

**COLORADO SPECIAL DISTRICTS
PROPERTY AND LIABILITY POOL**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2022 AND 2021



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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

Opinions

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, 2022 and 2021, 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, 2022 and 2021, 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, 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 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.
- 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.

Board of Directors
Colorado Special Districts Property and Liability Pool

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 17, 2023

**COLORADO SPECIAL DISTRICTS PROPERTY AND LIABILITY POOL
STATUTORY STATEMENTS OF ADMITTED ASSETS, LIABILITIES, AND SURPLUS
DECEMBER 31, 2022 AND 2021**

ASSETS	2022	2021
ADMITTED ASSETS		
Cash and Cash Equivalents	\$ 24,941,659	\$ 23,032,325
Investments	40,813,178	41,471,374
Deposit	175,735	174,770
Accrued Interest Receivable	73,184	96,046
Contributions Receivable	15,568	8,974
Deductibles Receivable	346,884	347,338
Reinsurance Receivables	2,044,192	1,893,248
Other Assets	801,777	1,171,186
Total Admitted Assets	\$ 69,212,177	\$ 68,195,261
LIABILITIES AND SURPLUS		
LIABILITIES		
Loss and Loss Adjustment Expense Reserve	\$ 28,417,000	\$ 29,196,999
Unallocated Loss Adjustment Expense Reserve	1,136,700	1,168,000
Unearned Contributions	15,612,606	15,624,402
Other Liabilities	163,398	175,850
Total Liabilities	45,329,704	46,165,251
SURPLUS		
Unassigned Surplus	23,882,473	22,030,010
Total Surplus	23,882,473	22,030,010
Total Liabilities and Surplus	\$ 69,212,177	\$ 68,195,261

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, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
REVENUE		
Gross Contributions Written	\$ 37,528,197	\$ 34,271,633
Ceded Contributions/Reinsurance Paid	<u>10,945,292</u>	<u>9,779,361</u>
Net Earned Contributions	26,582,905	24,492,272
Ceding Commissions	173,296	152,568
Other Income	<u>308,267</u>	<u>244,784</u>
Total Revenue	27,064,468	24,889,624
 UNDERWRITING EXPENSES		
Losses and Loss Adjustment Expenses	13,755,524	14,450,803
Unallocated Loss Adjustment Expenses	<u>1,853,208</u>	<u>1,858,163</u>
Total	15,608,732	16,308,966
Other Underwriting Expenses	<u>9,839,234</u>	<u>8,814,524</u>
Total Underwriting Expenses	<u>25,447,966</u>	<u>25,123,490</u>
 UNDERWRITING INCOME (LOSS)	1,616,502	(233,866)
 INVESTMENT INCOME	<u>462,530</u>	<u>482,027</u>
 NET INCOME	2,079,032	248,161
 CHANGE IN NONADMITTED ASSETS	(226,569)	(119,543)
 Unassigned Surplus - Beginning of Year	<u>22,030,010</u>	<u>21,901,392</u>
 UNASSIGNED SURPLUS - END OF YEAR	<u><u>\$ 23,882,473</u></u>	<u><u>\$ 22,030,010</u></u>

See accompanying Notes to Statutory Financial Statements.

**COLORADO SPECIAL DISTRICTS PROPERTY AND LIABILITY POOL
STATUTORY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Contributions Collected from Participants	\$ 37,818,075	\$ 40,336,486
Ceded Premiums Paid to Reinsurers	(10,945,292)	(9,779,361)
Loss and Loss Adjustment Expenses Paid	(19,980,844)	(16,305,899)
Loss and Loss Adjustment Expenses Recovered from Reinsurers (Paid)	3,781,137	4,430,333
Ceded Commission Received	173,296	152,568
Underwriting Expenses Paid	(10,079,065)	(8,945,638)
Interest Received	513,745	589,337
Net Cash Provided by Operating Activities	1,281,052	10,477,826
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments Purchased	(11,907,109)	(29,909,531)
Investments Sold or Matured	12,535,391	30,050,000
Net Cash Provided by Investing Activities	628,282	140,469
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,909,334	10,618,295
Cash and Cash Equivalents - Beginning of Year	23,032,325	12,414,030
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 24,941,659	\$ 23,032,325

See accompanying Notes to Statutory Financial Statements.

**COLORADO SPECIAL DISTRICTS PROPERTY AND LIABILITY POOL
NOTES TO STATUTORY FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

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, 2022, there were 2,122 special districts who were members of the Pool for property and liability coverage and 1,205 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, 2022 and 2021.

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, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recognition of Contributions Revenue

Contributions 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 (IRC) and is considered to be exempt from Federal income taxes pursuant to the IRC.

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, 2022 and 2021 was \$44,159 and \$60,089, 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 \$800,372 and \$1,171,186 at December 31, 2022 and 2021, respectively. This amount is included in other assets.

**COLORADO SPECIAL DISTRICTS PROPERTY AND LIABILITY POOL
NOTES TO STATUTORY FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

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:

	2022		2021	
	Carrying Balance	Bank Balance	Carrying Balance	Bank Balance
Insured Deposits	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
Deposits Collateralized in Single Institution Pools	4,976,046	6,346,349	4,738,215	5,288,914
Total	\$ 5,226,046	\$ 6,596,349	\$ 4,988,215	\$ 5,538,914

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, 2022 AND 2021**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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

	2022			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Government Agency Obligations	\$ 10,949,700	\$ -	\$ (850,481)	\$ 10,099,219
U.S. Treasury Securities	27,863,478	538	(963,482)	26,900,534
Corporate Notes	2,000,000	-	(6,120)	1,993,880
Total	<u>\$ 40,813,178</u>	<u>\$ 538</u>	<u>\$ (1,820,083)</u>	<u>\$ 38,993,633</u>

	2021			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Treasury Securities	\$ 17,920,389	\$ -	\$ (105,309)	\$ 17,815,080
U.S. Government Agency Obligations	14,452,969	21,505	(141,628)	14,332,846
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>

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:

	2022	
	Amortized Cost	Fair Value
Due in One Year or Less	\$ 17,957,717	\$ 17,579,113
Due After One Through Five Years	22,855,461	21,414,520
Total	<u>\$ 40,813,178</u>	<u>\$ 38,993,633</u>

	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>

**COLORADO SPECIAL DISTRICTS PROPERTY AND LIABILITY POOL
NOTES TO STATUTORY FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

Proceeds from the sales and maturities of debt securities during 2022 and 2021 were \$12,535,391 and \$30,050,000, respectively. Gross gains of \$32,812 and \$-0-, respectively, were realized on those sales. Losses of \$-0- and \$-0- were realized on sales of debt securities during 2022 and 2021.

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

Description of Securities	2022					
	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	\$ -	\$ -	\$ 10,099,220	\$ (850,481)	\$ 10,099,220	\$ (850,481)
U.S. Treasury Securities	24,923,840	(963,482)	-	-	24,923,840	(963,482)
Corporate Notes	1,993,880	(6,120)	-	-	1,993,880	(6,120)
Total	<u>\$ 26,917,720</u>	<u>\$ (969,602)</u>	<u>\$ 10,099,220</u>	<u>\$ (850,481)</u>	<u>\$ 37,016,940</u>	<u>\$ (1,820,083)</u>

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	<u>\$ 28,623,265</u>	<u>\$ (246,937)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,623,265</u>	<u>\$ (246,937)</u>

As of December 31, 2022 and 2021, the Pool had invested \$14,683,399 and \$11,083,267, 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, 2022 and 2021, \$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, 2022 and 2021, the Pool had invested \$5,208,832 and \$7,135,614 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, 2022 AND 2021**

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>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 24,941,659	\$ 23,032,325
Investments	40,813,178	41,471,374
Total	<u>\$ 65,754,837</u>	<u>\$ 64,503,699</u>
Cash Deposits	\$ 5,226,046	\$ 4,988,215
Investments	60,528,791	59,515,484
Total	<u>\$ 65,754,837</u>	<u>\$ 64,503,699</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, 2022 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
Coverage A Workers' Compensation (Presumption Claims)	2,000,000	Statutory
Coverage A Workers' Compensation (Firefighters)	1,000,000	Statutory
Coverage A Workers' Compensation (All Other Classes of Employees)	750,000	Statutory
Coverage B Workers' Compensation (Presumption Claims)	2,000,000	2,000,000
Coverage B Workers' Compensation (Firefighters)	1,000,000	2,000,000
Coverage B Workers' Compensation (All Other Classes of Employees)	750,000	2,000,000

**COLORADO SPECIAL DISTRICTS PROPERTY AND LIABILITY POOL
NOTES TO STATUTORY FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

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. The Pool is self-insured for losses and loss adjustment expenses up to the greater of \$1,000,000 or the sum of the individual member's deductible for each occurrence as related to wind and hail damage. Property losses have a \$2,439,877 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.

**COLORADO SPECIAL DISTRICTS PROPERTY AND LIABILITY POOL
NOTES TO STATUTORY FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 3 REINSURANCE (CONTINUED)

Pollution Liability

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

Employee Dishonesty and Crime

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

Volunteer Accident Policy

The Pool has entered into an arrangement for a volunteer accident policy that provides a \$25,000 accident medical expense benefit. It also provides an accidental dismemberment benefit maximum up to \$50,000.

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 \$2,000,000 per occurrence for presumption claim, \$1,000,000 per occurrence for firefighters, and \$750,000 per occurrence for all other classes of employee.

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 contributions ceded to the reinsurers.

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

	<u>2022</u>	<u>2021</u>
Reinsurance Premiums Paid	\$ 10,945,292	\$ 9,779,361
Reinsurance Ceded:		
Loss and Loss Adjustment Expenses	2,773,072	5,205,822
Loss and Loss Adjustment Expense Reserves	10,150,712	11,256,117

**COLORADO SPECIAL DISTRICTS PROPERTY AND LIABILITY POOL
NOTES TO STATUTORY FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 4 ADMINISTRATION

The Pool has an agreement with McGriff Insurance Services, LLC. to operate, administer and manage the Pool. Under this agreement, the management fee is 14.39% of the expiring year's gross written contributions, which amounted to \$4,912,057 and \$4,359,829 for 2022 and 2021, respectively.

The Pool entered into an agreement with Sedgwick Claims Management Services, Inc. for 2022 and 2021 to administer claims processing. The claims processing fee paid for the years ended December 31, 2022 and 2021 amounted to \$1,881,342 and \$1,755,763, 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 contributions billed by the Pool for 2022 and 2021. The agreement may be terminated at any time by mutual agreement of both parties. Fees incurred for the years ended December 31, 2022 and 2021 amounted to \$560,663 and \$512,028, respectively.

**COLORADO SPECIAL DISTRICTS PROPERTY AND LIABILITY POOL
NOTES TO STATUTORY FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

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 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Unpaid Losses and Loss Adjustment Expenses at Beginning of Year	\$ 30,364,999	\$ 27,705,600
Incurred Losses and Loss Adjustment Expenses:		
Provision for Insured Events of the Current Year	20,648,269	18,971,943
Net Cash Used by Financing Activities of Prior Years	<u>(5,039,537)</u>	<u>(2,662,977)</u>
Total Incurred Losses and Loss Adjustment Expenses	15,608,732	16,308,966
Payments:		
Losses and Loss Adjustment Expenses Attributable to Insured Events of the Current Year	7,529,336	5,327,782
Losses and Loss Adjustment Expenses Attributable to Insured Events of Prior Years	<u>8,890,695</u>	<u>8,321,785</u>
Total Payments	<u>16,420,031</u>	<u>13,649,567</u>
Total Unpaid Loss and Loss Adjustment Expenses at End of Year	<u>\$ 29,553,700</u>	<u>\$ 30,364,999</u>
Loss and Loss Adjustment Expense Reserves	\$ 28,417,000	\$ 29,196,999
Unallocated Loss Adjustment Expense Reserves	<u>1,136,700</u>	<u>1,168,000</u>
Total	<u>\$ 29,553,700</u>	<u>\$ 30,364,999</u>

As a result of changes in estimates of insured events in prior years, the provision for loss and loss adjustment expenses decreased by \$5,039,537 and \$2,662,977 during the fiscal years ended December 31, 2022 and 2021 respectively.

NOTE 6 SUBSEQUENT EVENTS

Management evaluated subsequent events through March 17, 2023, the date the financial statements were available to be issued. Events or transactions occurring after December 31, 2022, but prior to March 17, 2023, that provided additional evidence about conditions that existed at December 31, 2022 have been recognized in the financial statements for the year ended December 31, 2022. Events or transactions that provided evidence about conditions that did not exist at December 31, 2022, 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, 2022.

**COLORADO SPECIAL DISTRICTS PROPERTY AND LIABILITY POOL
RECONCILIATION OF LOSS LIABILITIES BY TYPE OF CONTRACT
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	Property and Equipment		General Liability		Public Officials Liability	
	2022	2021	2022	2021	2022	2021
Unpaid Losses and Loss Adjustment Expenses at Beginning of Year	\$ 2,834,000	\$ 2,189,200	\$ 1,707,700	\$ 2,102,900	\$ 2,623,900	\$ 2,491,800
Incurring Losses and Loss Adjustment Expenses:						
Provision for Insured Events of the Current Year	3,699,903	4,236,436	2,105,151	1,476,032	1,661,582	1,313,684
Increase (Decrease) in Provision for Insured Events of Prior Years	(621,613)	(868,395)	46,568	(416,373)	(598,475)	(592,245)
Total Incurred Losses and Loss Adjustment Expenses	3,078,290	3,368,041	2,151,719	1,059,659	1,063,107	721,439
Payments (Subrogation Received):						
Losses and Loss Adjustment Expenses Attributable to Insured Events of the Current Year	2,111,378	1,023,353	1,080,076	686,386	378,736	180,957
Losses and Loss Adjustment Expenses Attributable to Insured Events of Prior Years	1,705,312	1,699,888	1,008,243	768,473	622,971	408,382
Total Payments	3,816,690	2,723,241	2,088,319	1,454,859	1,001,707	589,339
Total Unpaid Loss and Loss Adjustment Expenses at End of Year	<u>\$ 2,095,600</u>	<u>\$ 2,834,000</u>	<u>\$ 1,771,100</u>	<u>\$ 1,707,700</u>	<u>\$ 2,685,300</u>	<u>\$ 2,623,900</u>
Loss and Loss Adjustment Expense Reserves	\$ 2,015,000	\$ 2,725,000	\$ 1,703,000	\$ 1,642,000	\$ 2,582,000	\$ 2,523,000
Unallocated Loss Adjustment Expense Reserves	80,600	109,000	68,100	65,700	103,300	100,900
Total	<u>\$ 2,095,600</u>	<u>\$ 2,834,000</u>	<u>\$ 1,771,100</u>	<u>\$ 1,707,700</u>	<u>\$ 2,685,300</u>	<u>\$ 2,623,900</u>

**COLORADO SPECIAL DISTRICTS PROPERTY AND LIABILITY POOL
RECONCILIATION OF LOSS LIABILITIES BY TYPE OF CONTRACT (CONTINUED)
YEARS ENDED DECEMBER 31, 2022 AND 2021**

Automobile - Physical Damage		Automobile - Liability		Workers Compensation		Total	
2022	2021	2022	2021	2022	2021	2022	2021
\$ 331,800	\$ 335,900	\$ 487,800	\$ 243,400	\$ 22,379,799	\$ 20,342,400	\$ 30,364,999	\$ 27,705,600
1,364,532	870,370	535,106	480,459	11,281,995	10,594,962	20,648,269	18,971,943
(66,763)	(57,558)	442,963	133,571	(4,242,217)	(861,977)	(5,039,537)	(2,662,977)
1,297,769	812,812	978,069	614,030	7,039,778	9,732,985	15,608,732	16,308,966
794,579	571,434	269,261	151,737	2,895,306	2,713,915	7,529,336	5,327,782
237,990	245,478	207,608	217,893	5,108,571	4,981,671	8,890,695	8,321,785
<u>1,032,569</u>	<u>816,912</u>	<u>476,869</u>	<u>369,630</u>	<u>8,003,877</u>	<u>7,695,586</u>	<u>16,420,031</u>	<u>13,649,567</u>
<u>\$ 597,000</u>	<u>\$ 331,800</u>	<u>\$ 989,000</u>	<u>\$ 487,800</u>	<u>\$ 21,415,700</u>	<u>\$ 22,379,799</u>	<u>\$ 29,553,700</u>	<u>\$ 30,364,999</u>
\$ 574,000	\$ 319,000	\$ 951,000	\$ 469,000	\$ 20,592,000	\$ 21,518,999	\$ 28,417,000	\$ 29,196,999
23,000	12,800	38,000	18,800	823,700	860,800	1,136,700	1,168,000
<u>\$ 597,000</u>	<u>\$ 331,800</u>	<u>\$ 989,000</u>	<u>\$ 487,800</u>	<u>\$ 21,415,700</u>	<u>\$ 22,379,799</u>	<u>\$ 29,553,700</u>	<u>\$ 30,364,999</u>

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

	Year Ended December 31,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
1) Net Earned Required Contributions, Investment Revenue and Commissions	\$ 13,966,832	\$ 15,309,288	\$ 16,561,452	\$ 19,338,769	\$ 20,713,694	\$ 21,881,889	\$ 23,611,373	\$ 23,853,330	\$ 25,371,652	\$ 27,526,999
2) Unallocated Expenses	\$ 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	\$ 11,689,763
3) Estimated Incurred Losses and Expenses: End of Accident Year	\$ 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	\$ 17,710,641
4) Paid (Cumulative) as of										
End of Accident Year	\$ 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	\$ 5,095,641
One Year Later	5,754,429	6,173,169	4,888,603	5,354,688	6,837,534	10,560,068	10,729,543	9,974,201	8,945,708	
Two Years Later	6,522,515	7,190,216	5,965,367	6,785,819	8,439,089	12,098,645	12,378,065	11,535,820		
Three Years Later	7,181,058	7,896,757	6,486,507	7,414,752	9,286,154	12,673,909	13,134,782			
Four Years Later	7,924,973	8,306,803	6,630,807	7,960,261	9,655,886	13,064,731				
Five Years Later	8,056,687	8,582,718	6,901,084	7,994,224	9,852,451					
Six Years Later	8,394,271	8,778,473	7,064,841	7,998,742						
Seven Years Later	8,585,641	8,845,181	7,134,521							
Eight Years Later	8,650,940	8,894,118								
Nine Years Later	8,821,850									
Ten Years Later										
5) Reestimated Incurred Losses and Expenses										
End of Accident Year	\$ 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	\$ 17,710,641
One Year Later	8,859,429	10,157,169	8,775,603	9,758,688	12,133,534	16,064,068	17,934,543	15,805,201	15,147,708	
Two Years Later	8,693,515	9,918,216	7,848,367	8,808,819	10,926,089	14,986,645	16,621,065	14,601,820		
Three Years Later	8,518,058	9,419,757	7,791,507	8,194,752	10,802,154	14,520,909	15,178,782			
Four Years Later	8,855,973	9,538,803	7,432,807	8,375,261	10,619,886	14,275,731				
Five Years Later	8,903,687	9,754,718	7,968,084	8,202,224	10,302,451					
Six Years Later	9,107,271	9,493,473	8,030,841	8,202,224						
Seven Years Later	8,842,641	9,762,181	7,611,521	8,117,742						
Eight Years Later	8,943,940	9,724,118								
Nine Years Later	8,919,850									
Ten Years Later										
6) Increase (Decrease) in Estimated Incurred Losses and Expenses from End of Year [Line 5 less Line 3]	\$ (1,049,293)	\$ (1,291,623)	\$ (2,279,005)	\$ (1,597,177)	\$ (2,149,076)	\$ (1,687,352)	\$ (3,740,231)	\$ (1,820,124)	\$ (1,160,061)	\$ -
7) Net Loss and Loss Adjustment Expense Reserve [Line 5 less Line 4]	\$ 98,000	\$ 830,000	\$ 477,000	\$ 119,000	\$ 450,000	\$ 1,211,000	\$ 2,044,000	\$ 3,066,000	\$ 6,202,000	\$ 12,615,000

**COLORADO SPECIAL DISTRICTS PROPERTY AND LIABILITY POOL
APPENDIX A-001 – INVESTMENTS
DECEMBER 31, 2022**

SECTION 2.

Investment Risks Interrogatories

1.	Total Admitted Assets		<u>\$ 69,212,177</u>
2.	Ten Largest Exposures		
	<u>Issuer</u>	<u>Description of Exposure</u>	<u>Amount</u>
			<u>Percentage of Total Admitted Assets</u>
2.01	U.S. Treasury	U.S. Treasuries	\$ 2,018,750
2.02	Exxon Mobile Corp	Corporate Notes	2,000,000
2.03	FHLB	U.S. Gov Agencies	2,000,000
2.04	FHLM	U.S. Gov Agencies	2,000,000
2.05	FHLB	U.S. Gov Agencies	2,000,000
2.06	U.S. Treasury	U.S. Treasuries	1,999,804
2.07	FHLM	U.S. Gov Agencies	1,999,700
2.08	U.S. Treasury	U.S. Treasuries	1,998,748
2.09	U.S. Treasury	U.S. Treasuries	1,998,426
2.10	U.S. Treasury	U.S. Treasuries	1,998,063
3.01		Bonds - NAIC - I	40,813,178
			58.97

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, 2022**

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	\$ 27,863,478	42.37 %	\$ 27,863,478	42.37 %
1.2 U.S. Government Agency and Corporate Obligations				
1.22 Issued by U.S. Government Sponsored Agencies	10,949,700	16.65	10,949,700	16.65
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)	2,000,000	3.04	2,000,000	3.04
10. Cash, Cash Equivalents, and Short-Term Investments	24,941,659	37.93	24,941,659	37.93
12. Total Invested Assets	\$ 65,754,837	99.99	\$ 65,754,837	100.00



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