

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

**COMBINED STATUTORY FINANCIAL STATEMENTS  
December 31, 2022 and 2021**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Colorado Intergovernmental Risk Sharing Agency  
Denver, Colorado

### Report on the Audit of the Combined Financial Statements

#### *Opinions*

We have audited the accompanying combined statutory financial statements of Colorado Intergovernmental Risk Sharing Agency, which comprise the combined statutory statements of admitted assets, liabilities, and members' surplus as of December 31, 2022 and 2021, and the related combined statutory statements of income, unassigned surplus, and cash flow for the years then ended, and the related notes to the combined statutory financial statements.

#### *Unmodified Opinion on Statutory Basis of Accounting Principles*

In our opinion, the combined financial statements referred to in the first paragraph present fairly, in all material respects, the admitted assets, liabilities, and members' surplus of Colorado Intergovernmental Risk Sharing Agency as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended, in accordance with the financial reporting provisions prescribed or permitted by 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* section of our report, the combined 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 Intergovernmental Risk Sharing Agency as of December 31, 2022 and 2021, 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 Combined 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 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 U.S. generally accepted accounting principles.

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

As described in Note 1, the combined financial statements are prepared by Colorado Intergovernmental Risk Sharing Agency on the basis of the financial reporting provisions prescribed or permitted by the Division of Insurance of the Department of Regulatory Agencies of the State of Colorado, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Division of Insurance of the Department of Regulatory Agencies of the State of Colorado. The effects on the combined 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 Combined Financial Statements***

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with the financial reporting provisions prescribed or permitted by the Division of Insurance of 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

***Auditors' Responsibilities for the Audit of the Combined Financial Statements***

Our objectives are to obtain reasonable assurance about whether the combined 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 combined 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 combined 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 combined 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.

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the combined statutory basis financial statements as a whole. The reconciliation of reserves for unpaid losses and loss adjustment expenses, ten-year loss development information, supplemental investment information, summary investment schedule, and the combining schedules on pages 22 through 33 are presented for purposes of additional analysis and are not a required part of the combined statutory basis financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined statutory basis financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined statutory basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined statutory basis financial statements or to the combined statutory basis 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 combined statutory basis financial statements as a whole.



**CliftonLarsonAllen LLP**

Broomfield, Colorado  
March 31, 2023

## **COMBINED STATUTORY FINANCIAL STATEMENTS**

**COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY**  
**COMBINED STATUTORY STATEMENTS OF ADMITTED ASSETS,**  
**LIABILITIES, AND SURPLUS**  
December 31, 2022 and 2021

<b>Admitted Assets</b>	<b>2022</b>	<b>2021</b>
Cash and invested assets:		
Bonds, at amortized cost, fair value of \$64,987,065 in 2022 and \$71,682,566 in 2021	\$ 70,574,656	\$ 71,488,481
Cash, cash equivalents, and short term investments	17,626,401	17,427,292
Investment in NLC Mutual Insurance Company	1,072,425	697,901
Investment in Government Entities Mutual Inc.	500,000	500,000
Real estate, at cost, net of accumulated depreciation	3,165,102	3,361,923
Total cash and invested assets	92,938,584	93,475,597
Accrued investment income	262,236	225,167
Receivable from members	1,311,071	1,136,372
Excess insurance receivable	6,825,499	2,430,203
Electronic data processing equipment, at cost, net of accumulated depreciation	172,611	170,831
Prepaid excess insurance premiums	126,738	144,119
Other admitted assets	2,252	2,252
Total admitted assets	\$ 101,638,991	\$ 97,584,541
<b>Liabilities and Surplus</b>		
Reserves for unpaid losses and loss adjustment expenses, net of excess insurance recoverables	\$ 49,375,092	\$ 39,845,711
Accounts payable and accrued liabilities	1,166,371	641,923
Member credits payable	1,318,392	1,397,915
Special contribution plan deposits	25,000	25,000
Unearned member contributions	843,846	137,069
Total liabilities	52,728,701	42,047,618
Unassigned surplus	48,910,290	55,536,923
Total liabilities and surplus	\$ 101,638,991	\$ 97,584,541

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

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

Years ended December 31, 2022 and 2021

	<b>2022</b>	<b>2021</b>
Member contributions earned (net of excess insurance and reinsurance premiums and brokerage commissions of \$12,777,874 and \$12,084,011 in 2022 and 2021, respectively)	<u>\$ 37,349,697</u>	<u>\$ 32,934,344</u>
Deductions:		
Losses and loss adjustment expenses incurred	32,645,160	23,425,676
Other underwriting expenses incurred	<u>11,616,150</u>	<u>10,510,802</u>
Total underwriting deductions	<u>44,261,310</u>	<u>33,936,478</u>
 Net underwriting loss	 (6,911,613)	 (1,002,134)
 Net investment income	 <u>1,831,274</u>	 <u>1,609,192</u>
Net (loss) income	<u>\$ (5,080,339)</u>	<u>\$ 607,058</u>

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

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

Years ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Unassigned surplus, beginning of year	\$ 55,536,923	\$ 55,239,664
Net (loss) income	(5,080,339)	607,058
Change in nonadmitted assets (Note 5)	(487,981)	828,418
Distributions and credits to members and withdrawn members	<u>(1,058,313)</u>	<u>(1,138,217)</u>
Unassigned surplus, end of year	<u>\$ 48,910,290</u>	<u>\$ 55,536,923</u>

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

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

Years ended December 31, 2022 and 2021

	<b>2022</b>	<b>2021</b>
Cash flow from operating activities:		
Contributions collected from members, net of excess insurance premiums and brokerage commissions paid	\$ 37,899,156	\$ 32,712,493
Losses and loss adjustment expenses	(27,511,075)	(17,302,097)
Underwriting expenses paid	<u>(11,344,138)</u>	<u>(9,185,341)</u>
Cash (used in) provided by underwriting operations	(956,057)	6,225,055
Net investment income received	2,216,385	1,730,614
Other amounts collected	<u>96,641</u>	<u>-</u>
Net cash provided by operating activities	<u>1,356,969</u>	<u>7,955,669</u>
 Cash flow from investing activities:		
From investments sold, matured, or repaid:		
Bonds	<u>20,804,164</u>	<u>35,175,158</u>
For investments acquired:		
Cost of investments acquired	(20,312,519)	(43,264,290)
Cost of investment in Government Entities Mutual Inc.	-	(500,000)
Cost of investment in NLC Mutual Insurance Company	(374,524)	-
Purchases of property and equipment, net	<u>(137,145)</u>	<u>(168,835)</u>
Investments acquired	<u>(20,824,188)</u>	<u>(43,933,125)</u>
Net cash used in investing activities	<u>(20,024)</u>	<u>(8,757,967)</u>
 Cash flow used in financing activities:		
Distributions and credits to members	<u>(1,137,836)</u>	<u>(969,668)</u>
Net cash used in financing activities	<u>(1,137,836)</u>	<u>(969,668)</u>
 Net increase (decrease) in cash and cash equivalents	199,109	(1,771,966)
 Cash and cash equivalents, beginning of year	<u>17,427,292</u>	<u>19,199,258</u>
 Cash and cash equivalents, end of year	<u>\$ 17,626,401</u>	<u>\$ 17,427,292</u>

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

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

December 31, 2022 and 2021

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of Colorado Intergovernmental Risk Sharing Agency**

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

Membership in CIRSA is evidenced by execution of the Bylaws and Intergovernmental Agreement. At December 31, 2022, CIRSA membership consisted of 234 municipalities and 49 special districts. There were 281 members of the Property and Casualty Pool and 140 members of the Workers' Compensation Pool with 135 being members of both pools. At December 31, 2022, 200 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 80% relates to property and casualty and 20% 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, 2022 and 2021, the Agency was not providing this service to any other nonmember public entity.

**Basis of Presentation**

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

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

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

December 31, 2022 and 2021

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

	<b>2022</b>	<b>2021</b>
Statutory income, net	\$ (5,080,339)	\$ 607,058
Net decrease in the fair value of investments	(5,781,677)	(1,772,595)
Distributions and credits to members and withdrawn members	<u>(1,058,313)</u>	<u>(1,138,217)</u>
GAAP change in net position	<u>\$ (11,920,329)</u>	<u>\$ (2,303,754)</u>
Statutory unassigned surplus	\$ 48,910,290	\$ 55,536,923
Unrealized investment gains	(5,587,591)	194,085
Non admitted assets (Note 5)	<u>876,103</u>	<u>388,122</u>
GAAP members' net position	<u>\$ 44,198,802</u>	<u>\$ 56,119,130</u>

**Use of Estimates**

The preparation of statutory financial statements in accordance with accounting practices prescribed by the Division requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statutory financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates include the reserves for unpaid losses and loss adjustment expenses. Actual results could differ from those estimates.

**Investments**

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

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

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

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

December 31, 2022 and 2021

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**Cash and Cash Equivalents**

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

Cash deposits in non-interest bearing accounts are insured up to \$250,000 by the Federal Deposit Insurance Corporation for 2022 and 2021, respectively. At December 31, 2022 and 2021, the Agency's cash deposits in non-interest bearing accounts had balances of \$3,204,042 and \$1,886,690, respectively. Also, these amounts, in addition to cash deposits in interest bearing accounts, are collateralized by securities held by another institution or held in trust, as required by the provisions of the Public Deposit Protection Act.

**Real Estate and Electronic Data Processing Equipment**

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

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

	<b>2022</b>			
	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Net</b>	<b>Depreciation Expense</b>
Real estate	\$ 8,784,514	\$ 5,619,412	\$ 3,165,102	\$ 250,245
Electronic data processing equipment	366,202	193,591	172,611	81,941
Nonadmitted fixed assets	1,729,611	1,683,592	46,019	47,376
	<b>2021</b>			
	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Net</b>	<b>Depreciation Expense</b>
Real estate	\$ 8,731,090	\$ 5,369,167	\$ 3,361,923	\$ 247,921
Electronic data processing equipment	456,368	285,537	170,831	60,649
Nonadmitted fixed assets	3,107,977	3,023,917	84,060	58,042

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

December 31, 2022 and 2021

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Member Contributions**

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

**Excess Insurance and Reinsurance**

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

**Reserve for Unpaid Losses and Loss Adjustment Expenses**

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

**Income Taxes**

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

**Administration Fee**

Most general and administrative expenses of CIRSA are recorded by CIRSA/PC, which charges an administration fee to CIRSA/WC for its share of these expenses. Administration fees, which were \$2,535,225 and \$2,438,584 during 2022 and 2021, respectively, are eliminated in the accompanying combined statutory financial statements.

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

December 31, 2022 and 2021

**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, 2022, and 2021, member credits payable consisted of the following:

	<u>2022</u>	<u>2021</u>
Loss control credit accounts	\$ 1,296,552	\$ 1,376,075
Equity credits held for deductibles	<u>21,840</u>	<u>21,840</u>
	<u>\$ 1,318,392</u>	<u>\$ 1,397,915</u>

**Loss Control Credit Accounts**

The Loss Control Credit Accounts Program was designed to encourage members to establish and implement safety-related programs. During 2022 and 2021, the board of directors designated \$1,063,048 and \$1,161,378, 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 \$1,296,552 and \$1,376,075 at December 31, 2022 and 2021, respectively.

**Equity Credits Held for Deductibles**

In prior years, the CIRSA board awarded equity credits for members of the property and casualty pool when the net position of the pool was considered to have exceeded business needs. Members may retain these distributions in the pools so that the credits can be applied against future deductible payments and the credits earn interest. Interest of \$0 was credited in 2022 and 2021. The equity credits held for deductibles payable at December 31, 2022 and 2021 was \$21,840. The equity credits to be paid to members were \$0 at December 31, 2022 and 2021.

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

December 31, 2022 and 2021

**NOTE 2 - INVESTMENTS**

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

	<u>Amortized cost</u>	<u>Gross unrealized gains</u>	<u>Gross unrealized losses</u>	<u>Fair value</u>
<b>2022:</b>				
U.S. Treasury securities	\$ 29,756,336	\$ -	\$ (1,309,358)	\$ 28,446,978
U.S. Government agency obligations	7,438,992	-	(679,638)	6,759,354
Corporate obligations	3,722,373	-	(289,907)	3,432,466
Mortgage backed securities	17,601,848	-	(1,984,521)	15,617,327
Municipal securities	<u>12,055,107</u>	<u>-</u>	<u>(1,324,167)</u>	<u>10,730,940</u>
Total	<u>\$ 70,574,656</u>	<u>\$ -</u>	<u>\$ (5,587,591)</u>	<u>\$ 64,987,065</u>
<b>2021:</b>				
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>

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

December 31, 2022 and 2021

**NOTE 2 - INVESTMENTS (CONTINUED)**

A summary of the amortized cost and fair value of the Agency's investments in bonds at December 31, 2022 and 2021, by contractual maturity, is as follows:

	<b>2022</b>	
	<b>Amortized</b>	
	<b>Cost</b>	<b>Fair Value</b>
Maturity:		
Due in one year or less	\$ 12,697,651	\$ 12,472,322
Due after one through five years	41,941,342	38,574,029
Due after five through ten years	8,802,130	7,793,741
Due after ten years	<u>7,133,533</u>	<u>6,146,973</u>
	<u>\$ 70,574,656</u>	<u>\$ 64,987,065</u>
	<b>2021</b>	
	<b>Amortized</b>	
	<b>Cost</b>	<b>Fair Value</b>
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	<u>5,558,862</u>	<u>5,492,507</u>
	<u>\$ 71,488,481</u>	<u>\$ 71,682,566</u>

Proceeds from the sales, calls and maturities of debt securities during 2022 and 2021 were approximately \$20,804,000 and \$35,175,000, respectively. Gross gains of \$1,594 and \$44,087, respectively, were realized on those sales and calls. Gross losses of \$15,026 and \$1,089, respectively, were realized on sales and calls.

At December 31, 2022 and 2021, bonds with a carrying value of \$475,966 and \$510,234, 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, 2022 and 2021, which includes cash and cash equivalents, short-term investments, premiums receivable, interest and dividends due, and accrued accounts payable and accrued other expenses, and payables to affiliates, approximate their fair values because of the short maturity of these instruments.

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

December 31, 2022 and 2021

**NOTE 2 - INVESTMENTS (CONTINUED)**

At December 31, 2022, the Agency had the following unrealized losses, which are considered temporary, and therefore the underlying securities were not impaired:

Description of securities	Less than 12 months		12 Months or Greater		Total	
	Fair Value	Unrealized losses	Fair Value	Unrealized losses	Fair Value	Unrealized losses
U.S. Government						
Agency Obligations	\$ 1,464,198	\$ (81,134)	\$ 5,295,156	\$ (598,504)	\$ 6,759,354	\$ (679,638)
U.S. Treasury Securities	18,112,761	(806,211)	10,334,217	(503,147)	28,446,978	(1,309,358)
Municipal Obligations	5,589,325	(629,931)	5,141,615	(694,236)	10,730,940	(1,324,167)
Mortgage Backed Securities	3,257,459	(310,752)	12,359,868	(1,673,769)	15,617,327	(1,984,521)
Corporate Obligations	1,523,542	(26,389)	1,908,924	(263,518)	3,432,466	(289,907)
	<u>\$ 29,947,285</u>	<u>\$ (1,854,417)</u>	<u>\$ 35,039,780</u>	<u>\$ (3,733,174)</u>	<u>\$ 64,987,065</u>	<u>\$ (5,587,591)</u>

At December 31, 2021, the Agency had the following unrealized losses, which are considered temporary, and therefore the underlying securities were not impaired:

Description of securities	Less than 12 months		12 Months or Greater		Total	
	Fair Value	Unrealized losses	Fair Value	Unrealized losses	Fair Value	Unrealized losses
U.S. Government						
Agency Obligations	\$ 5,395,218	\$ (126,502)	\$ 353,610	\$ (16,959)	\$ 5,748,828	\$ (143,461)
U.S. Treasury Securities	10,785,129	(130,460)	1,517,578	(4,899)	12,302,707	(135,359)
Municipal Obligations	5,965,594	(33,934)	-	-	5,965,594	(33,934)
Mortgage Backed Securities	14,647,452	(222,560)	-	-	14,647,452	(222,560)
Corporate Obligations	1,959,822	(23,909)	195,453	(6,165)	2,155,275	(30,074)
	<u>\$ 38,753,215</u>	<u>\$ (537,365)</u>	<u>\$ 2,066,641</u>	<u>\$ (28,023)</u>	<u>\$ 40,819,856</u>	<u>\$ (565,388)</u>

**U.S. Government Agency Obligations**

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

**Corporate and Municipal Obligations**

At December 31, 2022 and 2021, investment grade bonds held in the portfolio all had an AA- rating or higher upon purchase. All of the Agency's corporate bonds, municipal bonds, and commercial paper remain at or above these criteria as of December 31, 2022 and 2021.

All investments held by the Agency at December 31, 2022 and 2021 had an NAIC rating of 1 upon purchase which includes investments that are insured and registered or which are held by the Agency or its agent in the Agency's name.

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

December 31, 2022 and 2021

**NOTE 2 - INVESTMENTS (CONTINUED)**

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

	<b>Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Debt securities	\$ 1,142,535	\$ 975,440
Cash and cash equivalents	126,237	8,375
Rental revenue	712,719	712,719
Net realized (losses) gains on sale of investments	(13,432)	42,958
Gross investment income	1,968,059	1,739,492
Investment expenses	(136,785)	(130,300)
Net investment income	\$ 1,831,274	\$ 1,609,192

Rental income related to Agency-owned buildings occupied by the Agency during 2022 and 2021 was \$712,719 and is included in rental revenue above. The related expense is included in other underwriting expenses incurred on the combined statements of income.

NLC Mutual Insurance Company provided workers' compensation reinsurance to the Agency from 2002 through 2006 and property reinsurance from 2003 through 2006. NLC Mutual Insurance Company is also a risk pool, as is the Agency. To obtain the reinsurance, the Agency, therefore, was required to make a capital contribution to become a member of the NLC Mutual Insurance Company pool, in addition to regular premiums paid. The related capital contributions associated with NLC Mutual Insurance Company are presented as an investment at cost as of December 31, 2022, and 2021 for \$1,072,425 and \$697,901, respectively, in accordance with the Manual.

Government Entities Mutual Inc. provided 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 a capital contribution to become a member of the Government Entities Inc. pool, in addition to regular premiums. The related capital contribution associated with Government Entities Mutual Inc. is presented as a deposit at cost of \$500,000 as of December 31, 2022 and 2021.

**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:

	<b>2022</b>		<b>2021</b>	
Fannie Mae	\$ 4,982,113	7.06%	\$ 5,194,811	7.27%
Freddie Mac	\$ 12,656,680	17.93%	\$ 12,085,796	16.91%
Government National Mortgage Association	\$ 4,034,879	5.72%	\$ -	0.00%

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

December 31, 2022 and 2021

**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
2022	100% of statutory limits in excess of \$750,000 for workers' compensation coverage for all claims made by employees other than firefighters or police officers, \$1,000,000 for all claims made by firefighters or police officers

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

December 31, 2022 and 2021

**NOTE 3 - EXCESS INSURANCE AND REINSURANCE (CONTINUED)**

<u>Year(s) ended</u>	<u>Excess coverage</u>
2003 – 2005	<p>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).</p> <p>Excess property – 100% of \$500,000,000 in excess of \$1,000,000 per claim/occurrence.</p>
2006	<p>Property reinsurance – 100% of \$500,000 in excess of \$500,000 per claim/occurrence.</p> <p>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).</p> <p>Liability reinsurance – 100% of \$500,000 in excess of \$500,000 per claim/occurrence.</p> <p>Excess property – 100% of \$500,000,000 in excess of \$1,000,000 per claim/occurrence.</p> <p>Property reinsurance – 100% of \$500,000 in excess of \$500,000 per claim/occurrence.</p>
2007 – 2013	<p>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).</p> <p>Excess property – 100% of \$500,000,000 in excess of \$500,000 per claim/occurrence.</p>
2014 - 2015	<p>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.</p> <p>Excess property – 100% of \$500,000,000 in excess of \$500,000 per claim/occurrence.</p>
2016 - 2017	<p>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.</p> <p>Excess property – 100% of \$500,000,000 in excess of \$500,000 per claim/occurrence.</p>

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

December 31, 2022 and 2021

**NOTE 3 - EXCESS INSURANCE AND REINSURANCE (CONTINUED)**

<u>Year(s) ended</u>	<u>Excess coverage</u>
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 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 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
2022	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 and Public Officials' Errors and Omissions losses . 100% of \$8,500,000 in excess of \$1,500,000 for all police professional liability. General Liability, Public Officials' Errors and Omissions and Police Professional 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 COMBINED STATUTORY FINANCIAL STATEMENTS**

December 31, 2022 and 2021

**NOTE 3 - EXCESS INSURANCE AND REINSURANCE (CONTINUED)**

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

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

	<u>Year ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Member contributions earned		
Premiums paid	\$ 12,525,929	\$ 11,831,563
Brokerage commissions	251,945	252,448
Loss and loss adjustment expenses paid	11,201,215	3,451,927
Loss and loss adjustment expenses unpaid	4,395,972	5,747,868

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

	<u>2022</u>	<u>2021</u>
National Union Fire Insurance Company of Pittsburgh, PA	\$ -	\$ 84,542
NLC Mutual Insurance Company	2,651,528	3,526,429
Great American Insurance Company	2,207,000	2,117,100
Old Republic	6,362,943	2,450,000
	<u>\$ 11,221,471</u>	<u>\$ 8,178,071</u>

The above amounts are recorded as follows at December 31:

	<u>2022</u>	<u>2021</u>
Excess reinsurance receivable, net	\$ 6,825,499	\$ 2,430,203
Reserves for unpaid losses and loss adjustment expenses	4,395,972	5,747,868
	<u>\$ 11,221,471</u>	<u>\$ 8,178,071</u>

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

December 31, 2022 and 2021

**NOTE 3 - EXCESS INSURANCE AND REINSURANCE (CONTINUED)**

The Agency's reinsurers had the following AM Best rating at December 31, 2022:

<u>Reinsurer</u>	<u>AM Best rating</u>
National Union Fire Insurance Company of Pittsburgh, PA	A
NLC Mutual Insurance Company	N/A
Government Entities Mutual Inc	N/A
Safety National Casualty Corporation	A++
Great American Insurance Company	A+
RSUI Indemnity Company	A++
Axis Insurance Company	A
Swiss Re - 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
AmWINS Special Risk Underwriters	N/A
Lexington Insurance Company	A
Starr Surplus Lines Insurance Company	A
StarStone Specialty Insurance Company	A-

The Agency's Executive Director serves on the board of directors of both NLC Mutual Insurance Company (NLC) and Government Entities Mutual Inc.

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

December 31, 2022 and 2021

**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>2022</u>	<u>2021</u>
Reserves for unpaid losses and loss adjustment expenses, net of excess insurance recoverables, beginning of year	\$ 39,845,711	\$ 33,945,294
Add incurred loss and loss adjustment expenses, net of excess insurance:		
Provision for covered events of the current year	33,110,521	26,198,482
Decrease in provision for covered events of prior years	<u>(465,361)</u>	<u>(2,772,806)</u>
Total incurred losses and loss adjustment expenses, net of excess insurance	<u>32,645,160</u>	<u>23,425,676</u>
Deduct payments:		
For claims attributable to covered events of the current year	8,290,714	7,536,835
For claims attributable to covered events of prior years	<u>14,825,065</u>	<u>9,988,424</u>
Total payments	<u>23,115,779</u>	<u>17,525,259</u>
Reserves for unpaid losses and loss adjustment expenses, net of excess insurance recoverables, end of year	<u>\$ 49,375,092</u>	<u>\$ 39,845,711</u>

As a result of changes in estimates of insured events in prior years, the provision for loss and loss adjustment expenses decreased by \$465,361 and by \$2,772,806 in 2022 and 2021, respectively. The change in estimates resulted due to favorable development for losses incurred in years prior to 2022 and 2021, 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 a number of factors that vary with the individual type of policy written. Future average severities are projected based on historical trends adjusted for implemented changes in underwriting standards, policy provisions, and general economic trends. Those anticipated trends are monitored based on actual development and are modified if necessary.

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

December 31, 2022 and 2021

**NOTE 5 - SURPLUS**

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

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

In 2022 and 2021, the board authorized the Agency to credit \$1,063,048 and \$1,161,378, respectively, to member municipalities and withdrawn members. At December 31, 2022 and 2021, \$1,318,392 and \$1,397,915 of credits remained undistributed, respectively. The undistributed amounts are included in member credits payable in the accompanying combined statutory statements of admitted assets, liabilities, and surplus. The surplus credits, and the related undistributed amounts, are applied to future deductibles, contributions, or loss control accounts in accordance with the requests of the member municipalities.

Pursuant to regulations of the Division of Insurance of the State of Colorado (the Division), the Agency is required to maintain minimum surplus of \$500,000. At December 31, 2022 and 2021, the Agency's statutory surplus was \$48,910,290 and \$55,536,923, respectively.

At December 31, 2022 and 2021, nonadmitted assets for statutory reporting purposes, which are shown as a reduction of unassigned surplus on the accompanying combined statutory statements of admitted assets, liabilities, and surplus, consisted of the following:

	<b>2022</b>	<b>2021</b>
Furniture, fixtures and equipment	\$ 1,729,611	\$ 3,107,977
Accumulated depreciation	(1,683,592)	(3,023,917)
Prepaid operating expenses	756,431	303,970
Receivable from members	73,653	-
Employee advances	-	92
	\$ 876,103	\$ 388,122

**NOTE 6 - CONTINGENCIES**

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

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

December 31, 2022 and 2021

**NOTE 7 - DEFINED CONTRIBUTION MONEY PURCHASE PENSION PLAN**

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

Contributions actually made by plan members and the Agency for the years ended December 31, 2022 and 2021, which represents the 10% required contribution, are as follows:

	<u>2022</u>	<u>2021</u>
Plan members	\$ 478,701	\$ 454,652
Agency	\$ 478,701	\$ 454,652

**NOTE 8 - SUBSEQUENT EVENTS**

CIRSA has evaluated events subsequent to December 31, 2022 through **March 31, 2023**, which is the issuance date of this report.

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

## **SUPPLEMENTARY INFORMATION**

**COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY  
SUPPLEMENTARY INFORMATION – RECONCILIATION OF RESERVES FOR  
UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES**

Years Ended December 31, 2022 and 2021

	2022			2021		
	WC Pool	PC Pool	Combined	WC Pool	PC Pool	Combined
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
Add incurred losses and loss adjustment expenses, net of excess insurance recoverables:						
Provision for covered events of the current year	6,295,593	26,814,928	33,110,521	6,028,545	20,169,937	26,198,482
Decrease in provision for covered events of prior years	(728,182)	262,821	(465,361)	290,740	(3,063,546)	(2,772,806)
Total incurred losses and loss adjustment expenses, net of excess insurance	5,567,411	27,077,749	32,645,160	6,319,285	17,106,391	23,425,676
Deduct payments, net of excess insurance recoverables:						
For claims attributable to covered events of the current year	1,554,927	6,735,787	8,290,714	1,205,113	6,331,722	7,536,835
For claims attributable to covered events of prior years	4,173,119	10,651,946	14,825,065	3,381,119	6,607,305	9,988,424
Total payments	5,728,046	17,387,733	23,115,779	4,586,232	12,939,027	17,525,259
Reserves for unpaid losses and loss adjustment expenses, net of excess insurance recoverables	\$ 13,258,069	\$ 36,117,023	\$ 49,375,092	\$ 13,418,704	\$ 26,427,007	\$ 39,845,711

**COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY  
SUPPLEMENTARY INFORMATION – WORKER'S COMPENSATION POOL  
TEN-YEAR LOSS DEVELOPMENT INFORMATION**

December 31, 2022  
(In Thousands of Dollars)

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

- (1) This line shows the total of each year's gross earned member contributions and reported investment revenues, amounts of excess insurance premiums, and reported member contributions (net of excess insurance) and reported investment revenue.
- (2) This line shows each year's other operating costs of the Pool including overhead and claims expense not allocable to individual claims.
- (3) This line shows the Pool's gross incurred losses and allocated loss adjustment expense, losses assumed by excess insurers, and net incurred adjustment expenses (both paid and accrued) as originally reported at the end of the year in which the event that triggered coverage occurred (called coverage year).
- (4) This section of ten rows shows the cumulative net amounts paid as of the end of successive years, for each coverage year.
- (5) This line shows the latest reestimated amount of losses assumed by excess insurers for each coverage year.
- (6) This section of ten rows shows how each coverage year's net incurred losses increased or decreased as of the end of successive years. (This annual reestimation results from new information received on known losses, reevaluation of existing information on known losses, and emergence of new losses not previously known.)
- (7) This line compares the latest reestimated net incurred losses amount to the amount originally established (line 3) and shows whether this latest estimate of losses is greater or less than originally thought.

original estimates and reestimated amounts is commonly used to evaluate

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

	<u>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>	<u>2022</u>
1. Member contributions and investment income:										
Earned	\$ 7,115	\$ 8,206	\$ 8,575	\$ 8,569	\$ 8,746	\$ 8,942	\$ 9,107	\$ 9,301	\$ 9,032	\$ 9,498
Excess/reinsurance premiums	1,168	1,227	1,415	1,193	1,302	1,504	1,635	1,472	1,541	1,544
Net earned	5,947	6,979	7,160	7,376	7,444	7,438	7,472	7,829	7,491	7,954
2. Unallocated expenses	743	734	739	752	1,272	1,757	2,082	2,590	3,144	2,918
3. Estimated incurred losses and expenses, end of coverage year:										
Incurred	5,436	5,503	5,623	5,430	5,807	5,696	5,978	5,123	6,028	6,296
Assumed by excess insurers	-	-	-	-	-	-	-	-	-	-
Net incurred	5,436	5,503	5,623	5,430	5,807	5,696	5,978	5,123	6,028	6,296
4. Net paid (cumulative) as of:										
End of accident year	802	1,021	1,079	1,036	1,288	1,303	1,235	1,068	1,205	1,555
One year later	1,870	2,655	2,148	2,269	2,980	2,833	3,065	2,505	3,250	-
Two years later	2,192	3,542	2,548	2,878	3,674	3,781	3,761	3,369	-	-
Three years later	2,275	3,973	3,085	3,135	4,068	4,282	4,409	-	-	-
Four years later	2,293	4,249	3,186	3,192	4,316	4,578	-	-	-	-
Five years later	2,256	4,287	3,267	3,262	4,387	-	-	-	-	-
Six years later	2,256	4,341	3,670	3,272	-	-	-	-	-	-
Seven years later	2,255	4,344	3,686	-	-	-	-	-	-	-
Eight years later	2,305	4,340	-	-	-	-	-	-	-	-
Nine years later	2,304	-	-	-	-	-	-	-	-	-
5. Reestimated losses and expenses assumed by excess insurers	-	-	-	-	-	-	-	-	-	-
6. Reestimated net incurred losses and expenses:										
End of accident year	5,436	5,503	5,623	5,430	5,807	5,696	5,978	5,123	6,028	6,296
One year later	4,354	5,882	4,462	5,113	5,906	5,516	5,850	5,565	6,388	-
Two years later	3,422	5,631	3,844	4,393	5,318	5,369	5,727	4,939	-	-
Three years later	2,814	5,034	3,981	4,020	4,950	5,491	5,475	-	-	-
Four years later	2,514	4,770	3,645	3,512	4,735	5,751	-	-	-	-
Five years later	2,405	4,600	3,638	3,470	4,715	-	-	-	-	-
Six years later	2,386	4,574	3,836	3,346	-	-	-	-	-	-
Seven years later	2,337	4,474	3,757	-	-	-	-	-	-	-
Eight years later	2,372	4,340	-	-	-	-	-	-	-	-
Nine years later	2,304	-	-	-	-	-	-	-	-	-
7. (Decrease) increase in estimated net incurred losses and expenses from end of coverage year	(3,132)	(1,163)	(1,866)	(2,084)	(1,092)	55	(503)	(184)	360	-

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

December 31, 2022  
(In Thousands of Dollars)

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

- (1) This line shows the total of each year's gross earned member contributions and reported investment revenues, amounts of excess insurance premiums, and reported member contributions (net of excess insurance) and reported investment revenue.
- (2) This line shows each year's other operating costs of the Pool including overhead and claims expense not allocable to individual claims.
- (3) This line shows the Pool's gross incurred losses and allocated loss adjustment expense, losses assumed by excess insurers, and net incurred losses and loss adjustment expenses (both paid and accrued) as originally reported at the end of the year in which the event that triggered coverage occurred (called coverage year).
- (4) This section of ten rows shows the cumulative net amounts paid as of the end of successive years, for each coverage year.
- (5) This line shows the latest reestimated amount of losses assumed by excess insurers for each coverage year.
- (6) This section of ten rows shows how each coverage year's net incurred losses increased or decreased as of the end of successive years. (This annual reestimation results from new information received on known losses, reevaluation of existing information on known losses, and emergence of new losses not previously known.)
- (7) This line compares the latest reestimated net incurred losses amount to the amount originally established (line 3) and shows whether this latest estimate of losses is greater or less than originally thought.

As data for individual coverage years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of net incurred losses currently recognized in less mature coverage years. The columns of the table show data for successive coverage years.

	<u>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>	<u>2022</u>
1. Member contributions and investment income:										
Earned	\$ 21,688	\$ 24,226	\$ 24,446	\$ 25,516	\$ 26,024	\$ 27,404	\$ 30,258	\$ 35,275	\$ 37,595	\$ 42,461
Excess/reinsurance premiums	5,396	5,742	6,140	5,563	5,874	7,410	9,926	10,134	10,543	11,234
Net earned	16,292	18,484	18,306	19,953	20,150	19,994	20,332	25,141	27,052	31,227
2. Unallocated expenses	7,081	7,188	7,430	7,801	7,947	7,838	7,562	6,578	6,654	7,985
3. Estimated incurred losses and expenses, end of coverage year:										
Incurred	41,403	12,901	18,922	15,801	24,518	32,006	23,759	14,551	20,170	26,815
Assumed by excess/reinsurers	29,734	1,142	3,930	1,069	9,893	13,743	6,620	-	-	-
Net incurred	11,669	11,759	14,992	14,732	14,625	18,263	17,139	14,551	20,170	26,815
4. Net paid (cumulative) as of:										
End of accident year	3,042	3,165	3,928	5,479	5,579	7,477	4,941	3,973	6,332	6,736
One year later	5,687	5,841	7,357	7,644	9,259	11,423	8,742	6,433	13,207	-
Two years later	7,078	7,709	10,625	10,840	9,891	13,913	11,987	8,583	-	-
Three years later	7,965	9,419	13,153	11,871	10,552	14,702	12,577	-	-	-
Four years later	8,109	9,462	14,035	11,915	10,639	15,269	-	-	-	-
Five years later	8,120	9,513	14,060	11,887	10,724	-	-	-	-	-
Six years later	8,477	9,851	14,062	12,246	-	-	-	-	-	-
Seven years later	8,529	9,854	14,062	-	-	-	-	-	-	-
Eight years later	8,529	9,854	-	-	-	-	-	-	-	-
Nine years later	8,527	-	-	-	-	-	-	-	-	-
5. Reestimated losses and expenses assumed by excess/reinsurers	19,545	1,521	8,519	1,485	9,252	13,743	6,620	-	-	-
6. Reestimated net incurred losses and expenses:										
End of accident year	11,669	11,759	14,992	14,732	14,625	18,263	17,139	14,551	20,170	26,815
One year later	9,748	12,875	14,209	13,065	13,242	17,520	15,780	11,454	21,004	-
Two years later	9,229	10,904	14,107	12,623	11,409	16,286	15,195	12,675	-	-
Three years later	8,887	10,461	14,081	12,756	10,873	15,888	14,208	-	-	-
Four years later	8,314	9,677	14,336	12,614	11,921	15,973	-	-	-	-
Five years later	8,257	9,811	14,178	12,409	10,950	-	-	-	-	-
Six years later	8,528	9,898	14,172	12,331	-	-	-	-	-	-
Seven years later	8,529	9,854	14,135	-	-	-	-	-	-	-
Eight years later	8,529	9,854	-	-	-	-	-	-	-	-
Nine years later	8,527	-	-	-	-	-	-	-	-	-
7. (Decrease) increase in estimated net incurred losses and expenses from end of coverage year	(3,142)	(1,905)	(857)	(2,401)	(3,675)	(2,290)	(2,931)	(1,876)	834	-

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

December 31, 2022

CIRSA's total admitted assets as of December 31, 2022 are \$101,638,991

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

<b>Issuer</b>	<b>Description</b>	<b>Amortized Cost</b>	<b>Percentage of Total Admitted Assets</b>
Exxon Mobil Corp	Corporate Note	\$ 768,652	0.76%
VISA Inc	Corporate Note	716,539	0.70%
Johnson & Johnson Corp	Corporate Note	651,300	0.64%
Chevron Corp	Corporate Note	609,841	0.60%
Automatic Data Processing	Corporate Note	501,080	0.49%
Berkshire Hathaway Inc	Corporate Note	474,961	0.47%

Amounts and percentages of the Agency's total

Bonds - NAIC - 1	70,574,656	69.44%
Bonds - NAIC - 2	0	0.00%

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

December 31, 2022

Investment categories	Gross investment holdings		Admitted assets as reported in the annual statement	
1. Bonds:				
1.1 U.S. Treasury Securities	\$	29,756,336	32%	\$ 29,756,336 32%
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities)				
1.21 Issued by U.S. Government Agencies		7,438,992	8%	7,438,992 8%
1.4 Securities issued by states, territories and possessions and political subdivisions in the US				
1.5 Mortgage-backed securities				
1.51 Pass-through securities				
1.512 Issued or guaranteed by FNMA and FHLMC		711,889	1%	711,889 1%
1.52 CMOs and REMICs				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA		16,889,959	18%	16,889,959 18%
2. Other debt and fixed income securities				
2.1 Unaffiliated domestic securities		15,777,480	17%	15,777,480 17%
5. Real Estate Investments				
5.1 Property occupied by company		3,165,102	3%	3,165,102 3%
10. Cash and short-term investments		17,626,401	19%	17,626,401 19%
11. Other invested assets		1,572,425	2%	1,572,425 2%
12. Total invested assets	\$	<u>92,938,584</u>	<u>100%</u>	\$ <u>92,938,584</u> <u>100%</u>

**COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY**  
**COMBINING STATUTORY SCHEDULE –**  
**ADMITTED ASSETS, LIABILITIES, AND SURPLUS INFORMATION**  
December 31, 2022

Admitted Assets	CIRSA/PC	CIRSA/WC	Combining adjustments	Combined
Cash and invested assets:				
Bonds	\$ 41,852,095	\$ 28,722,561	\$ -	\$ 70,574,656
Cash and cash equivalents	12,053,557	5,572,844	-	17,626,401
Investment in NLC Mutual Insurance Company	678,073	394,352	-	1,072,425
Investment in Government Entities Mutual Inc.	500,000	-	-	500,000
Real estate, net of accumulated depreciation	<u>2,599,440</u>	<u>565,662</u>	<u>-</u>	<u>3,165,102</u>
Total cash and invested assets	57,683,165	35,255,419	-	92,938,584
Accrued investment income	137,509	124,727	-	262,236
Receivable from members	1,152,967	158,104	-	1,311,071
Excess insurance receivable	6,250,512	574,987	-	6,825,499
Electronic data processing equipment, net of accumulated depreciation	172,611	-	-	172,611
Prepaid insurance premiums	126,738	-	-	126,738
Interpool accounts receivable and other admitted assets	<u>20,676</u>	<u>294,935</u>	<u>(313,359)</u>	<u>2,252</u>
Total admitted assets	<u>\$ 65,544,178</u>	<u>\$ 36,408,172</u>	<u>\$ (313,359)</u>	<u>\$ 101,638,991</u>
<b>Liabilities and Surplus</b>				
Reserves for unpaid losses and loss adjustment expenses	\$ 36,117,023	\$ 13,258,069	\$ -	\$ 49,375,092
Interpool payable	294,935	18,424	(313,359)	-
Accounts payable and accrued liabilities	1,088,520	77,851	-	1,166,371
Member credits payable	661,903	656,489	-	1,318,392
Special contribution plan deposits	-	25,000	-	25,000
Unearned member contributions	<u>754,897</u>	<u>88,949</u>	<u>-</u>	<u>843,846</u>
Total liabilities	38,917,278	14,124,782	(313,359)	52,728,701
Unassigned surplus	<u>26,626,900</u>	<u>22,283,390</u>	<u>-</u>	<u>48,910,290</u>
Total liabilities and surplus	<u>\$ 65,544,178</u>	<u>\$ 36,408,172</u>	<u>\$ (313,359)</u>	<u>\$ 101,638,991</u>

**COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY**  
**COMBINING STATUTORY SCHEDULE –**  
**ADMITTED ASSETS, LIABILITIES, AND SURPLUS INFORMATION**  
December 31, 2021

Admitted Assets	CIRSA/PC	CIRSA/WC	Combining adjustments	Combined
Cash and invested assets:				
Bonds	\$ 39,878,803	\$ 31,609,678	\$ -	\$ 71,488,481
Cash and cash equivalents	13,207,923	4,219,369	-	17,427,292
Investment in NLC Mutual Insurance Company	303,549	394,352	-	697,901
Investment in Government Entities Mutual Inc.	500,000	-	-	500,000
Real estate, net of accumulated depreciation	2,729,594	632,329	-	3,361,923
Total cash and invested assets	56,619,869	36,855,728	-	93,475,597
Accrued investment income	114,336	110,831	-	225,167
Receivable from members	883,477	252,895	-	1,136,372
Excess insurance receivable	2,206,596	223,607	-	2,430,203
Electronic data processing equipment, net of accumulated depreciation	170,831	-	-	170,831
Prepaid insurance premiums	144,119	-	-	144,119
Interpool accounts receivable and other admitted assets	2,302	125,142	(125,192)	2,252
Total admitted assets	<u>\$ 60,141,530</u>	<u>\$ 37,568,203</u>	<u>\$ (125,192)</u>	<u>\$ 97,584,541</u>
<b>Liabilities and Surplus</b>				
Reserves for unpaid losses and loss adjustment expenses	\$ 26,427,007	\$ 13,418,704	\$ -	\$ 39,845,711
Interpool payable	125,142	50	(125,192)	-
Accounts payable and accrued liabilities	538,102	103,821	-	641,923
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 liabilities	27,996,212	14,176,598	(125,192)	42,047,618
Unassigned surplus	32,145,318	23,391,605	-	55,536,923
Total liabilities and surplus	<u>\$ 60,141,530</u>	<u>\$ 37,568,203</u>	<u>\$ (125,192)</u>	<u>\$ 97,584,541</u>

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

December 31, 2022

	<u>CIRSA/PC</u>	<u>CIRSA/WC</u>	<u>Combining adjustments</u>	<u>Combined</u>
Underwriting income:				
Member contributions earned	\$ 41,174,826	\$ 8,952,745	\$ -	\$ 50,127,571
Excess/reinsurance premiums	(10,982,297)	(1,543,632)	-	(12,525,929)
Brokerage fees	(251,945)	-	-	(251,945)
Net member contributions earned	<u>29,940,584</u>	<u>7,409,113</u>	<u>-</u>	<u>37,349,697</u>
Deductions:				
Losses and loss adjustment expenses incurred	27,077,749	5,567,411	-	32,645,160
Other underwriting expenses incurred	<u>11,233,372</u>	<u>2,918,003</u>	<u>(2,535,225)</u>	<u>11,616,150</u>
Total underwriting deductions	<u>38,311,121</u>	<u>8,485,414</u>	<u>(2,535,225)</u>	<u>44,261,310</u>
Net underwriting loss	(8,370,537)	(1,076,301)	2,535,225	(6,911,613)
Net investment income	1,286,220	545,054	-	1,831,274
Management fee	<u>2,535,225</u>	<u>-</u>	<u>(2,535,225)</u>	<u>-</u>
Net loss	(4,549,092)	(531,247)	-	(5,080,339)
Unassigned surplus, beginning of year	32,145,318	23,391,605	-	55,536,923
Change in nonadmitted assets	(477,391)	(10,590)	-	(487,981)
Distributions and credits to members	<u>(491,935)</u>	<u>(566,378)</u>	<u>-</u>	<u>(1,058,313)</u>
Unassigned surplus, end of year	<u>\$ 26,626,900</u>	<u>\$ 22,283,390</u>	<u>\$ -</u>	<u>\$ 48,910,290</u>

**COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY**  
**COMBINING STATUTORY SCHEDULE –**  
**OPERATIONS AND CHANGES IN SURPLUS INFORMATION**  
December 31, 2021

	<u>CIRSA/PC</u>	<u>CIRSA/WC</u>	<u>Combining adjustments</u>	<u>Combined</u>
Underwriting income:				
Member contributions earned	\$ 36,535,827	\$ 8,482,528	\$ -	\$ 45,018,355
Excess/reinsurance premiums	(10,290,388)	(1,541,175)	-	(11,831,563)
Brokerage fees	<u>(252,448)</u>	<u>-</u>	<u>-</u>	<u>(252,448)</u>
Net member contributions earned	<u>25,992,991</u>	<u>6,941,353</u>	<u>-</u>	<u>32,934,344</u>
Deductions:				
Losses and loss adjustment expenses incurred	17,106,391	6,319,285	-	23,425,676
Other underwriting expenses incurred	<u>9,805,311</u>	<u>3,144,075</u>	<u>(2,438,584)</u>	<u>10,510,802</u>
Total underwriting deductions	<u>26,911,702</u>	<u>9,463,360</u>	<u>(2,438,584)</u>	<u>33,936,478</u>
Net underwriting loss	(918,711)	(2,522,007)	2,438,584	(1,002,134)
Net investment income	1,059,250	549,942	-	1,609,192
Management fee	<u>2,438,584</u>	<u>-</u>	<u>(2,438,584)</u>	<u>-</u>
Net income (loss)	2,579,123	(1,972,065)	-	607,058
Unassigned surplus, beginning of year	29,824,018	25,415,646	-	55,239,664
Change in nonadmitted assets	337,000	491,418	-	828,418
Distributions and credits to members	<u>(594,823)</u>	<u>(543,394)</u>	<u>-</u>	<u>(1,138,217)</u>
Unassigned surplus, end of year	<u>\$ 32,145,318</u>	<u>\$ 23,391,605</u>	<u>\$ -</u>	<u>\$ 55,536,923</u>

**COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY**  
**COMBINING STATUTORY SCHEDULE –**  
**CASH FLOW INFORMATION**  
Year ended December 31, 2022

	<u>CIRSA/PC</u>	<u>CIRSA/WC</u>	<u>Combining adjustments</u>	<u>Combined</u>
Cash flow from operating activities:				
Contributions collected from members, net of excess insurance premiums and brokerage commissions paid	\$ 30,306,303	\$ 7,592,853	\$ -	\$ 37,899,156
Losses and loss adjustment expenses paid	(21,431,649)	(6,079,426)	-	(27,511,075)
Underwriting expenses paid	<u>(10,743,407)</u>	<u>(3,039,315)</u>	<u>2,438,584</u>	<u>(11,344,138)</u>
Cash used in underwriting operations	(1,868,753)	(1,525,888)	2,438,584	(956,057)
Net investment income received	1,589,377	627,008	-	2,216,385
Other amounts received	<u>2,535,225</u>	<u>-</u>	<u>(2,438,584)</u>	<u>96,641</u>
Net cash provided by (used in) operating activities	<u>2,255,849</u>	<u>(898,880)</u>	<u>-</u>	<u>1,356,969</u>
Cash flow from investing activities:				
Proceeds from investments sold, matured, or called	15,353,149	5,451,015	-	20,804,164
Cost of investments acquired	(17,652,771)	(2,659,748)	-	(20,312,519)
Purchase of investment in NLC Mutual Insurance Company	(374,524)	-	-	(374,524)
Purchase of property and equipment, net	<u>(137,145)</u>	<u>-</u>	<u>-</u>	<u>(137,145)</u>
Net cash (used in) provided by investing activities	<u>(2,811,291)</u>	<u>2,791,267</u>	<u>-</u>	<u>(20,024)</u>
Cash flow used in financing activities:				
Distributions and credits to members	<u>(598,924)</u>	<u>(538,912)</u>	<u>-</u>	<u>(1,137,836)</u>
Net cash used in financing activities	<u>(598,924)</u>	<u>(538,912)</u>	<u>-</u>	<u>(1,137,836)</u>
Net (decrease) increase in cash and cash equivalents	(1,154,366)	1,353,475	-	199,109
Cash and cash equivalents, beginning of year	13,207,923	4,219,369	-	17,427,292
Cash and cash equivalents, end of year	<u>\$ 12,053,557</u>	<u>\$ 5,572,844</u>	<u>\$ -</u>	<u>\$ 17,626,401</u>

**COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY**  
**COMBINING STATUTORY 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 flow from operating activities:				
Contributions collected from members, net of excess insurance premiums and brokerage commissions paid	\$ 25,834,643	\$ 6,877,850	\$ -	\$ 32,712,493
Losses and loss adjustment expenses paid	(13,210,769)	(4,091,328)	-	(17,302,097)
Underwriting expenses paid	<u>(9,050,522)</u>	<u>(2,573,403)</u>	<u>2,438,584</u>	<u>(9,185,341)</u>
Cash provided by underwriting operations	3,573,352	213,119	2,438,584	6,225,055
Net investment income received	1,174,958	555,656	-	1,730,614
Other amounts received	<u>2,438,584</u>	<u>-</u>	<u>(2,438,584)</u>	<u>-</u>
Net cash provided by operating activities	<u>7,186,894</u>	<u>768,775</u>	<u>-</u>	<u>7,955,669</u>
Cash flow from investing activities:				
Proceeds from investments sold, matured, or called	23,342,582	11,832,576	-	35,175,158
Cost of investments acquired	(32,512,718)	(10,751,572)	-	(43,264,290)
Purchase of investment in Government Entities Mutual Inc.	(500,000)	-	-	(500,000)
Purchase of property and equipment, net	<u>(168,835)</u>	<u>-</u>	<u>-</u>	<u>(168,835)</u>
Net cash (used in) provided by investing activities	<u>(9,838,971)</u>	<u>1,081,004</u>	<u>-</u>	<u>(8,757,967)</u>
Cash flow used in financing activities:				
Distributions and credits to members	<u>(446,996)</u>	<u>(522,672)</u>	<u>-</u>	<u>(969,668)</u>
Net cash used in financing activities	<u>(446,996)</u>	<u>(522,672)</u>	<u>-</u>	<u>(969,668)</u>
Net (decrease) increase in cash and cash equivalents	(3,099,073)	1,327,107	-	(1,771,966)
Cash and cash equivalents, beginning of year	16,306,996	2,892,262	-	19,199,258
Cash and cash equivalents, end of year	<u>\$ 13,207,923</u>	<u>\$ 4,219,369</u>	<u>\$ -</u>	<u>\$ 17,427,292</u>