIAL DISTRICTS PROPERTY AND LIABILITY POOL
NOTES TO STATUTORY FINANCIAL STATEMENTS
December 31, 2015 and 2014**

NOTE 4 - REINSURANCE

The Pool has entered into reinsurance contracts that minimize its exposure to both large individual losses as well as a significant frequency of smaller losses.

A summary of the coverages in effect as of December 31, 2015 is as follows:

	Limit of Pool Retention per Occurrence	Limit of Total Coverage per Occurrence
Property (including inland marine)	\$ 300,000	\$ 100,000,000
Terrorism - Property damage and business interruption	\$ 10,000	\$ 100,000,000
Terrorism - Liability	\$ 10,000	\$ 10,000,000
Liability	\$ 600,000	\$ 1,000,000
Automobile - Liability	\$ 600,000	\$ 1,000,000
Automobile - Physical damage (comprehensive only)	\$ 300,000	\$ 100,000,000
Public officials liability - Employment related	\$ 600,000	\$ 1,000,000
Public officials liability - Nonemployment related	\$ 600,000	\$ 1,000,000
Equipment breakdown	\$ 50,000	\$ 50,000,000
Identity recovery	\$ -	\$ 25,000
Pollution liability	\$ 100,000	\$ 1,000,000
Employee dishonesty and crime	\$ -	As scheduled
Workers compensation	\$ 750,000	Statutory
Workers compensation	\$ 750,000	\$ 2,000,000 related to employer's liability

Property and Automobile - Physical Damage

The Pool is self-insured for losses and loss adjustment expenses up to \$300,000 for each occurrence. Property losses have a \$2,327,963 annual stop loss aggregate limit. Once the stop loss aggregate limit is met, exclusive of auto physical damage losses, the Pool's self-insured retention declines to \$25,000 per occurrence. Property, earthquake, and flood losses, which exceed \$300,000 per occurrence, are covered 100% under excess policies, with a limit per occurrence and annual aggregate of \$100,000,000, except a \$50,000,000 per occurrence and all member aggregate limit is applied to flood claims which occur within the Special Flood Hazard Areas as defined by the Federal Emergency Management Agency. All claims are subject to a deductible based on the coverage selected by the member.

Terrorism

The Pool is self-insured for property and business interruption losses and loss adjustment expenses up to \$10,000 for each occurrence subject to a limit of \$100,000,000 in the aggregate. The Pool is self-insured for liability losses and loss adjustment expenses up to \$10,000 per member, per claim, subject to a limit of \$10,000,000 per member, per claim.

COLORADO SPECIAL DISTRICTS PROPERTY AND LIABILITY POOL
NOTES TO STATUTORY FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 4 - REINSURANCE (CONTINUED)

Liability - General, Automobile and Public Officials (Excluding Employment Related)

The Pool is self-insured for the first \$600,000 of each occurrence. 100% of claims in excess of \$600,000 (not to exceed \$400,000) are covered under an excess of loss agreement per occurrence, per member. Higher limits up to and including an additional \$9,000,000 per occurrence are available depending upon the limit selected by the member.

Public Officials Liability - Employment Related

Employment related claims are covered the same as all other liability claims, with variable deductible arrangements on an individual district basis.

Equipment Breakdowns

The Pool has entered into arrangements that provide facultative reinsurance coverage for equipment breakdown claims. The Pool retains the first \$50,000 per claim.

Identity Recovery

The Pool has entered into arrangements, which provide 100% facultative reinsurance coverage for identity recovery losses.

Pollution Liability

The Pool is self-insured for the first \$100,000 of each occurrence subject to a limit of \$1,000,000 per member per occurrence and a \$5,000,000 all member annual aggregate coverage limit.

Employee Dishonesty and Crime

The Pool has entered into arrangements, which provide 100% facultative reinsurance coverage for employee dishonesty and crime claims.

Workers Compensation

The reinsurance coverage limit is as defined in Colorado workers compensation laws and \$2,000,000 per occurrence related to employers liability claims in excess of the Pool's retention of \$750,000 per occurrence for all classes of employees.

Other Reinsurance Issues

The reinsurance treaties may generally be terminated by either the Pool or the reinsurer on any January 1, with at least 90 days prior written notice. Upon termination, reinsurance coverage will remain in effect for all policies in force at the termination date until the cancellation, nonrenewal or natural expiration date not to exceed 12 months.

Should the reinsurers be unable to meet their obligations under the reinsurance contracts, the Pool may remain responsible for liabilities ceded to reinsurers.

COLORADO SPECIAL DISTRICTS PROPERTY AND LIABILITY POOL
NOTES TO STATUTORY FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 4 - REINSURANCE (CONTINUED)

The Pool receives a 20% commission on the identity recovery and equipment breakdown premiums ceded to the reinsurers and 12% on pollution premiums ceded.

In the accompanying statutory financial statements, premiums earned, losses and loss adjustment expenses, and loss and loss adjustment expense reserves are presented net of reinsurance amounts ceded and premiums paid. Information with respect to reinsurance balances is as follows:

	<u>2015</u>	<u>2014</u>
Reinsurance premiums paid	\$ 554,460	\$ 485,700
Reinsurance ceded		
Premiums earned	\$ 3,647,218	\$ 3,440,099
Loss and loss adjustment expenses	\$ 1,632,063	\$ 42,661
Loss and loss adjustment expense reserves	\$ 1,559,742	\$ 754,259

NOTE 5 - ADMINISTRATION

The Pool has an agreement with McGriff, Seibels & Williams of Oregon, Inc. to operate, administer and manage the Pool. Under this agreement, the management fee is 14.39% of the expiring year's gross written premium, which amounted to \$2,713,892 and \$2,466,641 for 2015 and 2014, respectively.

The Pool has an agreement with TRISTAR Risk Management for 2015, and had an agreement with County Technical Services, Inc. in 2014, to administer claims processing. The claims processing fees paid during 2015 and 2014 were \$448,028 and \$416,349, respectively.

The Pool has entered into an agreement with the Special District Association of Colorado to provide certain administrative services for the Pool. The fee for these services is computed at 1.5% of the gross annual premiums billed by the Pool for 2015 and 2014. The agreement may be terminated at any time by mutual agreement of both parties. Fees incurred for the years ended December 31, 2015 and 2014 amounted to \$303,620 and \$282,358, respectively.

COLORADO SPECIAL DISTRICTS PROPERTY AND LIABILITY POOL
NOTES TO STATUTORY FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 6 - UNPAID CLAIMS LIABILITIES

As discussed in Note 2, the Pool establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related loss adjustment expenses.

The following represents changes in those aggregate liabilities for the Pool during 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Unpaid loss and loss adjustment expenses at beginning of year	\$ 14,860,600	\$ 12,877,200
Incurred losses and losses adjustment expenses:		
Provision for insured events of the current year	10,577,612	11,884,551
Decrease in provision for insured events of prior years	<u>(590,450)</u>	<u>(268,963)</u>
Total incurred losses and loss adjustment expenses	<u>9,987,162</u>	<u>11,615,588</u>
Payments:		
Losses and loss adjustment expenses attributable to insured events of the current year	3,025,678	4,592,843
Losses and loss adjustment expenses attributable to insured events of prior years	<u>4,490,584</u>	<u>5,039,345</u>
Total payments	<u>7,516,262</u>	<u>9,632,188</u>
Total unpaid loss and loss adjustment expenses at end of year	<u>\$ 17,331,500</u>	<u>\$ 14,860,600</u>
Loss and loss adjustment expense reserves	\$ 16,665,000	\$ 14,289,000
Unallocated loss adjustment expense reserves	<u>666,500</u>	<u>571,600</u>
	<u>\$ 17,331,500</u>	<u>\$ 14,860,600</u>

NOTE 7 - SUBSEQUENT EVENTS

Management evaluated subsequent events through March 28, 2016, the date the financial statements were available to be issued. Events or transactions occurring after December 31, 2015, but prior to March 28, 2016, that provided additional evidence about conditions that existed at December 31, 2015 have been recognized in the financial statements for the year ended December 31, 2015. Events or transactions that provided evidence about conditions that did not exist at December 31, 2015, but arose before the financial statements were available to be issued, have not been recognized in the financial statements for the year ended December 31, 2015.

This information is an integral part of the accompanying statutory financial statements.

SUPPLEMENTARY INFORMATION

**COLORADO SPECIAL DISTRICTS PROPERTY AND LIABILITY POOL
RECONCILIATION OF LOSS LIABILITIES BY TYPE OF CONTRACT
Years Ended December 31, 2015 and 2014**

	Property and Equipment		General Liability	
	2015	2014	2015	2014
Unpaid losses and loss adjustment expenses at beginning of year	<u>\$ 1,361,400</u>	<u>\$ 829,900</u>	<u>\$ 1,219,900</u>	<u>\$ 1,425,800</u>
Incurred losses and loss adjustment expenses				
Provision for insured events of the current year	1,531,449	2,966,698	927,291	1,260,116
Increase (decrease) in provision for insured events of prior years	<u>(434,776)</u>	<u>(368,214)</u>	<u>(590,324)</u>	<u>(698,140)</u>
Total incurred losses and loss adjustment expenses	<u>1,096,673</u>	<u>2,598,484</u>	<u>336,967</u>	<u>561,976</u>
Payments (subrogation received)				
Losses and loss adjustment expenses attributable to insured events of the current year	751,799	1,689,313	363,436	582,867
Losses and loss adjustment expenses attributable to insured events of prior years	<u>653,774</u>	<u>377,671</u>	<u>194,031</u>	<u>185,009</u>
Total payments	<u>1,405,573</u>	<u>2,066,984</u>	<u>557,467</u>	<u>767,876</u>
Total unpaid loss and loss adjustment expenses at end of year	<u>\$ 1,052,500</u>	<u>\$ 1,361,400</u>	<u>\$ 999,400</u>	<u>\$ 1,219,900</u>
Loss and loss adjustment expense reserves	\$ 1,012,000	\$ 1,309,000	\$ 961,000	\$ 1,173,000
Unallocated loss adjustment expense reserves	<u>40,500</u>	<u>52,400</u>	<u>38,400</u>	<u>46,900</u>
	<u>\$ 1,052,500</u>	<u>\$ 1,361,400</u>	<u>\$ 999,400</u>	<u>\$ 1,219,900</u>

<u>Public Officials Liability</u>		<u>Automobile - Physical Damage</u>		<u>Automobile - Liability</u>	
<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<u>\$ 2,545,900</u>	<u>\$ 2,513,700</u>	<u>\$ 140,400</u>	<u>\$ 47,800</u>	<u>\$ 234,000</u>	<u>\$ 317,200</u>
1,143,023	1,050,924	153,560	569,509	203,594	169,949
<u>(120,420)</u>	<u>(155,833)</u>	<u>(89,953)</u>	<u>(44,180)</u>	<u>123,213</u>	<u>64,762</u>
<u>1,022,603</u>	<u>895,091</u>	<u>63,607</u>	<u>525,329</u>	<u>326,807</u>	<u>234,711</u>
145,474	90,708	91,302	429,567	95,385	74,114
<u>489,229</u>	<u>772,183</u>	<u>50,305</u>	<u>3,162</u>	<u>199,222</u>	<u>243,797</u>
<u>634,703</u>	<u>862,891</u>	<u>141,607</u>	<u>432,729</u>	<u>294,607</u>	<u>317,911</u>
<u>\$ 2,933,800</u>	<u>\$ 2,545,900</u>	<u>\$ 62,400</u>	<u>\$ 140,400</u>	<u>\$ 266,200</u>	<u>\$ 234,000</u>
\$ 2,821,000	\$ 2,448,000	\$ 60,000	\$ 135,000	\$ 256,000	\$ 225,000
<u>112,800</u>	<u>97,900</u>	<u>2,400</u>	<u>5,400</u>	<u>10,200</u>	<u>9,000</u>
<u>\$ 2,933,800</u>	<u>\$ 2,545,900</u>	<u>\$ 62,400</u>	<u>\$ 140,400</u>	<u>\$ 266,200</u>	<u>\$ 234,000</u>

(Continued)

COLORADO SPECIAL DISTRICTS PROPERTY AND LIABILITY POOL
RECONCILIATION OF LOSS LIABILITIES BY TYPE OF CONTRACT
Years Ended December 31, 2015 and 2014
(Continued)

	Workers Compensation		Total	
	2015	2014	2015	2014
Unpaid losses and loss adjustment expenses at beginning of year	<u>\$ 9,359,000</u>	<u>\$ 7,742,800</u>	<u>\$ 14,860,600</u>	<u>\$ 12,877,200</u>
Incurring losses and loss adjustment expenses				
Provision for insured events of the current year	6,618,695	5,867,355	10,577,612	11,884,551
(Decrease) in provision for insured events of prior years	<u>521,810</u>	<u>932,642</u>	<u>(590,450)</u>	<u>(268,963)</u>
Total incurred losses and loss adjustment expenses	<u>7,140,505</u>	<u>6,799,997</u>	<u>9,987,162</u>	<u>11,615,588</u>
Payments (subrogation received)				
Losses and loss adjustment expenses attributable to insured events of the current year	1,578,282	1,726,274	3,025,678	4,592,843
Losses and loss adjustment expenses attributable to insured events of prior years	<u>2,904,023</u>	<u>3,457,523</u>	<u>4,490,584</u>	<u>5,039,345</u>
Total payments	<u>4,482,305</u>	<u>5,183,797</u>	<u>7,516,262</u>	<u>9,632,188</u>
Total unpaid loss and loss adjustment expenses at end of year	<u>\$ 12,017,200</u>	<u>\$ 9,359,000</u>	<u>\$ 17,331,500</u>	<u>\$ 14,860,600</u>
Loss and loss adjustment expense reserves	\$ 11,555,000	\$ 8,999,000	\$ 16,665,000	\$ 14,289,000
Unallocated loss adjustment expense reserves	<u>462,200</u>	<u>360,000</u>	<u>666,500</u>	<u>571,600</u>
	<u>\$ 12,017,200</u>	<u>\$ 9,359,000</u>	<u>\$ 17,331,500</u>	<u>\$ 14,860,600</u>

**COLORADO SPECIAL DISTRICTS PROPERTY AND LIABILITY POOL
LOSS DEVELOPMENT INFORMATION**

	<u>Year Ended December 31,</u>			
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
1) Net earned required contribution, investment revenue and commissions	\$ 10,409,082	\$ 10,510,929	\$ 10,760,892	\$ 11,012,952
2) Unallocated expenses	\$ 3,220,586	\$ 3,043,133	\$ 3,198,899	\$ 3,386,324
3) Estimated incurred losses and expenses, end of accident year	\$ 4,630,011	\$ 5,316,705	\$ 6,075,200	\$ 6,812,855
4) Paid (cumulative) as of end of accident year	\$ 1,776,011	\$ 2,144,705	\$ 2,223,200	\$ 2,895,855
One year later	\$ 2,923,669	\$ 3,318,781	\$ 3,622,686	\$ 4,520,287
Two years later	\$ 3,435,827	\$ 3,844,343	\$ 4,259,565	\$ 5,702,431
Three years later	\$ 3,461,137	\$ 4,211,557	\$ 4,725,285	\$ 6,276,235
Four years later	\$ 3,514,621	\$ 4,320,334	\$ 4,861,929	\$ 6,474,044
Five years later	\$ 3,565,616	\$ 4,381,404	\$ 5,033,559	\$ 6,546,735
Six years later	\$ 3,641,862	\$ 4,502,819	\$ 5,217,764	\$ 6,793,950
Seven years later	\$ 3,670,619	\$ 4,516,371	\$ 5,306,795	
Eight years later	\$ 3,691,228	\$ 4,540,960		
Nine years later	\$ 3,709,714			
5) Re-estimated incurred losses and expense				
End of accident year	\$ 4,630,011	\$ 5,316,705	\$ 6,075,200	\$ 6,812,855
One year later	\$ 4,809,669	\$ 4,914,781	\$ 5,342,686	\$ 6,790,287
Two years later	\$ 4,348,827	\$ 5,037,343	\$ 5,278,565	\$ 6,971,431
Three years later	\$ 4,069,137	\$ 4,829,557	\$ 5,764,285	\$ 6,984,235
Four years later	\$ 4,009,621	\$ 4,591,334	\$ 5,603,929	\$ 6,697,044
Five years later	\$ 3,998,616	\$ 4,575,404	\$ 5,595,559	\$ 6,728,735
Six years later	\$ 3,832,862	\$ 4,669,819	\$ 5,709,764	\$ 7,330,950
Seven years later	\$ 3,803,619	\$ 4,643,371	\$ 5,715,795	
Eight years later	\$ 3,797,228	\$ 4,602,960		
Nine years later	\$ 3,796,714			
6) Increase (decrease) in estimated incurred losses and expenses from end of year (5 less 3)	\$ (833,297)	\$ (713,745)	\$ (359,405)	\$ 518,095
7) Net loss and loss adjustment expense reserves (5 less 4)	\$ 87,000	\$ 62,000	\$ 409,000	\$ 537,000

Year Ended December 31,

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 11,033,399	\$ 11,219,035	\$ 12,074,960	\$ 13,966,832	\$ 15,309,288	\$ 16,561,452
\$ 3,554,167	\$ 3,690,502	\$ 3,983,249	\$ 4,498,482	\$ 5,054,545	\$ 5,395,759
\$ 7,867,187	\$ 7,827,297	\$ 7,801,770	\$ 9,928,143	\$ 11,015,741	\$ 9,890,526
\$ 3,180,187	\$ 2,912,297	\$ 3,076,770	\$ 3,642,143	\$ 4,004,741	\$ 2,628,526
\$ 5,085,616	\$ 4,511,164	\$ 5,344,424	\$ 5,754,429	\$ 6,173,169	
\$ 5,779,387	\$ 5,644,731	\$ 6,823,022	\$ 6,522,515		
\$ 6,163,473	\$ 6,329,801	\$ 7,278,558			
\$ 6,713,957	\$ 7,035,987				
\$ 6,678,471					
\$ 7,867,187	\$ 7,827,297	\$ 7,801,770	\$ 9,928,143	\$ 11,015,741	\$ 9,890,526
\$ 7,325,616	\$ 7,150,164	\$ 8,037,424	\$ 8,859,429	\$ 10,157,169	
\$ 6,987,387	\$ 7,338,731	\$ 8,581,022	\$ 8,693,515		
\$ 6,674,473	\$ 7,533,801	\$ 8,456,558			
\$ 6,938,957	\$ 7,779,987				
\$ 6,859,471					
\$ (1,007,716)	\$ (47,310)	\$ 654,788	\$ (1,234,628)	\$ (858,572)	-
\$ 181,000	\$ 744,000	\$ 1,178,000	\$ 2,171,000	\$ 3,984,000	\$ 7,262,000

COLORADO SPECIAL DISTRICTS PROPERTY AND LIABILITY POOL

Appendix A-001 - Investments

December 31, 2015

SECTION 2.

Investment Risks Interrogatories

1.	Total Admitted Assets		<u>\$ 44,054,744</u>
2.	Ten Largest Exposures		
			Percentage of Total Admitted Assets
	<u>Issuer</u>	<u>Description of Exposure</u>	<u>Amount</u>
			<u>Assets</u>
2.01	Chevron Corporation	a. Corporate note	\$ 1,399,258
2.02	New York Life	b. Corporate note	1,005,628
2.03	Metropolitan Life	c. Corporate note	1,001,134
2.04	Microsoft Corp	d. Corporate note	1,000,133
2.05	Wal-Mart Stores	e. Corporate note	1,000,000
2.06	FHLMC	f. Mortgage-backed security	20,882
2.07	FNMA	g. Mortgage-backed security	18,883
2.08	FHLMC	h. Mortgage-backed security	15,604
2.09	FHLMC	i. Mortgage-backed security	15,482
2.10	FHLMC	j. Mortgage-backed security	14,982
3.01		Bonds - NAIC - I	29,027,355
			65.89%

NOTE:

All other line items contained in Appendix A-001, Section 2 are not applicable to the Colorado Special Districts Property and Liability Pool.

COLORADO SPECIAL DISTRICTS PROPERTY AND LIABILITY POOL

Appendix A-001 - Investments

December 31, 2015

SECTION 3.

Summary Investment Schedule

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
1. Bonds				
1.1 U.S. Treasury Securities	\$ 8,496,843	19.70%	\$ 8,496,843	19.29%
1.2 U.S. government agency and corporate obligations				
1.2: Issued by U.S. Government Sponsored Agencies	15,015,743	34.83%	15,015,743	34.08%
1.5 Mortgage-backed securities				
1.5 Pass-through securities				
1.512 Issued or guaranteed by FNMA and FHLMC	108,616	0.25%	108,616	0.25%
2. Other debt and other fixed income securities (excluding short term)				
2.1 Unaffiliated domestic securities (includes credit tenant loans and hybrid securities)	5,406,153	12.54%	5,406,153	12.27%
10. Cash, cash equivalents and short-term investments	<u>14,089,465</u>	<u>32.68%</u>	<u>14,089,465</u>	<u>31.98%</u>
12. Total invested assets	<u><u>\$ 43,116,820</u></u>	<u><u>100.00%</u></u>	<u><u>\$ 43,116,820</u></u>	<u><u>97.87%</u></u>