

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

**BASIC FINANCIAL STATEMENTS
December 31, 2021 and 2020**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Colorado Intergovernmental Risk Sharing Agency
Denver, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of Colorado Intergovernmental Risk Sharing Agency, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Colorado Intergovernmental Risk Sharing Agency's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Colorado Intergovernmental Risk Sharing Agency, as of December 31, 2021 and 2020, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Colorado Intergovernmental Risk Sharing Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, reconciliation of reserves for unpaid losses and loss adjustment expenses, and the ten year loss development information on pages IV-IX and 27-29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Colorado Intergovernmental Risk Sharing Agency's basic financial statements. The combining schedules on pages 30-35 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



CliftonLarsonAllen LLP

Broomfield, Colorado
April 14, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Colorado Intergovernmental Risk Sharing Agency (the Agency or CIRSA) herein sets forth a narrative overview and analysis of its financial activities for the fiscal years ended December 31, 2021 and 2020.

Overview of the Financial Statements

This overview is an introduction to the Agency's financial statements. The Agency's financial statements consist of three components: (1) basic financial statements, (2) notes to the basic financial statements, and (3) required supplementary information that includes ten-year loss development information and combining schedules.

The Statements of Net Position present information regarding the Agency's assets and liabilities, with the difference between the two being reported as Net Position.

The Statements of Revenue, Expenses, and Changes in Net Position present the financial results of operations for the Agency for the two most recent fiscal years. This statement presents information showing how the Net Position changed during the two most recent fiscal years. All changes in Net Position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

The Statements of Cash Flows detail the cash used and provided by the various activities of the Agency during the fiscal year. However, this statement does not consider unpaid responsibilities that have been established by contract or other underlying events during the fiscal year.

Analysis of Financial Position

The following is a comparison of the financial position of the Agency at December 31, 2021 to December 31, 2020 and December 31, 2020 to December 31, 2019.

	<u>2021</u>	<u>2020</u>	<u>Change</u>
Assets:			
Cash, investments, and accrued investment income	\$ 90,532,926	\$ 85,609,779	\$ 4,923,147
Capital assets, net	3,616,814	3,800,468	(183,654)
Other current assets	<u>4,017,008</u>	<u>4,763,483</u>	<u>(746,475)</u>
Total assets	<u>98,166,748</u>	<u>94,173,730</u>	<u>3,993,018</u>
Liabilities:			
Reserves for unpaid losses and loss adjustment expenses	39,845,711	33,945,294	5,900,417
Other current liabilities	<u>2,201,907</u>	<u>1,805,552</u>	<u>396,355</u>
Total liabilities	<u>42,047,618</u>	<u>35,750,846</u>	<u>6,296,772</u>
Net position:			
Invested in capital assets	3,616,814	3,800,468	(183,654)
Restricted	510,234	527,625	(17,391)
Unrestricted	<u>51,992,082</u>	<u>54,094,791</u>	<u>(2,102,709)</u>
Total net position	<u>\$ 56,119,130</u>	<u>\$ 58,422,884</u>	<u>\$ (2,303,754)</u>

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Assets:			
Cash, investments, and accrued investment income	\$ 85,609,779	\$ 80,357,222	\$ 5,252,557
Capital assets, net	3,800,468	3,896,093	(95,625)
Other current assets	<u>4,763,483</u>	<u>3,101,530</u>	<u>1,661,953</u>
Total assets	<u>94,173,730</u>	<u>87,354,845</u>	<u>6,818,885</u>
Liabilities:			
Reserves for unpaid losses and loss adjustment expenses	33,945,294	35,055,172	(1,109,878)
Other current liabilities	<u>1,805,552</u>	<u>2,324,985</u>	<u>(519,433)</u>
Total liabilities	<u>35,750,846</u>	<u>37,380,157</u>	<u>(1,629,311)</u>
Net position:			
Invested in capital assets	3,800,468	3,896,093	(95,625)
Restricted	527,625	521,329	6,296
Unrestricted	<u>54,094,791</u>	<u>45,557,266</u>	<u>8,537,525</u>
Total net position	<u>\$ 58,422,884</u>	<u>\$ 49,974,688</u>	<u>\$ 8,448,196</u>

Net position as of December 31, 2021, has decreased by approximately \$2.3 million from the prior year. This decrease has resulted from an increase of approximately \$4.0 million in assets, offset and by an increase in liabilities of approximately \$6.3 million. The increase in assets is mainly attributed to an increase in cash, investments, and accrued investment income. The liability increase is mainly due to a \$5.9 million increase in reserves for unpaid losses and loss adjustment expenses. This reserve is an estimate of unpaid claims resulting from events that have occurred on or before December 31, 2021 and 2020. That estimate is determined by an independent actuarial study that considers the Agency's historical experience and loss trends.

Net position as of December 31, 2020, has increased by approximately \$8.4 million from the prior year. This increase has resulted from an increase of approximately \$6.8 million in assets, and by a decrease in liabilities of approximately \$1.6 million. The increase in assets is mainly attributed to an increase in cash, investments, and accrued investment income. The liability decrease is mainly due to a \$1.1 million decrease in reserves for unpaid losses and loss adjustment expenses. This reserve is an estimate of unpaid claims resulting from events that have occurred on or before December 31, 2020 and 2019. That estimate is determined by an independent actuarial study that considers the Agency's historical experience and loss trends.

Results of Operations

The following is a comparison of the Agency's Results of Operations for 2021 to 2020 and 2020 to 2019.

	2021	2020	Change
	Actual	Actual	
Revenues:			
Member contributions, net	\$ 32,934,344	\$ 31,048,151	\$ 1,886,193
Investment income, net	<u>(876,122)</u>	<u>2,448,621</u>	<u>(3,324,743)</u>
Total revenues	<u>32,058,222</u>	<u>33,496,772</u>	<u>(1,438,550)</u>
Expenses:			
Losses and loss adjustment expenses	23,425,676	14,923,537	8,502,139
General and administrative	<u>9,798,083</u>	<u>9,167,865</u>	<u>630,218</u>
Total expenses	<u>33,223,759</u>	<u>24,091,402</u>	<u>9,132,357</u>
(Loss) Income before distributions	<u>\$ (1,165,537)</u>	<u>\$ 9,405,370</u>	<u>\$ (10,570,907)</u>

	2020	2019	Change
	Actual	Actual	
Revenues:			
Member contributions, net	\$ 31,048,151	\$ 26,395,018	\$ 4,653,133
Investment income, net	<u>2,448,621</u>	<u>2,984,280</u>	<u>(535,659)</u>
Total revenues	<u>33,496,772</u>	<u>29,379,298</u>	<u>4,117,474</u>
Expenses:			
Losses and loss adjustment expenses	14,923,537	19,514,339	(4,590,802)
General and administrative	<u>9,167,865</u>	<u>9,643,493</u>	<u>(475,628)</u>
Total expenses	<u>24,091,402</u>	<u>29,157,832</u>	<u>(5,066,430)</u>
Income before distributions	<u>\$ 9,405,370</u>	<u>\$ 221,466</u>	<u>\$ 9,183,904</u>

Member contributions increased from 2020 to 2021 as the pools rates increased, and there were two additional members of the property/casualty pool and a decrease of one member of the workers' compensation pool in 2021.

Net investment income decreased from 2020 to 2021 primarily due to a decrease in market value and a decrease in interest and dividends received from investments in 2021.

The increase in loss and loss adjustment expenses from 2020 to 2021 relates to the provision for covered events of both current and prior years. That provision for covered events of the current year increased in both 2020 and 2021, the increase was supplemented by a decrease in the change in provision for covered events of prior years in both 2020 and 2021.

Member contributions increased from 2019 to 2020 as the pools rates increased, and there were six additional members of the property/casualty pool and a decrease of three members of the workers' compensation pool in 2020.

Net investment income decreased from 2019 to 2020 primarily due to a decrease in market value and a decrease in interest and dividends received from investments in 2020.

The decrease in loss and loss adjustment expenses from 2019 to 2020 relates to the provision for covered events of both current and prior years. That provision for covered events of the current year increased in both 2019 and 2020, the increase was supplemented by a decrease in the change in provision for covered events of prior years in both 2019 and 2020.

Changes in Net Position

The following details the items that generated the change in net position during 2021, 2020, and 2019.

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Beginning net position	\$ 58,422,884	\$ 49,974,688	\$ 50,544,493
(Loss) income before distributions	(1,165,537)	9,405,370	221,466
Distributions and credits to members	<u>(1,138,217)</u>	<u>(957,174)</u>	<u>(791,271)</u>
Ending net position	<u>\$ 56,119,130</u>	<u>\$ 58,422,884</u>	<u>\$ 49,974,688</u>

The 2021 and 2020 income are explained above. Distributions and credits include loss control audit credits, which are made to members with good safety programs. All the distributions and credits were made to member entities.

The Agency annually updates a target balance for net position. If net position exceeds the target, the Board may approve a distribution back to the members. Since this distribution program was implemented in 1988, \$26.5 million has been returned to members through 2007. The Agency did not distribute any amounts under this program during 2008. Since 2009, even though the Agency did not exceed its target, the Board declared annual equity distributions to members who renewed for coverage years 2010 through 2015.

Until 2017, the target included an amount to increase the confidence level of reserves for unpaid losses and loss adjustment expenses and an amount to generate income to fund certain member credit programs. The Agency's policy was to maintain a net position balance to increase the confidence level on reserves for unpaid losses and loss adjustment expenses from the expected value to a 95% confidence level, as determined annually by an independent actuarial study.

In 2017, PriceWaterhouseCoopers LLP conducted a comprehensive study, which identified and quantified specific financial risks facing the Agency including underwriting risk, reserving risk, asset and credit risk and operational risk. A target net position policy was established by the Board to set a minimum target net position equal to a 1-in-200 year occurrence and a maximum target net position as two times a 1-in-200 year occurrence. Briefly, a 1-in-200 year occurrence is defined as a financial event occurring in the next one year time horizon for which there is a 0.5% chance that the Agency's financial risks will fully deplete the Agency's net position. The policy states that if net position exceeds the maximum target, the amount above that maximum will be returned to members. Combined, the Agency's net position falls within the target net position range.

In 2019, PriceWaterhouseCoopers LLP updated the study, resulting in a new target net position range. The study will be updated in 2022 by PriceWaterhouseCoopers, LLP.

Capital Assets

At the end of 2021, the Agency had invested \$3.6 million in a range of capital assets, primarily a home office building and computer equipment. The additions to the capital assets were exceeded by deductions for depreciation.

	<u>2021</u>	<u>2020</u>	<u>Change</u>
Land	\$ 750,400	\$ 750,400	\$ -
Buildings and improvements	2,611,523	2,804,923	(193,400)
Machinery and equipment	12,268	-	12,268
Furniture and fixtures	23,571	17,336	6,235
Telephone system	-	10,172	(10,172)
Computer equipment	219,052	217,637	1,415
	<u>\$ 3,616,814</u>	<u>\$ 3,800,468</u>	<u>\$ (183,654)</u>

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Land	\$ 750,400	\$ 750,400	\$ -
Buildings and improvements	2,804,923	2,883,795	(78,872)
Furniture and fixtures	17,336	3,756	13,580
Telephone system	10,172	22,339	(12,167)
Computer equipment	217,637	235,803	(18,166)
	<u>\$ 3,800,468</u>	<u>\$ 3,896,093</u>	<u>\$ (95,625)</u>

No major capital additions were made in 2021.

More detailed information about the Agency's capital assets is presented in Note 7 to the financial statements.

Economic Factors

The following important economic factors should be considered when evaluating the financial position and operating results of the Agency.

Loss and loss adjustment expenses and the corresponding reserve are based on estimates that are subject to inherent variability caused by the nature of the insurance process. The potentially long period 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. In response to this uncertainty, the Agency continually reviews these estimates, obtains independent actuarial studies, and adjusts the estimates as necessary as experience develops or new information becomes known. Such adjustments are made in current operations. Also, the Agency maintains a balance in net position, which increases funding of unpaid claim responsibilities to a 95% confidence level, as determined by independent actuarial studies.

Investments in debt securities consist of United States government and corporate obligations, which are carried at fair value. The fair value of investments is subject to volatility due to market conditions, such as market interest rates. An increase in market interest rates will cause a reduction in the fair value of debt securities already held and impact the Agency's financial position by creating unrealized losses. Conversely, a decrease in market interest rates will cause an increase in the fair value of debt securities already held and impact the Agency's financial position by creating unrealized gains. The Agency adheres to an investment policy and applicable Colorado statutes to maintain a high-quality portfolio. These investments are monitored regularly and managed with the assistance of a professional advisory firm.

Contacting the Agency's Financial Management

This financial report is designed to provide our members, regulators and other interested parties with a general overview of the Agency's finances and to demonstrate the Agency's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Agency's Finance Department, 3665 Cherry Creek North Drive, Denver, CO 80209.

BASIC FINANCIAL STATEMENT

COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
STATEMENTS OF NET POSITION

December 31, 2021 and 2020

Assets	2021	2020
Current assets:		
Investments in debt securities, at fair value (amortized cost of \$9,472,134 and \$14,772,349 at December 31, 2021 and 2020, respectively)	\$ 9,522,973	\$ 14,920,578
Cash and cash equivalents	17,427,292	19,199,258
Accrued investment income	225,167	240,308
Receivable from members	1,136,372	947,164
Excess insurance receivable, net	2,430,203	2,653,365
Prepaid expenses	448,089	1,160,333
Other assets	2,344	2,621
Total current assets	<u>31,192,440</u>	<u>39,123,627</u>
Noncurrent assets:		
Investments in debt securities, at fair value (amortized cost of \$62,016,347 and \$48,733,283 at December 31, 2021 and 2020, respectively)	62,159,593	50,551,734
Deposit with NLC Mutual Insurance Company	697,901	697,901
Deposit with Government Entities Mutual Inc	500,000	-
Capital assets, net	3,616,814	3,800,468
Total noncurrent assets	<u>66,974,308</u>	<u>55,050,103</u>
Total assets	<u>\$ 98,166,748</u>	<u>\$ 94,173,730</u>
Liabilities and Net Position		
Current liabilities:		
Reserves for unpaid losses and loss adjustment expenses, net of excess insurance recoverables	\$ 15,252,000	\$ 12,565,000
Accounts payable and accrued liabilities	641,923	453,449
Member credits payable	1,397,915	1,229,366
Special contribution plan deposits	25,000	25,000
Unearned member contributions	137,069	97,737
Total current liabilities	<u>17,453,907</u>	<u>14,370,552</u>
Noncurrent liabilities:		
Reserves for unpaid losses and loss adjustment expenses, net, of excess insurance recoverables	24,593,711	21,380,294
Total noncurrent liabilities	<u>24,593,711</u>	<u>21,380,294</u>
Total liabilities	<u>42,047,618</u>	<u>35,750,846</u>
Net position:		
Invested in capital assets	3,616,814	3,800,468
Restricted	510,234	527,625
Unrestricted	51,992,082	54,094,791
Total net position	<u>56,119,130</u>	<u>58,422,884</u>
Total liabilities and net position	<u>\$ 98,166,748</u>	<u>\$ 94,173,730</u>

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

COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION

Years ended December 31, 2021 and 2020

	2021	2020
Operating revenues:		
Member contributions earned (net of excess insurance and reinsurance premiums and brokerage commissions of \$12,084,011 and \$11,605,670 in 2021 and 2020, respectively)	<u>\$ 32,934,344</u>	<u>\$ 31,048,151</u>
Total operating revenues	<u>32,934,344</u>	<u>31,048,151</u>
Operating expenses:		
Losses and loss adjustment expenses	23,425,676	14,923,537
General and administrative	<u>9,798,083</u>	<u>9,167,865</u>
Total operating expenses	<u>33,223,759</u>	<u>24,091,402</u>
Operating (loss) income	(289,415)	6,956,749
Nonoperating revenue:		
Net investment (loss) income	<u>(876,122)</u>	<u>2,448,621</u>
(Loss) Income before distributions	(1,165,537)	9,405,370
Distributions and credits to members and withdrawn members	<u>(1,138,217)</u>	<u>(957,174)</u>
(Decrease) Increase in net position	(2,303,754)	8,448,196
Net position, beginning of year	<u>58,422,884</u>	<u>49,974,688</u>
Net position, end of year	<u><u>\$ 56,119,130</u></u>	<u><u>\$ 58,422,884</u></u>

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

COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
STATEMENTS OF CASH FLOWS

Years ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Contributions collected from members, net of excess insurance premiums and brokerage commissions paid	\$ 32,721,332	\$ 30,976,298
Other amounts collected	-	-
Losses and loss adjustment expenses paid, net	(17,302,097)	(16,728,307)
General and administrative expenses paid	(8,457,089)	(10,368,910)
Net cash provided by operating activities	6,962,146	3,879,081
Cash flows from noncapital financing activities:		
Distributions and credits to members	(969,668)	(804,158)
Cash flows from capital and related financing activities:		
Purchase of capital assets	(193,207)	(278,155)
Disposal of capital assets	-	7,167
Net cash used in capital and related financing activities:	(193,207)	(270,988)
Cash flows from investing activities:		
Purchases of investments	(43,264,290)	(23,097,353)
Proceeds from call or sales of investments	4,165,158	5,193,836
Proceeds from maturities of investments	31,010,000	11,324,527
Investment income collected, net	1,017,895	1,174,248
Investment in Government Entities Mutual Inc.	(500,000)	-
Net cash used in investing activities	(7,571,237)	(5,404,742)
Net decrease in cash and cash equivalents	(1,771,966)	(2,600,807)
Cash and cash equivalents, beginning of year	19,199,258	21,800,063
Cash and cash equivalents, end of year	\$ 17,427,292	\$ 19,199,258
Reconciliation of operating income to net cash provided by operating activities:		
Operating (loss) income	\$ (289,415)	\$ 6,956,749
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	376,861	366,612
Changes in operating assets and liabilities:		
Receivable from members	(189,208)	(339,386)
Excess insurance receivable	223,162	(445,160)
Prepaid expenses and other assets	712,523	(877,405)
Reserves for unpaid losses and loss adjustment expenses	5,900,417	(1,109,878)
Accounts payable and accrued liabilities	188,474	(696,866)
Unearned member contributions	39,332	24,417
Net cash provided by operating activities	\$ 6,962,146	\$ 3,879,083

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

COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

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 financial statements are presented on the Agency as a single entity.

Membership in CIRSA is evidenced by execution of the Bylaws and Intergovernmental Agreement. At December 31, 2021, CIRSA membership consisted of 234 municipalities and 49 special districts. There were 280 members of the Property and Casualty Pool and 140 members of the Workers' Compensation Pool with 137 being members of both pools. At December 31, 2021, 199 member municipalities have populations of less than 10,000; 24 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 79% relates to property and casualty and 21% 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, 2021 and 2020, the Agency was not providing this service to any other nonmember public entity.

Reporting Entity and Fund Type

The Agency has no component units using the criteria as set forth in accounting principles generally accepted in the United States of America, set forth by the Governmental Accounting Standards Board (GASB). The Agency is a public entity risk pool and is accounted for as an enterprise fund (a business-type activity).

Basis of Presentation

The accompanying basic financial statements have been prepared using the flow of economic resources measurement focus and the accrual method of accounting, in accordance with accounting principles generally accepted in the United States of America. 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 as a single entity in the accompanying basic financial statements. All inter-pool accounts and transactions have been eliminated.

COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of basic financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates include the reserves for unpaid losses and loss adjustment expenses. Actual results could differ from those estimates.

Net Position

Net position is classified as follows:

Invested in capital assets: This represents the total investment in capital assets net of accumulated depreciation. There is no outstanding debt related to these capital assets.

Restricted net position: Restricted net position includes amounts that are on deposit with the Division of Insurance of the State of Colorado to satisfy regulatory requirements.

Unrestricted net position: Unrestricted net position represents resources from the continuing operations of the Agency that are not invested in capital assets or restricted as to use by an external third party.

When both restricted and unrestricted resources are available for use, it is the Agency's policy to use unrestricted resources first, then restricted, as needed.

Classification of Revenues and Expenses

The Agency has classified revenues and expenses as either operating or nonoperating according to the following criteria:

Operating revenues and expenses: Revenues and expenses that result from providing property and liability coverages, workers' compensation coverage, claims administration, and loss control services and related services for member municipalities and nonmember public entities.

Nonoperating revenues and expenses: Revenues and expenses that are not included as operating revenues or expenses. Nonoperating revenues include investment income.

Investments

Investments in debt securities consist of United States government and corporate obligations and are carried at fair value, which is based upon quoted market prices.

The Agency accounts for its investments in accordance with GASB Statement No. 72, *Fair Value Measurement and Application* (GASB 72). GASB 72 requires governmental entities to report investments at fair value in the statement of net position. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

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 that produces the lowest asset value.

COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The classification of investments as current or noncurrent is based on the maturity date of the security and the ability to be used to pay current obligations. Generally, investments maturing within a year are classified as current.

All investment income, including changes in the fair value of investments, is recognized as revenue (or expense) in the statements of revenue, expenses, and changes in net position. Gains and losses on investments sold are realized in operations and are computed based on the specific-identification method. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year were included as a change in the fair value of investments reported in the prior year(s) and the current year.

Cash and Cash Equivalents

For purposes of the statements of cash flows, 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 2021 and 2020, respectively. At December 31, 2021 and 2020, the Agency's cash deposits in non-interest bearing accounts had balances of \$1,886,690 and \$7,433,805, 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.

Capital Assets

Capital assets are stated at cost at the date of acquisition. CIRSA's capitalization policy includes all items with a value of \$2,500 or more, and an estimated useful life of greater than one year. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as follows:

<u>Asset class</u>	<u>Useful life in years</u>
Buildings and improvements	30 years
Machinery and equipment	3 years
Furniture and fixtures	5 years
Telephone system	3 years
Computer equipment	3-5 years

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. At December 31, 2021 and 2020, there are no contract acquisition costs that should be deferred. Member contributions receivable, if significantly aged, can be recovered by withholding applicable credits. As such, no allowance is recorded and no receivables are written off. The Agency considers anticipated investment income in determining if a premium deficiency exists.

COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Reserve for Unpaid Losses and Loss Adjustment Expenses

The reserve for unpaid losses and loss adjustment expenses represents the estimated ultimate net cost of all 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 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. The reserve for unpaid losses and loss adjustment expenses is classified as current or noncurrent based on an independent actuarial estimate of the amount of losses and loss adjustment expenses to be paid in the next year.

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 basic 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 \$2,438,584 and \$2,428,816 during 2021 and 2020, respectively, are eliminated in the accompanying basic financial statements.

COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

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, 2021, and 2020, member credits payable consists of the following:

	2021	2020
Loss control credit accounts	\$ 1,376,075	\$ 1,207,526
Equity credits held for deductibles	21,840	21,840
	\$ 1,397,915	\$ 1,229,366

Loss Control Credit Accounts

The Loss Control Credit Accounts Program was designed to encourage members to establish and implement safety-related programs. During 2021 and 2020, the board of directors designated \$1,161,378 and \$960,232, 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 \$1,376,075 and \$1,207,526 at December 31, 2021 and 2020, respectively.

Equity Credits

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 \$0 and \$26 was credited in 2021 and 2020, respectively. The equity credits held for deductibles payable at December 31, 2021 and 2020 were \$21,840 and \$21,840, respectively. The equity credits to be paid to members were \$0 at December 31, 2021 and 2020.

Paid Time Off

The Agency has a paid time off leave policy. Employees are entitled to 28.50 to 35.50 days of paid time off leave per year depending on their length of service. Upon termination of employment, employees who have 6 months or more years of service are paid one-half of their unused non-forfeited accrued PTO time. Accrued paid time off pay of \$319,315 and \$211,521 was included in accounts payable and accrued liabilities on the accompanying statements of net position at December 31, 2021 and 2020, respectively.

COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE 2 - INVESTMENTS

The Agency's investments in debt securities 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>
2021:				
U.S. Treasury securities	\$ 33,597,506	\$ 601,672	\$ (135,359)	\$ 34,063,819
U.S. Government agency obligations	7,430,097	87,109	(143,461)	7,373,745
Corporate obligations	5,759,708	49,017	(30,074)	5,778,651
Mortgage backed securities	16,476,642	15,581	(222,560)	16,269,663
Municipal securities	<u>8,224,528</u>	<u>6,094</u>	<u>(33,934)</u>	<u>8,196,688</u>
Total	<u>\$ 71,488,481</u>	<u>\$ 759,473</u>	<u>\$ (565,388)</u>	<u>\$ 71,682,566</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>

Fair values represent quoted market value prices for securities traded in the public marketplace. The Agency's investment holdings are primarily classified per GASB 72, as Level 2 inputs within the Fair Value hierarchy, except for U.S. Treasury securities investment holdings that are classified as Level 1 inputs within the Fair Value hierarchy.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It establishes a hierarchy for fair value measurements based upon the inputs to the valuation and the degree to which they are observable or not observable in the market. The three levels in the hierarchy are as follows:

- Level 1 – Inputs to the valuation are based upon quoted prices (unadjusted) for identical assets or liabilities in active markets that are accessible as of the measurement date.
- Level 2 – Inputs to the valuation include quoted prices in either markets that are not active, or in active markets for similar assets or liabilities, inputs other than quoted prices that are observable, and inputs that are derived principally from or corroborated by observable market data.
- Level 3 – Inputs to the valuation are unobservable inputs for the asset or liability.

COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 2 - INVESTMENTS (CONTINUED)

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Financial assets measured at fair value on a recurring basis are reflected in the Agency's balance sheet at December 31, 2021 as follows:

	<u>12/31/2021</u>	<u>Fair Value Measurement Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
2021:				
U.S. Treasury securities	\$ 34,063,819	\$ 34,063,819	\$ -	\$ -
U.S. Government agency obligations	7,373,745	-	7,373,745	-
Corporate obligations	5,778,651	-	5,778,651	-
Mortgage backed securities	16,269,663	-	16,269,663	-
Municipal securities	8,196,688	-	8,196,688	-
Total	<u>\$ 71,682,566</u>	<u>\$ 34,063,819</u>	<u>\$ 37,618,747</u>	<u>\$ -</u>
Financial assets that are not leveled:				
NLC Mutual Insurance Company	\$ 697,901			
Government Entities Mutual Inc	500,000			
Colotrust	16,223,421			

Financial assets measured at fair value on a recurring basis are reflected in the Agency's balance sheet at December 31, 2020 as follows:

	<u>12/31/2020</u>	<u>Fair Value Measurement Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
2020:				
U.S. Treasury securities	\$ 45,838,226	\$ 45,838,226	\$ -	\$ -
U.S. Government agency obligations	8,314,978	-	8,314,978	-
Corporate obligations	6,759,139	-	6,759,139	-
Mortgage backed securities	893,536	-	893,536	-
Supranational securities	3,666,433	-	3,666,433	-
Total	<u>\$ 65,472,312</u>	<u>\$ 45,838,226</u>	<u>\$ 19,634,086</u>	<u>\$ -</u>
Financial assets that are not leveled:				
NLC Mutual Insurance Company	\$ 697,901			
Colotrust	12,804,598			

COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 2 - INVESTMENTS (CONTINUED)

A summary of the amortized cost and fair value of the Agency's investments in debt securities at December 31, 2021 and 2020, by contractual maturity, is as follows:

	2021	
	Amortized Cost	Fair Value
Maturity:		
Due in one year or less	\$ 9,472,134	\$ 9,522,973
Due after one through five years	38,426,515	38,502,093
Due after five through ten years	18,030,970	18,164,993
Due after ten years	5,558,862	5,492,507
	\$ 71,488,481	\$ 71,682,566

	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
	\$ 63,505,632	\$ 65,472,312

As of December 31, 2021, the Agency had the following investments:

Investment type	Fair value	Remaining maturity (in years)			
		Less than 1	1-5	6-10	Over 10
U.S. Treasury securities	\$ 34,063,819	\$ 7,484,145	\$ 22,208,118	\$ 4,371,556	-
U.S. Government agency obligations	7,373,745	-	6,634,901	738,844	-
Corporate obligations	5,778,651	2,038,828	1,928,681	1,811,142	-
Mortgage backed securities	16,269,663	-	6,409,552	4,367,604	5,492,507
Municipal securities	8,196,688	-	1,320,841	6,875,847	-
	71,682,566	9,522,973	38,502,093	18,164,993	5,492,507
Local government investment pool	16,223,421	16,223,421	-	-	-
	\$ 87,905,987	\$ 25,746,394	\$ 38,502,093	\$ 18,164,993	\$ 5,492,507

COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 2 - INVESTMENTS (CONTINUED)

As of December 31, 2020, the Agency had the following investments:

Investment type	Fair value	Remaining maturity (in years)			
		Less than 1	1-5	6-10	Over 10
U.S. Treasury securities	\$ 45,838,226	\$ 7,696,210	\$ 32,717,408	\$ 5,424,608	-
U.S. Government agency obligations	8,314,978	703,795	5,139,546	2,471,637	-
Corporate obligations	6,759,139	2,854,140	3,704,230	200,769	-
Mortgage backed securities	893,536	-	-	693,699	199,837
Supranational securities	3,666,433	3,666,433	-	-	-
	65,472,312	14,920,578	41,561,184	8,790,713	199,837
Local government investment pool	12,804,598	12,804,598	-	-	-
	<u>\$ 78,276,910</u>	<u>\$ 27,725,176</u>	<u>\$ 41,561,184</u>	<u>\$ 8,790,713</u>	<u>\$ 199,837</u>

As of December 31, 2021, and 2020, the Agency had invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (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 records its investments at fair value and the Agency records its investment in the Trust using the net asset value method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Agency matches the duration of its bond portfolio to the corresponding liabilities. The applicable duration is determined by an annual actuarial study. Callable bonds are considered in the duration calculation at their call date, if deemed to be priced to be called. Additionally, the Agency's investment policy limits the maturity of bonds to fifteen years from the date of purchase.

Credit Risk

At December 31, 2021 and 2020, the Agency's holdings of U.S. agency obligations were rated AA+ by Standard & Poor's and Aaa by Moody's Investors Service. COLOTRUST has been rated AAAM by Standard & Poor's at December 31, 2021 and 2020.

State law limits investments in corporate bonds to those that carry at least two credit ratings from any of the nationally recognized credit rating agencies that are not rated below "AA- or Aa3" upon purchase. State law limits investments in municipal bonds to those that carry at least two credit ratings from any of the nationally recognized credit rating agencies that are not rated below "AA" upon purchase. Further, state law limits investments in commercial paper to those that carry at least two credit ratings from any of the nationally recognized credit rating agencies that are not rated below "A1, P1 or F1" upon purchase. Each of the Agency's corporate bonds, municipal bonds and commercial paper meets or exceeds these criteria upon purchase. All of the Agency's corporate bonds, municipal bonds and commercial paper remain at or above these criteria as of December 31, 2021 and 2020.

COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE 2 - INVESTMENTS (CONTINUED)

Corporate obligations	Amount	Rating as of December 31, 2021
Chevron Corp	\$ 613,948	AA-
Apple Inc	826,514	AA+
VISA Inc	711,215	AA-
Walmart Stores Inc	737,095	AA
Microsoft Corp	475,219	AAA
Automatic Data Processing	498,448	AA-
Johnson & Johnson Corp	651,565	AAA
Bershire Hathaway Finance	485,168	AA
Exxon Mobile	779,479	AA-
Total	<u>\$ 5,778,651</u>	

U.S. Government Agency Obligations	Amount	Rating as of December 31, 2021
Federal National Mortgage Association	\$ 1,624,918	AA+
Fannie Mae	3,777,740	AA+
Freddie Mac	1,971,087	AA+
	<u>\$ 7,373,745</u>	

U.S. Treasury Securities	Amount	Rating as of December 31, 2021
U.S. Treasury	\$ 34,063,819	AA+

Mortgage Backed Assets	Amount	Rating as of December 31, 2021
Federal National Mortgage Association	\$ 632,533	AA+
Freddie Mac	9,925,239	AA+
Government National Mortgage Association	3,465,314	AA+
Freddie Mac SLST	538,006	AA+
JP Morgan Structured	390,628	AA+
Fannie Mae	1,317,943	AA+
	<u>\$ 16,269,663</u>	

COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE 2 - INVESTMENTS (CONTINUED)

Municipal securities	Amount	Rating as of December 31, 2021
Alabama Federal Aid Highway	\$ 576,397	AAA
Andover MA	949,050	AAA
Bexar County TX	1,002,370	AAA
Boston MA Water & Sewer Commission	39,608	AAA
Cypress-Fairbanks TX Independent School	618,266	AAA
Dallas TX Area Rapid Transit	569,750	AA+
El Paso TX	261,229	AA
Forsyth County GA School District	109,695	AAA
Hawaii State	995,400	AA+
Keller TX Independent School District	681,344	AAA
Metro Government Nashville & Davidson	289,559	AA
Multnomah County OR School District	123,594	AA
New York State Dorm Authority	390,639	AA+
Oregon State Community Colleges & Community College Districts	396,076	AA
Tennessee State School Bond Authority	217,950	AA+
Tri-County OR Metro Transportation District	323,434	AAA
Utah State Transit Authority Sales Tax	652,327	AA
	<u>\$ 8,196,688</u>	

Corporate obligations	Amount	Rating as of December 31, 2020
Chevron Corp	\$ 1,066,458	AA
Apple Inc	842,092	AA+
Toyota Motor Credit	853,482	A+
Walmart Stores Inc	753,731	AA
Microsoft Corp	485,517	AAA
WestPac Banking Corp	690,975	AA-
Procter & Gamble Company	455,448	AA-
Johnson & Johnson Corp	666,471	AAA
Bershire Hathaway Finance	498,146	AA
Exxon Mobile	446,819	AA
Total	<u>\$ 6,759,139</u>	

COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 2 - INVESTMENTS (CONTINUED)

U.S. Government Agency Obligations	Amount	Rating as of December 31, 2020
Federal National Mortgage Association	\$ 1,703,110	AA+
Federal Home Loan Bank	703,793	AA+
Fannie Mae	3,886,905	AA+
Freddie Mac	2,021,170	AA+
	<u>\$ 8,314,978</u>	

U.S. Treasury Securities	Amount	Rating as of December 31, 2020
U.S. Treasury	<u>\$ 45,838,226</u>	AA+

Supranational securities	Amount	Rating as of December 31, 2020
International American Development Bank	\$ 866,015	AAA
International Financial Corporation	550,310	AAA
International Bank Reconstruction and Development	1,496,144	AAA
African Development Bank	753,964	AAA
	<u>\$ 3,666,433</u>	

Mortgage Backed Assets	Amount	Rating as of December 31, 2020
Federal National Mortgage Association	\$ 327,714	AA+
Fannie Mae	565,822	AA+
	<u>\$ 893,536</u>	

COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 2 - INVESTMENTS (CONTINUED)

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:

	2021		2020	
Fannie Mae	\$ 5,095,684	7.11%	\$ 3,886,903	5.94%
Freddie Mac	\$ 11,896,326	16.60%	-	0.00%

Proceeds from the sales, calls and maturities of debt securities during 2021 and 2020 were approximately \$35,175,000 and \$16,518,000, respectively. Gross gains of \$44,087 and \$33,603, respectively, were realized on those sales and calls. Gross losses of \$1,089 and \$780, respectively, were realized on sales and calls.

At December 31, 2021 and 2020, bonds with a carrying value of \$510,234 and \$521,315, 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, 2021 and 2020, 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. However, commercial paper included in cash equivalents and short-term investments is carried at amortized cost.

The Agency's investment income is summarized as follows:

	Year ended December 31,	
	2021	2020
Debt securities	\$ 975,442	\$ 1,085,569
Cash and cash equivalents	8,375	137,019
Net realized loss on sale of capital assets	-	(6,867)
Net realized gains on sale of investments	42,958	32,823
Net (decrease) increase in the fair value of investments	(1,772,595)	1,290,022
Gross investment (loss) income	(745,820)	2,538,566
Investment expenses	(130,300)	(89,945)
Net investment (loss) income	\$ (876,120)	\$ 2,448,621

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

December 31, 2021 and 2020

NOTE 2 - INVESTMENTS (CONTINUED)

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 was required to make capital contributions 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 a deposit at cost as of December 31, 2021, and 2020 for \$697,901.

Government Entities Mutual Inc. will provide liability reinsurance to the Agency in 2022. Government Entities Mutual Inc. is also a risk pool, as is the Agency. To obtain the reinsurance, the Agency was required to make capital contribution to become a member of the Government Entities Mutual Inc. pool, in addition to regular premiums. The related capital contribution associated with Government Entities Mutual Inc. is presented as a deposit at cost as of \$500,000 and \$0 as of December 31, 2021, and 2020, respectively.

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:

<u>Year(s) ended</u>	<u>Reinsurance coverage</u>
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 - 2021	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 FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 3 - EXCESS INSURANCE AND REINSURANCE (CONTINUED)

Year(s) ended	Excess insurance
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.
2006	Property reinsurance – 100% of \$500,000 in excess of \$500,000 per claim/occurrence. 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.
2007 – 2013	Property reinsurance – 100% of \$500,000 in excess of \$500,000 per claim/occurrence. 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.
2021	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.

COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

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 and reinsurers 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>2021</u>	<u>2020</u>
Member contributions earned		
Premiums paid	\$ 11,831,563	\$ 11,350,889
Brokerage commissions	252,448	254,781
Loss and loss adjustment expenses paid	3,451,927	24,262,821
Loss and loss adjustment expenses unpaid	5,747,868	9,590,495

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

	<u>2021</u>	<u>2020</u>
National Union Fire Insurance Company of Pittsburgh, PA	\$ 84,542	\$ 92,057
NLC Mutual Insurance Company	3,526,429	4,748,952
New York Marine and General Insurance Company	-	13,623
Great American Insurance Company	2,117,100	1,917,000
Old Republic	2,450,000	-
Axis Insurance Company	-	3,124,227
Aspen Specialty Insurance Company	-	449,489
Liberty Surplus Insurance Corporation	-	749,558
RSUI Indemnity Company	-	1,148,954
	<u>\$ 8,178,071</u>	<u>\$ 12,243,860</u>

The below amounts are recorded as follows at December 31:

	<u>2021</u>	<u>2020</u>
Excess reinsurance receivable, net	\$ 2,430,203	\$ 2,653,365
Reserves for unpaid losses and loss adjustment expenses	<u>5,747,868</u>	<u>9,590,495</u>
	<u>\$ 8,178,071</u>	<u>\$ 12,243,860</u>

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

December 31, 2021 and 2020

NOTE 3 - EXCESS INSURANCE AND REINSURANCE (CONTINUED)

The Agency's excess insurers and reinsurers had the following AM Best ratings at December 31, 2021:

<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-
Old Republic	A+
Great American Insurance Company	A+
RSUI Indemnity Company	A+
Axis Insurance Company	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
Lexington Insurance Company	A

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

COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

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>2021</u>	<u>2020</u>
Reserves for unpaid losses and loss adjustment expenses, net of excess insurance recoverables, beginning of year	\$ 33,945,294	\$ 35,055,172
Add incurred loss and loss adjustment expenses, net of excess insurance:		
Provision for covered events of the current year	26,198,482	19,699,640
Decrease in provision for covered events of prior years	<u>(2,772,806)</u>	<u>(4,776,103)</u>
Total incurred losses and loss adjustment expenses, net of excess insurance	<u>23,425,676</u>	<u>14,923,537</u>
Deduct payments:		
For claims attributable to covered events of the current year	7,536,835	5,041,456
For claims attributable to covered events of prior years	<u>9,988,424</u>	<u>10,991,959</u>
Total payments	<u>17,525,259</u>	<u>16,033,415</u>
Reserves for unpaid losses and loss adjustment expenses, net of excess insurance recoverables, end of year	<u>\$ 39,845,711</u>	<u>\$ 33,945,294</u>

As a result of changes in estimates of insured events in prior years, the provision for loss and loss adjustment expenses decreased by \$2,772,806 and by \$4,776,103 in 2021 and 2020, respectively. The change in estimates resulted due to favorable development for losses incurred in years prior to 2021 and 2020, respectively.

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 several 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 FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 5 - ACCUMULATED MEMBERS' NET POSITION

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 net position when they are declared.

The board of directors has adopted a policy that sets forth a formula that establishes a target range for net position. Net position in excess of the maximum of the target range is returned to members. The target computation considers underwriting risk, reserving risk, asset and credit risk and operational risk and is updated annually for approval by the board.

In 2021 and 2020, the board authorized the Agency to credit \$1,161,378 and \$957,174, respectively, to member municipalities and withdrawn members. At December 31, 2021 and 2020, \$1,397,915 and \$1,229,336 of credits remained undistributed, respectively. The undistributed amounts are included in member credits payable in the accompanying statements of net position. The 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 in conformity with statutory accounting practices prescribed or permitted by the Division of \$500,000. At December 31, 2021 and 2020, the Agency's statutory surplus was \$55,536,923 and \$55,239,664, respectively. The Agency's statutory net income for the years ended December 31, 2021 and 2020 was \$607,058 and \$8,182,814, respectively.

NOTE 6 - LEASES

The Agency leases automobiles under operating leases. Future minimum rental commitments under these operating leases are as follows:

Year ending December 31:

2022	\$	46,431
2023		28,298
2024		8,469

COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE 7 - CAPITAL ASSETS

Capital asset activity was as follows:

	Balance at January 1, 2021	Additions	Deletions	Balance at December 31, 2021
Land:				
Historical cost	\$ 750,400	\$ -	\$ -	\$ 750,400
Accumulated depreciation	-	-	-	-
Total	<u>750,400</u>	<u>-</u>	<u>-</u>	<u>750,400</u>
Building and improvements:				
Historical cost	7,926,169	54,521	-	7,980,690
Accumulated depreciation	<u>(5,121,246)</u>	<u>(247,921)</u>	<u>-</u>	<u>(5,369,167)</u>
Total	<u>2,804,923</u>	<u>(193,400)</u>	<u>-</u>	<u>2,611,523</u>
Machinery and equipment:				
Historical cost	290,229	13,645	-	303,874
Accumulated depreciation	<u>(290,229)</u>	<u>(1,377)</u>	<u>-</u>	<u>(291,606)</u>
Total	<u>-</u>	<u>12,268</u>	<u>-</u>	<u>12,268</u>
Furniture and fixtures:				
Historical cost	775,799	10,727	-	786,526
Accumulated depreciation	<u>(758,463)</u>	<u>(4,492)</u>	<u>-</u>	<u>(762,955)</u>
Total	<u>17,336</u>	<u>6,235</u>	<u>-</u>	<u>23,571</u>
Telephone system:				
Historical cost	58,929	-	-	58,929
Accumulated depreciation	<u>(48,757)</u>	<u>(10,172)</u>	<u>-</u>	<u>(58,929)</u>
Total	<u>10,172</u>	<u>(10,172)</u>	<u>-</u>	<u>-</u>
Computer equipment:				
Historical cost	2,492,519	114,314	(191,817)	2,415,016
Accumulated depreciation	<u>(2,274,882)</u>	<u>(112,899)</u>	<u>191,817</u>	<u>(2,195,964)</u>
Total	<u>217,637</u>	<u>1,415</u>	<u>-</u>	<u>219,052</u>
Total property and equipment, net	<u>\$ 3,800,468</u>	<u>\$ (183,654)</u>	<u>\$ -</u>	<u>\$ 3,616,814</u>

COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE 7 - CAPITAL ASSETS (CONTINUED)

	Balance at January 1, 2020	Additions	Deletions	Balance at December 31, 2020
Land:				
Historical cost	\$ 750,400	\$ -	\$ -	\$ 750,400
Accumulated depreciation	-	-	-	-
Total	<u>750,400</u>	<u>-</u>	<u>-</u>	<u>750,400</u>
Building and improvements:				
Historical cost	7,762,252	163,917	-	7,926,169
Accumulated depreciation	<u>(4,878,457)</u>	<u>(242,789)</u>	<u>-</u>	<u>(5,121,246)</u>
Total	<u>2,883,795</u>	<u>(78,872)</u>	<u>-</u>	<u>2,804,923</u>
Machinery and equipment:				
Historical cost	290,229	-	-	290,229
Accumulated depreciation	<u>(290,229)</u>	<u>-</u>	<u>-</u>	<u>(290,229)</u>
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Furniture and fixtures:				
Historical cost	759,359	16,440	-	775,799
Accumulated depreciation	<u>(755,603)</u>	<u>(2,860)</u>	<u>-</u>	<u>(758,463)</u>
Total	<u>3,756</u>	<u>13,580</u>	<u>-</u>	<u>17,336</u>
Telephone system:				
Historical cost	58,929	-	-	58,929
Accumulated depreciation	<u>(36,590)</u>	<u>(12,167)</u>	<u>-</u>	<u>(48,757)</u>
Total	<u>22,339</u>	<u>(12,167)</u>	<u>-</u>	<u>10,172</u>
Computer equipment:				
Historical cost	2,448,149	97,798	(53,428)	2,492,519
Accumulated depreciation	<u>(2,212,346)</u>	<u>(108,797)</u>	<u>46,261</u>	<u>(2,274,882)</u>
Total	<u>235,803</u>	<u>(10,999)</u>	<u>(7,167)</u>	<u>217,637</u>
Total property and equipment, net	<u>\$ 3,896,093</u>	<u>\$ (88,458)</u>	<u>\$ (7,167)</u>	<u>\$ 3,800,468</u>

NOTE 8 - CONTINGENCIES

The Agency is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Agency participates in the property and liability and workers' compensation pools offered by the Agency and carries commercial insurance for boiler and machinery. The Agency also has a fiduciary bond for benefit plans, a blanket fidelity policy for employee dishonesty and a policy for cyber coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in the past three years.

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.

COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE 9 - 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 made by plan members and the Agency for the years ended December 31, 2021 and 2020, which represents the 10% required contribution, are as follows:

	<u>2021</u>	<u>2020</u>
Plan members	<u>\$ 454,652</u>	<u>\$ 460,999</u>
Agency	<u>\$ 454,652</u>	<u>\$ 460,999</u>

NOTE 10 – SUBSEQUENT EVENTS

CIRSA has evaluated events subsequent to December 31, 2021 through April 14, 2022, which is the issuance date of this report.

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

REQUIRED SUPPLEMENTARY INFORMATION

**COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
REQUIRED SUPPLEMENTARY INFORMATION
RECONCILIATION OF RESERVES FOR UNPAID LOSSES AND
LOSS ADJUSTMENT EXPENSES (UNAUDITED)**

Years ended December 31, 2021 and 2020

	2021			2020		
	WC Pool	PC Pool	Combined	WC Pool	PC Pool	Combined
Reserves for unpaid losses and loss adjustment expenses, net of excess insurance recoverables	\$ 11,685,651	\$ 22,259,643	\$ 33,945,294	\$ 12,624,895	\$ 22,430,277	\$ 35,055,172
Add incurred losses and loss adjustment expenses, net of excess insurance recoverables:						
Provision for covered events of the current year	6,028,545	20,169,937	26,198,482	5,123,267	14,576,373	19,699,640
Decrease in provision for covered events of prior years	290,740	(3,063,546)	(2,772,806)	(1,450,440)	(3,325,663)	(4,776,103)
Total incurred losses and loss adjustment expenses, net of excess insurance	6,319,285	17,106,391	23,425,676	3,672,827	11,250,710	14,923,537
Deduct payments, net of excess insurance recoverables:						
For claims attributable to covered events of the current year	1,205,113	6,331,722	7,536,835	1,068,479	3,972,977	5,041,456
For claims attributable to covered events of prior years	3,381,119	6,607,305	9,988,424	3,543,592	7,448,367	10,991,959
Total payments	4,586,232	12,939,027	17,525,259	4,612,071	11,421,344	16,033,415
Reserves for unpaid losses and loss adjustment expenses, net of excess insurance recoverables	\$ 13,418,704	\$ 26,427,007	\$ 39,845,711	\$ 11,685,651	\$ 22,259,643	\$ 33,945,294

**COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
REQUIRED SUPPLEMENTARY INFORMATION
WORKERS' COMPENSATION POOL
TEN-YEAR LOSS DEVELOPMENT INFORMATION (UNAUDITED)
December 31, 2021
(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.

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>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>	<u>2021</u>
1. Member contributions and investment income:										
Earned	\$ 7,384	\$ 7,115	\$ 8,206	\$ 8,575	\$ 8,308	\$ 8,620	\$ 8,942	\$ 10,074	\$ 10,304	\$ 8,026
Excess/reinsurance premiums	1,117	1,168	1,227	1,415	1,193	1,302	1,504	1,634	1,472	1,541
Net earned	6,267	5,947	6,979	7,160	7,115	7,318	7,438	8,440	8,832	6,485
2. Unallocated expenses	731	743	734	739	752	1,272	1,757	2,082	2,590	3,144
3. Estimated incurred losses and expenses, end of coverage year:										
Incurred	6,590	5,436	5,503	5,623	5,430	5,807	5,696	5,978	5,123	6,028
Assumed by excess insurers	1,342	-	-	-	-	-	-	-	-	-
Net incurred	5,248	5,436	5,503	5,623	5,430	5,807	5,696	5,978	5,123	6,028
4. Net paid (cumulative) as of:										
End of accident year	712	802	1,021	1,079	1,036	1,288	1,303	1,235	1,068	1,205
One year later	1,811	1,870	2,655	2,148	2,269	2,980	2,833	3,065	2,505	-
Two years later	2,649	2,192	3,542	2,548	2,878	3,674	3,781	3,761	-	-
Three years later	2,990	2,275	3,973	3,085	3,135	4,068	4,282	-	-	-
Four years later	3,087	2,293	4,249	3,186	3,192	4,316	-	-	-	-
Five years later	3,086	2,256	4,287	3,267	3,262	-	-	-	-	-
Six years later	3,100	2,256	4,341	3,670	-	-	-	-	-	-
Seven years later	3,135	2,255	4,344	-	-	-	-	-	-	-
Eight years later	3,137	2,305	-	-	-	-	-	-	-	-
Nine years later	3,137	-	-	-	-	-	-	-	-	-
5. Reestimated losses and expenses assumed by excess insurers	58	-	-	-	-	-	-	-	-	-
6. Reestimated net incurred losses and expenses:										
End of accident year	5,248	5,436	5,503	5,623	5,430	5,807	5,696	5,978	5,123	6,028
One year later	4,547	4,354	5,882	4,462	5,113	5,906	5,516	5,850	5,565	-
Two years later	4,378	3,422	5,631	3,844	4,393	5,318	5,369	5,727	-	-
Three years later	3,734	2,814	5,034	3,981	4,020	4,950	5,491	-	-	-
Four years later	3,517	2,514	4,770	3,645	3,512	4,735	-	-	-	-
Five years later	3,273	2,405	4,600	3,638	3,470	-	-	-	-	-
Six years later	3,294	2,386	4,574	3,836	-	-	-	-	-	-
Seven years later	3,256	2,337	4,474	-	-	-	-	-	-	-
Eight years later	3,215	2,372	-	-	-	-	-	-	-	-
Nine years later	3,199	-	-	-	-	-	-	-	-	-
7. (Decrease) increase in estimated net incurred losses and expenses from end of coverage year	(2,049)	(3,064)	(1,029)	(1,787)	(1,960)	(1,072)	(205)	(251)	442	-

Unaudited – See accompanying independent auditors' report.

COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
REQUIRED SUPPLEMENTARY INFORMATION
PROPERTY AND CASUALTY POOL TEN-YEAR LOSS DEVELOPMENT INFORMATION
(UNAUDITED)
December 31, 2021
(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.

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
1. Member contributions and investment income:										
Earned	\$ 21,203	\$ 21,688	\$ 24,226	\$ 24,446	\$ 24,831	\$ 25,341	\$ 27,404	\$ 30,865	\$ 34,799	\$ 36,116
Excess/reinsurance premiums	5,256	5,396	5,742	6,140	5,563	5,874	7,410	9,926	10,134	10,543
Net earned	15,947	16,292	18,484	18,306	19,268	19,467	19,994	20,939	24,665	25,573
2. Unallocated expenses	6,762	7,081	7,188	7,430	7,801	7,947	7,838	7,562	6,578	6,654
3. Estimated incurred losses and expenses, end of coverage year:										
Incurred	11,881	41,403	12,901	18,922	15,801	24,518	32,006	23,759	14,551	20,170
Assumed by excess/reinsurers	346	29,734	1,142	3,930	1,069	9,893	13,743	6,620	-	-
Net incurred	11,535	11,669	11,759	14,992	14,732	14,625	18,263	17,139	14,551	20,170
4. Net paid (cumulative) as of:										
End of accident year	2,725	3,042	3,165	3,928	5,479	5,579	7,477	4,941	3,973	6,332
One year later	5,063	5,687	5,841	7,357	7,644	9,259	11,423	8,742	6,433	-
Two years later	6,362	7,078	7,709	10,625	10,840	9,891	13,913	11,987	-	-
Three years later	7,349	7,965	9,419	13,153	11,871	10,552	14,702	-	-	-
Four years later	7,686	8,109	9,462	14,035	11,915	10,639	-	-	-	-
Five years later	7,686	8,120	9,513	14,060	11,887	-	-	-	-	-
Six years later	7,685	8,477	9,851	14,062	-	-	-	-	-	-
Seven years later	7,682	8,529	9,854	-	-	-	-	-	-	-
Eight years later	7,678	8,529	-	-	-	-	-	-	-	-
Nine years later	7,674	-	-	-	-	-	-	-	-	-
5. Reestimated losses and expenses assumed by excess/reinsurers	1,183	19,545	1,521	8,467	1,539	7,374	17,186	-	-	-
6. Reestimated net incurred losses and expenses:										
End of accident year	11,535	11,669	11,759	14,992	14,732	14,625	18,263	17,139	14,551	20,170
One year later	9,603	9,748	12,875	14,209	13,065	13,242	17,520	15,780	11,454	-
Two years later	8,760	9,229	10,904	14,107	12,623	11,409	16,286	15,195	-	-
Three years later	8,769	8,887	10,461	14,081	12,756	10,873	15,888	-	-	-
Four years later	7,781	8,314	9,677	14,336	12,614	11,921	-	-	-	-
Five years later	7,688	8,257	9,811	14,178	12,409	-	-	-	-	-
Six years later	7,685	8,528	9,898	14,172	-	-	-	-	-	-
Seven years later	7,687	8,529	9,854	-	-	-	-	-	-	-
Eight years later	7,678	8,529	-	-	-	-	-	-	-	-
Nine years later	7,376	-	-	-	-	-	-	-	-	-
7. (Decrease) increase in estimated net incurred losses and expenses from end of coverage year	(4,159)	(3,140)	(1,905)	(820)	(2,323)	(2,704)	(2,375)	(1,944)	(3,097)	-

Unaudited – See accompanying independent auditors' report.

SUPPLEMENTARY INFORMATION

COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
COMBINING SCHEDULE – STATEMENT OF NET POSITION INFORMATION

December 31, 2021

Assets	CIRSA/ PC	CIRSA/ WC	Combining Adjustments	Combined
Current assets:				
Investments in debt securities, at fair value	\$ 4,675,833	\$ 4,847,140	\$ -	\$ 9,522,973
Cash and cash equivalents	13,207,923	4,219,369	-	17,427,292
Accrued investment income	114,336	110,831	-	225,167
Receivable from members	883,477	252,895	-	1,136,372
Excess insurance receivable, net	2,206,596	223,607	-	2,430,203
Interpool accounts receivable	50	125,142	(125,192)	-
Prepaid expenses	448,089	-	-	448,089
Other assets	2,344	-	-	2,344
Total current assets	<u>21,538,648</u>	<u>9,778,984</u>	<u>(125,192)</u>	<u>31,192,440</u>
Noncurrent assets:				
Investments in debt securities, at fair value	34,922,171	27,237,422	-	62,159,593
Deposit with NLC Mutual Insurance Company	303,549	394,352	-	697,901
Deposit with Government Entities Mutual Inc	500,000	-	-	500,000
Capital assets, net	<u>2,984,485</u>	<u>632,329</u>	<u>-</u>	<u>3,616,814</u>
Total noncurrent assets	<u>38,710,205</u>	<u>28,264,103</u>	<u>-</u>	<u>66,974,308</u>
Total assets	<u>\$ 60,248,853</u>	<u>\$ 38,043,087</u>	<u>\$ (125,192)</u>	<u>\$ 98,166,748</u>
Liabilities and Net Position				
Current liabilities:				
Reserves for unpaid losses and loss adjustment expenses, net of excess insurance recoverables	\$ 11,313,000	\$ 3,939,000	\$ -	\$ 15,252,000
Accounts payable and accrued liabilities	538,102	103,821	-	641,923
Interpool payable	125,142	50	(125,192)	-
Member credits payable	768,892	629,023	-	1,397,915
Special contribution plan deposits	-	25,000	-	25,000
Unearned member contributions	137,069	-	-	137,069
Total current liabilities	<u>12,882,205</u>	<u>4,696,894</u>	<u>(125,192)</u>	<u>17,453,907</u>
Noncurrent liabilities:				
Reserves for unpaid losses and loss adjustment expenses, net of excess insurance recoverables	15,114,007	9,479,704	-	24,593,711
Total noncurrent liabilities	<u>15,114,007</u>	<u>9,479,704</u>	<u>-</u>	<u>24,593,711</u>
Total liabilities	<u>27,996,212</u>	<u>14,176,598</u>	<u>(125,192)</u>	<u>42,047,618</u>
Net position:				
Invested in capital assets	2,984,485	632,329	-	3,616,814
Restricted	510,234	-	-	510,234
Unrestricted	<u>28,757,922</u>	<u>23,234,160</u>	<u>-</u>	<u>51,992,082</u>
Total net position	<u>32,252,641</u>	<u>23,866,489</u>	<u>-</u>	<u>56,119,130</u>
Total liabilities and net position	<u>\$ 60,248,853</u>	<u>\$ 38,043,087</u>	<u>\$ (125,192)</u>	<u>\$ 98,166,748</u>

COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
COMBINING SCHEDULE – STATEMENT OF NET POSITION INFORMATION

December 31, 2020

Assets	CIRSA/ PC	CIRSA/ WC	Combining Adjustments	Combined
Current assets:				
Investments in debt securities, at fair value	\$ 8,309,490	\$ 6,611,088	\$ -	\$ 14,920,578
Cash and cash equivalents	16,306,996	2,892,262	-	19,199,258
Accrued investment income	108,219	132,089	-	240,308
Receivable from members	754,354	192,810	-	947,164
Excess insurance receivable, net	1,934,854	718,511	-	2,653,365
Interpool accounts receivable	100	98,444	(98,544)	-
Prepaid expenses	672,333	488,000	-	1,160,333
Other assets	2,621	-	-	2,621
Total current assets	<u>28,088,967</u>	<u>11,133,204</u>	<u>(98,544)</u>	<u>39,123,627</u>
Noncurrent assets:				
Investments in debt securities, at fair value	23,006,730	27,545,004	-	50,551,734
Deposit with NLC Mutual Insurance Company	303,549	394,352	-	697,901
Capital assets, net	<u>3,101,473</u>	<u>698,995</u>	<u>-</u>	<u>3,800,468</u>
Total noncurrent assets	<u>26,411,752</u>	<u>28,638,351</u>	<u>-</u>	<u>55,050,103</u>
Total assets	<u>\$ 54,500,719</u>	<u>\$ 39,771,555</u>	<u>\$ (98,544)</u>	<u>\$ 94,173,730</u>
Liabilities and Net Position				
Current liabilities:				
Reserves for unpaid losses and loss adjustment expenses, net of excess insurance recoverables	\$ 9,178,000	\$ 3,387,000	\$ -	\$ 12,565,000
Accounts payable and accrued liabilities	388,963	64,486	-	453,449
Interpool payable	98,444	100	(98,544)	-
Member credits payable	621,065	608,301	-	1,229,366
Special contribution plan deposits	-	25,000	-	25,000
Unearned member contributions	97,737	-	-	97,737
Total current liabilities	<u>10,384,209</u>	<u>4,084,887</u>	<u>(98,544)</u>	<u>14,370,552</u>
Noncurrent liabilities:				
Reserves for unpaid losses and loss adjustment expenses, net of excess insurance recoverables	<u>13,081,643</u>	<u>8,298,651</u>	<u>-</u>	<u>21,380,294</u>
Total noncurrent liabilities	<u>13,081,643</u>	<u>8,298,651</u>	<u>-</u>	<u>21,380,294</u>
Total liabilities	<u>23,465,852</u>	<u>12,383,538</u>	<u>(98,544)</u>	<u>35,750,846</u>
Net position:				
Invested in capital assets	3,101,473	698,995	-	3,800,468
Restricted	527,625	-	-	527,625
Unrestricted	<u>27,405,769</u>	<u>26,689,022</u>	<u>-</u>	<u>54,094,791</u>
Total net position	<u>31,034,867</u>	<u>27,388,017</u>	<u>-</u>	<u>58,422,884</u>
Total liabilities and net position	<u>\$ 54,500,719</u>	<u>\$ 39,771,555</u>	<u>\$ (98,544)</u>	<u>\$ 94,173,730</u>

COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
COMBINING SCHEDULE – REVENUE, EXPENSES AND
CHANGES IN NET POSITION INFORMATION
Year Ended December 31, 2021

	<u>CIRSA/ PC</u>	<u>CIRSA/ WC</u>	<u>Combining Adjustments</u>	<u>Combined</u>
Operating revenues:				
Member contributions	\$ 36,535,827	\$ 8,482,528	\$ -	\$ 45,018,355
Excess/reinsurance premiums	(10,290,388)	(1,541,175)	-	(11,831,563)
Brokerage commissions	<u>(252,448)</u>	<u>-</u>	<u>-</u>	<u>(252,448)</u>
Member contributions earned	25,992,991	6,941,353	-	32,934,344
Administration fee	<u>2,438,584</u>	<u>-</u>	<u>(2,438,584)</u>	<u>-</u>
Total operating revenues	<u>28,431,575</u>	<u>6,941,353</u>	<u>(2,438,584)</u>	<u>32,934,344</u>
Operating expenses:				
Losses and loss adjustment expenses	<u>17,106,391</u>	<u>6,319,285</u>	<u>-</u>	<u>23,425,676</u>
Personnel	6,295,930	-	-	6,295,930
General operating	1,819,770	66,667	-	1,886,437
Professional consultation	739,283	528,665	-	1,267,948
Travel	237,609	-	-	237,609
Taxes	-	110,159	-	110,159
Administration fee	<u>-</u>	<u>2,438,584</u>	<u>(2,438,584)</u>	<u>-</u>
General and administrative	<u>9,092,592</u>	<u>3,144,075</u>	<u>(2,438,584)</u>	<u>9,798,083</u>
Total operating expenses	<u>26,198,983</u>	<u>9,463,360</u>	<u>(2,438,584)</u>	<u>33,223,759</u>
Operating gain (loss)	2,232,592	(2,522,007)	-	(289,415)
Nonoperating revenue:				
Net investment income	<u>(419,995)</u>	<u>(456,127)</u>	<u>-</u>	<u>(876,122)</u>
Income (loss) before transfers	1,812,597	(2,978,134)	-	(1,165,537)
Transfers out - Distributions and credits to members and withdrawn members				
	<u>(594,823)</u>	<u>(543,394)</u>	<u>-</u>	<u>(1,138,217)</u>
Change in net position	1,217,774	(3,521,528)	-	(2,303,754)
Net position, beginning of year	<u>31,034,867</u>	<u>27,388,017</u>	<u>-</u>	<u>58,422,884</u>
Net position, end of year	<u>\$ 32,252,641</u>	<u>\$ 23,866,489</u>	<u>\$ -</u>	<u>\$ 56,119,130</u>

COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
COMBINING SCHEDULE – REVENUE, EXPENSES AND
CHANGES IN NET POSITION INFORMATION
Year Ended December 31, 2020

	<u>CIRSA/ PC</u>	<u>CIRSA/ WC</u>	<u>Combining Adjustments</u>	<u>Combined</u>
Operating revenues:				
Member contributions	\$ 34,000,514	\$ 8,653,307	\$ -	\$ 42,653,821
Excess/reinsurance premiums	(9,879,365)	(1,471,524)	-	(11,350,889)
Brokerage commissions	(254,781)	-	-	(254,781)
Member contributions earned	23,866,368	7,181,783	-	31,048,151
Administration fee	2,428,816	-	(2,428,816)	-
Total operating revenues	<u>26,295,184</u>	<u>7,181,783</u>	<u>(2,428,816)</u>	<u>31,048,151</u>
Operating expenses:				
Losses and loss adjustment expenses	11,250,710	3,672,827	-	14,923,537
Personnel	6,281,236	-	-	6,281,236
General operating	2,053,108	66,667	-	2,119,775
Professional consultation	523,166	-	-	523,166
Travel	149,371	-	-	149,371
Taxes	-	94,317	-	94,317
Administration fee	-	2,428,816	(2,428,816)	-
General and administrative	9,006,881	2,589,800	(2,428,816)	9,167,865
Total operating expenses	<u>20,257,591</u>	<u>6,262,627</u>	<u>(2,428,816)</u>	<u>24,091,402</u>
Operating gain	6,037,593	919,156	-	6,956,749
Nonoperating revenue:				
Net investment income	798,802	1,649,819	-	2,448,621
Income before transfers	6,836,395	2,568,975	-	9,405,370
Transfers out - Distributions and credits to members and withdrawn members				
	(445,535)	(511,639)	-	(957,174)
Change in net position	6,390,860	2,057,336	-	8,448,196
Net position, beginning of year	24,644,007	25,330,681	-	49,974,688
Net position, end of year	<u>\$ 31,034,867</u>	<u>\$ 27,388,017</u>	<u>\$ -</u>	<u>\$ 58,422,884</u>

**COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
COMBINING SCHEDULE – CASH FLOW INFORMATION**

Year Ended December 31, 2021

	<u>CIRSA/ PC</u>	<u>CIRSA/ WC</u>	<u>Combining Adjustments</u>	<u>Combined</u>
Cash flows from operating activities:				
Contributions collected from members, net of excess insurance premiums and brokerage commissions paid	\$ 25,840,064	\$ 6,881,268	\$ -	\$ 32,721,332
Other amounts collected (paid)	2,438,756	-	(2,438,756)	-
Losses and loss adjustment expenses paid, net	(13,210,769)	(4,091,328)	-	(17,302,097)
General and administrative expenses paid	<u>(8,319,024)</u>	<u>(2,576,821)</u>	<u>2,438,756</u>	<u>(8,457,089)</u>
Net cash provided by operating activities	<u>6,749,027</u>	<u>213,119</u>	<u>-</u>	<u>6,962,146</u>
Cash flows from noncapital financing activities:				
Distributions and credits to members	<u>(446,996)</u>	<u>(522,672)</u>	<u>-</u>	<u>(969,668)</u>
Cash flows from capital and related financing activities:				
Purchase of capital assets	(193,207)	-	-	(193,207)
Disposal of capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash used in capital and related financing activities	<u>(193,207)</u>	<u>-</u>	<u>-</u>	<u>(193,207)</u>
Cash flows from investing activities:				
Purchases of investments	(32,512,718)	(10,751,572)	-	(43,264,290)
Proceeds from sale of investments	1,397,582	2,767,576	-	4,165,158
Proceeds from maturities of investments	21,945,000	9,065,000	-	31,010,000
Investment income collected	462,239	555,656	-	1,017,895
Investment in Government Entities Mutual, Inc.	<u>(500,000)</u>	<u>-</u>	<u>-</u>	<u>(500,000)</u>
Net cash (used) provided by investing activities	<u>(9,207,897)</u>	<u>1,636,660</u>	<u>-</u>	<u>(7,571,237)</u>
Net (decrease) increase in cash and cash equivalents	<u>(3,099,073)</u>	<u>1,327,107</u>	<u>-</u>	<u>(1,771,966)</u>
Cash and cash equivalents, beginning of year	<u>16,306,996</u>	<u>2,892,262</u>	<u>-</u>	<u>19,199,258</u>
Cash and cash equivalents, end of year	<u>\$ 13,207,923</u>	<u>\$ 4,219,369</u>	<u>\$ -</u>	<u>\$ 17,427,292</u>

**COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
COMBINING 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 flows from operating activities:				
Contributions collected from members, net of excess insurance premiums and brokerage commissions paid	\$ 23,796,020	\$ 7,180,278	\$ -	\$ 30,976,298
Other amounts collected (paid)	2,429,063	-	(2,429,063)	-
Losses and loss adjustment expenses paid, net	(11,638,696)	(5,089,611)	-	(16,728,307)
General and administrative expenses paid	<u>(9,791,428)</u>	<u>(3,006,543)</u>	<u>2,429,063</u>	<u>(10,368,908)</u>
Net cash provided (used) by operating activities	<u>4,794,959</u>	<u>(915,876)</u>	<u>-</u>	<u>3,879,083</u>
Cash flows from noncapital financing activities:				
Distributions and credits to members	<u>(460,430)</u>	<u>(343,728)</u>	<u>-</u>	<u>(804,158)</u>
Cash flows from capital and related financing activities:				
Purchase of capital assets	(278,155)	-	-	(278,155)
Disposal of capital assets	<u>7,167</u>	<u>-</u>	<u>-</u>	<u>7,167</u>
Net cash used in capital and related financing activities	<u>(270,988)</u>	<u>-</u>	<u>-</u>	<u>(270,988)</u>
Cash flows from investing activities:				
Purchases of investments	(15,707,496)	(7,389,857)	-	(23,097,353)
Proceeds from sale of investments	1,318,172	3,875,664	-	5,193,836
Proceeds from maturities of investments	9,061,448	2,263,079	-	11,324,527
Investment income collected	<u>536,369</u>	<u>637,879</u>	<u>-</u>	<u>1,174,248</u>
Net cash used by investing activities	<u>(4,791,507)</u>	<u>(613,235)</u>	<u>-</u>	<u>(5,404,742)</u>
Net decrease in cash and cash equivalents	(727,966)	(1,872,839)	-	(2,600,805)
Cash and cash equivalents, beginning of year	<u>17,034,962</u>	<u>4,765,101</u>	<u>-</u>	<u>21,800,063</u>
Cash and cash equivalents, end of year	<u>\$ 16,306,996</u>	<u>\$ 2,892,262</u>	<u>\$ -</u>	<u>\$ 19,199,258</u>