

**COLORADO SPECIAL DISTRICTS PROPERTY AND
LIABILITY POOL**

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020



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**COLORADO SPECIAL DISTRICTS PROPERTY AND LIABILITY POOL
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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Colorado Special Districts Property and Liability Pool, which comprise the statutory statements of admitted assets, liabilities, and surplus as of December 31, 2021 and 2020, and the related statutory statements of income and changes in surplus, and cash flows for the years then ended, and the related notes to the statutory financial statements.

Unmodified Opinion on Statutory Basis of Accounting

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the admitted assets, liabilities, and surplus of Colorado Special Districts Property and Liability Pool as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended, on the basis of the financial reporting provisions of the Division of Insurance of the Department of Regulatory Agencies of the State of Colorado as described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Colorado Special Districts Property and Liability Pool as of December 31, 2021 and 2020, or the results of its operations or its cash flows for the years then ended.

Basis for Opinions

We conducted our audits 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 Special Districts Property and Liability Pool and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified audit opinion on the statutory basis of accounting and our adverse opinion on accounting principles generally accepted in the United States of America.

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

As described in Note 1, the financial statements are prepared by Colorado Special Districts Property and Liability Pool on the basis of the financial reporting provisions of the Division of Insurance of the Department of Regulatory Agencies of the State of Colorado, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Division of Insurance of the Department of Regulatory Agencies of the State of Colorado. The effects on the financial statements of the variances between the statutory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions prescribed or permitted by the Department of Regulatory Agencies of the State of Colorado, 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.

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 Special Districts Property and Liability Pool'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.

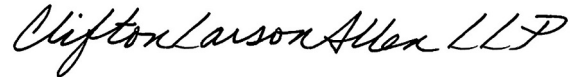
Board of Directors
Colorado Special Districts Property and Liability Pool

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Colorado Special Districts Property and Liability Pool'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.

Supplementary Information

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



CliftonLarsonAllen LLP

Greenwood Village, Colorado
March 18, 2022

**COLORADO SPECIAL DISTRICTS PROPERTY AND LIABILITY POOL
STATUTORY STATEMENTS OF ADMITTED ASSETS, LIABILITIES, AND SURPLUS
DECEMBER 31, 2021 AND 2020**

ASSETS	2021	2020
ADMITTED ASSETS		
Cash and Cash Equivalents	\$ 23,032,325	\$ 12,414,030
Investments	41,471,374	41,658,171
Deposit	174,770	118,501
Accrued Interest Receivable	96,046	157,028
Premiums Receivable	8,974	4,179
Deductibles Receivable	347,338	344,077
Reinsurance Receivables	1,893,248	3,575,137
Other Assets	1,171,186	1,341,263
Total Admitted Assets	\$ 68,195,261	\$ 59,612,386
LIABILITIES AND SURPLUS		
LIABILITIES		
Loss and Loss Adjustment Expense Reserve	\$ 29,196,999	\$ 26,640,000
Unallocated Loss Adjustment Expense Reserve	1,168,000	1,065,600
Unearned Premiums	15,624,402	9,799,539
Other Liabilities	175,850	205,855
Total Liabilities	46,165,251	37,710,994
SURPLUS		
Unassigned Surplus	22,030,010	21,901,392
Total Surplus	22,030,010	21,901,392
Total Liabilities and Surplus	\$ 68,195,261	\$ 59,612,386

See accompanying Notes to Statutory Financial Statements.

**COLORADO SPECIAL DISTRICTS PROPERTY AND LIABILITY POOL
 STATUTORY STATEMENTS OF INCOME AND CHANGES IN SURPLUS
 YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
REVENUE		
Gross Premiums Written	\$ 34,271,633	\$ 30,369,864
Ceded Premiums/Reinsurance Paid	9,779,361	7,759,895
Net Earned Premiums	24,492,272	22,609,969
Ceding Commissions	152,568	142,871
Other Income	244,784	197,456
Total Revenue	24,889,624	22,950,296
UNDERWRITING EXPENSES		
Losses and Loss Adjustment Expenses	14,450,803	14,025,657
Unallocated Loss Adjustment Expenses	1,858,163	1,672,424
Total	16,308,966	15,698,081
Other Underwriting Expenses	8,814,524	8,127,494
Total Underwriting Expenses	25,123,490	23,825,575
UNDERWRITING LOSS	(233,866)	(875,279)
INVESTMENT INCOME	482,027	903,033
NET INCOME	248,161	27,754
CHANGE IN NONADMITTED ASSETS	(119,543)	(565,043)
Unassigned Surplus - Beginning of Year	21,901,392	22,438,681
UNASSIGNED SURPLUS - END OF YEAR	\$ 22,030,010	\$ 21,901,392

See accompanying Notes to Statutory Financial Statements.

**COLORADO SPECIAL DISTRICTS PROPERTY AND LIABILITY POOL
STATUTORY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Premiums Collected from Participants	\$ 40,336,486	\$ 33,734,610
Ceded Premiums Paid to Reinsurers	(9,779,361)	(7,759,895)
Loss and Loss Adjustment Expenses Paid	(16,305,899)	(20,079,514)
Loss and Loss Adjustment Expenses Recovered from Reinsurers (Paid)	4,430,333	4,087,802
Ceded Premium Commission Received	152,568	142,871
Underwriting Expenses Paid	(8,945,638)	(8,816,201)
Interest Received	589,337	992,779
Net Cash Provided by Operating Activities	10,477,826	2,302,452
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments Purchased	(29,909,531)	(29,159,657)
Investments Sold or Matured	30,050,000	30,250,185
Net Cash Provided by Investing Activities	140,469	1,090,528
NET INCREASE IN CASH AND CASH EQUIVALENTS	10,618,295	3,392,980
Cash and Cash Equivalents - Beginning of Year	12,414,030	9,021,050
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 23,032,325	\$ 12,414,030

See accompanying Notes to Statutory Financial Statements.

**COLORADO SPECIAL DISTRICTS PROPERTY AND LIABILITY POOL
NOTES TO STATUTORY FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Colorado Special Districts Property and Liability Pool (the Pool) is sponsored by the Special District Association of Colorado and provides insurance coverage to participating Special Districts throughout the State of Colorado. The Pool provides property, terrorism, general liability, automobile physical damage and liability, public officials liability, equipment breakdown, identity recovery, pollution liability, employee dishonesty and crime, and workers' compensation coverages to its members. At December 31, 2021, there were 1,955 special districts who were members of the Pool for property and liability coverage and 1,157 special districts who were members of the Pool for workers' compensation coverage.

Basis of Presentation

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

Cash Equivalents

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

Investments

Investments are carried at amortized cost.

Loss and Loss Adjustment Expense Reserves

The reserves for losses and loss adjustment expenses (both allocated and unallocated) include estimates of the ultimate net cost of all losses, which are incurred but unpaid, as well as a provision for incurred but not reported losses, as of December 31, 2021 and 2020.

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

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

**COLORADO SPECIAL DISTRICTS PROPERTY AND LIABILITY POOL
NOTES TO STATUTORY FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recognition of Premium Revenue

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

Income Taxes

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

Capitalized Assets

Assets costing more than \$5,000 are capitalized and depreciated using the sum-of-the-years depreciation method over the estimated useful life of the asset. Such assets are considered nonadmitted assets.

Estimated useful lives are as follows:

Vehicles	5 Years
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Total depreciation expense for the years ended December 31, 2021 and 2020 was \$60,089 and \$75,497, respectively.

Member Contributions

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

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

Subrogation

Generally, the Pool accounts for subrogation on a cash basis. However, for certain larger losses that arise periodically where subrogation is expected to be more significant, the Pool will accrue for estimated subrogation using a conservative probability of recovery method. Subrogation receivable related to such losses was \$1,171,186 and \$1,254,020 at December 31, 2021 and 2020, respectively. This amount is included in other assets.

**COLORADO SPECIAL DISTRICTS PROPERTY AND LIABILITY POOL
NOTES TO STATUTORY FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 2 CASH AND INVESTMENTS

Cash Deposits

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

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

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

	2021		2020	
	Carrying Balance	Bank Balance	Carrying Balance	Bank Balance
Insured Deposits	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
Deposits Collateralized in Single Institution Pools	4,738,215	5,288,914	5,703,726	7,948,949
Total	<u>\$ 4,988,215</u>	<u>\$ 5,538,914</u>	<u>\$ 5,953,726</u>	<u>\$ 8,198,949</u>

Investments

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

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

**COLORADO SPECIAL DISTRICTS PROPERTY AND LIABILITY POOL
NOTES TO STATUTORY FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

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

	2021			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Government Agency Obligations	\$ 14,452,969	\$ 21,505	\$ (141,628)	\$ 14,332,846
U.S. Treasury Securities	17,920,389	-	(105,309)	17,815,080
Corporate Notes	9,098,016	63,120	-	9,161,136
Total	<u>\$ 41,471,374</u>	<u>\$ 84,625</u>	<u>\$ (246,937)</u>	<u>\$ 41,309,062</u>

	2020			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Treasury Securities	\$ 10,001,931	\$ 81,809	-	\$ 10,083,740
U.S. Government Agency Obligations	16,510,703	128,332	-	16,639,035
Corporate Notes	15,145,537	281,748	-	15,427,285
Total	<u>\$ 41,658,171</u>	<u>\$ 491,889</u>	<u>\$ -</u>	<u>\$ 42,150,060</u>

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

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

	2021	
	Amortized Cost	Fair Value
Due in One Year or Less	\$ 10,568,570	\$ 10,646,476
Due After One Through Five Years	30,902,804	30,662,586
Total	<u>\$ 41,471,374</u>	<u>\$ 41,309,062</u>

	2020	
	Amortized Cost	Fair Value
Due in One Year or Less	\$ 20,013,091	\$ 20,170,480
Due After One Through Five Years	21,645,080	21,979,580
Total	<u>\$ 41,658,171</u>	<u>\$ 42,150,060</u>

**COLORADO SPECIAL DISTRICTS PROPERTY AND LIABILITY POOL
NOTES TO STATUTORY FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

Proceeds from the sales and maturities of debt securities during 2021 and 2020 were \$30,050,000 and \$30,150,000, respectively. Gross gains of \$-0- and \$1,162, respectively, were realized on those sales. Losses of \$-0- and \$-0- were realized on sales of debt securities during 2021 and 2020.

At December 31, the Pool had the following unrealized losses, which were not other than temporary:

Description of Securities	2021					
	Less than 12 Months		12 Months or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Government Agency Obligations	\$ 10,808,185	\$ (141,628)	\$ -	\$ -	\$ 10,808,185	\$ (141,628)
U.S. Treasury Securities	17,815,080	(105,309)	-	-	17,815,080	(105,309)
Total	\$ 28,623,265	\$ (246,937)	\$ -	\$ -	\$ 28,623,265	\$ (246,937)

Description of Securities	2020					
	Less than 12 Months		12 Months or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Government Agency Obligations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
U.S. Treasury Securities	-	-	-	-	-	-
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

As of December 31, 2021 and 2020, the Pool had invested \$11,083,267 and \$579,926, respectively, in the Colorado Local Government Liquid Asset Trust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00.

At December 31, 2021 and 2020, \$500,000 of the investment in the Trust is held in a joint account with the Division of Insurance of the State of Colorado.

As of December 31, 2021 and 2020, the Pool had invested \$7,135,614 and \$5,998,878 respectively, in the Colorado Surplus Asset Fund Trust (CSAFE), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing CSAFE. CSAFE operates similarly to a money market fund and each share is equal in value to \$1.00.

**COLORADO SPECIAL DISTRICTS PROPERTY AND LIABILITY POOL
NOTES TO STATUTORY FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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

	<u>2021</u>	<u>2020</u>
Cash and Cash Equivalents	\$ 23,032,325	\$ 12,414,030
Investments	41,471,374	41,658,171
Total	<u>\$ 64,503,699</u>	<u>\$ 54,072,201</u>
Cash Deposits	\$ 4,988,215	\$ 5,953,726
Investments	59,515,484	48,118,475
Total	<u>\$ 64,503,699</u>	<u>\$ 54,072,201</u>

NOTE 3 REINSURANCE

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

A summary of the coverages in effect as of December 31, 2021 is as follows:

	<u>Limit of Pool Retention per Occurrence</u>	<u>Limit of Total Coverage per Occurrence</u>
Property (Wind And Hail Only)	\$ 1,000,000	\$ 750,000,000
Property (All Other Perils, Including Inland Marine)	300,000	750,000,000
Terrorism - Property Damage and Business Interruption	10,000	105,000,000
Terrorism - Liability	10,000	10,000,000
Liability	1,000,000	2,000,000
Automobile - Liability	1,000,000	2,000,000
Automobile - Physical Damage (Comprehensive Only)	300,000	750,000,000
Public Officials Liability - Employment Related	1,000,000	2,000,000
Public Officials Liability - Nonemployment Related	1,000,000	2,000,000
Equipment Breakdown	100,000	100,000,000
Identity Recovery	-	35,000
Pollution Liability	100,000	1,000,000
Employee Dishonesty and Crime	-	As Scheduled
Workers' Compensation	750,000	Statutory
Workers' Compensation	750,000	2,000,000
		Related to Employer's Liability

**COLORADO SPECIAL DISTRICTS PROPERTY AND LIABILITY POOL
NOTES TO STATUTORY FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 3 REINSURANCE (CONTINUED)

Property and Automobile - Physical Damage

The Pool is self-insured for losses and loss adjustment expenses up to the greater of \$300,000 or the sum of the individual member's deductible for each occurrence. Property losses have a \$1,500,000 annual stop loss aggregate limit. Once the stop loss aggregate limit is met, exclusive of auto physical damage losses, the Pool's self-insured retention declines to \$25,000 per occurrence.

Earthquake and flood losses, which exceed either the greater of \$300,000, or the sum of the individual member's deductible of 2% of total value of property damaged (subject to a minimum of \$5,000 and a maximum of \$50,000 per occurrence), per occurrence, are covered 100% under excess policies, with a limit per occurrence and annual aggregate of \$750,000,000, except a \$60,000,000 per occurrence and all member aggregate limit is applied to flood claims which occur within the Special Flood Zones A and V as defined by the Federal Emergency Management Agency. All claims are subject to a deductible based on the coverage selected by the member.

Terrorism

The Pool is self-insured for property and business interruption losses and loss adjustment expenses up to \$10,000 for each occurrence subject to a limit of \$105,000,000 in the aggregate. The Pool is self-insured for liability losses and loss adjustment expenses up to \$10,000 per member, per claim, subject to a limit of \$10,000,000 per member, per claim.

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

The Pool is self-insured for the first \$1,000,000 of each occurrence. 100% of claims in excess of \$1,000,000 (not to exceed \$1,000,000) are covered under an excess of loss agreement per occurrence, per member. Higher limits up to and including an additional \$8,000,000 per occurrence are available depending upon the limit selected by the member.

Public Officials Liability - Employment Related

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

Equipment Breakdowns

The Pool has entered into arrangements that provide facultative reinsurance coverage for equipment breakdown claims. The Pool retains the first \$100,000 per claim.

Identity Recovery

The Pool has entered into arrangements, which provide 100% facultative reinsurance coverage for identity recovery losses subject to an annual aggregate of \$35,000 per identity recovered.

Pollution Liability

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

**COLORADO SPECIAL DISTRICTS PROPERTY AND LIABILITY POOL
NOTES TO STATUTORY FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 3 REINSURANCE (CONTINUED)

Employee Dishonesty and Crime

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

Workers' Compensation

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

Other Reinsurance Issues

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

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

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

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

	2021	2020
Reinsurance Premiums Paid	\$ 895,646	918,234
Reinsurance Ceded:		
Premiums Earned	8,883,715	6,841,661
Loss and Loss Adjustment Expenses	5,205,822	6,687,265
Loss and Loss Adjustment Expense Reserves	11,256,117	11,686,477

NOTE 4 ADMINISTRATION

The Pool has an agreement with McGriff, Seibels & Williams, Inc. to operate, administer and manage the Pool. Under this agreement, the management fee is 14.39% of the expiring year's gross written premium, which amounted to \$4,359,829 and \$4,130,721 for 2021 and 2020, respectively.

The pool had an agreement with TRISTAR Risk Management for 2020 to administer claims processing. This agreement expired June 30, 2020. The claims processing fees paid during 2020 were \$790,530.

**COLORADO SPECIAL DISTRICTS PROPERTY AND LIABILITY POOL
NOTES TO STATUTORY FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 4 ADMINISTRATION (CONTINUED)

The Pool has entered into an agreement with Sedgwick Claims Management Services, Inc. for 2020 and 2021 to administer claims processing. The claims processing fee paid for the years ended December 31, 2021 and 2020 amounted to \$1,755,763 and \$920,600, respectively. Sedgwick handled all claims since the service from TRISTAR ended in 2020.

The Pool has entered into an agreement with the Special District Association of Colorado to provide certain administrative services for the Pool. The fee for these services is computed at 1.5% of the gross annual premiums billed by the Pool for 2021 and 2020. The agreement may be terminated at any time by mutual agreement of both parties. Fees incurred for the years ended December 31, 2021 and 2020 amounted to \$512,028 and \$454,465, respectively.

NOTE 5 UNPAID CLAIMS LIABILITIES

As discussed in Note 1, the Pool establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related loss adjustment expenses.

The following represents changes in those aggregate liabilities for the Pool during 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Unpaid Losses and Loss Adjustment Expenses at Beginning of Year	\$ 27,705,600	\$ 26,251,700
Incurred Losses and Loss Adjustment Expenses:		
Provision for Insured Events of the Current Year	18,971,943	18,079,241
Net Cash Used by Financing Activities of Prior Years	<u>(2,662,977)</u>	<u>(2,381,160)</u>
Total Incurred Losses and Loss Adjustment Expenses	16,308,966	15,698,081
Payments:		
Losses and Loss Adjustment Expenses Attributable to Insured Events of the Current Year	5,327,782	6,764,741
Losses and Loss Adjustment Expenses Attributable to Insured Events of Prior Years	<u>8,321,785</u>	<u>7,479,440</u>
Total Payments	<u>13,649,567</u>	<u>14,244,181</u>
Total Unpaid Loss and Loss Adjustment Expenses at End of Year	<u>\$ 30,364,999</u>	<u>\$ 27,705,600</u>
Loss and Loss Adjustment Expense Reserves	\$ 29,196,999	\$ 26,640,000
Unallocated Loss Adjustment Expense Reserves	<u>1,168,000</u>	<u>1,065,600</u>
Total	<u>\$ 30,364,999</u>	<u>\$ 27,705,600</u>

**COLORADO SPECIAL DISTRICTS PROPERTY AND LIABILITY POOL
NOTES TO STATUTORY FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 5 UNPAID CLAIMS LIABILITIES (CONTINUED)

As a result of changes in estimates of insured events in prior years, the provision for loss and loss adjustment expenses decreased by \$2,662,977 and \$2,381,160 during the fiscal years ended December 31, 2021 and 2020 respectively.

NOTE 6 SUBSEQUENT EVENTS

Management evaluated subsequent events through March 18, 2022, the date the financial statements were available to be issued. Events or transactions occurring after December 31, 2021, but prior to March 18, 2022, that provided additional evidence about conditions that existed at December 31, 2021 have been recognized in the financial statements for the year ended December 31, 2021. Events or transactions that provided evidence about conditions that did not exist at December 31, 2021, but arose before the financial statements were available to be issued, have not been recognized in the financial statements for the year ended December 31, 2021.

**COLORADO SPECIAL DISTRICTS PROPERTY AND LIABILITY POOL
RECONCILIATION OF LOSS LIABILITIES BY TYPE OF CONTRACT
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	Property and Equipment		General Liability		Public Officials Liability	
	2021	2020	2021	2020	2021	2020
Unpaid Losses and Loss Adjustment Expenses at Beginning of Year	\$ 2,189,200	\$ 2,322,300	\$ 2,102,900	\$ 2,687,400	\$ 2,491,800	\$ 1,280,200
Incurring Losses and Loss Adjustment Expenses:						
Provision for Insured Events of the Current Year	4,236,436	3,921,824	1,476,032	1,657,155	1,313,684	1,202,141
Increase (Decrease) in Provision for Insured Events of Prior Years	(868,395)	(260,609)	(416,373)	(1,088,163)	(592,245)	771,303
Total Incurred Losses and Loss Adjustment Expenses	3,368,041	3,661,215	1,059,659	568,992	721,439	1,973,444
Payments (Subrogation Received):						
Losses and Loss Adjustment Expenses Attributable to Insured Events of the Current Year	1,023,353	2,653,185	686,386	695,588	180,957	92,732
Losses and Loss Adjustment Expenses Attributable to Insured events of Prior Years	1,699,888	1,141,130	768,473	457,904	408,382	669,112
Total Payments	2,723,241	3,794,315	1,454,859	1,153,492	589,339	761,844
Total Unpaid Loss and Loss Adjustment Expenses at End of Year	<u>\$ 2,834,000</u>	<u>\$ 2,189,200</u>	<u>\$ 1,707,700</u>	<u>\$ 2,102,900</u>	<u>\$ 2,623,900</u>	<u>\$ 2,491,800</u>
Loss and Loss Adjustment Expense Reserves	\$ 2,725,000	\$ 2,105,000	\$ 1,642,000	\$ 2,022,000	\$ 2,523,000	\$ 2,396,000
Unallocated Loss Adjustment Expense Reserves	109,000	84,200	65,700	80,900	100,900	95,800
Total	<u>\$ 2,834,000</u>	<u>\$ 2,189,200</u>	<u>\$ 1,707,700</u>	<u>\$ 2,102,900</u>	<u>\$ 2,623,900</u>	<u>\$ 2,491,800</u>

**COLORADO SPECIAL DISTRICTS PROPERTY AND LIABILITY POOL
RECONCILIATION OF LOSS LIABILITIES BY TYPE OF CONTRACT (CONTINUED)
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Automobile - Physical Damage		Automobile - Liability		Workers Compensation		Total	
2021	2020	2021	2020	2021	2020	2021	2020
\$ 335,900	\$ 192,400	\$ 243,400	\$ 355,700	\$ 20,342,400	\$ 19,413,700	\$ 27,705,600	\$ 26,251,700
870,370	1,160,679	480,459	382,377	10,594,962	9,755,065	18,971,943	18,079,241
(57,558)	374,975	133,571	(389,033)	(861,977)	(1,789,633)	(2,662,977)	(2,381,160)
812,812	1,535,654	614,030	(6,656)	9,732,985	7,965,432	16,308,966	15,698,081
571,434	881,795	151,737	182,271	2,713,915	2,259,170	5,327,782	6,764,741
245,478	510,359	217,893	(76,627)	4,981,671	4,777,562	8,321,785	7,479,440
816,912	1,392,154	369,630	105,644	7,695,586	7,036,732	13,649,567	14,244,181
<u>\$ 331,800</u>	<u>\$ 335,900</u>	<u>\$ 487,800</u>	<u>\$ 243,400</u>	<u>\$ 22,379,799</u>	<u>\$ 20,342,400</u>	<u>\$ 30,364,999</u>	<u>\$ 27,705,600</u>
\$ 319,000	\$ 323,000	\$ 469,000	\$ 234,000	\$ 21,518,999	\$ 19,560,000	\$ 29,196,999	\$ 26,640,000
12,800	12,900	18,800	9,400	860,800	782,400	1,168,000	1,065,600
<u>\$ 331,800</u>	<u>\$ 335,900</u>	<u>\$ 487,800</u>	<u>\$ 243,400</u>	<u>\$ 22,379,799</u>	<u>\$ 20,342,400</u>	<u>\$ 30,364,999</u>	<u>\$ 27,705,600</u>

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

	Year Ended December 31,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
1) Net Earned Required Contribution, Investment Revenue and Commissions	\$ 12,074,960	\$ 13,966,832	\$ 15,309,288	\$ 16,561,452	\$ 19,338,769	\$ 20,713,694	\$ 21,881,889	\$ 23,611,373	\$ 23,853,330	\$ 25,371,662
2) Unallocated Expenses	3,983,249	4,498,482	5,054,545	5,395,759	5,607,802	6,919,218	7,897,012	8,472,281	9,779,918	10,672,687
3) Estimated Incurred Losses and Expenses, End of Accident Year	7,801,770	9,969,143	11,015,741	9,890,526	9,714,919	12,451,527	15,963,083	18,919,013	16,421,944	16,307,769
4) Paid (Cumulative) as of End of Accident Year	3,076,770	3,642,143	4,004,741	2,628,526	3,007,919	4,096,527	5,295,083	6,863,013	5,409,944	3,877,769
One Year Later	5,344,424	5,754,429	6,173,169	4,888,603	5,354,688	6,837,534	10,560,068	10,729,543	9,974,201	-
Two Years Later	6,823,022	6,522,515	7,190,216	5,965,367	6,785,819	8,439,089	12,086,645	12,378,065	-	-
Three Years Later	7,278,558	7,181,058	7,896,757	6,486,507	7,414,752	9,286,154	12,673,909	-	-	-
Four Years Later	7,855,839	7,924,973	8,306,803	6,630,807	7,960,261	9,655,886	-	-	-	-
Five Years Later	8,231,627	8,056,687	8,582,718	6,901,084	7,994,224	-	-	-	-	-
Six Years Later	8,433,542	8,394,271	8,778,473	7,064,841	-	-	-	-	-	-
Seven Years Later	8,529,752	8,585,641	8,845,181	-	-	-	-	-	-	-
Eight Years Later	8,632,895	8,650,940	-	-	-	-	-	-	-	-
Nine Years Later	8,708,787	-	-	-	-	-	-	-	-	-
Ten Years Later	-	-	-	-	-	-	-	-	-	-
5) Re-Estimated Incurred Losses and Expense	7,801,770	9,969,143	11,015,741	9,890,526	9,714,919	12,451,527	15,963,083	18,919,013	16,421,944	16,307,769
End of accident year	8,037,424	8,859,429	10,157,169	8,775,603	9,758,688	12,133,534	16,064,068	17,934,543	15,805,201	-
One Year Later	8,581,022	8,693,515	9,918,216	7,848,367	8,808,819	10,926,089	14,986,645	16,621,065	-	-
Two Years Later	8,456,558	8,518,058	9,419,757	7,791,507	8,194,752	10,802,154	14,520,909	-	-	-
Three Years Later	8,613,839	8,855,973	9,538,803	7,432,807	8,375,261	10,619,886	-	-	-	-
Four Years Later	9,138,627	8,903,687	9,754,718	7,968,084	8,202,224	-	-	-	-	-
Five Years Later	9,108,542	9,107,271	9,493,473	8,030,841	-	-	-	-	-	-
Six Years Later	9,332,752	8,842,641	9,762,181	-	-	-	-	-	-	-
Seven Years Later	9,291,895	8,943,940	-	-	-	-	-	-	-	-
Eight Years Later	9,369,787	-	-	-	-	-	-	-	-	-
Nine Years Later	-	-	-	-	-	-	-	-	-	-
Ten Years Later	-	-	-	-	-	-	-	-	-	-
6) Increase (Decrease) in Estimated Incurred Losses and Expenses from End of Year (5 Less 3)	1,568,017	(1,025,203)	(1,253,560)	(1,859,685)	(1,512,695)	(1,831,641)	(1,442,174)	(2,297,948)	(616,743)	-
7) Net Loss and Loss Adjustment Expense Reserves (5 Less 4)	661,000	293,000	917,000	966,000	208,000	964,000	1,847,000	4,243,000	5,831,000	12,430,000

**COLORADO SPECIAL DISTRICTS PROPERTY AND LIABILITY POOL
APPENDIX A-001 – INVESTMENTS
DECEMBER 31, 2021**

SECTION 2.

Investment Risks Interrogatories

1.	Total Admitted Assets		<u>\$ 68,195,261</u>
2.	Ten Largest Exposures		Percentage of Total Admitted Assets
	<u>Issuer</u>	<u>Description of Exposure</u>	<u>Amount</u>
2.01	Exxon Group	a. Corporate Note	\$ 2,065,202
2.02	Apple Group	b. Corporate Note	2,055,046
2.03	Toyota Motor Credit Corp	c. Corporate Note	2,011,614
2.04	Royal Bank of Canada	d. Corporate Note	2,009,320
2.05	Australia and New Zeland Groie	e. Corporate Note	2,004,373
2.06	SHAB 5/24/21	f. Corporate Note	2,000,701
2.07	FHLMC	g. Mortgage-Backed Security	2,000,000
2.08	FHLMC	h. Mortgage-Backed Security	2,000,000
2.09	TDB 8911QBL1	i. Corporate Note	1,999,560
2.10	Microsoft Corp	j. Corporate Note	998,530
3.01		Bonds - NAIC - I	41,471,374

NOTE:

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

**COLORADO SPECIAL DISTRICTS PROPERTY AND LIABILITY POOL
APPENDIX A-001 – INVESTMENTS (CONTINUED)
DECEMBER 31, 2021**

SECTION 3.

Summary Investment Schedule

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
1. Bonds				
1.1 U.S. Treasury Securities	\$ 17,920,389	27.78 %	\$ 17,920,389	27.78 %
1.2 U.S. Government Agency and Corporate Obligations				
1.22 Issued by U.S. Government Sponsored Agencies	14,452,969	22.41	14,452,969	22.41
1.5 Mortgage-Backed Securities				
1.51 Pass-Through Securities				
1.512 Issued or Guaranteed by FNMA and FHLMC	-	-	-	-
2. Other Debt and Other Fixed Income Securities (Excluding Short Term)				
2.1 Unaffiliated Domestic Securities (Includes Credit Tenant Loans and Hybrid Securities)	9,098,016	14.10	9,098,016	14.10
10. Cash, Cash Equivalents, and Short-Term Investments	23,032,325	35.71	23,032,325	35.71
12. Total invested assets	\$ 64,503,699	100.00	\$ 64,503,699	100.00

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