

**COLORADO INTERGOVERNMENTAL
RISK SHARING AGENCY
Denver, Colorado**

**COMBINED STATUTORY FINANCIAL STATEMENTS
December 31, 2020 and 2019**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Colorado Intergovernmental Risk Sharing Agency
Denver, Colorado

Report on the Financial Statements

We have audited the accompanying combined financial statements of Colorado Intergovernmental Risk Sharing Agency (Agency), which comprise the combined statutory statements of admitted assets, liabilities, and surplus as of December 31, 2020 and 2019, and the related combined statutory statements of income, unassigned surplus, and cash flow for the years then ended, and the related notes to the combined statutory financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined statutory 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 fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these combined statutory 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 combined statutory 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 1, the combined statutory financial statements are prepared by the Agency 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 combined statutory financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, are described in Note 1, and 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 combined statutory 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 Agency as of December 31, 2020 and 2019, 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 combined statutory financial statements referred to in the first paragraph present fairly, in all material respects, the admitted assets, liabilities, and members' surplus of the Agency as of December 31, 2020 and 2019, 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 1.

Other Matters

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the combined statutory financial statements as a whole. The reconciliation of reserves for unpaid losses and loss adjustment expenses, ten year loss development information, supplemental investment information, summary investment schedule, and the combining schedules on pages 22 through 32 are presented for purposes of additional analysis and are not a required part of the combined statutory 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 combined statutory financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined 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 combined statutory financial statements or to the combined 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
April 1, 2021

COMBINED STATUTORY FINANCIAL STATEMENTS

COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
COMBINED STATUTORY STATEMENTS OF ADMITTED ASSETS,
LIABILITIES, AND SURPLUS
December 31, 2020 and 2019

Admitted Assets	2020	2019
Cash and invested assets:		
Bonds, at amortized cost, fair value of \$65,472,312 in 2020 and \$57,570,477 in 2019	\$ 63,505,632	\$ 56,826,353
Cash, cash equivalents, and short term investments	19,199,258	21,800,063
Investment in NLC Mutual Insurance Company	697,901	697,901
Real estate, at cost, net of accumulated depreciation	3,555,324	3,634,196
Total cash and invested assets	86,958,115	82,958,513
Accrued investment income	240,308	288,781
Receivable from members	938,325	568,387
Excess insurance receivable	2,653,365	2,208,205
Electronic data processing equipment, at cost, net of accumulated depreciation	117,165	65,963
Prepaid excess insurance premiums	80,983	74,367
Other admitted assets	2,249	2,552
Total admitted assets	\$ 90,990,510	\$ 86,166,768
Liabilities and Surplus		
Reserves for unpaid losses and loss adjustment expenses, net of excess insurance recoverables	\$ 33,945,294	\$ 35,055,172
Accounts payable and accrued liabilities	453,449	1,150,315
Member credits payable	1,229,366	1,076,350
Special contribution plan deposits	25,000	25,000
Unearned member contributions	97,737	73,320
Total liabilities	35,750,846	37,380,157
Unassigned surplus	55,239,664	48,786,611
Total liabilities and surplus	\$ 90,990,510	\$ 86,166,768

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

**COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
COMBINED STATUTORY STATEMENTS OF INCOME**

Years ended December 31, 2020 and 2019

	2020	2019
Member contributions earned (net of excess insurance and reinsurance premiums and brokerage commissions of \$11,605,670 and \$11,560,272 in 2020 and 2019, respectively)	<u>\$ 31,048,151</u>	<u>\$ 26,395,018</u>
Deductions:		
Losses and loss adjustment expenses incurred	14,923,537	19,514,339
Other underwriting expenses incurred	<u>9,863,843</u>	<u>10,306,480</u>
Total underwriting deductions	<u>24,787,380</u>	<u>29,820,819</u>
 Net underwriting gain (loss)	 6,260,771	 (3,425,801)
 Net investment income	 <u>1,922,043</u>	 <u>2,071,889</u>
Net income (loss)	<u>\$ 8,182,814</u>	<u>\$ (1,353,912)</u>

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

**COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
COMBINED STATUTORY STATEMENTS OF UNASSIGNED SURPLUS**

Years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Unassigned surplus, beginning of year	\$ 48,786,611	\$ 50,885,162
Net income (loss)	8,182,814	(1,353,912)
Change in nonadmitted assets (Note 5)	(772,587)	46,632
Distributions and credits to members and withdrawn members	<u>(957,174)</u>	<u>(791,271)</u>
Unassigned surplus, end of year	<u>\$ 55,239,664</u>	<u>\$ 48,786,611</u>

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

**COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
COMBINED STATUTORY STATEMENTS OF CASH FLOW**

Years ended December 31, 2020 and 2019

	2020	2019
Cash flow from operating activities:		
Contributions collected from members, net of excess insurance premiums and brokerage commissions paid	\$ 30,972,688	\$ 26,404,487
Losses and loss adjustment expenses	(16,755,249)	(12,887,523)
Underwriting expenses paid	<u>(11,058,259)</u>	<u>(8,751,647)</u>
Cash provided by underwriting operations	3,159,180	4,765,317
Net investment income received	1,870,226	1,500,220
Other amounts collected	<u>300</u>	<u>(300)</u>
Net cash provided by operating activities	<u>5,029,706</u>	<u>6,265,237</u>
 Cash flow from investing activities:		
From investments sold, matured, or repaid:		
Bonds	<u>16,518,363</u>	<u>24,398,734</u>
For investments acquired:		
Cost of investments acquired	(23,097,353)	(11,283,540)
Purchases of property and equipment, net	<u>(247,363)</u>	<u>(57,178)</u>
Investments acquired	<u>(23,344,716)</u>	<u>(11,340,718)</u>
Net cash (used in) provided by investing activities	<u>(6,826,353)</u>	<u>13,058,016</u>
 Cash flow used in financing activities:		
Distributions and credits to members	<u>(804,158)</u>	<u>(883,410)</u>
Net cash used in financing activities	<u>(804,158)</u>	<u>(883,410)</u>
 Net (decrease) increase in cash and cash equivalents	(2,600,805)	18,439,843
 Cash and cash equivalents, beginning of year	<u>21,800,063</u>	<u>3,360,220</u>
 Cash and cash equivalents, end of year	<u>\$ 19,199,258</u>	<u>\$ 21,800,063</u>

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

**COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
NOTES TO COMBINED STATUTORY FINANCIAL STATEMENTS**

December 31, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Colorado Intergovernmental Risk Sharing Agency

Colorado Intergovernmental Risk Sharing Agency (CIRSA or the Agency) was formed January 1, 1991, by the combination of the Colorado Intergovernmental Risk Sharing Agency Property and Casualty Pool (Property and Casualty Pool or CIRSA/PC) and the Colorado Intergovernmental Risk Sharing Agency for Workers' Compensation Pool (Workers' Compensation Pool or CIRSA/WC). The Property and Casualty Pool was originally formed January 1, 1982 to provide property and liability coverages and related services for its member municipalities. The Workers' Compensation Pool was originally formed January 1, 1988 to provide workers' compensation coverages and related services for its member municipalities. The combination was made pursuant to authorization by the board of directors and by a vote of the membership, and accordingly, the statutory financial statements are presented on a combined basis.

Membership in CIRSA is evidenced by execution of the Bylaws and Intergovernmental Agreement. At December 31, 2020, CIRSA membership consisted of 233 municipalities and 49 special districts. There were 279 members of the Property and Casualty Pool and 141 members of the Workers' Compensation Pool with 141 being members of both pools. At December 31, 2020, 200 member municipalities have populations of less than 10,000; 23 member municipalities have populations between 10,000 and 40,000; and 10 member municipalities have populations between 40,000 and 135,000. Based on earned premium, approximately 77% relates to property and casualty and 23% relates to workers' compensation coverage. CIRSA's general objectives are to provide member municipalities and special districts defined property and liability and/or workers' compensation coverages through joint self-insurance and excess insurance. Any member may withdraw from CIRSA by giving written notice to the board of directors of the prospective effective date of its withdrawal. Members may be admitted by a vote of the board of directors absent a membership request to deny admittance. CIRSA's rate-setting policies are established by the board of directors, in consultation with independent actuaries. The board of directors may credit members' future contributions if the board considers total net position exceeds business needs. Although it has never occurred, CIRSA member municipalities and special districts are subject to a supplemental assessment in the event of a deficiency. In addition to the coverage described above, the board of directors has authorized CIRSA to provide claims administration and loss control services to Colorado nonmember public entities. At December 31, 2020 and 2019, the Agency was not providing this service to any other nonmember public entity.

Basis of Presentation

The Property and Casualty Pool and Workers' Compensation Pool are accounted for separately for the purpose of identifying economic funds and member interests but are presented on a combined basis in the accompanying statutory financial statements. All inter-pool accounts and transactions have been eliminated.

The Agency prepares its statutory financial statements in accordance with accounting practices prescribed or permitted by the Division of Insurance of the Department of Regulatory Agencies of the State of Colorado (the Division). Prescribed statutory accounting practices are those practices that are incorporated directly or by reference to state laws, regulations, and general administrative rules applicable to all insurance enterprises domiciled in a particular state.

**COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
NOTES TO COMBINED STATUTORY FINANCIAL STATEMENTS**

December 31, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Effective January 1, 2001, Colorado adopted the National Association of Insurance Commissioners' (NAIC) statutory accounting practices, which are codified in the NAIC's Accounting Practices and Procedures Manual (the Manual). Therefore, compliance with the Manual is a prescribed accounting practice.

Statutory accounting practices contained in the Manual vary in some respects from accounting principles generally accepted in the United States of America. The more significant statutory practices include: (1) contributions are taken into earnings over the periods covered by the policies, whereas the related acquisition costs are expensed when incurred; (2) bonds are carried at amortized cost instead of at fair value; (3) reinsurance transactions relating to the combined statutory statement of admitted assets, liabilities, and surplus are reported on a net basis rather than a gross basis; and (4) assets are included in the combined statutory statements of admitted assets, liabilities, and surplus at "admitted asset value," and "nonadmitted assets" are excluded through a charge against unassigned surplus. The effects on the combined financial statements of the variances between statutory accounting practices and accounting principles generally accepted in the United States of America are as follows:

	<u>2020</u>	<u>2019</u>
Statutory income (loss), net	\$ 8,182,814	\$ (1,353,912)
Net increase in the fair value of investments	1,222,556	1,575,378
Distributions and credits to members and withdrawn members	<u>(957,174)</u>	<u>(791,271)</u>
GAAP change in net position	<u>\$ 8,448,196</u>	<u>\$ (569,805)</u>
Statutory unassigned surplus	\$ 55,239,664	\$ 48,786,611
Unrealized investment gains (losses)	1,966,680	744,124
Non admitted assets (Note 5)	<u>1,216,540</u>	<u>443,953</u>
GAAP members' net position	<u>\$ 58,422,884</u>	<u>\$ 49,974,688</u>

Use of Estimates

The preparation of statutory financial statements in accordance with accounting practices prescribed by the Division 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 statutory financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates include the reserves for unpaid losses and loss adjustment expenses. Actual results could differ from those estimates.

Investments

Investments in debt securities consist of United States government and corporate obligations and are carried at amortized cost. Investments whose maturities at the time of acquisition are one year or less are classified as short-term investments.

The amortization of bond premium or discount is calculated using the effective interest method taking into consideration specified interest and principal provisions over the life of the bond.

Bonds containing call provisions are amortized to the call or maturity value or date, which produces the lowest asset value, in accordance with the Manual.

**COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
NOTES TO COMBINED STATUTORY FINANCIAL STATEMENTS**

December 31, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

All investment income is recognized as revenue (or expense) in the combined statutory statements of income. Gains and losses on investments sold are realized in operations and are computed based on the specific-identification method.

Cash and Cash Equivalents

For purposes of the combined statutory statements of cash flow, cash and cash equivalents include cash on deposit, money market funds, and other investments with maturities of three months or less at the date of acquisition. The Agency's cash on deposit amounts are held in Colotrust and Wells Fargo accounts.

Cash deposits in non-interest bearing accounts are insured up to \$250,000 by the Federal Deposit Insurance Corporation for 2020 and 2019, respectively. At December 31, 2020 and 2019, the Agency's cash deposits in non-interest bearing accounts had balances of \$7,433,805 and \$2,929,438, respectively. Also, these amounts, in addition to cash deposits in interest bearing accounts, are collateralized by securities held by another institution or held in trust, as required by the provisions of the Public Deposit Protection Act.

Real Estate and Electronic Data Processing Equipment

Per the Agency's capitalization policy, expenditures greater than \$2,500 for items with a useful life in excess of a year, are capitalized. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Depreciation expense is included in other underwriting expense incurred.

Real estate and electronic data processing equipment were reported as follows at December 31:

	2020			
	Cost	Accumulated Depreciation	Net	Depreciation Expense
Real estate	\$ 8,676,569	\$ 5,121,245	\$ 3,555,324	\$ 242,789
Electronic data processing equipment	533,648	416,483	117,165	32,246
Nonadmitted fixed assets	3,083,828	2,955,849	127,979	91,577
	2019			
	Cost	Accumulated Depreciation	Net	Depreciation Expense
Real estate	\$ 8,512,652	\$ 4,878,456	\$ 3,634,196	\$ 240,061
Electronic data processing equipment	487,919	421,956	65,963	21,402
Nonadmitted fixed assets	3,068,748	2,872,814	195,934	99,205

**COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
NOTES TO COMBINED STATUTORY FINANCIAL STATEMENTS**

December 31, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Member Contributions

Member contributions are earned on a pro rata basis over the applicable contract periods. The period over which risk protection is provided is generally consistent with the contract period, and the contract periods are consistent with the Agency's fiscal year-end. The members' coverages are continuous until canceled. Contributions greater than 90 days past due are nonadmitted in accordance with the Manual. The Agency considers anticipated investment income in determining if a premium deficiency exists.

Excess Insurance and Reinsurance

The cost of excess insurance and reinsurance coverage is charged to income ratably over the period of coverage and is reported as a reduction of member contributions earned. Losses, loss adjustment expenses, and the reserves for loss and loss adjustment expenses are reported net of reinsured amounts in accordance with the Manual.

Reserve for Unpaid Losses and Loss Adjustment Expenses

The reserve for unpaid losses and loss adjustment expenses represents the estimated liability for claims reported, plus claims incurred and not reported and the related loss adjustment expenses, including the effects of inflation and other societal and economic factors. The Agency does not discount reserves for unpaid losses and loss adjustment expenses. The reserve for unpaid losses and loss adjustment expenses is estimated by an independent third-party actuary using individual case-basis valuations and statistical analysis. Those estimates are subject to inherent variability caused by the nature of the insurance process. The potentially long period of time between the occurrence of an insured event and the final settlement of a claim and the possible effects of changes in the legal, social, and economic environments contribute to this variability. Although considerable variability is inherent in the estimates of ultimate losses and loss adjustment expenses and the resulting reserves, management believes that the reserves for unpaid losses and loss adjustment expenses are adequate. The estimates are continually reviewed and adjusted as necessary as experience develops or new information becomes known; such adjustments are included in current operations.

Income Taxes

The Agency provides an essential governmental function to its members as described in Section 115 of the Internal Revenue Code, and accordingly, its revenue is exempt from federal and state income taxes. The Agency has received a determination letter regarding its tax status from the Internal Revenue Service. Therefore, the accompanying combined statutory financial statements do not include a provision for income taxes.

Administration Fee

Most general and administrative expenses of CIRSA are recorded by CIRSA/PC, which charges an administration fee to CIRSA/WC for its share of these expenses. Administration fees, which were \$2,428,816 and \$1,925,413 during 2020 and 2019, respectively, are eliminated in the accompanying combined statutory financial statements.

**COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
NOTES TO COMBINED STATUTORY FINANCIAL STATEMENTS**

December 31, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Member Credits Payable

Each year, CIRSA's board of directors declares and allocates various credits to members. As of December 31, 2020, and 2019, member credits payable consisted of the following:

	2020	2019
Loss control credit accounts	\$ 1,207,526	\$ 1,054,536
Equity credits held for deductibles	21,840	21,814
	\$ 1,229,366	\$ 1,076,350

Loss Control Credit Accounts

The Loss Control Credit Accounts Program was designed to encourage members to establish and implement safety-related programs. During 2020 and 2019, the board of directors designated \$960,232 and \$928,808, respectively, to be allocated to members based on the results of an annual loss control audit performed by CIRSA. Members receive a "score" for loss control activities during the year and the total loss control credit is allocated to members based on this score. Members can apply their credit to future contributions, receive a cash payment, or receive loss control credits, which can be applied to the purchase of safety-related items. Undistributed amounts in loss control credit accounts were \$1,207,526 and \$1,054,536 at December 31, 2020 and 2019, respectively.

Surplus Credits Held for Deductibles

In prior years, the CIRSA board awarded equity credits for members of the property and casualty pool when the net position of the pool was considered to have exceeded business needs. Members may retain these distributions in the pools so that the credits can be applied against future deductible payments and the credits earn interest. Interest of \$26 and \$385 was credited in 2020 and 2019, respectively. The equity credits held for deductibles payable at December 31, 2020 and 2019 were \$21,840 and \$21,814, respectively. The equity credits to be paid to members were \$0 at December 31, 2020 and 2019, respectively.

**COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
NOTES TO COMBINED STATUTORY FINANCIAL STATEMENTS**

December 31, 2020 and 2019

NOTE 2 - INVESTMENTS

The Agency's investments at December 31 are summarized as follows:

	<u>Amortized cost</u>	<u>Gross unrealized gains</u>	<u>Gross unrealized losses</u>	<u>Fair value</u>
2020:				
U.S. Treasury securities	\$ 44,278,765	\$ 1,559,713	\$ (252)	\$ 45,838,226
U.S. Government agency obligations	8,121,683	194,939	(1,644)	8,314,978
Corporate obligations	6,614,048	146,203	(1,112)	6,759,139
Mortgage backed securities	857,055	36,481	-	893,536
Supranational securities	<u>3,634,081</u>	<u>32,352</u>	<u>-</u>	<u>3,666,433</u>
Total	<u>\$ 63,505,632</u>	<u>\$ 1,969,688</u>	<u>\$ (3,008)</u>	<u>\$ 65,472,312</u>
2019:				
U.S. Treasury securities	\$ 35,734,295	\$ 583,277	\$ (38,189)	\$ 36,279,383
U.S. Government agency obligations	3,600,974	66,249	(4,207)	3,663,016
Corporate obligations	12,221,523	72,942	(2,058)	12,292,407
Mortgage backed securities	1,141,607	14,833	(2,073)	1,154,367
Supranational securities	<u>4,127,954</u>	<u>53,350</u>	<u>-</u>	<u>4,181,304</u>
Total	<u>\$ 56,826,353</u>	<u>\$ 790,651</u>	<u>\$ (46,527)</u>	<u>\$ 57,570,477</u>

**COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
NOTES TO COMBINED STATUTORY FINANCIAL STATEMENTS**

December 31, 2020 and 2019

NOTE 2 - INVESTMENTS (CONTINUED)

A summary of the amortized cost and fair value of the Agency's investments in bonds at December 31, 2020 and 2019, by contractual maturity, is as follows:

	2020	
	Amortized Cost	Fair Value
Maturity:		
Due in one year or less	\$ 14,772,349	\$ 14,920,578
Due after one through five years	40,518,247	41,561,184
Due after five through ten years	8,026,242	8,790,713
Due after ten years	188,794	199,837
	<u>\$ 63,505,632</u>	<u>\$ 65,472,312</u>
	2019	
	Amortized Cost	Fair Value
Maturity:		
Due in one year or less	\$ 13,305,547	\$ 13,320,129
Due after one through five years	35,493,574	35,946,675
Due after five through ten years	7,750,147	8,021,898
Due after ten years	277,085	281,775
	<u>\$ 56,826,353</u>	<u>\$ 57,570,477</u>

Proceeds from the sales, calls and maturities of debt securities during 2020 and 2019 were approximately \$16,518,000 and \$24,399,000, respectively. Gross gains of \$33,603 and \$7,273, respectively, were realized on those sales and calls. Gross losses of \$780 and \$145,301, respectively, were realized on sales and calls.

At December 31, 2020 and 2019, bonds with a carrying value of \$521,315 and \$521,329, respectively, were pledged to the Division of Insurance of the State of Colorado to satisfy regulatory requirements.

The carrying amounts of other financial instruments at December 31, 2020 and 2019, which includes cash and cash equivalents, short-term investments, premiums receivable, interest and dividends due, and accrued accounts payable and accrued other expenses, and payables to affiliates, approximate their fair values because of the short maturity of these instruments.

**COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
NOTES TO COMBINED STATUTORY FINANCIAL STATEMENTS**

December 31, 2020 and 2019

NOTE 2 - INVESTMENTS (CONTINUED)

At December 31, 2020, the Agency had the following unrealized losses, which are considered temporary, and therefore the underlying securities were not impaired:

Description of securities	Less than 12 months		12 Months or Greater		Total	
	Fair Value	Unrealized losses	Fair Value	Unrealized losses	Fair Value	Unrealized losses
U.S. Government						
Agency Obligations	\$ -	\$ -	\$ 368,472	\$ (1,644)	\$ 368,472	\$ (1,644)
U.S. Treasury Securities	-	-	1,543,594	(252)	1,543,594	(252)
Corporate Obligations	-	-	200,769	(1,112)	200,769	(1,112)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,112,835</u>	<u>\$ (3,008)</u>	<u>\$ 2,112,835</u>	<u>\$ (3,008)</u>

At December 31, 2019, the Agency had the following unrealized losses, which are considered temporary, and therefore the underlying securities were not impaired:

Description of securities	Less than 12 months		12 Months or Greater		Total	
	Fair Value	Unrealized losses	Fair Value	Unrealized losses	Fair Value	Unrealized losses
U.S. Government						
Agency Obligations	\$ 379,927	\$ (60)	\$ 694,770	\$ (4,147)	\$ 1,074,697	\$ (4,207)
U.S. Treasury Securities	3,483,065	(2,615)	2,505,330	(35,574)	5,988,395	(38,189)
Mortgage Backed Securities	-	-	355,183	(2,073)	355,183	(2,073)
Corporate Obligations	1,249,812	(17)	510,569	(2,041)	1,760,381	(2,058)
	<u>\$ 5,112,804</u>	<u>\$ (2,692)</u>	<u>\$ 4,065,852</u>	<u>\$ (43,835)</u>	<u>\$ 9,178,656</u>	<u>\$ (46,527)</u>

U.S. Government Agency Obligations

Any unrealized losses in government securities are due to interest rate fluctuations. Because of the ability to hold to maturity, plus the credit quality of government securities, government obligation unrealized losses are considered temporary.

Corporate and Municipal Obligations

At December 31, 2020 and 2019, investment grade bonds held in the portfolio all had an AA- rating or higher upon purchase. However, corporate bonds of Toyota Motor Credit Corp have subsequently fallen below these criteria. The Agency continues to monitor these investments closely. All bonds can be held to maturity and any unrealized losses are considered temporary.

All investments held by the Agency at December 31, 2020 and 2019 had an NAIC rating of 1 upon purchase which includes investments that are insured and registered or which are held by the Agency or its agent in the Agency's name.

**COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
NOTES TO COMBINED STATUTORY FINANCIAL STATEMENTS**

December 31, 2020 and 2019

NOTE 2 - INVESTMENTS (CONTINUED)

The Agency's net investment income is summarized as follows:

	Year Ended December 31	
	2020	2019
Debt securities	\$ 1,153,035	\$ 1,274,086
Cash and cash equivalents	137,019	357,951
Rental revenue	695,978	662,987
Net realized loss on sale of capital assets	(6,867)	-
Net realized gains (losses) on sale of investments	32,823	(138,028)
Gross investment income	2,011,988	2,156,996
Investment expenses	(89,945)	(85,107)
Net investment income	\$ 1,922,043	\$ 2,071,889

Rental income related to Agency-owned buildings occupied by the Agency during 2020 and 2019 was \$695,978 and \$662,987 respectively and is included in rental revenue above. The related expense is included in other underwriting expenses incurred on the combined statements of income.

NLC Mutual Insurance Company provided workers' compensation reinsurance to the Agency from 2002 through 2006 and property reinsurance from 2003 through 2006. NLC Mutual Insurance Company is also a risk pool, as is the Agency. To obtain the reinsurance, the Agency, therefore, was required to make a capital contribution to become a member of the NLC Mutual Insurance Company pool, in addition to regular premiums paid. The related capital contributions associated with NLC Mutual Insurance Company are presented as an investment at cost as of December 31, 2020, and 2019 for \$697,901 for both years, in accordance with the Manual.

Concentration of Credit Risk

State law limits investments in corporate bonds of any single issuer to five percent of the Agency's portfolio. No single issuer of corporate bonds represents more than five percent of the Agency's portfolio. However, more than 5 percent of the Agency's investments were invested as follows as of December 31:

	2020		2019	
Fannie Mae	\$ 3,871,781	6.10%	\$ -	0.00%

**COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
NOTES TO COMBINED STATUTORY FINANCIAL STATEMENTS**

December 31, 2020 and 2019

NOTE 3 - EXCESS INSURANCE AND REINSURANCE

The Agency has entered into various excess insurance and reinsurance contracts to limit large losses and minimize exposure on large risks. Coverage for policies is provided under the following terms:

Year(s) ended	Reinsurance coverage
1996 – 2005	100% of statutory limits in excess of \$400,000 for workers' compensation coverage.
2006 – 2012	100% of statutory limits in excess of \$500,000 for workers' compensation coverage.
2013	100% of statutory limits in excess of \$500,000 for workers' compensation coverage for all claims made by employees other than firefighters or police officers, \$750,000 for all claims made by firefighters or police officers except \$1,000,000 for all claims made by firefighters under Colorado HB 07-1008.
2014 -2015	100% of statutory limits in excess of \$500,000 for workers' compensation coverage for all claims made by employees other than firefighters or police officers, \$750,000 for all claims made by firefighters or police officers except \$1,250,000 for all claims made by firefighters under Colorado HB 07-1008.
2016 - 2020	100% of statutory limits in excess of \$500,000 for workers' compensation coverage for all claims made by employees other than firefighters or police officers, \$750,000 for all claims made by firefighters or police officers

**COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
NOTES TO COMBINED STATUTORY FINANCIAL STATEMENTS**

December 31, 2020 and 2019

NOTE 3 - EXCESS INSURANCE AND REINSURANCE (CONTINUED)

Year(s) ended	Excess coverage
2003 – 2005	Excess liability – 100% of \$4,000,000 in excess of \$1,000,000 per claim/occurrence (except auto liability, which is 100% of \$500,000 in excess of \$1,000,000 and Public Officials' Errors and Omissions, which is also 100% of \$4,000,000 in excess of \$10,000,000 annual aggregate per member). Excess property – 100% of \$500,000,000 in excess of \$1,000,000 per claim/occurrence. Property reinsurance – 100% of \$500,000 in excess of \$500,000 per claim/occurrence.
2006	Excess liability – 100% of \$4,000,000 in excess of \$1,000,000 per claim/occurrence (except auto liability, which is 100% of \$500,000 in excess of \$1,000,000 and Public Officials' Errors and omissions, which is also 100% of \$4,000,000 in excess of \$1,000,000 but has a \$10,000,000 annual aggregate per member). Liability reinsurance – 100% of \$500,000 in excess of \$500,000 per claim/occurrence. Excess property – 100% of \$500,000,000 in excess of \$1,000,000 per claim/occurrence. Property reinsurance – 100% of \$500,000 in excess of \$500,000 per claim/occurrence.
2007 – 2013	Liability reinsurance – 100% of \$4,400,000 in excess of \$600,000 per claim/occurrence (except auto liability, which is 100% of \$900,000 in excess of \$600,000 and Public Officials' Errors and Omissions, which is also 100% of \$4,400,000 in excess of \$600,000 but has a \$10,000,000 annual aggregate per member). Excess property – 100% of \$500,000,000 in excess of \$500,000 per claim/occurrence.
2014 - 2015	Liability reinsurance – 100% of \$4,000,000 in excess of \$1,000,000 per claim/occurrence for all liability losses. Public Officials' Errors and Omissions has a \$10,000,000 annual aggregate per member. Excess property – 100% of \$500,000,000 in excess of \$500,000 per claim/occurrence.
2016 - 2017	Liability reinsurance – 100% of \$4,000,000 in excess of \$1,000,000 per claim/occurrence for all auto liability losses. 100% of \$9,000,000 in excess of \$1,000,000 for all General Liability, Police Professional Liability and Public Officials' Errors and Omissions. Public Officials' Errors and Omissions has a \$10,000,000 annual aggregate per member. Excess property – 100% of \$500,000,000 in excess of \$500,000 per claim/occurrence.
2018	Liability reinsurance – 100% of \$4,000,000 in excess of \$1,000,000 per claim/occurrence for all auto liability losses. 100% of \$9,000,000 in excess of \$1,000,000 for all General Liability, Police Professional Liability and Public Officials' Errors and Omissions. Public Officials' Errors and Omissions has a \$10,000,000 annual aggregate per member. Excess property – 100% of \$500,000,000 in excess of \$1,000,000 per claim/occurrence.
2019	Liability reinsurance – 100% of \$4,000,000 in excess of \$1,000,000 per claim/occurrence for all auto liability losses. 100% of \$9,000,000 in excess of \$1,000,000 for all General Liability, Police Professional Liability and Public Officials' Errors and Omissions. Public Officials' Errors and Omissions has a \$10,000,000 annual aggregate per member. Excess property – 100% of \$500,000,000 in excess of \$1,000,000 per claim/occurrence, except for wind/hail. Wind/hail losses - 100% of \$500,000,000 in excess of \$5,000,000 per claim/occurrence with a buy-back of \$4,000,000 for events 2 through 4.
2020	Liability reinsurance – 100% of \$4,000,000 in excess of \$1,000,000 per claim/occurrence for all auto liability losses. 100% of \$9,000,000 in excess of \$1,000,000 for all General Liability, Police Professional Liability and Public Officials' Errors and Omissions. Public Officials' Errors and Omissions has a \$10,000,000 annual aggregate per member. Excess property – 100% of \$500,000,000 in excess of \$1,000,000 per claim/occurrence, except for wind/hail. Wind/hail losses - 100% of \$500,000,000 in excess of \$5,000,000 per claim/occurrence with a buy-back of \$3,000,000 for events 2 through 4.

**COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
NOTES TO COMBINED STATUTORY FINANCIAL STATEMENTS**

December 31, 2020 and 2019

NOTE 3 - EXCESS INSURANCE AND REINSURANCE (CONTINUED)

The Agency does not have a legal obligation to pay losses or loss adjustment expenses in excess of the annually established loss fund and amounts recoverable under excess specific and aggregate insurance contracts. Losses and loss adjustment expenses incurred in excess of loss funds and amounts recoverable from excess insurance are direct liabilities of the participating members. However, the excess agreements do not relieve the Agency of its obligations, and a failure of the excess insurer to honor its obligations could result in losses to the Agency. The Agency evaluates and monitors the financial condition of its excess insurers to minimize its exposure to loss from excess insurer insolvency. Management of the Agency believes its excess insurers and reinsurers are financially sound and will continue to meet their contractual obligations.

Excess insurance and reinsurance has reduced member contributions earned and losses and loss adjustment expenses by the following amounts:

	<u>Year ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Member contributions earned		
Premiums paid	\$ 11,350,889	\$ 11,305,755
Brokerage commissions	254,781	254,517
Loss and loss adjustment expenses paid	24,262,821	14,160,640
Loss and loss adjustment expenses unpaid	9,590,495	18,609,923

The Agency has the following excess insurance and reinsurance recoverables at December 31:

	<u>2020</u>	<u>2019</u>
National Union Fire Insurance Company of Pittsburgh, PA	\$ 92,057	\$ 92,057
NLC Mutual Insurance Company	4,748,952	4,751,144
New York Marine and General Insurance Company	13,623	13,623
Great American Insurance Company	1,917,000	9,415,548
Axis Insurance Company	3,124,227	3,742,619
Aspen Specialty Insurance Company	449,489	620,319
Liberty Surplus Insurance Corporation	749,558	1,033,864
RSUI Indemnity Company	1,148,954	1,148,954
	<u>\$ 12,243,860</u>	<u>\$ 20,818,128</u>

The above amounts are recorded as follows at December 31:

	<u>2020</u>	<u>2019</u>
Excess reinsurance receivable, net	\$ 2,653,365	\$ 2,208,205
Reserves for unpaid losses and loss adjustment expenses	9,590,495	18,609,923
	<u>\$ 12,243,860</u>	<u>\$ 20,818,128</u>

**COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
NOTES TO COMBINED STATUTORY FINANCIAL STATEMENTS**

December 31, 2020 and 2019

NOTE 3 - EXCESS INSURANCE AND REINSURANCE (CONTINUED)

The Agency's reinsurers had the following AM Best rating at December 31, 2020:

<u>Reinsurer</u>	<u>AM Best rating</u>
National Union Fire Insurance Company of Pittsburgh, PA	A
NLC Mutual Insurance Company	N/A
New York Marine and General Insurance Company	A-
Great American Insurance Company	A+
RSUI Indemnity Company	A+
Axis Insurance Company	A
American International Group, Inc. (AIG)	N/A
Liberty Surplus Insurance Corporation	A
Aspen Specialty Insurance Company	A
First Specialty Insurance Corporation	A+
HDI Global Insurance Company	A
Ironshore Specialty Insurance Company	A
Everest Indemnity Insurance Company	A+
Canopus Insurance Services, Lloyds Syndicate	N/A
Evanston Insurance Company	A
Hiscox Insurance Company	A
Hallmark Specialty Insurance Company	A-
Homeland Insurance Company of New York	A+
Steadfast Insurance Company	A+
Lloyds Syndicate	N/A
Westchester Surplus Lines Insurance Company	A++
AmWINS Special Risk Underwriters	N/A

The Agency's Executive Director serves on the board of directors of NLC Mutual Insurance Company (NLC).

**COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
NOTES TO COMBINED STATUTORY FINANCIAL STATEMENTS**

December 31, 2020 and 2019

NOTE 4 - RESERVES FOR UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Beginning January 1, 1986, the Agency's coverage to member municipalities for all lines except for property, auto physical damage, and workers' compensation is on a claims-made basis. Accordingly, claims incurred in one year but not reported until a subsequent year are accounted for in the year reported. Claims incurred prior to January 1, 1986 are accounted for in the year of the loss occurrence. The following table provides a reconciliation of the beginning and ending reserve balances, net of excess insurance recoverable:

	<u>Year ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Reserves for unpaid losses and loss adjustment expenses, net of excess insurance recoverables, beginning of year	\$ 35,055,172	\$ 31,296,241
Add incurred loss and loss adjustment expenses, net of excess insurance:		
Provision for covered events of the current year	19,699,640	23,117,415
Decrease in provision for covered events of prior years	<u>(4,776,103)</u>	<u>(3,603,076)</u>
Total incurred losses and loss adjustment expenses, net of excess insurance	<u>14,923,537</u>	<u>19,514,339</u>
Deduct payments:		
For claims attributable to covered events of the current year	5,041,456	6,175,693
For claims attributable to covered events of prior years	<u>10,991,959</u>	<u>9,579,715</u>
Total payments	<u>16,033,415</u>	<u>15,755,408</u>
Reserves for unpaid losses and loss adjustment expenses, net of excess insurance recoverables, end of year	<u>\$ 33,945,294</u>	<u>\$ 35,055,172</u>

As a result of changes in estimates of insured events in prior years, the provision for loss and loss adjustment expenses decreased by \$4,776,103 and by \$3,603,076 in 2020 and 2019, respectively. The change in estimates resulted because of favorable development for losses incurred in years prior to 2020 and 2019.

The anticipated effect of inflation is implicitly considered when estimating liabilities for losses and loss adjustment expenses. While anticipated, price increases due to inflation are considered in estimating the ultimate claim costs, the increase in average severities of claims is caused by a number of factors that vary with the individual type of policy written. Future average severities are projected based on historical trends adjusted for implemented changes in underwriting standards, policy provisions, and general economic trends. Those anticipated trends are monitored based on actual development and are modified if necessary.

**COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
NOTES TO COMBINED STATUTORY FINANCIAL STATEMENTS**

December 31, 2020 and 2019

NOTE 5 - SURPLUS

Pursuant to the Agency's bylaws, the board of directors may, at their discretion, credit or distribute accumulated members' equity to member municipalities or transfer such accumulated excesses to a reserve fund that may be used to pay claims and expenses related thereto. Amounts credited or distributed to members are recorded as a charge to equity when they are declared.

The board of directors adopted a surplus policy, which sets forth a target formula for surplus. Surplus in excess of the computed target is considered by the Board for return to members. The target computation considers the amounts for the excess fund, a confidence level on the underlying loss funds, and an amount designated for purposes approved by the Board on an annual basis.

In 2020 and 2019, the board authorized the Agency to credit \$957,174 and \$791,271, respectively, to member municipalities and withdrawn members. At December 31, 2020 and 2019, \$1,229,366 and \$1,076,350 of credits remained undistributed, respectively. The undistributed amounts are included in member credits payable in the accompanying combined statutory statements of admitted assets, liabilities, and surplus. The surplus credits, and the related undistributed amounts, are applied to future deductibles, contributions, or loss control accounts in accordance with the requests of the member municipalities.

Pursuant to regulations of the Division of Insurance of the State of Colorado (the Division), the Agency is required to maintain minimum surplus of \$500,000. At December 31, 2020 and 2019, the Agency's statutory surplus was \$55,239,664 and \$48,786,611, respectively.

At December 31, 2020 and 2019, nonadmitted assets for statutory reporting purposes, which are shown as a reduction of unassigned surplus on the accompanying combined statutory statements of admitted assets, liabilities, and surplus, consisted of the following:

	<u>2020</u>	<u>2019</u>
Furniture, fixtures and equipment	\$ 3,083,828	\$ 3,068,748
Accumulated depreciation	(2,955,849)	(2,872,814)
Prepaid operating expenses	1,079,350	208,045
Receivable from members	9,011	39,510
Employee advances	200	464
	<u>\$ 1,216,540</u>	<u>\$ 443,953</u>

**COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
NOTES TO COMBINED STATUTORY FINANCIAL STATEMENTS**

December 31, 2020 and 2019

NOTE 6 - LEASES

The Agency leases automobiles and office space in Montrose, Colorado under various noncancelable operating leases. Future minimum rental commitments under these operating leases are as follows:

Year ending December 31:

2021	\$	59,858
2022		25,205
2023		7,073

NOTE 7 - CONTINGENCIES

In the normal course of operations, the Agency is involved in litigation related principally to claims made under insurance contracts. Those actions are considered by the Agency in estimating the reserves for losses and loss adjustment expenses. In the opinion of management, the resolution of these matters will not have a material effect on the Agency's financial position, results of operations, or liquidity.

NOTE 8 - DEFINED CONTRIBUTION MONEY PURCHASE PENSION PLAN

The employees of the Agency participate in the Colorado Intergovernmental Risk Sharing Agency Retirement Plan, which is a defined contribution plan established by the Agency and is maintained and administered by Vanguard Fiduciary Trust Company. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees become plan members upon employment. Under this plan, 10% of the plan members' compensation is withheld and remitted to the Plan Administrator along with a matching payment of 10% from the Agency. The Agency's contributions, plus earnings, are 100% vested. There is no liability for benefits under the plan beyond the Agency's matching payments. Plan provisions and contribution requirements are established and may be amended by the Agency's board of directors.

Contributions actually made by plan members and the Agency for the years ended December 31, 2020 and 2019, which represents the 10% required contribution, are as follows:

	<u>2020</u>	<u>2019</u>
Plan members	<u>\$ 460,999</u>	<u>\$ 449,768</u>
Agency	<u>\$ 460,999</u>	<u>\$ 449,768</u>

NOTE 9 - SUBSEQUENT EVENTS

CIRSA has evaluated events subsequent to December 31, 2020 through April 1, 2021, which is the issuance date of this report.

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

SUPPLEMENTARY INFORMATION

COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
SUPPLEMENTARY INFORMATION – RECONCILIATION OF RESERVES FOR
UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES
Years Ended December 31, 2020 and 2019

	<u>2020</u>			<u>2019</u>		
	<u>WC Pool</u>	<u>PC Pool</u>	<u>Combined</u>	<u>WC Pool</u>	<u>PC Pool</u>	<u>Combined</u>
Reserves for unpaid losses and loss adjustment expenses, net of excess insurance recoverables	<u>\$ 12,624,895</u>	<u>\$ 22,430,277</u>	<u>\$ 35,055,172</u>	<u>\$ 12,467,840</u>	<u>\$ 18,828,401</u>	<u>\$ 31,296,241</u>
Add incurred losses and loss adjustment expenses, net of excess insurance recoverables:						
Provision for covered events of the current year	5,123,267	14,576,373	19,699,640	5,978,415	17,139,000	23,117,415
Decrease in provision for covered events of prior years	<u>(1,450,440)</u>	<u>(3,325,663)</u>	<u>(4,776,103)</u>	<u>(1,905,854)</u>	<u>(1,697,222)</u>	<u>(3,603,076)</u>
Total incurred losses and loss adjustment expenses, net of excess insurance	<u>3,672,827</u>	<u>11,250,710</u>	<u>14,923,537</u>	<u>4,072,561</u>	<u>15,441,778</u>	<u>19,514,339</u>
Deduct payments, net of excess insurance recoverables:						
For claims attributable to covered events of the current year	1,068,479	3,972,977	5,041,456	1,234,830	4,940,863	6,175,693
For claims attributable to covered events of prior years	<u>3,543,592</u>	<u>7,448,367</u>	<u>10,991,959</u>	<u>2,680,676</u>	<u>6,899,039</u>	<u>9,579,715</u>
Total payments	<u>4,612,071</u>	<u>11,421,344</u>	<u>16,033,415</u>	<u>3,915,506</u>	<u>11,839,902</u>	<u>15,755,408</u>
Reserves for unpaid losses and loss adjustment expenses, net of excess insurance recoverables	<u>\$ 11,685,651</u>	<u>\$ 22,259,643</u>	<u>\$ 33,945,294</u>	<u>\$ 12,624,895</u>	<u>\$ 22,430,277</u>	<u>\$ 35,055,172</u>

**COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
SUPPLEMENTARY INFORMATION – WORKERS’ COMPENSATION POOL
TEN-YEAR LOSS DEVELOPMENT INFORMATION**

December 31, 2020
(In Thousands of Dollars)

The following table illustrates how the Workers’ Compensation Pool’s (Pool) earned revenue (net of excess insurance) and investment income compare to related costs of loss (net of loss assumed by excess insurers) and other expenses assumed by the Pool as of the end of each of the previous ten years. The rows of the table are defined as follows:

- (1) This line shows the total of each year’s gross earned member contributions and reported investment revenues, amounts of excess insurance premiums, and reported member contributions (net of excess insurance) and reported investment revenue.
- (2) This line shows each year’s other operating costs of the Pool including overhead and claims expense not allocable to individual claims.
- (3) This line shows the Pool’s gross incurred losses and allocated loss adjustment expense, losses assumed by excess insurers, and net incurred adjustment expenses (both paid and accrued) as originally reported at the end of the year in which the event that triggered coverage occurred (called coverage year).
- (4) This section of ten rows shows the cumulative net amounts paid as of the end of successive years, for each coverage year.
- (5) This line shows the latest reestimated amount of losses assumed by excess insurers for each coverage year.
- (6) This section of ten rows shows how each coverage year’s net incurred 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.

original estimates and reestimated amounts is commonly used to evaluate

the accuracy of net incurred losses currently recognized in less mature coverage years. The columns of the table show data for successive coverage years.

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
1. Member contributions and investment income:										
Earned	\$ 8,241	\$ 7,384	\$ 7,115	\$ 8,206	\$ 8,575	\$ 8,569	\$ 8,746	\$ 8,942	\$ 9,107	\$ 9,301
Excess/reinsurance premiums	<u>1,231</u>	<u>1,117</u>	<u>1,168</u>	<u>1,227</u>	<u>1,415</u>	<u>1,193</u>	<u>1,302</u>	<u>1,504</u>	<u>1,635</u>	<u>1,472</u>
Net earned	7,010	6,267	5,947	6,979	7,160	7,376	7,444	7,438	7,472	7,829
2. Unallocated expenses	752	731	743	734	739	752	1,272	1,757	2,082	2,590
3. Estimated incurred losses and expenses, end of coverage year:										
Incurred	6,049	6,590	5,436	5,503	5,623	5,430	5,807	5,696	5,978	5,123
Assumed by excess insurers	<u>289</u>	<u>1,342</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net incurred	5,760	5,248	5,436	5,503	5,623	5,430	5,807	5,696	5,978	5,123
4. Net paid (cumulative) as of:										
End of accident year	1,004	712	802	1,021	1,079	1,036	1,288	1,303	1,235	1,068
One year later	2,837	1,811	1,870	2,655	2,148	2,269	2,980	2,833	3,065	-
Two years later	3,587	2,649	2,192	3,542	2,548	2,878	3,674	3,781	-	-
Three years later	4,211	2,990	2,275	3,973	3,085	3,135	4,068	-	-	-
Four years later	4,385	3,087	2,293	4,249	3,186	3,192	-	-	-	-
Five years later	4,633	3,086	2,256	4,287	3,267	-	-	-	-	-
Six years later	4,651	3,100	2,256	4,341	-	-	-	-	-	-
Seven years later	4,678	3,135	2,255	-	-	-	-	-	-	-
Eight years later	4,680	3,137	-	-	-	-	-	-	-	-
Nine years later	4,672	-	-	-	-	-	-	-	-	-
5. Reestimated losses and expenses assumed by excess insurers	-	58	-	-	-	-	-	-	-	-
6. Reestimated net incurred losses and expenses:										
End of accident year	5,760	5,248	5,436	5,503	5,623	5,430	5,807	5,696	5,978	5,123
One year later	6,314	4,547	4,354	5,882	4,462	5,113	5,906	5,516	5,850	-
Two years later	6,335	4,378	3,422	5,631	3,844	4,393	5,318	5,369	-	-
Three years later	6,158	3,734	2,814	5,034	3,981	4,020	4,950	-	-	-
Four years later	5,836	3,517	2,514	4,770	3,645	3,512	-	-	-	-
Five years later	5,485	3,273	2,405	4,600	3,638	-	-	-	-	-
Six years later	5,031	3,294	2,386	4,574	-	-	-	-	-	-
Seven years later	4,961	3,256	2,337	-	-	-	-	-	-	-
Eight years later	4,925	3,215	-	-	-	-	-	-	-	-
Nine years later	4,863	-	-	-	-	-	-	-	-	-
7. (Decrease) increase in estimated net incurred losses and expenses from end of coverage year	(897)	(2,033)	(3,099)	(929)	(1,985)	(1,918)	(857)	(327)	(128)	-

**COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
SUPPLEMENTARY INFORMATION – PROPERTY AND CASUALTY POOL
TEN-YEAR LOSS DEVELOPMENT INFORMATION**

December 31, 2020
(In Thousands of Dollars)

The following table illustrates how the Property and Casualty Pool's (Pool) earned revenue (net of excess insurance) and investment income compare to related costs of loss (net of loss assumed by excess insurers) and other expenses assumed by the Pool as of the end of each of the previous ten years. The rows of the table are defined as follows:

- (1) This line shows the total of each year's gross earned member contributions and reported investment revenues, amounts of excess insurance premiums, and reported member contributions (net of excess insurance) and reported investment revenue.
- (2) This line shows each year's other operating costs of the Pool including overhead and claims expense not allocable to individual claims.
- (3) This line shows the Pool's gross incurred losses and allocated loss adjustment expense, losses assumed by excess insurers, and net incurred losses and loss adjustment expenses (both paid and accrued) as originally reported at the end of the year in which the event that triggered coverage occurred (called coverage year).
- (4) This section of ten rows shows the cumulative net amounts paid as of the end of successive years, for each coverage year.
- (5) This line shows the latest reestimated amount of losses assumed by excess insurers for each coverage year.
- (6) This section of ten rows shows how each coverage year's net incurred 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 coverage 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 coverage years. The columns of the table show data for successive coverage years.

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
1. Member contributions and investment income:										
Earned	\$ 20,890	\$ 21,203	\$ 21,688	\$ 24,226	\$ 24,446	\$ 25,516	\$ 26,024	\$ 27,404	\$ 30,258	\$ 35,275
Excess/reinsurance premiums	4,967	5,256	5,396	5,742	6,140	5,563	5,874	7,410	9,926	10,134
Net earned	15,923	15,947	16,292	18,484	18,306	19,953	20,150	19,994	20,332	25,141
2. Unallocated expenses	6,457	6,762	7,081	7,188	7,430	7,801	7,947	7,838	7,562	6,578
3. Estimated incurred losses and expenses, end of coverage year:										
Incurred	11,905	11,881	41,403	12,901	18,922	15,801	24,518	32,006	23,759	14,551
Assumed by excess/reinsurers	-	346	29,734	1,142	3,930	1,069	9,893	13,743	6,620	-
Net incurred	11,905	11,535	11,669	11,759	14,992	14,732	14,625	18,263	17,139	14,551
4. Net paid (cumulative) as of:										
End of accident year	3,117	2,725	3,042	3,165	3,928	5,479	5,579	7,477	4,941	3,973
One year later	5,725	5,063	5,687	5,841	7,357	7,644	9,259	11,423	8,742	-
Two years later	6,844	6,362	7,078	7,709	10,625	10,840	9,891	13,913	-	-
Three years later	7,370	7,349	7,965	9,419	13,153	11,871	10,552	-	-	-
Four years later	7,753	7,686	8,109	9,462	14,035	11,915	-	-	-	-
Five years later	7,924	7,686	8,120	9,513	14,060	-	-	-	-	-
Six years later	7,964	7,685	8,477	9,851	-	-	-	-	-	-
Seven years later	7,975	7,682	8,529	-	-	-	-	-	-	-
Eight years later	8,052	-	-	-	-	-	-	-	-	-
Nine years later	8,052	-	-	-	-	-	-	-	-	-
5. Reestimated losses and expenses assumed by excess/reinsurers	122	1,183	19,808	1,521	8,519	1,485	9,252	13,743	6,620	-
6. Reestimated net incurred losses and expenses:										
End of accident year	11,905	11,535	11,669	11,759	14,992	14,732	14,625	18,263	17,139	14,551
One year later	10,859	9,603	9,748	12,875	14,209	13,065	13,242	17,520	15,780	-
Two years later	9,279	8,760	9,229	10,904	14,107	12,623	11,409	16,286	-	-
Three years later	8,456	8,769	8,887	10,461	14,081	12,756	10,873	-	-	-
Four years later	8,048	7,781	8,314	9,677	14,336	12,614	-	-	-	-
Five years later	8,074	7,688	8,257	9,811	14,178	-	-	-	-	-
Six years later	7,995	7,685	8,528	9,898	-	-	-	-	-	-
Seven years later	8,076	7,687	8,529	-	-	-	-	-	-	-
Eight years later	8,052	7,678	-	-	-	-	-	-	-	-
Nine years later	8,052	-	-	-	-	-	-	-	-	-
7. (Decrease) increase in estimated net incurred losses and expenses from end of coverage year	(3,853)	(3,857)	(3,140)	(1,861)	(814)	(2,118)	(3,752)	(1,977)	(1,359)	-

**COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
SUPPLEMENTAL INVESTMENT INFORMATION**

December 31, 2020

CIRSA's total admitted assets as of December 31, 2020 are \$90,990,510

The Agency's ten largest exposures to a single issuer/borrower/investment excluding: (i) U.S. government, U.S. government agency securities, and those U.S. government money market funds listed in the appendix to the *SVO Purposes and Procedures Manual* as exempt, and (ii) property occupied by the Agency are:

Issuer	Description	Amortized Cost	Percentage of Total Admitted Assets
Chevron Corp	Corporate Note	\$ 1,050,000	1.15%
Toyota Motor Credit	Corporate Note	849,916	0.93%
Apple Inc	Corporate Note	823,081	0.90%
Walmart Stores Inc	Corporate Note	724,978	0.80%
Westpac Banking Corp	Corporate Note	689,990	0.76%
Johnson & Johnson Corp	Corporate Note	651,512	0.72%
Microsoft Corp	Corporate Note	475,132	0.52%
Berkshire Hathaway Inc	Corporate Note	474,594	0.52%
Procter & Gamble Co	Corporate Note	449,845	0.49%
Exxon Mobil Corp	Corporate Note	425,000	0.47%

Amounts and percentages of the Agency's total

Bonds - NAIC - 1	63,505,632	69.79%
Bonds - NAIC - 2	0	0.00%

**COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
SUMMARY INVESTMENT SCHEDULE**

December 31, 2020

Investment categories	Gross investment holdings		Admitted assets as reported in the annual statement	
1. Bonds:				
1.1 U.S. Treasury Securities	\$	44,278,765	51%	\$ 44,278,765 51%
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities)				
1.21 Issued by U.S. Government Agencies		8,121,683	9%	8,121,683 9%
1.4 Securities issued by states, territories and possessions and political subdivisions in the US				
1.5 Mortgage-backed securities				
1.51 Pass-through securities				
1.512 Issued or guaranteed by FNMA and FHLMC		539,585	1%	539,585 1%
1.52 CMOs and REMICs				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA		317,470	0%	317,470 0%
2. Other debt and fixed income securities				
2.1 Unaffiliated domestic securities		10,248,129	12%	10,248,129 12%
5. Real Estate Investments				
5.1 Property occupied by company		3,555,324	4%	3,555,324 4%
10. Cash and short-term investments		19,199,258	22%	19,199,258 22%
11. Other invested assets		697,901	1%	697,901 1%
12. Total invested assets	\$	<u>86,958,115</u>	<u>100%</u>	\$ <u>86,958,115</u> <u>100%</u>

COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
COMBINING STATUTORY SCHEDULE –
ADMITTED ASSETS, LIABILITIES, AND SURPLUS INFORMATION
December 31, 2020

Admitted Assets	CIRSA/PC	CIRSA/WC	Combining adjustments	Combined
Cash and invested assets:				
Bonds	\$ 30,830,493	\$ 32,675,139	\$ -	\$ 63,505,632
Cash and cash equivalents	16,306,996	2,892,262	-	19,199,258
Investment in NLC Mutual Insurance Company	303,549	394,352	-	697,901
Real estate, net of accumulated depreciation	<u>2,856,329</u>	<u>698,995</u>	<u>-</u>	<u>3,555,324</u>
Total cash and invested assets	50,297,367	36,660,748	-	86,958,115
Accrued investment income	108,219	132,089	-	240,308
Receivable from members	748,933	189,392	-	938,325
Excess insurance receivable	1,934,854	718,511	-	2,653,365
Electronic data processing equipment, net of accumulated depreciation	117,165	-	-	117,165
Prepaid insurance premiums	80,983	-	-	80,983
Interpool accounts receivable and other admitted assets	<u>2,349</u>	<u>98,444</u>	<u>(98,544)</u>	<u>2,249</u>
Total admitted assets	<u>\$ 53,289,870</u>	<u>\$ 37,799,184</u>	<u>\$ (98,544)</u>	<u>\$ 90,990,510</u>
Liabilities and Surplus				
Reserves for unpaid losses and loss adjustment expenses	\$ 22,259,643	\$ 11,685,651	\$ -	\$ 33,945,294
Interpool payable	98,444	100	(98,544)	-
Accounts payable and accrued liabilities	388,963	64,486	-	453,449
Member credits payable	621,065	608,301	-	1,229,366
Special contribution plan deposits	-	25,000	-	25,000
Unearned member contributions	<u>97,737</u>	<u>-</u>	<u>-</u>	<u>97,737</u>
Total liabilities	23,465,852	12,383,538	(98,544)	35,750,846
Unassigned surplus	<u>29,824,018</u>	<u>25,415,646</u>	<u>-</u>	<u>55,239,664</u>
Total liabilities and surplus	<u>\$ 53,289,870</u>	<u>\$ 37,799,184</u>	<u>\$ (98,544)</u>	<u>\$ 90,990,510</u>

COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
COMBINING STATUTORY SCHEDULE –
ADMITTED ASSETS, LIABILITIES, AND SURPLUS INFORMATION
December 31, 2019

Admitted Assets	CIRSA/PC	CIRSA/WC	Combining adjustments	Combined
Cash and invested assets:				
Bonds	\$ 25,432,904	\$ 31,393,449	\$ -	\$ 56,826,353
Cash and cash equivalents	17,034,962	4,765,101	-	21,800,063
Investment in NLC Mutual Insurance Company	303,549	394,352	-	697,901
Real estate, net of accumulated depreciation	<u>2,868,534</u>	<u>765,662</u>	<u>-</u>	<u>3,634,196</u>
Total cash and invested assets	45,639,949	37,318,564	-	82,958,513
Accrued investment income	136,230	152,551	-	288,781
Receivable from members	407,575	160,812	-	568,387
Excess insurance receivable	1,941,582	266,623	-	2,208,205
Electronic data processing equipment, net of accumulated depreciation	65,963	-	-	65,963
Prepaid insurance premiums	74,367	-	-	74,367
Interpool accounts receivable and other admitted assets	<u>2,552</u>	<u>95,864</u>	<u>(95,864)</u>	<u>2,552</u>
Total admitted assets	<u>\$ 48,268,218</u>	<u>\$ 37,994,414</u>	<u>\$ (95,864)</u>	<u>\$ 86,166,768</u>
Liabilities and Surplus				
Reserves for unpaid losses and loss adjustment expenses	\$ 22,430,277	\$ 12,624,895	\$ -	\$ 35,055,172
Interpool payable	95,864	-	(95,864)	-
Accounts payable and accrued liabilities	1,092,899	57,416	-	1,150,315
Member credits payable	635,960	440,390	-	1,076,350
Special contribution plan deposits	-	25,000	-	25,000
Unearned member contributions	<u>73,320</u>	<u>-</u>	<u>-</u>	<u>73,320</u>
Total liabilities	24,328,320	13,147,701	(95,864)	37,380,157
Unassigned surplus	<u>23,939,898</u>	<u>24,846,713</u>	<u>-</u>	<u>48,786,611</u>
Total liabilities and surplus	<u>\$ 48,268,218</u>	<u>\$ 37,994,414</u>	<u>\$ (95,864)</u>	<u>\$ 86,166,768</u>

**COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
COMBINING STATUTORY SCHEDULE –
INCOME AND CHANGES IN SURPLUS INFORMATION**

December 31, 2020

	<u>CIRSA/PC</u>	<u>CIRSA/WC</u>	<u>Combining adjustments</u>	<u>Combined</u>
Underwriting income:				
Member contributions earned	\$ 34,000,514	\$ 8,653,307	\$ -	\$ 42,653,821
Excess/reinsurance premiums	(9,879,365)	(1,471,524)	-	(11,350,889)
Brokerage fees	(254,781)	-	-	(254,781)
Net member contributions earned	<u>23,866,368</u>	<u>7,181,783</u>	<u>-</u>	<u>31,048,151</u>
Deductions:				
Losses and loss adjustment expenses incurred	11,250,710	3,672,827	-	14,923,537
Other underwriting expenses incurred	<u>9,702,859</u>	<u>2,589,800</u>	<u>(2,428,816)</u>	<u>9,863,843</u>
Total underwriting deductions	<u>20,953,569</u>	<u>6,262,627</u>	<u>(2,428,816)</u>	<u>24,787,380</u>
Net underwriting gain	2,912,799	919,156	2,428,816	6,260,771
Net investment income	1,274,051	647,992	-	1,922,043
Management fee	<u>2,428,816</u>	<u>-</u>	<u>(2,428,816)</u>	<u>-</u>
Net income	6,615,666	1,567,148	-	8,182,814
Unassigned surplus, beginning of year	24,094,604	24,692,007	-	48,786,611
Change in nonadmitted assets	(440,717)	(331,870)	-	(772,587)
Distributions and credits to members	<u>(445,535)</u>	<u>(511,639)</u>	<u>-</u>	<u>(957,174)</u>
Unassigned surplus, end of year	<u>\$ 29,824,018</u>	<u>\$ 25,415,646</u>	<u>\$ -</u>	<u>\$ 55,239,664</u>

**COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
COMBINING STATUTORY SCHEDULE –
INCOME AND CHANGES IN SURPLUS INFORMATION**

December 31, 2019

	<u>CIRSA/PC</u>	<u>CIRSA/WC</u>	<u>Combining adjustments</u>	<u>Combined</u>
Underwriting income:				
Member contributions earned	\$ 29,513,398	\$ 8,441,892	\$ -	\$ 37,955,290
Excess/reinsurance premiums	(9,671,265)	(1,634,490)	-	(11,305,755)
Brokerage fees	<u>(254,517)</u>	<u>-</u>	<u>-</u>	<u>(254,517)</u>
Net member contributions earned	<u>19,587,616</u>	<u>6,807,402</u>	<u>-</u>	<u>26,395,018</u>
Deductions:				
Losses and loss adjustment expenses incurred	15,441,778	4,072,561	-	19,514,339
Other underwriting expenses incurred	<u>10,150,270</u>	<u>2,081,623</u>	<u>(1,925,413)</u>	<u>10,306,480</u>
Total underwriting deductions	<u>25,592,048</u>	<u>6,154,184</u>	<u>(1,925,413)</u>	<u>29,820,819</u>
Net underwriting gain (loss)	(6,004,432)	653,218	1,925,413	(3,425,801)
Net investment income	1,407,105	664,784	-	2,071,889
Management fee	<u>1,925,413</u>	<u>-</u>	<u>(1,925,413)</u>	<u>-</u>
Net income	(2,671,914)	1,318,002	-	(1,353,912)
Unassigned surplus, beginning of year	27,139,540	23,745,622	-	50,885,162
Change in nonadmitted assets	51,112	(4,480)	-	46,632
Distributions and credits to members	<u>(424,134)</u>	<u>(367,137)</u>	<u>-</u>	<u>(791,271)</u>
Unassigned surplus, end of year	<u>\$ 24,094,604</u>	<u>\$ 24,692,007</u>	<u>\$ -</u>	<u>\$ 48,786,611</u>

COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
COMBINING STATUTORY SCHEDULE –
CASH FLOW INFORMATION
Year ended December 31, 2020

	<u>CIRSA/PC</u>	<u>CIRSA/WC</u>	<u>Combining adjustments</u>	<u>Combined</u>
Cash flow from operating activities:				
Contributions collected from members, net of excess insurance premiums and brokerage commissions paid	\$ 23,792,410	\$ 7,180,278	\$ -	\$ 30,972,688
Losses and loss adjustment expenses paid	(11,664,216)	(5,091,033)	-	(16,755,249)
Underwriting expenses paid	<u>(10,481,954)</u>	<u>(3,005,121)</u>	<u>2,428,816</u>	<u>(11,058,259)</u>
Cash provided by (used in) underwriting operations	1,646,240	(915,876)	2,428,816	3,159,180
Net investment income received	1,232,347	637,879	-	1,870,226
Other amounts received	<u>2,429,116</u>	<u>-</u>	<u>(2,428,816)</u>	<u>300</u>
Net cash provided by (used in) operating activities	<u>5,307,703</u>	<u>(277,997)</u>	<u>-</u>	<u>5,029,706</u>
Cash flow from investing activities:				
Proceeds from investments sold, matured, or called	10,379,620	6,138,743	-	16,518,363
Cost of investments acquired	(15,707,496)	(7,389,857)	-	(23,097,353)
Purchase of property and equipment, net	<u>(247,363)</u>	<u>-</u>	<u>-</u>	<u>(247,363)</u>
Net cash used in investing activities	<u>(5,575,239)</u>	<u>(1,251,114)</u>	<u>-</u>	<u>(6,826,353)</u>
Cash flow used in financing activities:				
Distributions and credits to members	<u>(460,430)</u>	<u>(343,728)</u>	<u>-</u>	<u>(804,158)</u>
Net cash used in financing activities	<u>(460,430)</u>	<u>(343,728)</u>	<u>-</u>	<u>(804,158)</u>
Net decrease in cash and cash equivalents	(727,966)	(1,872,839)	-	(2,600,805)
Cash and cash equivalents, beginning of year	17,034,962	4,765,101	-	21,800,063
Cash and cash equivalents, end of year	<u>\$ 16,306,996</u>	<u>\$ 2,892,262</u>	<u>\$ -</u>	<u>\$ 19,199,258</u>

COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
COMBINING STATUTORY SCHEDULE –
CASH FLOW INFORMATION
Year ended December 31, 2019

	<u>CIRSA/PC</u>	<u>CIRSA/WC</u>	<u>Combining adjustments</u>	<u>Combined</u>
Cash flow from operating activities:				
Contributions collected from members, net of excess insurance premiums and brokerage commissions paid	\$ 19,597,839	\$ 6,806,648	\$ -	\$ 26,404,487
Losses and loss adjustment expenses paid	(9,439,080)	(3,448,443)	-	(12,887,523)
Underwriting expenses paid	(8,728,716)	(1,948,347)	1,925,413	(8,751,650)
Cash provided by (used in) underwriting operations	1,430,043	1,409,858	1,925,413	4,765,314
Net investment income received	816,873	683,347	-	1,500,220
Other amounts received	1,925,116	-	(1,925,413)	(297)
Net cash provided by (used in) operating activities	<u>4,172,029</u>	<u>2,093,205</u>	<u>-</u>	<u>6,265,237</u>
Cash flow from investing activities:				
Proceeds from investments sold, matured, or called	16,410,120	7,988,611	-	24,398,731
Cost of investments acquired	(3,997,944)	(7,285,593)	-	(11,283,537)
Purchase of property and equipment, net	(57,178)	-	-	(57,178)
Net cash provided by (used in) investing activities	<u>12,354,998</u>	<u>703,021</u>	<u>-</u>	<u>13,058,016</u>
Cash flow used in financing activities:				
Distributions and credits to members	(539,993)	(343,417)	-	(883,410)
Net cash used in financing activities	<u>(539,993)</u>	<u>(343,417)</u>	<u>-</u>	<u>(883,410)</u>
Net increase (decrease) in cash and cash equivalents	15,987,034	2,452,809	-	18,439,843
Cash and cash equivalents, beginning of year	1,047,928	2,312,292	-	3,360,220
Cash and cash equivalents, end of year	<u>\$ 17,034,962</u>	<u>\$ 4,765,101</u>	<u>\$ -</u>	<u>\$ 21,800,063</u>