

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

**BASIC FINANCIAL STATEMENTS
December 31, 2024 and 2023**



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Colorado Intergovernmental Risk Sharing Agency
Denver, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of Colorado Intergovernmental Risk Sharing Agency, as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Colorado Intergovernmental Risk Sharing Agency's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Colorado Intergovernmental Risk Sharing Agency, as of December 31, 2024 and 2023, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our 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 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 audit opinion.

Emphasis of Matter

As discussed in Note 7 to the financial statements, effective January 1, 2024, Colorado Intergovernmental Risk Sharing Agency adopted the new accounting guidance for the Statement of Governmental Accounting Standards Board (GASB Statement) No. 101, *Compensated Absences*. The guidance updates the recognition and measurement guidance for compensated absences. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, reconciliation of reserves for unpaid losses and loss adjustment expenses, and the ten-year loss development information on pages IV-IX and 30-32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Colorado Intergovernmental Risk Sharing Agency's basic financial statements. The combining schedules on pages 33-38 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



CliftonLarsonAllen LLP

Broomfield, Colorado
April 7, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Colorado Intergovernmental Risk Sharing Agency (the Agency or CIRSA) herein sets forth a narrative overview and analysis of its financial activities for the fiscal years ended December 31, 2024 and 2023.

Overview of the Financial Statements

This overview is an introduction to the Agency's financial statements. The Agency's financial statements consist of four components: (1) basic financial statements, (2) notes to the basic financial statements, (3) required supplementary information that includes the reconciliation of reserves for unpaid losses and loss adjustment and ten-year loss development information, and (4) supplementary information which includes combining schedules.

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

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

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

Analysis of Financial Position

The following is a comparison of the financial position of the Agency at December 31, 2024 to December 31, 2023 and December 31, 2023 to December 31, 2022.

	<u>2024</u>	<u>2023</u>	<u>Change</u>
Assets:			
Cash, investments, and accrued investment income	\$ 98,496,751	\$ 89,418,033	\$ 9,078,718
Capital assets, net	4,045,501	3,173,224	872,277
Other current assets	<u>2,324,642</u>	<u>2,257,198</u>	<u>67,444</u>
Total assets	<u>104,866,894</u>	<u>94,848,455</u>	<u>10,018,439</u>
Liabilities:			
Reserves for unpaid losses and loss adjustment expenses	63,358,050	58,085,300	5,272,750
SBITA Liability	963,490	-	963,490
Other current liabilities	<u>2,734,733</u>	<u>2,693,958</u>	<u>40,775</u>
Total liabilities	<u>67,056,273</u>	<u>60,779,258</u>	<u>6,277,015</u>
Net position:			
Invested in capital assets	3,082,011	3,173,224	(91,213)
Restricted	514,956	493,110	21,846
Unrestricted	<u>34,213,654</u>	<u>30,402,863</u>	<u>3,810,791</u>
Total net position	<u>\$ 37,810,621</u>	<u>\$ 34,069,197</u>	<u>\$ 3,741,424</u>

Assets:			
Cash, investments, and accrued investment income	\$ 89,418,033	\$ 84,448,127	\$ 4,969,906
Capital assets, net	3,173,224	3,383,732	(210,508)
Other current assets	2,257,198	9,095,644	(6,838,446)
Total assets	<u>94,848,455</u>	<u>96,927,503</u>	<u>(2,079,048)</u>
Liabilities:			
Reserves for unpaid losses and loss adjustment expenses	58,085,300	49,375,092	8,710,208
Other current liabilities	2,693,958	3,353,609	(659,651)
Total liabilities	<u>60,779,258</u>	<u>52,728,701</u>	<u>8,050,557</u>
Net position:			
Net investment in capital assets	3,173,224	3,383,732	(210,508)
Restricted	493,110	475,966	17,144
Unrestricted	30,402,863	40,339,104	(9,936,241)
Total net position	<u>\$ 34,069,197</u>	<u>\$ 44,198,802</u>	<u>\$ (10,129,605)</u>

Net position as of December 31, 2024, has increased by approximately \$3.7 million from the prior year. This increase has resulted from an increase of approximately \$10 million in assets, offset by an increase in liabilities of approximately \$6.3 million. The increase in assets is mainly attributed to an increase in cash, investments, and accrued investment income of approximately \$9.1 million. The liability increase is mainly due to a \$5.3 million increase in reserves for unpaid losses and loss adjustment expenses. This reserve is an estimate of unpaid claims resulting from events that have occurred on or before December 31, 2024, and 2023. That estimate is determined by an independent actuarial study that considers the Agency's historical experience and loss trends.

Net position as of December 31, 2023, has decreased by approximately \$10.1 million from the prior year. This decrease has resulted from a decrease of approximately \$2.1 million in assets and by an increase in liabilities of approximately \$8 million. The decrease in assets is mainly attributed to a decrease in other current assets of approximately \$6.8 million, offset by an increase in cash, investments, and accrued investment income of approximately \$5 million. The liability increase is mainly due to a \$8.7 million increase in reserves for unpaid losses and loss adjustment expenses. This reserve is an estimate of unpaid claims resulting from events that have occurred on or before December 31, 2023, and 2022. That estimate is determined by an independent actuarial study that considers the Agency's historical experience and loss trends.

Results of Operations

The following is a comparison of the Agency's Results of Operations for 2024 to 2023 and 2023 to 2022.

	2024	2023	Change
	Actual	Actual	
Revenues:			
Member contributions, net	\$ 52,206,819	\$ 40,263,260	\$ 11,943,559
Investment income, net	<u>3,489,596</u>	<u>3,979,421</u>	<u>(489,825)</u>
Total revenues	<u>55,696,415</u>	<u>44,242,681</u>	<u>11,453,734</u>
Expenses:			
Losses and loss adjustment expenses	38,106,937	42,037,378	(3,930,441)
General and administrative	<u>13,168,646</u>	<u>11,555,863</u>	<u>1,612,783</u>
Total expenses	<u>51,275,583</u>	<u>53,593,241</u>	<u>(2,317,658)</u>
Income before distributions	<u>\$ 4,420,832</u>	<u>\$ (9,350,560)</u>	<u>\$ 13,771,392</u>
	2023	2022	Change
	Actual	Actual	
Revenues:			
Member contributions, net	\$ 40,263,260	\$ 37,349,697	\$ 2,913,563
Investment loss, net	<u>3,979,421</u>	<u>(4,663,120)</u>	<u>8,642,541</u>
Total revenues	<u>44,242,681</u>	<u>32,686,577</u>	<u>11,556,104</u>
Expenses:			
Losses and loss adjustment expenses	42,037,378	32,645,160	9,392,218
General and administrative	<u>11,555,863</u>	<u>10,903,432</u>	<u>652,431</u>
Total expenses	<u>53,593,241</u>	<u>43,548,592</u>	<u>10,044,649</u>
Loss before distributions	<u>\$ (9,350,560)</u>	<u>\$ (10,862,015)</u>	<u>\$ 1,511,455</u>

Member contributions increased from 2023 to 2024 as the pools rates increased. There were eight additional members of the property/casualty pool and one additional member of the workers' compensation pool in 2024.

Net investment income increased from 2023 to 2024 primarily due to purchases of investments and an increase in market value.

The decrease in loss and loss adjustment expenses from 2023 to 2024 relates to paid claims, during 2023 the Agency experienced a high volume of wind and hail claims. The provision for covered events of the current year increased in both 2023 and 2024, the increase was supplemented by a decrease in the change in provision for covered events of prior years in both 2023 and 2024.

Member contributions increased from 2022 to 2023 as the pools rates increased. There were two additional members of the property/casualty pool and a decrease of two members of the workers' compensation pool in 2023.

Net investment income increased from 2022 to 2023 primarily due to purchases of investments and an increase in market value.

The increase in loss and loss adjustment expenses from 2022 to 2023 relates to the provision for covered events of both current and prior years. That provision for covered events of the current year increased in both 2022 and 2023, the increase was supplemented by a decrease in the change in provision for covered events of prior years in both 2022 and 2023.

Changes in Net Position

The following details the items that generated the change in net position during 2024, 2023, and 2022.

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Beginning net position	\$ 34,069,197	\$ 44,198,802	\$ 56,119,130
Income (loss) before distributions	4,420,832	(9,350,560)	(10,862,015)
Distributions and credits to members	<u>(679,408)</u>	<u>(779,045)</u>	<u>(1,058,313)</u>
Ending net position	<u>\$ 37,810,621</u>	<u>\$ 34,069,197</u>	<u>\$ 44,198,802</u>

The 2024 income and 2023 loss is explained above. Distributions and credits include loss control audit credits, which are made to members with good safety programs. All the distributions and credits were made to member entities.

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

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

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

In 2022, PriceWaterhouseCoopers LLP updated the study, resulting in a new target net position range.

In 2024, WTW conducted a new comprehensive study, and the Board of Directors adopted a net position policy. The purpose of the net position policy is to assure that CIRSA holds adequate net position to meet its current and future obligations, particularly those arising from unforeseen events. The policy outlines potential uses for excess net position and potential remediation methods in the event that net position falls below the low-end threshold of the target range.

Capital Assets

At the end of 2024, the Agency had invested \$4 million in a range of capital assets, primarily a home office building and computer equipment. The additions to the capital assets were greater than deductions for depreciation/amortization due to a subscription based information technology arrangement (SBITA) entered into in 2024.

	<u>2024</u>	<u>2023</u>	<u>Change</u>
Land	\$ 750,400	\$ 750,400	\$ -
Buildings and improvements	2,031,094	2,247,077	(215,983)
Machinery and equipment	18,215	13,569	4,646
Furniture and fixtures	7,354	12,705	(5,351)
Computer equipment	77,195	149,473	(72,278)
Subscription Based Information Technology Arrangements (SBITA) Assets	<u>1,161,243</u>	<u>-</u>	<u>1,161,243</u>
	<u>\$ 4,045,501</u>	<u>\$ 3,173,224</u>	<u>\$ 872,277</u>

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Land	\$ 750,400	\$ 750,400	\$ -
Buildings and improvements	2,247,077	2,414,702	(167,625)
Machinery and equipment	13,569	16,265	(2,696)
Furniture and fixtures	12,705	18,138	(5,433)
Computer equipment	<u>149,473</u>	<u>184,227</u>	<u>(34,754)</u>
	<u>\$ 3,173,224</u>	<u>\$ 3,383,732</u>	<u>\$ (210,508)</u>

No major capital additions were made in 2024. During 2024, the Agency implemented GASB 96, resulting in an increase in capital assets of approximately \$1.2m.

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

Economic Factors

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

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

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

Contacting the Agency's Financial Management

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

BASIC FINANCIAL STATEMENTS

COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
STATEMENTS OF NET POSITION

December 31, 2024 and 2023

Assets	2024	2023
Current assets:		
Investments in debt securities, at fair value (amortized cost of \$14,011,173 and \$11,053,382 at December 31, 2024 and 2023, respectively)	\$ 13,772,806	\$ 10,798,634
Cash and cash equivalents	33,694,668	19,667,210
Accrued investment income	302,047	370,880
Receivable from members	983,289	1,085,840
Excess insurance receivable, net	879,881	333,210
Prepaid expenses	457,763	775,995
Other assets	3,709	62,153
Total current assets	50,094,163	33,093,922
Noncurrent assets:		
Investments in debt securities, at fair value (amortized cost of \$51,871,547 and \$60,422,744 at December 31, 2024 and 2023, respectively)	48,902,505	56,756,584
Deposit with NLC Mutual Insurance Company	1,072,425	1,072,425
Deposit with Government Entities Mutual Inc	752,300	752,300
Capital assets, net	4,045,501	3,173,224
Total noncurrent assets	54,772,731	61,754,533
Total assets	\$ 104,866,894	\$ 94,848,455
Liabilities and Net Position		
Current liabilities:		
Reserves for unpaid losses and loss adjustment expenses, net of excess insurance recoverables	\$ 29,989,628	\$ 28,650,216
SBITA Liability	473,676	-
Accounts payable and accrued liabilities	1,606,423	1,532,850
Member credits payable	892,547	1,059,871
Special contribution plan deposits	25,000	25,000
Unearned member contributions	210,763	76,237
Total current liabilities	33,198,037	31,344,174
Noncurrent liabilities:		
Reserves for unpaid losses and loss adjustment expenses, net, of excess insurance recoverables	33,368,422	29,435,084
SBITA Liability	489,814	-
Total noncurrent liabilities	33,858,236	29,435,084
Total liabilities	67,056,273	60,779,258
Net position:		
Net investment in capital assets	3,082,011	3,173,224
Restricted	514,956	493,110
Unrestricted *	34,213,654	30,402,863
Total net position *	37,810,621	34,069,197
Total liabilities and net position	\$ 104,866,894	\$ 94,848,455

* See Note 10 for restatement.

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

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

Years ended December 31, 2024 and 2023

	2024	2023 *
Operating revenues:		
Member contributions earned (net of excess insurance and reinsurance premiums and brokerage commissions of \$18,114,923 and \$15,097,662 in 2024 and 2023, respectively)	\$ 52,206,819	\$ 40,263,260
Total operating revenues	52,206,819	40,263,260
Operating expenses:		
Losses and loss adjustment expenses	38,106,937	42,037,378
General and administrative	13,168,646	11,555,863
Total operating expenses	51,275,583	53,593,241
Operating income (loss)	931,236	(13,329,981)
Nonoperating revenue:		
Net investment income	3,489,596	3,979,421
Loss before distributions	4,420,832	(9,350,560)
Distributions and credits to members and withdrawn members	(679,408)	(779,045)
Increase (decrease) in net position	3,741,424	(10,129,605)
Net position, beginning of year	34,069,197	44,198,802
Net position, end of year *	\$ 37,810,621	\$ 34,069,197

* See Note 10 for restatement.

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

COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
STATEMENT OF CASH FLOWS
December 31, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Contributions collected from members, net of excess insurance premiums and brokerage commissions paid	\$ 52,528,285	\$ 39,836,884
Losses and loss adjustment expenses paid, net	(33,380,858)	(26,834,881)
General and administrative expenses paid	<u>(12,180,451)</u>	<u>(10,815,788)</u>
Net cash provided by operating activities	<u>6,966,976</u>	<u>2,186,215</u>
Cash flows from noncapital financing activities:		
Distributions and credits to members	<u>(846,732)</u>	<u>(1,037,566)</u>
Cash flows from capital and related financing activities:		
Purchase of capital assets	(53,069)	(158,166)
Payment for subscription asset	<u>(478,053)</u>	<u>-</u>
Net cash used in capital and related financing activities	<u>(531,122)</u>	<u>(158,166)</u>
Cash flows from investing activities:		
Purchases of investments	(7,498,438)	(26,628,648)
Proceeds from calls or maturities of investments	12,873,132	25,547,120
Investment income collected, net	3,063,642	2,384,154
Investment in Government Entities Mutual Inc.	<u>-</u>	<u>(252,300)</u>
Net cash provided by investing activities	<u>8,438,336</u>	<u>1,050,326</u>
Net increase in cash and cash equivalents	14,027,458	2,040,809
Cash and cash equivalents, beginning of year	<u>19,667,210</u>	<u>17,626,401</u>
Cash and cash equivalents, end of year	<u>\$ 33,694,668</u>	<u>\$ 19,667,210</u>
Reconciliation of operating loss to net cash provided by operating activities:		
Operating income (loss)	\$ 931,236	\$ (13,329,981)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	622,335	368,674
Changes in operating assets and liabilities:		
Receivable from members	102,551	298,884
Excess insurance receivable	(546,671)	6,492,289
Prepaid expenses and other assets	84,389	42,349
Reserves for unpaid losses and loss adjustment expenses	5,272,750	8,710,208
Accounts payable and accrued liabilities	73,574	366,478
Other assets	292,286	4,923
Unearned member contributions	<u>134,526</u>	<u>(767,609)</u>
Net cash provide by operating activities	<u>\$ 6,966,976</u>	<u>\$ 2,186,215</u>

COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Colorado Intergovernmental Risk Sharing Agency

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

Membership in CIRSA is evidenced by execution of the Bylaws and Intergovernmental Agreement. At December 31, 2024, CIRSA membership consisted of 240 municipalities and 54 special districts. There were 292 members of the Property and Casualty Pool and 136 members of the Workers' Compensation Pool with 134 being members of both pools. At December 31, 2024, 199 member municipalities have populations of less than 10,000; 28 member municipalities have populations between 10,000 and 40,000; and 12 member municipalities have populations between 40,000 and 147,800. 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, 2024 and 2023, the Agency was not providing this service to any other nonmember public entity.

Reporting Entity and Fund Type

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

Basis of Presentation

The accompanying basic financial statements have been prepared using the flow of economic resources measurement focus and the accrual method of accounting, in accordance with accounting principles generally accepted in the United States of America. The Property and Casualty Pool and Workers' Compensation Pool are accounted for separately for the purpose of identifying economic funds and member interests but are presented as a single entity in the accompanying basic financial statements. All inter-pool accounts and transactions have been eliminated.

COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

Net Position

Net position is classified as follows:

Net investment in capital assets: This represents the total investment in capital assets net of accumulated depreciation/amortization and reduced by outstanding debt balances of the subscription based information technology arrangements.

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

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

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

Classification of Revenues and Expenses

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

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

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

Investments

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

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

The amortization of bond premium or discount is calculated using the effective interest method taking into consideration specified interest and principal provisions over the life of the bond. Bonds containing call provisions are amortized to the call or maturity value or date that produces the lowest asset value.

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

December 31, 2024 and 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Cash and Cash Equivalents

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

Cash deposits in non-interest bearing accounts are insured up to \$250,000 by the Federal Deposit Insurance Corporation for 2024 and 2023, respectively. At December 31, 2024 and 2023, the Agency's cash deposits in non-interest bearing accounts had balances of \$5,667,224 and \$3,316,193, respectively. Also, these amounts, in addition to cash deposits in interest bearing accounts, are collateralized by securities held by another institution or held in trust, as required by the provisions of the Public Deposit Protection Act.

Capital Assets

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

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

SBITA assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received from the SBITA vendor at the commencement of the SBITA term. SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets.

COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

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. At December 31, 2024 and 2023, there are no contract acquisition costs that should be deferred. Member contributions receivable, if significantly aged, can be recovered by withholding applicable credits. As such, no allowance is recorded and no receivables are written off. The Agency considers anticipated investment income in determining if a premium deficiency exists.

Excess Insurance and Reinsurance

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

Reserve for Unpaid Losses and Loss Adjustment Expenses

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

Income Taxes

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

Administration Fee

Most general and administrative expenses of CIRSA are recorded by CIRSA/PC, which charges an administration fee to CIRSA/WC for its share of these expenses. Administration fees, which were \$3,325,141 and \$2,982,493 during 2024 and 2023, respectively, are eliminated in the accompanying basic financial statements.

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

December 31, 2024 and 2023

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, 2024, and 2023, member credits payable consists of the following:

	<u>2024</u>	<u>2023</u>
Loss control credit accounts	\$ 870,707	\$ 1,038,031
Equity credits held for deductibles	<u>21,840</u>	<u>21,840</u>
	<u>\$ 892,547</u>	<u>\$ 1,059,871</u>

Loss Control Credit Accounts

The Loss Control Credit Accounts Program was designed to encourage members to establish and implement safety-related programs. During 2024 and 2023, the board of directors designated \$708,207 and \$830,654, 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 \$870,707 and \$1,038,031 at December 31, 2024 and 2023, respectively.

Equity Credits

In prior years, the CIRSA board awarded equity credits for members of the property and casualty pool when the net position of the pool was considered to have exceeded business needs. Members may retain these distributions in the pools so that the credits can be applied against future deductible payments and the credits earn interest. Interest of \$0 was credited in 2024 and 2023. The equity credits held for deductibles payable at December 31, 2024 and 2023 was \$21,840. The equity credits to be paid to members were \$0 at December 31, 2024 and 2023.

Paid Time Off

The Agency has a paid time off leave policy. Employees are entitled to 28.50 to 35.50 days of paid time off leave per year depending on their length of service. Upon termination of employment, employees who have 6 months or more years of service are paid for their unused non-forfeited accrued PTO time. The liability for compensated absences consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave. Accrued paid time off pay of \$1,277,758 and \$1,095,611 was included in accounts payable and accrued liabilities on the accompanying statements of net position at December 31, 2024 and 2023, respectively. See footnote 10 for additional details related to the restatement due to implementation of GASB 101.

COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

NOTE 2 - INVESTMENTS

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

	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
2024:				
U.S. Treasury securities	\$ 11,657,320	\$ -	\$ (378,125)	\$ 11,279,195
U.S. Government agency obligations	7,756,528	505	(247,782)	7,509,251
Corporate obligations	4,161,861	-	(172,495)	3,989,366
Mortgage backed securities	28,159,234	2,102	(1,734,603)	26,426,733
Municipal securities	14,147,777	3,193	(680,204)	13,470,766
Total	<u>\$ 65,882,720</u>	<u>\$ 5,800</u>	<u>\$ (3,213,209)</u>	<u>\$ 62,675,311</u>
2023:				
U.S. Treasury securities	\$ 18,860,743	\$ -	\$ (673,457)	\$ 18,187,286
U.S. Government agency obligations	7,745,597	-	(477,204)	7,268,393
Corporate obligations	4,777,155	1,994	(204,171)	4,574,978
Mortgage backed securities	25,777,587	30,203	(1,700,543)	24,107,247
Municipal securities	14,315,044	6,053	(903,783)	13,417,314
Total	<u>\$ 71,476,126</u>	<u>\$ 38,250</u>	<u>\$ (3,959,158)</u>	<u>\$ 67,555,218</u>

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

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

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

COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

NOTE 2 - INVESTMENTS (CONTINUED)

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

Financial assets measured at fair value on a recurring basis are reflected in the Agency's balance sheet at December 31, 2024 as follows:

	<u>12/31/2024</u>	<u>Fair Value Measurement Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
2024:				
U.S. Treasury securities	\$ 11,279,195	\$ 11,279,195	\$ -	\$ -
U.S. Government agency obligations	7,509,251	-	7,509,251	-
Corporate obligations	3,989,366	-	3,989,366	-
Mortgage backed securities	26,426,733	-	26,426,733	-
Municipal securities	13,470,766	-	13,470,766	-
Total	<u>\$ 62,675,311</u>	<u>\$ 11,279,195</u>	<u>\$ 51,396,116</u>	<u>\$ -</u>
Financial assets that are not leveled:				
NLC Mutual Insurance Company	\$ 1,072,425			
Government Entities Mutual Inc	752,300			
Colotrust	30,314,163			

Financial assets measured at fair value on a recurring basis are reflected in the Agency's balance sheet at December 31, 2023 as follows:

	<u>12/31/2023</u>	<u>Fair Value Measurement Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
2023:				
U.S. Treasury securities	\$ 18,187,286	\$ 18,187,286	\$ -	\$ -
U.S. Government agency obligations	7,268,393	-	7,268,393	-
Corporate obligations	4,574,978	-	4,574,978	-
Mortgage backed securities	24,107,247	-	24,107,247	-
Municipal securities	13,417,314	-	13,417,314	-
Total	<u>\$ 67,555,218</u>	<u>\$ 18,187,286</u>	<u>\$ 49,367,932</u>	<u>\$ -</u>
Financial assets that are not leveled:				
NLC Mutual Insurance Company	\$ 1,072,425			
Government Entities Mutual Inc	752,300			
Colotrust	17,573,867			

COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

NOTE 2 - INVESTMENTS (CONTINUED)

A summary of the amortized cost and fair value of the Agency's investments in debt securities at December 31, 2024 and 2023, by contractual maturity, is as follows:

	2024	
	Amortized Cost	Fair Value
Maturity:		
Due in one year or less	\$ 14,011,173	\$ 13,772,806
Due after one through five years	31,797,509	30,239,009
Due after five through ten years	4,423,932	4,263,256
Due after ten years	15,650,106	14,400,240
	\$ 65,882,720	\$ 62,675,311
	2023	
	Amortized Cost	Fair Value
Maturity:		
Due in one year or less	\$ 11,053,382	\$ 10,798,634
Due after one through five years	42,377,870	39,935,589
Due after five through ten years	3,888,915	3,641,265
Due after ten years	14,155,959	13,179,730
	\$ 71,476,126	\$ 67,555,218

As of December 31, 2024, the Agency had the following investments:

Investment type	Fair value	Remaining maturity (in years)			
		Less than 1	1-5	6-10	Over 10
U.S. Treasury securities	\$ 11,279,195	\$ 4,504,470	\$ 5,998,809	\$ 775,916	\$ -
U.S. Government agency obligations	7,509,250	5,315,837	1,883,772	309,641	-
Corporate obligations	3,989,366	-	3,989,366	-	-
Mortgage backed securities	26,426,734	3,152,668	5,696,127	3,177,699	14,400,240
Municipal securities	13,470,766	799,831	12,670,935	-	-
	62,675,311	13,772,806	30,239,009	4,263,256	14,400,240
Local government investment pool	30,314,163	30,314,163	-	-	-
	\$ 92,989,474	\$ 44,086,969	\$ 30,239,009	\$ 4,263,256	\$ 14,400,240

COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

NOTE 2 - INVESTMENTS (CONTINUED)

As of December 31, 2023, the Agency had the following investments:

Investment type	Fair value	Remaining maturity (in years)			
		Less than 1	1-5	6-10	Over 10
U.S. Treasury securities	\$ 18,187,286	\$ 8,137,463	\$ 9,414,102	\$ 635,721	-
U.S. Government agency obligations	7,268,393	-	6,962,796	305,597	-
Corporate obligations	4,574,978	615,741	3,326,272	632,965	-
Mortgage backed securities	24,107,247	2,045,430	7,250,159	1,631,928	13,179,730
Municipal securities	13,417,314	-	12,982,260	435,054	-
	67,555,218	10,798,634	39,935,589	3,641,265	13,179,730
Local government investment pool	17,573,867	17,573,867	-	-	-
	<u>\$85,129,085</u>	<u>\$28,372,501</u>	<u>\$39,935,589</u>	<u>\$ 3,641,265</u>	<u>\$ 13,179,730</u>

As of December 31, 2024, and 2023, the Agency had invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust records its investments at fair value and the Agency records its investment in the Trust using the net asset value method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Interest Rate Risk

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

Credit Risk

At December 31, 2024 and 2023, the Agency's holdings of U.S. agency obligations were rated Aaa by Standard & Poor's and Aaa by Moody's Investors Service. COLOTRUST has been rated AAAM by Standard & Poor's at December 31, 2024 and 2023.

State law limits investments in corporate bonds to those that carry at least two credit ratings from any of the nationally recognized credit rating agencies that are not rated below "AA- or Aa3" upon purchase. State law limits investments in municipal bonds to those that carry at least two credit ratings from any of the nationally recognized credit rating agencies that are not rated below "AA" upon purchase. Further, state law limits investments in commercial paper to those that carry at least two credit ratings from any of the nationally recognized credit rating agencies that are not rated below "A1, P1 or F1" upon purchase. Each of the Agency's corporate bonds, municipal bonds and commercial paper meets or exceeds these criteria upon purchase. All of the Agency's corporate bonds, municipal bonds and commercial paper remain at or above these criteria as of December 31, 2024 and 2023.

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

December 31, 2024 and 2023

NOTE 2 - INVESTMENTS (CONTINUED)

Corporate obligations	Amount	Rating as of December 31, 2024
Apple Inc	\$ 628,584	AA+
Chevron Corp	378,150	AA-
VISA Inc	661,911	AA-
Automatic Data Processing	456,611	AA-
Johnson & Johnson Corp	183,306	AAA
Procter & Gamble Company	676,964	AA-
Walmart Inc	683,950	AA
Exxon Mobile	319,890	AA-
Total	<u>\$ 3,989,366</u>	

U.S. Government Agency Obligations	Amount	Rating as of December 31, 2024
Federal National Mortgage Association	\$ 5,233,840	AA+
Federal Home Loan Mortgage Corporation	2,275,411	AA+
	<u>\$ 7,509,251</u>	

U.S. Treasury Securities	Amount	Rating as of December 31, 2024
U.S. Treasury	<u>\$ 11,279,195</u>	AA+

Mortgage Backed Assets	Amount	Rating as of December 31, 2024
Federal National Mortgage Association	\$ 11,185,841	AA+
Federal Home Loan Mortgage Corporation	1,363,906	AAA
Federal Home Loan Mortgage Corporation	8,502,639	AA+
Government National Mortgage Association	4,796,770	AA+
Federal Home Loan Mortgage Corporation SLST	297,237	AA+
JP Morgan Structured	280,341	AA+
	<u>\$ 26,426,734</u>	

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

December 31, 2024 and 2023

NOTE 2 - INVESTMENTS (CONTINUED)

Municipal securities	Amount	Rating as of December 31, 2024
Alabama Federal Aid Highway	\$ 534,031	AAA
Andover MA	879,140	AAA
Austin TX Independent School District	864,510	Aaa
Bexar County TX	934,010	AAA
Boston MA Water & Sewer Commission	38,944	AAA
Cypress-Fairbanks TX Independent School	531,846	AAA
Dallas TX Area Rapid Transit	493,945	AA+
Dallas TX Independent School District	760,537	AAA
El Paso TX	259,048	AA
Forsyth County GA School District	109,714	AAA
Hawaii State	930,630	AA+
Irving TX	489,540	AAA
Kauai County HI	705,859	AA
Keller TX Independent School District	588,503	AAA
Metro Government Nashville & Davidson	270,092	AA
Missouri State Health & Educational Facility	683,543	AA+
Multnomah County OR	571,194	AAA
Multnomah County OR School District	119,346	AA
New York State Dorm Authority	609,551	AA+
New York State Urban Development Corporation	690,060	AA+
Oklahoma City OK Water Utilities	163,431	AAA
Oregon State	323,045	AA+
Oregon State Community Colleges & Community College Districts	380,992	AA
Oregon State Department of Administrative Services	268,817	AAA
Round Rock TX	187,576	AAA
Tennessee State School Bond Authority	195,566	AA+
Tri-County OR Metro Transportation District	299,852	AAA
Utah State Transit Authority Sales Tax	587,444	AA+
	<u>\$ 13,470,766</u>	
	<u>\$ 62,675,312</u>	

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

December 31, 2024 and 2023

NOTE 2 - INVESTMENTS (CONTINUED)

Corporate obligations	Amount	Rating as of December 31, 2023
Apple Inc	\$ 632,965	AA+
Chevron Corp	570,240	AA-
VISA Inc	650,641	AA-
Automatic Data Processing	451,000	AA-
Johnson & Johnson Corp	178,458	AAA
Procter & Gamble Company	667,836	AA-
Walmart Inc	691,518	AA
Exxon Mobile	732,320	AA-
Total	<u>\$ 4,574,978</u>	

U.S. Government Agency Obligations	Amount	Rating as of December 31, 2023
Federal National Mortgage Association	\$ 5,075,066	AA+
Federal Home Loan Mortgage Corporation	2,193,327	AA+
	<u>\$ 7,268,393</u>	

U.S. Treasury Securities	Amount	Rating as of December 31, 2023
U.S. Treasury	<u>\$ 18,187,286</u>	AA+

Mortgage Backed Assets	Amount	Rating as of December 31, 2023
Federal National Mortgage Association	\$ 4,337,129	AA+
Federal Home Loan Mortgage Corporation	1,157,696	AAA
Federal Home Loan Mortgage Corporation	12,797,848	AA+
Government National Mortgage Association	5,180,369	AA+
Federal Home Loan Mortgage Corporation SLST	342,856	AA+
JP Morgan Structured	291,349	AA+
	<u>\$ 24,107,247</u>	

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

December 31, 2024 and 2023

NOTE 2 - INVESTMENTS (CONTINUED)

Municipal securities	Amount	Rating as of December 31, 2023
Alabama Federal Aid Highway	\$ 520,392	AAA
Andover MA	869,203	AAA
Austin TX Independent School District	877,829	Aaa
Bexar County TX	915,930	AAA
Boston MA Water & Sewer Commission	37,485	AAA
Cypress-Fairbanks TX Independent School	537,133	AAA
Dallas TX Area Rapid Transit	494,180	AA+
Dallas TX Independent School District	763,380	AAA
El Paso TX	248,756	AA
Forsyth County GA School District	105,837	AAA
Hawaii State	909,780	AA+
Irving TX	486,120	AAA
Kauai County HI	718,228	AA
Keller TX Independent School District	591,194	AAA
Metro Government Nashville & Davidson	260,446	AA
Missouri State Health & Educational Facility	679,084	AA+
Multnomah County OR	551,472	AAA
Multnomah County OR School District	115,296	AA
New York State Dorm Authority	593,706	AA+
New York State Urban Development Corporation	677,229	AA+
Oklahoma City OK Water Utilities	163,924	AAA
Oregon State	409,332	AA+
Oregon State Community Colleges & Community College Districts	369,080	AA
Oregon State Department of Administrative Services	271,130	AAA
Round Rock TX	184,286	AAA
Tennessee State School Bond Authority	194,050	AA+
Tri-County OR Metro Transportation District	294,749	AAA
Utah State Transit Authority Sales Tax	578,083	AA+
	<u>\$ 13,417,314</u>	
	<u>\$ 67,555,218</u>	

COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

NOTE 2 - INVESTMENTS (CONTINUED)

Concentration of Credit Risk

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

	2024		2023	
Federal National Mortgage Association	\$ 16,419,681	26.20%	\$ 9,412,195	13.93%
Federal Home Loan Mortgage Corporation	\$ 12,141,956	19.37%	\$ 16,148,871	23.90%
Government National Mortgage Association	\$ 4,796,770	7.65%	\$ 5,180,369	7.67%

Proceeds from the sales, calls and maturities of debt securities during 2024 and 2023 were approximately \$12,873,000 and \$25,547,000, respectively. Gross gains of \$0 were realized on those sales and calls for both 2024 and 2023. Gross losses of \$0 were realized on sales and calls for both 2024 and 2023.

At December 31, 2024 and 2023, bonds with a carrying value of \$514,956 and \$493,110, 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, 2024 and 2023, which includes cash and cash equivalents, short-term investments, premiums receivable, interest and dividends due, and accrued accounts payable and accrued other expenses, and payables to affiliates, approximate their fair values because of the short maturity of these instruments. However, commercial paper included in cash equivalents and short-term investments is carried at amortized cost.

The Agency's investment income is summarized as follows:

	Year ended December 31,	
	2024	2023
Debt securities	\$ 1,596,856	\$ 1,552,316
Cash and cash equivalents	1,319,658	894,835
Net realized gains on sale of capital assets	-	1,130
Net increase in the fair value of investments	713,499	1,666,683
Gross investment income	3,630,013	4,114,964
Investment expenses	(140,417)	(135,543)
Net investment income	\$ 3,489,596	\$ 3,979,421

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

December 31, 2024 and 2023

NOTE 2 - INVESTMENTS (CONTINUED)

NLC Mutual Insurance Company provided workers' compensation reinsurance to the Agency from 2002 through 2006 and property reinsurance from 2003 through 2006. NLC Mutual Insurance Company is also a risk pool, as is the Agency. To obtain the reinsurance, the Agency was required to make capital contributions to become a member of the NLC Mutual Insurance Company pool, in addition to regular premiums paid. The related capital contributions associated with NLC Mutual Insurance Company are presented as a deposit at cost of \$1,072,425 as of December 31, 2024, and 2023.

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 capital contribution to become a member of the Government Entities Mutual Inc. pool, in addition to regular premiums. The related capital contribution associated with Government Entities Mutual Inc. are presented as a deposit at cost of \$752,300 as of December 31, 2024, and 2023.

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
2023-2024	100% of statutory limits in excess of \$750,000 for workers' compensation coverage.

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

December 31, 2024 and 2023

NOTE 3 - EXCESS INSURANCE AND REINSURANCE (CONTINUED)

Year(s) ended	Excess insurance
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> <p>Property reinsurance – 100% of \$500,000 in excess of \$500,000 per claim/occurrence.</p>
2006	<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>
2018	<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 \$1,000,000 per claim/occurrence.</p>

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

December 31, 2024 and 2023

NOTE 3 - EXCESS INSURANCE AND REINSURANCE (CONTINUED)

Year(s) ended	Excess insurance
2019	Liability reinsurance – 100% of \$4,000,000 in excess of \$1,000,000 per claim/occurrence for all auto liability losses. 100% of \$9,000,000 Liability and Public Officials' Errors and Omissions. Public Officials' Errors and Omissions has a \$10,000,000 annual aggregate per member. Excess property – 100% of \$500,000,000 in excess of \$1,000,000 per claim/occurrence, except for wind/hail. Wind/hail losses - 100% of \$500,000,000 in excess of \$5,000,000 per claim/occurrence with a buy-back of \$4,000,000 for events
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 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 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 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.
2023-2024	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, Public Officials' Errors and Omissions losses, and 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 FINANCIAL STATEMENTS

December 31, 2024 and 2023

NOTE 3 - EXCESS INSURANCE AND REINSURANCE (CONTINUED)

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

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

	Year ended December 31,	
	2024	2023
Member contributions earned		
Premiums paid	\$ 17,815,747	\$ 14,795,842
Brokerage commissions	299,176	301,820
Loss and loss adjustment expenses paid	6,932,034	15,549,245
Loss and loss adjustment expenses unpaid	10,058,836	6,929,726

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

	2024	2023
Government Entities Mutual Inc	\$ 1,278,000	\$ 315,500
NLC Mutual Insurance Company	6,501,395	3,679,502
Lloyds Syndicates	1,314,309	746,301
Everest Indemnity Insurance Company	183,984	144,913
International General Insurance Company	68,018	72,457
Tokio Marine Kiln	68,018	72,457
Ironshore Speciality Insurance Company	115,965	72,457
Canopus Insurance Services	115,965	72,457
Starr Surplus	108,829	115,930
HDI Global Insurance Company	132,356	79,702
Zurich North America Commercial	115,965	72,457
Allied World	47,947	-
The Princeton Excess and Surplus Lines Insurance Company	47,947	-
RSUI Indemnity Company	405	405
Old Republic	839,614	1,818,398
	\$ 10,938,717	\$ 7,262,936

COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 3 - EXCESS INSURANCE AND REINSURANCE (CONTINUED)

The below amounts are recorded as follows at December 31:

	2024	2023
Excess reinsurance receivable, net	\$ 879,881	\$ 333,210
Reserves for unpaid losses and loss adjustment expenses	10,058,836	6,929,726
	\$ 10,938,717	\$ 7,262,936

The Agency's excess insurers and reinsurers had the following AM Best ratings at December 31, 2024:

Reinsurer	AM Best rating
NLC Mutual Insurance Company	N/A
Government Entities Mutual Inc	N/A
Great American E & S Insurance Company	A+
RSUI Indemnity Company	A++
Axis Surplus Insurance Company	A
HDI Global Insurance Company	A+
Ironshore Specialty Insurance Company	A
Everest Indemnity Insurance Company	A+
Canopus Insurance Services, Lloyds Syndicate	N/A
Allied World Assurance Company	A
The Princeton Excess and Surplus Lines Insurance Company	A+
Tokio Marine Kiln, Lloyds Syndicate	N/A
International General Insurance Company, Lloyds Syndicate	A
Unicorn, Lloyds Syndicate	N/A
Atrium Underwriters Limited, Lloyds Syndicate	N/A
Ki Insurance, Lloyds Syndicate	N/A
Aspen, Lloyds Syndicate	N/A
Travelers, Lloyds Syndicate	A++
Fidelis, Lloyds Syndicate	A
Inigo, Lloyds Syndicate	N/A
Evanston Insurance Company	A
Steadfast Insurance Company	A+
Lloyds Syndicate	N/A
AmWINS Special Risk Underwriters	N/A
Lexington Insurance Company	A
Chubb European Group SE	A++
Mitsui Sumitomo Insurance Company of America	A+
Liberty Surplus Insurance Corporation	A
Midwest Employers Casualty Company	A+
HCC International Insurance Company, Lloyds Syndicate	N/A
Rokstone Group Holdings, Lloyds Syndicate	N/A
CNA Hardy, Lloyds Syndicate	N/A

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

December 31, 2024 and 2023

NOTE 3 - EXCESS INSURANCE AND REINSURANCE (CONTINUED)

<u>Reinsurer</u>	<u>AM Best rating</u>
Liberty Specialty Markets, Lloyds Syndicate	N/A
Royal and Sun Alliance Insurance, Lloyds Syndicate	N/A
Alchemy Underwriting, Lloyds Syndicate	N/A
Sompo International, Lloyds Syndicate	N/A
QBE European Company Operations, Lloyds Syndicate	N/A
Brit Insurance, Lloyds Syndicate	N/A
Dale Syndicate Services, Lloyds Syndicate	N/A
W.R. Berkley Syndicate Management, Lloyds Syndicate	N/A
Dale DUAL MGU, Lloyds Syndicate	N/A
Beazley Syndicates AFB, Lloyds Syndicate	A+

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

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>2024</u>	<u>2023</u>
Reserves for unpaid losses and loss adjustment expenses, net of excess insurance recoverables, beginning of year	\$ 58,085,300	\$ 49,375,092
Add incurred loss and loss adjustment expenses, net of excess insurance:		
Provision for covered events of the current year	43,056,481	46,525,998
Decrease in provision for covered events of prior years	<u>(4,949,544)</u>	<u>(4,488,620)</u>
Total incurred losses and loss adjustment expenses, net of excess insurance	<u>38,106,937</u>	<u>42,037,378</u>
Deduct payments:		
For claims attributable to covered events of the current year	12,908,842	16,553,115
For claims attributable to covered events of prior years	<u>19,925,346</u>	<u>16,774,055</u>
Total payments	<u>32,834,188</u>	<u>33,327,170</u>
Reserves for unpaid losses and loss adjustment expenses, net of excess insurance recoverables, end of year	<u>\$ 63,358,049</u>	<u>\$ 58,085,300</u>

COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

NOTE 4 - RESERVES FOR UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES
(CONTINUED)

As a result of changes in estimates of insured events in prior years, the provision for loss and loss adjustment expenses decreased by \$4,949,544 and by \$4,488,620 in 2024 and 2023, respectively. The change in estimates resulted due to favorable development for losses incurred in years prior to 2024 and 2023, respectively.

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

NOTE 5 - ACCUMULATED MEMBERS' NET POSITION

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

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

In 2024 and 2023, the board authorized the Agency to credit \$708,207 and \$830,654, respectively, to member municipalities and withdrawn members. At December 31, 2024 and 2023, \$892,547 and \$1,059,871 of credits remained undistributed, respectively. The undistributed amounts are included in member credits payable in the accompanying statements of net position. The credits, and the related undistributed amounts, are applied to future deductibles, contributions, or loss control accounts in accordance with the requests of the member municipalities.

Pursuant to regulations of the Division of Insurance of the State of Colorado (the Division), the Agency is required to maintain a minimum surplus in conformity with statutory accounting practices prescribed or permitted by the Division of \$500,000. At December 31, 2024 and 2023, the Agency's statutory surplus was \$40,330,386 and \$37,355,521, respectively. The Agency's statutory net (loss) income for the years ended December 31, 2024 and 2023 was \$3,707,334 and (\$10,929,625), respectively.

COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

NOTE 6 - CAPITAL ASSETS

Capital asset activity was as follows:

	Balance at January 1, 2024	Additions	Deletions	Balance at December 31, 2024
Land:				
Historical cost	\$ 750,400	\$ -	\$ -	\$ 750,400
Accumulated depreciation	-	-	-	-
Total	<u>750,400</u>	<u>-</u>	<u>-</u>	<u>750,400</u>
Building and improvements:				
Historical cost	8,117,963	37,036	-	8,154,999
Accumulated depreciation	<u>(5,870,886)</u>	<u>(253,019)</u>	<u>-</u>	<u>(6,123,905)</u>
Total	<u>2,247,077</u>	<u>(215,983)</u>	<u>-</u>	<u>2,031,094</u>
Machinery and equipment:				
Historical cost	319,828	16,033	-	335,861
Accumulated depreciation	<u>(306,259)</u>	<u>(11,387)</u>	<u>-</u>	<u>(317,646)</u>
Total	<u>13,569</u>	<u>4,646</u>	<u>-</u>	<u>18,215</u>
Furniture and fixtures:				
Historical cost	786,526	-	-	786,526
Accumulated depreciation	<u>(773,821)</u>	<u>(5,351)</u>	<u>-</u>	<u>(779,172)</u>
Total	<u>12,705</u>	<u>(5,351)</u>	<u>-</u>	<u>7,354</u>
Telephone system:				
Historical cost	12,592	-	-	12,592
Accumulated depreciation	<u>(12,592)</u>	<u>-</u>	<u>-</u>	<u>(12,592)</u>
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Computer equipment:				
Historical cost	994,874	-	-	994,874
Accumulated depreciation	<u>(845,401)</u>	<u>(72,278)</u>	<u>-</u>	<u>(917,679)</u>
Total	<u>149,473</u>	<u>(72,278)</u>	<u>-</u>	<u>77,195</u>
Subscription Based Information Technology Arrangements:				
Historical cost	-	1,441,543	-	1,441,543
Accumulated amortization	<u>-</u>	<u>(280,300)</u>	<u>-</u>	<u>(280,300)</u>
Total	<u>-</u>	<u>1,161,243</u>	<u>-</u>	<u>1,161,243</u>
Total property and equipment, net	<u>\$ 3,173,224</u>	<u>\$ 872,277</u>	<u>\$ -</u>	<u>\$ 4,045,501</u>

COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

NOTE 6 - CAPITAL ASSETS (CONTINUED)

	Balance at January 1, 2023	Additions	Deletions	Balance at December 31, 2023
Land:				
Historical cost	\$ 750,400	\$ -	\$ -	\$ 750,400
Accumulated depreciation	-	-	-	-
Total	<u>750,400</u>	<u>-</u>	<u>-</u>	<u>750,400</u>
Building and improvements:				
Historical cost	8,034,114	83,849	-	8,117,963
Accumulated depreciation	<u>(5,619,412)</u>	<u>(251,474)</u>	<u>-</u>	<u>(5,870,886)</u>
Total	<u>2,414,702</u>	<u>(167,625)</u>	<u>-</u>	<u>2,247,077</u>
Machinery and equipment:				
Historical cost	313,209	6,619	-	319,828
Accumulated depreciation	<u>(296,944)</u>	<u>(9,315)</u>	<u>-</u>	<u>(306,259)</u>
Total	<u>16,265</u>	<u>(2,696)</u>	<u>-</u>	<u>13,569</u>
Furniture and fixtures:				
Historical cost	786,526	-	-	786,526
Accumulated depreciation	<u>(768,388)</u>	<u>(5,433)</u>	<u>-</u>	<u>(773,821)</u>
Total	<u>18,138</u>	<u>(5,433)</u>	<u>-</u>	<u>12,705</u>
Telephone system:				
Historical cost	45,768	-	(33,176)	12,592
Accumulated depreciation	<u>(45,768)</u>	<u>-</u>	<u>33,176</u>	<u>(12,592)</u>
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Computer equipment:				
Historical cost	950,310	67,698	(23,134)	994,874
Accumulated depreciation	<u>(766,083)</u>	<u>(102,452)</u>	<u>23,134</u>	<u>(845,401)</u>
Total	<u>184,227</u>	<u>(34,754)</u>	<u>-</u>	<u>149,473</u>
Total property and equipment, net	<u>\$ 3,383,732</u>	<u>\$ (210,508)</u>	<u>\$ -</u>	<u>\$ 3,173,224</u>

COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

NOTE 7 – LONG-TERM LIABILITIES

Long-term liabilities activity was as follows:

	Balance at January 1, 2024, as Restated (1)	Additions (2)	Deletions	Balance at December 31, 2024	Amount Due Within One Year
Subscriptions Payable	\$ -	\$ 1,441,543	\$ (478,053)	\$ 963,490	\$ 473,676
Compensated Absences	1,095,611	182,147	-	1,277,758	1,277,758
Total	<u>\$ 1,095,611</u>	<u>\$ 1,623,690</u>	<u>\$ (478,053)</u>	<u>\$ 2,241,248</u>	<u>\$ 1,751,434</u>

	Balance at January 1, 2023	Additions (2)	Deletions	Balance at December 31, 2023, as Restated (1)	Amount Due Within One Year
Compensated Absences	\$ 816,934	\$ 278,677	\$ -	\$ 1,095,611	\$ 1,095,611
Total	<u>\$ 816,934</u>	<u>\$ 278,677</u>	<u>\$ -</u>	<u>\$ 1,095,611</u>	<u>\$ 1,095,611</u>

(1) The beginning balance was restated due to the implementation of GASB Statement No. 101, see Note 10.

(2) The change in compensated absence liability is presented as a net change.

Subscription Based Information Technology Agreements

The Agency has entered into subscription-based information technology arrangements (SBITAs) for claims management system. The SBITA arrangement ends in 2027.

As of December 31, 2024, SBITA assets and the related accumulated amortization totaled \$1,441,543 and \$280,300, respectively.

The future subscription payments under SBITA agreements are as follows:

Year Ending December 31,	Principal	Interest	Total
2025	\$ 473,676	\$ 23,024	\$ 496,700
2026	489,814	6,886	496,700
Totals	<u>\$ 963,490</u>	<u>\$ 29,910</u>	<u>\$ 993,400</u>

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

December 31, 2024 and 2023

NOTE 8 - CONTINGENCIES

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

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

NOTE 9 - DEFINED CONTRIBUTION MONEY PURCHASE PENSION PLAN

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

Contributions made by plan members and the Agency for the years ended December 31, 2024 and 2023, which represents the 10% required contribution, are as follows:

	<u>2024</u>	<u>2023</u>
Plan members	\$ 583,227	\$ 530,004
Agency	\$ 583,227	\$ 530,004

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

December 31, 2024 and 2023

NOTE 10 – RESTATEMENT OF BEGINNING NET POSITION

Change in Accounting Principle

Effective December 31, 2024, the Agency implemented GASB Statement No. 101, *Compensated Absences*. This statement updated the recognition and measurement guidance for compensated absences and associated salary-related payments and amended certain previously required disclosures. As a result of implementation of this standard, the compensated absence liability as of December 31, 2023 was understated by \$87,618. The effect of the implementation of this standard is shown below.

	December 31, 2023 As Previously Reported	Change in Accounting Principle	December 31, 2023 as Restated
Net Position	\$ 34,156,815	\$ (87,618)	\$ 34,069,197
Total	<u>\$ 34,156,815</u>	<u>\$ (87,618)</u>	<u>\$ 34,069,197</u>

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

REQUIRED SUPPLEMENTARY INFORMATION

**COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
REQUIRED SUPPLEMENTARY INFORMATION
RECONCILIATION OF RESERVES FOR UNPAID LOSSES AND
LOSS ADJUSTMENT EXPENSES (UNAUDITED)
Years ended December 31, 2024 and 2023**

	2024			2023		
	WC Pool	PC Pool	Combined	WC Pool	PC Pool	Combined
Reserves for unpaid losses and loss adjustment expenses, net of excess insurance recoverables	<u>\$ 12,196,863</u>	<u>\$ 45,888,437</u>	<u>\$ 58,085,300</u>	<u>\$ 13,258,069</u>	<u>\$ 36,117,023</u>	<u>\$ 49,375,092</u>
Add incurred losses and loss adjustment expenses, net of excess insurance recoverables:						
Provision for covered events of the current year	6,984,265	36,072,216	43,056,481	6,396,593	40,129,405	46,525,998
Decrease in provision for covered events of prior years	<u>(349,686)</u>	<u>(4,599,858)</u>	<u>(4,949,544)</u>	<u>(2,610,148)</u>	<u>(1,878,472)</u>	<u>(4,488,620)</u>
Total incurred losses and loss adjustment expenses, net of excess insurance	<u>6,634,579</u>	<u>31,472,358</u>	<u>38,106,937</u>	<u>3,786,445</u>	<u>38,250,933</u>	<u>42,037,378</u>
Deduct payments, net of excess insurance recoverables:						
For claims attributable to covered events of the current year	1,259,172	11,649,670	12,908,842	1,367,842	15,185,273	16,553,115
For claims attributable to covered events of prior years	<u>3,309,954</u>	<u>16,615,392</u>	<u>19,925,346</u>	<u>3,479,809</u>	<u>13,294,246</u>	<u>16,774,055</u>
Total payments	<u>4,569,126</u>	<u>28,265,062</u>	<u>32,834,188</u>	<u>4,847,651</u>	<u>28,479,519</u>	<u>33,327,170</u>
Reserves for unpaid losses and loss adjustment expenses, net of excess insurance recoverables	<u>\$ 14,262,316</u>	<u>\$ 49,095,733</u>	<u>\$ 63,358,049</u>	<u>\$ 12,196,863</u>	<u>\$ 45,888,437</u>	<u>\$ 58,085,300</u>

**COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
REQUIRED SUPPLEMENTARY INFORMATION
WORKERS' COMPENSATION POOL
TEN-YEAR LOSS DEVELOPMENT INFORMATION (UNAUDITED)
December 31, 2024
(In Thousands of Dollars)**

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

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

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
1. Member contributions and investment income:										
Earned	\$ 8,575	\$ 8,308	\$ 8,620	\$ 8,942	\$ 10,074	\$ 10,304	\$ 8,026	\$ 6,894	\$ 11,326	\$ 12,492
Excess/reinsurance premiums	1,415	1,193	1,302	1,504	1,634	1,472	1,541	1,544	1,012	968
Net earned	7,160	7,115	7,318	7,438	8,440	8,832	6,485	5,350	10,314	11,524
2. Unallocated expenses	739	752	1,272	1,757	2,082	2,590	3,144	2,918	3,172	3,523
3. Estimated incurred losses and expenses, end of coverage year:										
Incurred	5,623	5,430	5,807	5,696	5,978	5,123	6,028	6,296	6,397	6,984
Assumed by excess insurers	-	-	-	-	-	-	-	-	-	-
Net incurred	5,623	5,430	5,807	5,696	5,978	5,123	6,028	6,296	6,397	6,984
4. Net paid (cumulative) as of:										
End of accident year	1,079	1,036	1,288	1,303	1,235	1,068	1,205	1,555	1,368	1,259
One year later	2,148	2,269	2,980	2,833	3,065	2,505	3,250	3,128	3,401	-
Two years later	2,548	2,878	3,674	3,781	3,761	3,369	4,056	3,864	-	-
Three years later	3,085	3,135	4,068	4,282	4,409	3,824	4,601	-	-	-
Four years later	3,186	3,192	4,316	4,578	4,471	4,127	-	-	-	-
Five years later	3,267	3,262	4,387	5,045	4,520	-	-	-	-	-
Six years later	3,670	3,272	4,389	5,045	-	-	-	-	-	-
Seven years later	3,686	3,273	4,388	-	-	-	-	-	-	-
Eight years later	3,692	3,305	-	-	-	-	-	-	-	-
Nine years later	3,702	-	-	-	-	-	-	-	-	-
5. Reestimated losses and expenses assumed by excess insurers	-	-	-	-	-	-	-	-	-	-
6. Reestimated net incurred losses and expenses:										
End of accident year	5,623	5,430	5,807	5,696	5,978	5,123	6,028	6,296	6,397	6,984
One year later	4,462	5,113	5,906	5,516	5,850	5,565	6,388	5,292	6,885	-
Two years later	3,844	4,393	5,318	5,369	5,727	4,939	5,902	5,209	-	-
Three years later	3,981	4,020	4,950	5,491	5,475	4,627	5,709	-	-	-
Four years later	3,645	3,512	4,735	5,751	5,072	4,722	-	-	-	-
Five years later	3,638	3,470	4,715	5,534	4,973	-	-	-	-	-
Six years later	3,836	3,346	4,528	5,334	-	-	-	-	-	-
Seven years later	3,757	3,333	4,388	-	-	-	-	-	-	-
Eight years later	3,692	3,305	-	-	-	-	-	-	-	-
Nine years later	3,702	-	-	-	-	-	-	-	-	-
7. (Decrease) increase in estimated net incurred losses and expenses from end of coverage year	(1,921)	(2,125)	(1,419)	(362)	(1,005)	(401)	(319)	(1,087)	488	-

Unaudited – See accompanying independent auditors' report.

**COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
REQUIRED SUPPLEMENTARY INFORMATION
PROPERTY AND CASUALTY POOL TEN-YEAR LOSS DEVELOPMENT INFORMATION
(UNAUDITED)
December 31, 2024
(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.

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
1. Member contributions and investment income:										
Earned	\$ 24,446	\$ 24,831	\$ 25,341	\$ 27,404	\$ 30,865	\$ 34,799	\$ 36,116	\$ 38,571	\$ 48,014	\$ 61,320
Excess/reinsurance premiums	6,140	5,563	5,874	7,410	9,926	10,134	10,543	11,234	14,085	17,147
Net earned	18,306	19,268	19,467	19,994	20,939	24,665	25,573	27,337	33,929	44,173
2. Unallocated expenses	7,430	7,801	7,947	7,838	7,562	6,578	6,654	7,985	8,296	8,296
3. Estimated incurred losses and expenses, end of coverage year:										
Incurred	18,922	15,801	24,518	32,006	23,759	14,551	20,170	26,815	40,129	36,072
Assumed by excess/reinsurers	3,930	1,069	9,893	13,743	6,620	-	-	-	-	-
Net incurred	14,992	14,732	14,625	18,263	17,139	14,551	20,170	26,815	40,129	36,072
4. Net paid (cumulative) as of:										
End of accident year	3,928	5,479	5,579	7,477	4,941	3,973	6,332	6,736	15,185	11,650
One year later	7,357	7,644	9,259	11,423	8,742	6,433	13,207	13,348	20,519	-
Two years later	10,625	10,840	9,891	13,913	11,987	8,583	16,963	18,368	-	-
Three years later	13,153	11,871	10,552	14,702	12,577	10,755	20,618	-	-	-
Four years later	14,035	11,915	10,639	15,269	12,791	12,879	-	-	-	-
Five years later	14,060	11,887	10,724	15,623	12,947	-	-	-	-	-
Six years later	14,062	12,246	10,775	15,779	-	-	-	-	-	-
Seven years later	14,062	12,254	10,778	-	-	-	-	-	-	-
Eight years later	14,080	12,261	-	-	-	-	-	-	-	-
Nine years later	14,088	-	-	-	-	-	-	-	-	-
5. Reestimated losses and expenses assumed by excess/reinsurers	8,467	1,539	7,374	17,186	-	-	-	-	-	-
6. Reestimated net incurred losses and expenses:										
End of accident year	14,992	14,732	14,625	18,263	17,139	14,551	20,170	26,815	40,129	36,072
One year later	14,209	13,065	13,242	17,520	15,780	11,454	21,004	22,295	34,726	-
Two years later	14,107	12,623	11,409	16,286	15,195	12,675	22,746	22,517	-	-
Three years later	14,081	12,756	10,873	15,888	14,208	13,189	23,234	-	-	-
Four years later	14,336	12,614	11,921	15,973	13,675	13,621	-	-	-	-
Five years later	14,178	12,409	10,950	16,387	13,111	-	-	-	-	-
Six years later	14,172	12,331	10,822	12,266	-	-	-	-	-	-
Seven years later	14,135	12,364	10,819	-	-	-	-	-	-	-
Eight years later	14,156	12,362	-	-	-	-	-	-	-	-
Nine years later	14,166	-	-	-	-	-	-	-	-	-
7. (Decrease) increase in estimated net incurred losses and expenses from end of coverage year	(826)	(2,370)	(3,806)	(5,997)	(4,028)	(930)	3,064	(4,298)	(5,403)	-

Unaudited – See accompanying independent auditors' report.

SUPPLEMENTARY INFORMATION

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

December 31, 2024

Assets	CIRSA/ PC	CIRSA/ WC	Combining Adjustments	Combined
Current assets:				
Investments in debt securities, at fair value	\$ 9,060,230	\$ 4,712,576	\$ -	\$ 13,772,806
Cash and cash equivalents	22,713,362	10,981,306	-	33,694,668
Accrued investment income	160,470	141,577	-	302,047
Receivable from members	805,872	177,417	-	983,289
Excess insurance receivable, net	-	879,881	-	879,881
Interpool accounts receivable	31,909	98,028	(129,937)	-
Prepaid expenses	457,763	-	-	457,763
Other assets	3,709	-	-	3,709
Total current assets	<u>33,233,315</u>	<u>16,990,785</u>	<u>(129,937)</u>	<u>50,094,163</u>
Noncurrent assets:				
Investments in debt securities, at fair value	27,688,652	21,213,853	-	48,902,505
Deposit with NLC Mutual Insurance Company	678,073	394,352	-	1,072,425
Deposit with Government Entities Mutual Inc	752,300	-	-	752,300
Capital assets, net	3,613,162	432,339	-	4,045,501
Total noncurrent assets	<u>32,732,187</u>	<u>22,040,544</u>	<u>-</u>	<u>54,772,731</u>
Total assets	<u>\$ 65,965,502</u>	<u>\$ 39,031,329</u>	<u>\$ (129,937)</u>	<u>\$ 104,866,894</u>
Liabilities and Net Position				
Current liabilities:				
Reserves for unpaid losses and loss adjustment expenses, net of excess insurance recoverables	\$ 25,158,555	\$ 4,831,073	\$ -	\$ 29,989,628
SBITA Liability	473,676	-	-	473,676
Accounts payable and accrued liabilities	1,447,134	159,289	-	1,606,423
Interpool payable	98,028	31,909	(129,937)	-
Member credits payable	179,669	712,878	-	892,547
Special contribution plan deposits	-	25,000	-	25,000
Unearned member contributions	207,508	3,255	-	210,763
Total current liabilities	<u>27,564,570</u>	<u>5,763,404</u>	<u>(129,937)</u>	<u>33,198,037</u>
Noncurrent liabilities:				
Reserves for unpaid losses and loss adjustment expenses, net of excess insurance recoverables	23,937,179	9,431,243	-	33,368,422
SBITA Liability	489,814	-	-	489,814
Total noncurrent liabilities	<u>24,426,993</u>	<u>9,431,243</u>	<u>-</u>	<u>33,858,236</u>
Total liabilities	<u>51,991,563</u>	<u>15,194,647</u>	<u>(129,937)</u>	<u>67,056,273</u>
Net position:				
Net investment in capital assets	2,649,672	432,339	-	3,082,011
Restricted	514,956	-	-	514,956
Unrestricted	10,809,311	23,404,343	-	34,213,654
Total net position	<u>13,973,939</u>	<u>23,836,682</u>	<u>-</u>	<u>37,810,621</u>
Total liabilities and net position	<u>\$ 65,965,502</u>	<u>\$ 39,031,329</u>	<u>\$ (129,937)</u>	<u>\$ 104,866,894</u>

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

December 31, 2023

Assets	CIRSA/ PC	CIRSA/ WC	Combining Adjustments	Combined
Current assets:				
Investments in debt securities, at fair value	\$ 6,106,230	\$ 4,692,404	\$ -	\$ 10,798,634
Cash and cash equivalents	12,931,432	6,735,778	-	19,667,210
Accrued investment income	212,685	158,195	-	370,880
Receivable from members	929,991	155,849	-	1,085,840
Excess insurance receivable, net	2,614	330,596	-	333,210
Interpool accounts receivable	1,854	148,882	(150,736)	-
Prepaid expenses	775,995	-	-	775,995
Other assets	62,153	-	-	62,153
Total current assets	<u>21,022,954</u>	<u>12,221,704</u>	<u>(150,736)</u>	<u>33,093,922</u>
Noncurrent assets:				
Investments in debt securities, at fair value	33,870,975	22,885,609	-	56,756,584
Deposit with NLC Mutual Insurance Company	678,073	394,352	-	1,072,425
Deposit with Government Entities Mutual Inc	752,300	-	-	752,300
Capital assets, net	<u>2,674,229</u>	<u>498,995</u>	<u>-</u>	<u>3,173,224</u>
Total noncurrent assets	<u>37,975,577</u>	<u>23,778,956</u>	<u>-</u>	<u>61,754,533</u>
Total assets	<u>\$ 58,998,531</u>	<u>\$ 36,000,660</u>	<u>\$ (150,736)</u>	<u>\$ 94,848,455</u>
Liabilities and Net Position				
Current liabilities:				
Reserves for unpaid losses and loss adjustment expenses, net of excess insurance recoverables	\$ 24,612,797	\$ 4,037,419	\$ -	\$ 28,650,216
Accounts payable and accrued liabilities	1,374,939	157,911	-	1,532,850
Interpool payable	148,882	1,854	(150,736)	-
Member credits payable	531,758	528,113	-	1,059,871
Special contribution plan deposits	-	25,000	-	25,000
Unearned member contributions	76,237	-	-	76,237
Total current liabilities	<u>26,744,613</u>	<u>4,750,297</u>	<u>(150,736)</u>	<u>31,344,174</u>
Noncurrent liabilities:				
Reserves for unpaid losses and loss adjustment expenses, net of excess insurance recoverables	21,275,640	8,159,444	-	29,435,084
Total noncurrent liabilities	<u>21,275,640</u>	<u>8,159,444</u>	<u>-</u>	<u>29,435,084</u>
Total liabilities	<u>48,020,253</u>	<u>12,909,741</u>	<u>(150,736)</u>	<u>60,779,258</u>
Net position:				
Invested in capital assets	2,674,229	498,995	-	3,173,224
Restricted	493,110	-	-	493,110
Unrestricted	<u>7,810,939</u>	<u>22,591,924</u>	<u>-</u>	<u>30,402,863</u>
Total net position	<u>10,978,278</u>	<u>23,090,919</u>	<u>-</u>	<u>34,069,197</u>
Total liabilities and net position	<u>\$ 58,998,531</u>	<u>\$ 36,000,660</u>	<u>\$ (150,736)</u>	<u>\$ 94,848,455</u>

**COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
COMBINING SCHEDULE – REVENUE, EXPENSES AND
CHANGES IN NET POSITION INFORMATION**

Year Ended December 31, 2024

	<u>CIRSA/ PC</u>	<u>CIRSA/ WC</u>	<u>Combining Adjustments</u>	<u>Combined</u>
Operating revenues:				
Member contributions	\$ 59,070,599	\$ 11,251,143	\$ -	\$ 70,321,742
Excess/reinsurance premiums	(16,897,365)	(918,382)	-	(17,815,747)
Brokerage commissions	(249,176)	(50,000)	-	(299,176)
Member contributions earned	41,924,058	10,282,761	-	52,206,819
Administration fee	3,325,141	-	(3,325,141)	-
Total operating revenues	<u>45,249,199</u>	<u>10,282,761</u>	<u>(3,325,141)</u>	<u>52,206,819</u>
Operating expenses:				
Losses and loss adjustment expenses	31,472,358	6,634,579	-	38,106,937
Personnel	8,187,150	-	-	8,187,150
General operating	3,291,189	66,656	-	3,357,845
Professional consultation	1,110,904	-	-	1,110,904
Travel	381,554	-	-	381,554
Taxes	-	131,193	-	131,193
Administration fee	-	3,325,141	(3,325,141)	-
General and administrative	<u>12,970,797</u>	<u>3,522,990</u>	<u>(3,325,141)</u>	<u>13,168,646</u>
Total operating expenses	<u>44,443,155</u>	<u>10,157,569</u>	<u>(3,325,141)</u>	<u>51,275,583</u>
Operating income	806,044	125,192	-	931,236
Nonoperating revenue:				
Net investment income	<u>2,249,190</u>	<u>1,240,406</u>	-	<u>3,489,596</u>
Gain before transfers	3,055,234	1,365,598	-	4,420,832
Transfers out - Distributions and credits to members and withdrawn members				
	<u>(59,573)</u>	<u>(619,835)</u>	-	<u>(679,408)</u>
Change in net position	2,995,661	745,763	-	3,741,424
Net position, beginning of year	<u>10,978,278</u>	<u>23,090,919</u>	-	<u>34,069,197</u>
Net position, end of year	<u>\$ 13,973,939</u>	<u>\$ 23,836,682</u>	<u>\$ -</u>	<u>\$ 37,810,621</u>

COLORADO INTERGOVERNMENTAL RISK SHARING AGENCY
COMBINING SCHEDULE – REVENUE, EXPENSES AND
CHANGES IN NET POSITION INFORMATION
Year Ended December 31, 2023

	<u>CIRSA/ PC</u>	<u>CIRSA/ WC</u>	<u>Combining Adjustments</u>	<u>Combined</u>
Operating revenues:				
Member contributions	\$ 45,507,821	\$ 9,853,101	\$ -	\$ 55,360,922
Excess/reinsurance premiums	(13,833,642)	(962,200)	-	(14,795,842)
Brokerage commissions	(251,820)	(50,000)	-	(301,820)
Member contributions earned	31,422,359	8,840,901	-	40,263,260
Administration fee	2,982,493	-	(2,982,493)	-
Total operating revenues	<u>34,404,852</u>	<u>8,840,901</u>	<u>(2,982,493)</u>	<u>40,263,260</u>
Operating expenses:				
Losses and loss adjustment expenses	38,250,933	3,786,445	-	42,037,378
Personnel	7,519,725	-	-	7,519,725
General operating	2,384,031	66,667	-	2,450,698
Professional consultation	1,141,240	-	-	1,141,240
Travel	321,581	-	-	321,581
Taxes	-	122,619	-	122,619
Administration fee	-	2,982,493	(2,982,493)	-
General and administrative	11,366,577	3,171,779	(2,982,493)	11,555,863
Total operating expenses	<u>49,617,510</u>	<u>6,958,224</u>	<u>(2,982,493)</u>	<u>53,593,241</u>
Operating (loss) income	(15,212,658)	1,882,677	-	(13,329,981)
Nonoperating revenue:				
Net investment income	2,506,151	1,473,270	-	3,979,421
(Loss) gain before transfers	(12,706,507)	3,355,947	-	(9,350,560)
Transfers out - Distributions and credits to members and withdrawn members	(349,030)	(430,015)	-	(779,045)
Change in net position	(13,055,537)	2,925,932	-	(10,129,605)
Net position, beginning of year	24,033,815	20,164,987	-	44,198,802
Net position, end of year	<u>\$ 10,978,278</u>	<u>\$ 23,090,919</u>	<u>\$ -</u>	<u>\$ 34,069,197</u>

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

Year Ended December 31, 2024

	<u>CIRSA/ PC</u>	<u>CIRSA/ WC</u>	<u>Combining Adjustments</u>	<u>Combined</u>
Cash flows from operating activities:				
Contributions collected from members, net of excess insurance premiums and brokerage commissions paid	\$ 42,263,837	\$ 10,264,448	\$ -	\$ 52,528,285
Other amounts collected (paid)	3,325,141	-	(3,325,141)	-
Losses and loss adjustment expenses paid, net	(28,262,447)	(5,118,411)	-	(33,380,858)
General and administrative expenses paid	<u>(12,131,546)</u>	<u>(3,374,046)</u>	<u>3,325,141</u>	<u>(12,180,451)</u>
Net cash provided by operating activities	<u>5,194,985</u>	<u>1,771,991</u>	<u>-</u>	<u>6,966,976</u>
Cash flows from noncapital financing activities:				
Distributions and credits to members	<u>(411,662)</u>	<u>(435,070)</u>	<u>-</u>	<u>(846,732)</u>
Cash flows from capital and related financing activities:				
Purchase of capital assets	(53,069)	-	-	(53,069)
Payment for subscription asset	<u>(478,053)</u>	<u>-</u>	<u>-</u>	<u>(478,053)</u>
Net cash used in capital and related financing activities	<u>(531,122)</u>	<u>-</u>	<u>-</u>	<u>(531,122)</u>
Cash flows from investing activities:				
Purchases of investments	(4,015,275)	(3,483,163)	-	(7,498,438)
Proceeds from maturities of investments	7,558,966	5,314,166	-	12,873,132
Investment income collected	<u>1,986,038</u>	<u>1,077,604</u>	<u>-</u>	<u>3,063,642</u>
Net cash provided by investing activities	<u>5,529,729</u>	<u>2,908,607</u>	<u>-</u>	<u>8,438,336</u>
Net increase in cash and cash equivalents	9,781,930	4,245,528	-	14,027,458
Cash and cash equivalents, beginning of year	<u>12,931,432</u>	<u>6,735,778</u>	<u>-</u>	<u>19,667,210</u>
Cash and cash equivalents, end of year	<u>\$ 22,713,362</u>	<u>\$ 10,981,306</u>	<u>\$ -</u>	<u>\$ 33,694,668</u>

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

Year Ended December 31, 2023

	<u>CIRSA/ PC</u>	<u>CIRSA/ WC</u>	<u>Combining Adjustments</u>	<u>Combined</u>
Cash flows from operating activities:				
Contributions collected from members, net of excess insurance premiums and brokerage commissions paid	\$ 31,072,087	\$ 8,764,797	\$ -	\$ 39,836,884
Other amounts collected (paid)	2,982,493	-	(2,982,493)	-
Losses and loss adjustment expenses paid, net	(22,231,621)	(4,603,260)	-	(26,834,881)
General and administrative expenses paid	<u>(10,902,709)</u>	<u>(2,895,572)</u>	<u>2,982,493</u>	<u>(10,815,788)</u>
Net cash provided by operating activities	<u>920,250</u>	<u>1,265,965</u>	<u>-</u>	<u>2,186,215</u>
Cash flows from noncapital financing activities:				
Distributions and credits to members	<u>(479,175)</u>	<u>(558,391)</u>	<u>-</u>	<u>(1,037,566)</u>
Cash flows from capital and related financing activities:				
Purchase of capital assets	<u>(158,166)</u>	<u>-</u>	<u>-</u>	<u>(158,166)</u>
Net cash used in capital and related financing activities	<u>(158,166)</u>	<u>-</u>	<u>-</u>	<u>(158,166)</u>
Cash flows from investing activities:				
Purchases of investments	(20,660,521)	(5,968,127)	-	(26,628,648)
Proceeds from sale of investments	-	-	-	-
Proceeds from maturities of investments	19,990,564	5,556,556	-	25,547,120
Investment income collected	1,517,223	866,931	-	2,384,154
Investment in Government Entities Mutual Inc	<u>(252,300)</u>	<u>-</u>	<u>-</u>	<u>(252,300)</u>
Net cash provided by investing activities	<u>594,966</u>	<u>455,360</u>	<u>-</u>	<u>1,050,326</u>
Net increase in cash and cash equivalents	877,875	1,162,934	-	2,040,809
Cash and cash equivalents, beginning of year	<u>12,053,557</u>	<u>5,572,844</u>	<u>-</u>	<u>17,626,401</u>
Cash and cash equivalents, end of year	<u>\$ 12,931,432</u>	<u>\$ 6,735,778</u>	<u>\$ -</u>	<u>\$ 19,667,210</u>



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