

JAMES IRWIN CHARTER SCHOOLS

FINANCIAL STATEMENTS
With Independent Auditors' Report

For the Year Ended June 30, 2021

JAMES IRWIN CHARTER SCHOOLS
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JUNE 30, 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
James Irwin Charter Schools

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of James Irwin Charter Schools as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise James Irwin Charter Schools' basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of James Irwin Charter Schools, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other-Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise James Irwin Charter Schools' basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Hoelting & Company Inc.

Colorado Springs, Colorado
September 30, 2021

**JAMES IRWIN CHARTER SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

As of and for the Year Ended June 30, 2021

This section of James Irwin Charter School's annual financial report presents our discussion and analysis of the financial performance during the fiscal year ended June 30, 2021. Please read this discussion in conjunction with additional information provided in the accompanying financial statements.

FINANCIAL HIGHLIGHTS

The year ended June 30, 2021 is the ninth year of operations for the James Irwin Charter Schools, (JICS), established as a Charter Management Organization, it operated as a Charter School Collaborative for four years, and currently is a Colorado Charter School Network as defined in Colorado statute 22-30.5-104.7. Prior to July 1, 2017, one school, (Power Technical Early College), had been part of James Irwin Charter Schools, but the other four schools were separate legal entities. On July 1, 2017 the five separate James Irwin Charter Schools merged with the charter management entity, James Irwin Charter Schools, and became a single legal entity. The Board of Directors approved this action in order to take advantage of new legislation that allowed organizations with more than one charter school to streamline their operations and governance structures.

The names of the five schools and the number of school years completed at June 30, 2021 are: James Irwin Charter High School, twenty-one years; James Irwin Charter Middle School, eighteen years; James Irwin Charter Elementary School, sixteen years; James Irwin Charter Academy, eight years; and Power Technical, five years.

Effective July 1, 2017, the James Irwin Educational Foundation was included in the James Irwin Charter Schools financial statements as a blended component unit.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the JICS's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

The Statement of Net Position presents information on JICS' assets and liabilities, and deferred inflows and outflows, with the difference being reported as net position.

The Statement of Activities presents information showing how James Irwin's net position changed during the most recent fiscal year. Changes to net position are reported at the primary occurrence, regardless of the timing of related cash flows. Thus, some revenues and expenses are reported in the statement that will only result in cash flows in future periods.

Fund Financial Statements

A fund is a group of accounts used to maintain control for specific activities or objectives. James Irwin uses fund accounting to account for all financial activities and to ensure and demonstrate compliance with finance related legal requirements.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements, except that the focus on the governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. JICS operates a General Fund, a Building Fund, and Proprietary Fund.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, the Required Supplementary Information presents a detailed budgetary comparison schedule to demonstrate compliance with the budget.

FINANCIAL ANALYSIS OF JAMES IRWIN CHARTER SCHOOLS

James Irwin implemented GASB 68 for the 14-15 school year and GASB 75 for the 17-18 school year. This requires James Irwin Charter Schools to recognize its proportionate share of the unfunded liability of the School Division Trust Fund (SCHDTF) defined benefit pension plan and the Health Care Trust Fund postemployment benefit plan administered by the Public Employees' Retirement Association of Colorado ("PERA"). These accounting principles caused liabilities and deferred inflows to exceed assets and deferred outflows by \$3,021,456 resulting in a negative net position. Please see Notes 7 and 8.

Total assets decreased \$478,985 to \$44,997,825 from June 30, 2020, to June 30, 2021; a 1.1 percent decrease. Assets in 2020 included voter approved bond funding of \$6,300,000 for capital improvements to the Astrozon Campus in Harrison District 2, of which \$5,264,226 was expended in 2019-2020 and the balance of \$1,035,774 was expended in 2020-2021.

This fiscal year, revenue of \$22,608,971 exceeded net expenses of \$12,742,608 by \$9,866,363.

Total revenue for the 20-21 school year was \$22,608,971: an increase of 9% from the 19-20 school year. This change in revenue from 19-20 to 20-21 includes a decrease of \$1,139,339 in per pupil revenue, and a decrease of \$21,954 in mill levy override, and an increase of \$2,054,140 in grant funding.

The two summary statements below report the fiscal year 2021 and the prior year, fiscal year 2020.

Condensed Statement of Net Position

	<u>2021</u>	<u>2020</u>	<u>Change</u>
Assets			
Current and other assets	\$ 17,813,954	\$ 18,629,171	\$ (815,217)
Capital assets	<u>27,183,871</u>	<u>26,847,639</u>	336,232
Total Assets	44,997,825	45,476,810	(478,985)
Deferred Outflows	<u>7,692,908</u>	<u>3,443,606</u>	4,249,302
Liabilities			
Current Liabilities	1,131,289	3,939,612	(2,808,323)
Noncurrent Liabilities	23,803,623	26,131,356	(2,327,733)
Net Pension Liability	<u>21,298,465</u>	<u>18,644,835</u>	2,653,630
Total Liabilities	46,233,377	48,715,803	-2,482,426
Deferred Inflows	<u>9,478,812</u>	<u>13,092,432</u>	(3,613,620)
Investment in capital assets	4,423,809	1,873,687	2,550,122
Restricted Funds	631,872	2,531,165	(1,899,293)
Unrestricted Funds	<u>(8,077,137)</u>	<u>(17,292,671)</u>	9,215,534
Total Net Position	<u>\$ (3,021,456)</u>	<u>\$ (12,887,819)</u>	<u>\$ 9,866,363</u>

Condensed Statement of Activities

	<u>2021</u>	<u>2020</u>	<u>Change</u>
Revenues:			
Charges for services	\$ 275,219	\$ 501,107	\$ (225,888)
Operating Grants	2,540,804	486,664	2,054,140
Capital Grants	616,016	582,692	33,324
Per Pupil Revenue	16,528,547	17,667,882	(1,139,335)
District Mill Levy	875,374	897,328	(21,954)
Grants and Contributions not Restricted to Specific Programs	1,612,643	38,849	1,573,794
Investment Income	30,015	184,026	(154,011)
Other	<u>130,353</u>	<u>219,080</u>	(88,727)
Total Revenues	<u>22,608,971</u>	<u>20,577,628</u>	2,031,343
Expenses:			
Instruction	5,811,522	7,795,566	(1,984,044)
Instructional Support Services	5,253,276	5,109,367	143,909
Interest Expense	11,306		11,306
Foundation	<u>1,666,504</u>	<u>2,215,123</u>	(548,619)
Total Expenses	<u>12,742,608</u>	<u>15,120,056</u>	(2,377,448)
Change in net position	9,866,363	5,457,572	4,408,791
Net position, beginning	(12,887,819)	(18,345,391)	5,457,572
Prior period adjustment	0	0	0
Net position, ending	<u>\$ (3,021,456)</u>	<u>\$ (12,887,819)</u>	<u>\$ 9,866,363</u>

GOVERNMENTAL FUND ANALYSIS

Revenues: Total revenue for the period of July 1, 2020, through June 30, 2021, was .12% less than the year ending June 30, 2020. James Irwin Charter Schools received \$20,720,590 in revenues. The primary source of James Irwin's funding is per pupil revenue, (PPR). During the year ending June 30, 2021, a combined total of \$16,528,547 in PPR was allocated to the five schools from the State of Colorado through each school's respective charter authorizer. Harrison District 2 is the authorizer for three of the schools: James Irwin Charter High School received PPR of \$3,684,211 for enrollment of 439 (\$8,392.28 per full time pupil); James Irwin Charter Middle School received \$3,826,879 for enrollment of 456, (\$8,392.28 per full time pupil); and James Irwin Charter Elementary School received \$4,065,364 for enrollment of 515, (equal to \$7,893.91 per full time pupil). The Charter School Institute authorizes the James Irwin Charter Academy with enrollment of 304 full time equivalent students, they received \$2,403,084 in PPR, or \$7,770 per student. Power Technical Early College with enrollment of 325 received \$2,549,008, or \$7,843 per student, through their authorizer, District 49. The James Irwin Charter Schools also received \$616,016 in Capital Construction funding from the State of Colorado that supported the school building lease expenses.

Expenditures: Total expenditures for the period of July 1, 2020, through June 30, 2021, were \$18,729,848; a 15% decrease from the year ending June 30, 2020. The new library and athletic fields funded by the 18-19 voter approved bond accounted for \$1,035,774 of the 2020-2021 total expenditures, a 76.5%. Salary and benefits for the year ending June 30, 2021, were \$10,502,832, and accounted for 56% of the annual expenditures, (and were equal to 64% of annual per state pupil revenue). The average PERA employer contribution was 20.9% of salary.

Change in Fund Balance: For the year 2020 – 2021, the fund balance increased by \$1,990,742. The June 30, 2021, fund balance was \$16,553,153. \$563,000 of the fund balance is restricted by statute for emergency reserves, \$30,400 is restricted to comply with Charter School Institute's SPED Reserve requirement, and \$32,072 is non-spendable due to prepaid expenditures. The remaining fund balance of \$15,927,681 is available to be used to meet future obligations.

ANALYSIS OF BUDGET

James Irwin's 2020-2021 operating budget for the schools was approved by the Board of Directors in March of 2020 and included revenue of \$20,448,399 and expenditures of \$21,714,527. The budget was amended during the year, with the final version showing revenue of \$20,307,992 and expenditures of \$22,556,733 (\$20,788,329 for operating expenses and \$1,768,404 for the voter approved bond building project). Actual annual school revenue was \$20,718,946; \$410,954 over budget. The primary causes of the difference between budgeted and actual revenue were an increase in grant funding, Capital Construction funding from the State, and student activity fees. Total operating expenditures for the year ending June 30, 2021, were \$17,694,074; \$3,094,255 or 14.9% less than budgeted. Budgeted line items that came in significantly under budget include special education purchased services, administration fees charged by the district authorizers, and health insurance. Non-payroll instructional expenses and general support services were also lower than budget due to remote student learning. The new library and athletic fields building project was finished during the 2020-2021 school year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Assets with a useful life of more than one year and a unit cost of greater than \$5,000 are capitalized. Assets are recorded at cost and depreciated using the straight-line method over the estimated useful lives of the assets. On June 30, 2021, James Irwin's net capital assets totaled \$27,183,871. The assets include the three school campuses and seventeen vehicles. During the year ending June 30, 2021, installation of new flooring in the high school was partially completed. Construction continued on the build out of the modular unit to be used for staff day care.

The James Irwin Educational Foundation owns the properties where the schools are located. James Irwin Charter Schools pays rent to JIEF for using the property.

On June 30, 2021, the Foundation had outstanding debt of \$23,803,623. The debt is a loan from Equitable Facilities Fund for the refinance of the three James Irwin Charter School Campuses.

James Irwin Charter Schools received an SBA Paycheck Protection Program loan of \$1,875,800 that was forgiven in full December 2020 and is no longer listed in long term debt.

Additional information for capital assets and long-term debt is available in Notes 5 and 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The primary factor driving the budget for James Irwin Charter Schools is student enrollment in the charter schools. Budgeted enrollment in the James Irwin Schools for the 2021-22 school year is 2,078 full time students: a 2.6% increase over last year's enrollment. Due to the uncertain times caused by the pandemic, the budget is more conservative than normal. Parental concern for the safety of their children could impact enrollment so the budget includes more conservative numbers than otherwise might have been used. At the time of this writing, there are 2,059 students enrolled or in the process of being enrolled, (a 1.7% increase over last year).

The Board of Directors and administration considered many factors when setting the annual budget. The amount of revenue James Irwin receives from operations is dependent upon the state of the economy and current and future legislation. Thus, management practices conservative budgeting and closely monitors the budget in comparison with actual spending, in order to proactively adjust planned spending when necessary.

REQUESTS FOR INFORMATION

This financial report is provided as a general overview of the James Irwin Charter Schools finances for persons interested in James Irwin schools. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Courtney Kennedy, CFO
James Irwin Charter Schools
5525 Astrozon Blvd., Colorado Springs, CO 80916

BASIC FINANCIAL STATEMENTS

JAMES IRWIN CHARTER SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 16,886,790	\$ 91,040	\$ 16,977,830
Restricted cash and investments	-	116,826	116,826
Receivables	687,226	-	687,226
Prepaid items	32,072	-	32,072
Capital assets not being depreciated	466,014	3,827,206	4,293,220
Capital assets, net of accumulated depreciation	7,208,355	15,682,296	22,890,651
Total Assets	<u>25,280,457</u>	<u>19,717,368</u>	<u>44,997,825</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges	-	1,043,561	1,043,561
Deferred pension outflows	6,545,069	-	6,545,069
Deferred OPEB outflows	104,278	-	104,278
Total Deferred Outflows of Resources	<u>6,649,347</u>	<u>1,043,561</u>	<u>7,692,908</u>
LIABILITIES			
Accounts payable and other accrued liabilities	222,474	-	222,474
Accrued salaries and benefits	657,275	-	657,275
Unearned revenue	173,186	-	173,186
Accrued interest payable	-	78,354	78,354
Long-term liabilities:			
Due within one year	-	470,111	470,111
Due in more than one year	-	23,333,512	23,333,512
Net pension liability	20,551,422	-	20,551,422
Net OPEB liability	747,043	-	747,043
Total Liabilities	<u>22,351,400</u>	<u>23,881,977</u>	<u>46,233,377</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pension inflows	9,199,231	-	9,199,231
Deferred OPEB inflows	279,581	-	279,581
Total Deferred Inflows of Resources	<u>9,478,812</u>	<u>-</u>	<u>9,478,812</u>
NET POSITION			
Net investment in capital assets	7,674,369	(3,250,560)	4,423,809
Restricted for:			
TABOR	563,000	-	563,000
Special education	30,400	-	30,400
Debt Service	-	38,472	38,472
Unrestricted	(8,168,177)	91,040	(8,077,137)
Total Net Position (deficit)	<u>\$ 99,592</u>	<u>\$ (3,121,048)</u>	<u>\$ (3,021,456)</u>

The accompanying notes are an integral part of these financial statements.

**JAMES IRWIN CHARTER SCHOOLS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction	\$ 5,811,522	\$ 275,219	\$ 2,512,902	\$ -	\$ (3,023,401)	\$ -	\$ (3,023,401)
Supporting services	5,253,276	-	27,902	616,016	(4,609,358)	-	(4,609,358)
Interest	11,306	-	-	-	(11,306)	-	(11,306)
Total governmental activities	11,076,104	275,219	2,540,804	616,016	(7,644,065)	-	(7,644,065)
Business-type activities:							
Foundation	1,666,504	-	-	-	-	(1,666,504)	(1,666,504)
Total	\$ 12,742,608	\$ 275,219	\$ 2,540,804	\$ 616,016	-	(1,666,504)	(9,310,569)
General revenues:							
Per pupil revenue					16,528,547	-	16,528,547
Mill levy override					875,374	-	875,374
Grants and contributions not restricted to specific programs					1,611,369	1,274	1,612,643
Unrestricted investment earnings					30,014	1	30,015
Miscellaneous					130,353	-	130,353
Transfers					(1,401,904)	1,401,904	-
Total general revenues and transfers					17,773,753	1,403,179	19,176,932
Change in net position					10,129,688	(263,325)	9,866,363
Net position - beginning (deficit)					(10,030,096)	(2,857,723)	(12,887,819)
Net position - ending (deficit)					\$ 99,592	\$ (3,121,048)	\$ (3,021,456)

The accompanying notes are an integral part of these financial statements.

**JAMES IRWIN CHARTER SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021**

	General Fund	Building Fund	Total
ASSETS			
Cash and investments	\$ 16,886,790	\$ -	\$ 16,886,790
Receivables	687,226	-	687,226
Prepaid items	32,072	-	32,072
Total Assets	<u>\$ 17,606,088</u>	<u>\$ -</u>	<u>\$ 17,606,088</u>
LIABILITIES			
Accounts payable and other accrued liabilities	\$ 222,474	\$ -	\$ 222,474
Accrued salaries and benefits	657,275	-	657,275
Unearned revenue	173,186	-	173,186
Total Liabilities	<u>1,052,935</u>	<u>-</u>	<u>1,052,935</u>
FUND BALANCE			
Non-spendable	32,072	-	32,072
Restricted for:			
TABOR	563,000	-	563,000
Special Education	30,400	-	30,400
Unassigned	15,927,681	-	15,927,681
Total Fund Balance	<u>16,553,153</u>	<u>-</u>	<u>16,553,153</u>
Total Liabilities and Fund Balance	<u>\$ 17,606,088</u>	<u>\$ -</u>	<u>\$ 17,606,088</u>

The accompanying notes are an integral part of these financial statements.

**JAMES IRWIN CHARTER SCHOOLS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021**

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Total Fund Balance of Governmental Funds	\$	16,553,153
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.		
Capital assets not being depreciated	\$	466,014
Capital assets, net of accumulated depreciation		<u>7,208,355</u>
		7,674,369
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in government funds:		
Net pension liability	\$	(20,551,422)
Pension outflows		6,545,069
Pension inflows		(9,199,231)
Net OPEB liability		(747,043)
OPEB outflows		104,278
OPEB inflows		<u>(279,581)</u>
		<u>(24,127,930)</u>
Total Net Position of Governmental Activities	\$	<u><u>99,592</u></u>

The accompanying notes are an integral part of these financial statements.

JAMES IRWIN CHARTER SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Building Fund	Total
REVENUES			
Local sources	\$ 1,291,245	\$ 1,644	\$ 1,292,889
State sources	17,510,826	-	17,510,826
Federal sources	1,916,875	-	1,916,875
Total revenues	<u>20,718,946</u>	<u>1,644</u>	<u>20,720,590</u>
EXPENDITURES			
Instruction	9,395,386	-	9,395,386
Supporting services	8,298,688	1,035,774	9,334,462
Total expenditures	<u>17,694,074</u>	<u>1,035,774</u>	<u>18,729,848</u>
Net change in fund balance	3,024,872	(1,034,130)	1,990,742
Fund balance, beginning	<u>13,528,281</u>	<u>1,034,130</u>	<u>14,562,411</u>
Fund balance, ending	<u><u>\$ 16,553,153</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 16,553,153</u></u>

The accompanying notes are an integral part of these financial statements.

**JAMES IRWIN CHARTER SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Net Change in Fund Balance of Governmental Funds	\$	1,990,742
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Depreciation expense	\$ (329,889)		
Capital outlays	<u>1,269,900</u>		940,011

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

PPP loan forgiveness	\$ 1,887,106		
Interest expense	<u>(11,306)</u>		1,875,800

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Pension expenses	\$ 5,278,056		
OPEB expenses	<u>45,079</u>		<u>5,323,135</u>

Change in Net Position of Governmental Activities	\$	<u><u>10,129,688</u></u>
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The accompanying notes are an integral part of these financial statements.

JAMES IRWIN CHARTER SCHOOLS
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2021

	Foundation
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 91,040
Restricted cash and cash equivalents	116,826
Total current assets	207,866
Noncurrent Assets:	
Capital assets not being depreciated	3,827,206
Capital assets being depreciated:	15,682,296
Total noncurrent assets	19,509,502
Total assets	19,717,368
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on refunding	1,043,561
LIABILITIES	
Current Liabilities:	
Accrued interest payable	78,354
Notes payable, current portion	470,111
Total current liabilities	548,465
Noncurrent Liabilities:	
Loan payable	23,333,512
Total liabilities	23,881,977
NET POSITION	
Net investment in capital assets	(3,250,560)
Restricted for debt service	38,472
Unrestricted	91,040
Total net position (deficit)	\$ (3,121,048)

The accompanying notes are an integral part of these financial statements.

JAMES IRWIN CHARTER SCHOOLS
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Foundation
OPERATING REVENUES	
Rental income	\$ 1,401,904
Other	1,274
Total operating revenues	1,403,178
OPERATING EXPENSES	
Purchased services	637
Interest expense	1,062,327
Total operating expenses	1,062,964
Net operating income (loss)	340,214
NON-OPERATING REVENUES (EXPENSES)	
Interest income	1
Depreciation expense	(603,540)
Total non-operating revenues (expenses)	(603,539)
Change in net position	(263,325)
Net position - beginning (deficit)	(2,857,723)
Net position - ending (deficit)	\$ (3,121,048)

The accompanying notes are an integral part of these financial statements.

**JAMES IRWIN CHARTER SCHOOLS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	Foundation
CASH FLOWS FROM OPERATING ACTIVITIES	
Lease payments received	\$ 1,401,904
Payment purchased services	(637)
Interest payments	(949,733)
Other cash payments	1,274
	452,808
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal payment on loans	(451,933)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	1
	876
Net increase (decrease) in cash and cash equivalents	876
Cash and cash equivalents, beginning	206,990
	207,866
Cash and cash equivalents, ending	\$ 207,866
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 340,214
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Amortization expense	113,843
Changes in assets and liabilities:	
<i>Increase (decrease) in:</i>	
Accrued interest payable	(1,249)
	(1,249)
Net cash provided (used) by operating activities	\$ 452,808

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

**JAMES IRWIN CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

James Irwin Charter Schools (JICS) is a federal 501(c)(3) tax-exempt, state nonprofit corporation that was formed pursuant to the Colorado Charter Schools Act. JICS was organized to support high quality education, including support for specific charter schools within the State of Colorado as a charter management organization. JICS began operations in the fall of 2012. Effective July 1, 2017, JICS organized as a charter school network, as defined by State statutes. The network includes five charter schools, James Irwin Charter High School, James Irwin Charter Middle School, James Irwin Charter Elementary School, James Irwin Charter Academy, and Power Technical Early College. JICS is governed by a Board of Directors consisting of at least five members.

The accounting policies of JICS conform to generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the more significant policies.

A. REPORTING ENTITY

The accompanying financial statements present the JICS and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government.

Blended component unit. The James Irwin Educational Foundation (the Foundation) was organized for the purpose of acquiring, leasing, constructing, improving, equipping and financing various facilities, land, equipment and other improvements in connection with property intended to be leased to the JICS. The Foundation is reported as an enterprise fund and does not issue separate financial statements.

B. BASIS OF PRESENTATION – GOVERNMENT-WIDE FINANCIAL STATEMENTS

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from JICS's enterprise fund. Separate financial statements are provided for governmental funds and enterprise funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges for interfund services provided or used. Elimination of these charges would distort the direct costs and program revenues reported for the various functions.

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the government. Governmental activities are normally supported by per pupil revenue and intergovernmental revenues. Business-type activities rely to a significant extent on fees and charges for support.

**JAMES IRWIN CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. BASIS OF PRESENTATION – FUND FINANCIAL STATEMENTS

The accounts of the JICS are organized and operated on the basis of funds. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

The emphasis of fund financial statements is on major funds, each displayed in a separate column. JICS reports the following major governmental funds:

The *General Fund* is the general operating fund of JICS. It is used to account for all financial resources, except those required to be accounted for in another fund.

The *Building Fund* accounts for all resources available for acquiring capital sites, buildings, and equipment.

JICS reports the following major proprietary fund:

The *Foundation* - This fund is used to account for the financial activities of the Foundation, primarily related to capital assets and the related debt service.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the JICS's internal service fund are rental charges for the school buildings. Operating expenses for the Foundation include administrative expenses, purchased services, and interest expense. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

During the course of operations JICS has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

JAMES IRWIN CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue in the fiscal year in which all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the period or soon enough thereafter to pay liabilities of the current fiscal period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Intergovernmental revenues and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants recognize revenue when the qualifying expenditures have been incurred and all other grant requirements have been met, and the amount is received during the period or within the availability period of this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary fund is reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE

Cash and cash equivalents

Cash and cash equivalents include cash on hand and in the bank and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, and other nonparticipating investments are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

**JAMES IRWIN CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND
NET POSITION/FUND BALANCE (CONTINUED)*

Investments (continued)

Local government investment pools in Colorado must be organized under Colorado Revised Statutes, which allows certain types of governments within the state to pool their funds for investment purposes. Investments in such pools are valued at the pool's share price, the price at which the investment could be sold.

Restricted cash and investments

The use of certain cash and cash investments of JICS may be restricted. These cash items are classified as restricted assets on the balance sheet because they are maintained in separate accounts and their use is limited by debt agreements or voter authorizations.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital assets

Capital assets are reported in the government-wide financial statements. Capital assets are defined by JICS as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. Major outlays for capital assets and improvements are capitalized as projects are constructed.

The costs of normal maintenance and repairs that do not add to the value of the asset, or materially extend asset lives, are not capitalized. Improvements are capitalized and are depreciated over the remaining useful lives of the related capital assets or remaining period of the lease, as applicable.

Buildings and improvements, leasehold improvements, furniture and equipment, and vehicles of the government are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	8 - 40 years
Leasehold improvements	10 – 20 years
Furniture and equipment	3 - 10 years
Vehicles	6 years

**JAMES IRWIN CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND
NET POSITION/FUND BALANCE (CONTINUED)*

Accrued Salaries and Benefits

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from August to July, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, are reported as a liability in the financial statements.

Unearned Revenue

Unearned revenue includes resources received by JICS before it has a legal claim to them, including student fees.

Pensions

James Irwin Charter Schools participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 made changes to certain benefit provisions. Most of these changes were in effect as of June 30, 2021.

Health Care Trust Fund

James Irwin Charter Schools participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

JAMES IRWIN CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE (CONTINUED)

Deferred outflows/inflows of resources (continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Long-term debt

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

In the fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures.

Net position flow assumption

JICS may fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted—net position and unrestricted—net position in the government-wide financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is JICS's policy to consider restricted—net position to have been depleted before unrestricted—net position is applied.

Fund balance classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which JICS is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications available to be used in the governmental fund financial statements are as follows:

Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

**JAMES IRWIN CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND
NET POSITION/FUND BALANCE (CONTINUED)*

Fund balance classification (continued)

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action that was used when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned – This classification includes amounts that are constrained by JICS’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Directors or through the Board of Directors delegating this responsibility to management through the budgetary process. This classification also includes the remaining positive fund balance for any governmental funds except for the General Fund.

Unassigned – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

JICS would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

F. REVENUES AND EXPENDITURES/EXPENSES

Program revenues

Amounts reported as *program revenues* include 1) charges to customers for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as programs revenues. Likewise, general revenues include all per pupil revenue.

Compensated absences

Employees are allowed to accumulate unused vacation and sick time up to a maximum of five days of vacation time and five days of sick time. Accrued vacation time is paid to certain classified employees upon separation of employment. Accumulated sick leave is not paid upon separation of employment. Accrued vacation time is expensed when paid in the governmental fund. A long-term liability is reported in the government-wide financial statements when earned. However, no liability is reported in the financial statements because the amount is insignificant.

JAMES IRWIN CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGET INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all funds. All annual appropriations lapse at fiscal year-end. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the preceding year.

Budgets are required by Colorado State Statute for all funds. Management submits to the Board of Directors a proposed budget for all funds for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. Public hearings are conducted by the Board of Directors to obtain taxpayer comments. Prior to June 30, the budget is adopted by formal resolution.

Formal budgetary integration is employed as a management control device during the year for the Governmental funds. The appropriated budget is prepared by fund. The legal level of control is the fund level.

Expenditures may not legally exceed appropriations at the fund level. Revisions that alter the total expenditures of any fund must be approved by the Board of Directors.

Appropriations are based on total funds expected to be available in each budget year, including beginning fund balances and reserves as established by the Board of Directors. The variances between budget and actual may result from the non-expenditure of reserves, nonoccurrence of anticipated events, and normal operating variances. The Board of Directors may authorize supplemental appropriations during the year. For budgetary management purposes, funds are appropriated for capital outlays.

JAMES IRWIN CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 – DEPOSITS AND INVESTMENTS

A summary of deposits and investments as of June 30, 2021 is as follows:

Deposits	\$ 11,426,541
Investments	<u>5,668,115</u>
Total	<u>\$ 17,094,656</u>

Deposits and investments are reported in the financial statements as follows:

Cash and investments	\$ 16,977,830
Restricted cash and investments	<u>116,826</u>
Total	<u>\$ 17,094,656</u>

Cash deposits with financial institutions

Custodial credit risk—deposits. Custodial credit risk is the risk that, in the event of a bank failure, JICS's deposits might not be recovered. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

The carrying amount of JICS's deposits at June 30, 2021 was \$11,426,541 and the bank balances were \$11,832,693. Of the bank balances, \$500,000 was covered by federal deposit insurance and \$11,332,693 was uninsured but collateralized in accordance with the provisions of the PDPA. The collateral is pooled and held in trust for all uninsured deposits as a group.

Investments

JICS is authorized by Colorado statutes to invest in the following:

- ◆ Obligations of the United States and certain U.S. government agencies' securities;
- ◆ Certain international agencies' securities;
- ◆ General obligation and revenue bonds of U.S. local government entities;
- ◆ Bankers' acceptances of certain banks;
- ◆ Certain commercial paper;
- ◆ Local government investment pools;
- ◆ Written repurchase agreements collateralized by certain authorized securities;
- ◆ Certain money market fund;
- ◆ Guaranteed investment contracts.

**JAMES IRWIN CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (continued)

The investments for fiscal year ending June 30, 2021:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturities</u>
ColoTrust	\$ 5,551,289	Less than 60 days
Money Markets	<u>116,826</u>	Less than 60 days
Total Fair Value	<u>\$ 5,668,115</u>	

The District has invested in the Colorado Government Liquid Asset Trust (ColoTrust). ColoTrust is a AAA rated investment vehicle established for local government entities in Colorado pursuant to Part 7 of Article 75 of Title 24 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. This investment vehicle operates similarly to money market funds and each share is equal in value to \$1.00.

The designated custodial bank provides safekeeping and depository services to ColoTrust in connection with the direct investment and withdrawal function of ColoTrust. Substantially all securities owned by ColoTrust are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by ColoTrust. Investments of ColoTrust consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury Notes.

However, the District does not categorize investments with ColoTrust because they are not evidenced by securities that exist in physical or book entry form.

Interest Rate Risk: Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment or a deposit. State law limits investment maturities to five years or less as a means of managing exposure to fair value loss resulting from increasing interest rates. JICS does not have a formal investment policy that would further limit investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

Credit Risk: Credit risk involves the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments to those described above. ColoTrust and the money market accounts are rated AAA by Standard and Poors and maintain a constant net asset value of \$1 per share.

Concentration of Credit Risk: JICS places no limit on the amount the district may invest in any one issuer. More than 5 percent of JICS's investments are in ColoTrust and money market accounts. These investments are 98% and 2%, respectively, of JICS's total investments.

NOTE 4 –RECEIVABLES

Receivables consists of the following at June 30, 2021:

Intergovernmental receivable	\$ 640,487
Other receivables	<u>46,739</u>
Total	<u>\$ 687,226</u>

**JAMES IRWIN CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<i>Governmental Activities</i>				
Capital assets, not being depreciated:				
Construction in process	\$ 5,783,521	\$ 1,034,200	\$ (6,351,707)	\$ 466,014
Capital assets, being depreciated:				
Leasehold improvements	443,040	6,329,121	-	6,772,161
Vehicles	450,321	-	-	450,321
Equipment	<u>216,094</u>	<u>258,286</u>	<u>-</u>	<u>474,380</u>
Total capital assets, being depreciated	<u>1,109,455</u>	<u>6,587,407</u>	<u>-</u>	<u>7,696,862</u>
Less accumulated depreciation for:				
Leasehold improvements	(52,780)	(201,453)	-	(254,233)
Vehicles	(66,861)	(75,053)	-	(141,914)
Equipment	<u>(38,957)</u>	<u>(53,383)</u>	<u>-</u>	<u>(92,340)</u>
Total accumulated depreciation	<u>(158,618)</u>	<u>(329,889)</u>	<u>-</u>	<u>(488,507)</u>
Total capital assets being depreciated, net	<u>950,837</u>	<u>6,257,518</u>	<u>-</u>	<u>7,208,355</u>
<i>Governmental activities capital assets, net</i>	<u>\$ 6,734,358</u>	<u>\$ 7,291,718</u>	<u>\$ (6,351,707)</u>	<u>\$ 7,674,369</u>
<i>Business-type Activities</i>				
Capital assets, not being depreciated:				
Land	\$ 3,802,206	\$ -	\$ -	\$ 3,802,206
Construction in progress	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>25,000</u>
Total capital assets, not being depreciated	<u>3,827,206</u>	<u>-</u>	<u>-</u>	<u>3,827,206</u>
Capital assets, being depreciated:				
Buildings and improvements	22,354,150	-	-	22,354,150
Vehicles	<u>144,095</u>	<u>-</u>	<u>-</u>	<u>144,095</u>
Total capital assets, being depreciated	<u>22,498,245</u>	<u>-</u>	<u>-</u>	<u>22,498,245</u>
Less accumulated depreciation for:				
Buildings and improvements	(6,134,325)	(581,080)	-	(6,715,405)
Vehicles	<u>(78,084)</u>	<u>(22,460)</u>	<u>-</u>	<u>(100,544)</u>
Total accumulated depreciation	<u>(6,212,409)</u>	<u>(603,540)</u>	<u>-</u>	<u>(6,815,949)</u>
Total capital assets being depreciated, net	<u>16,285,836</u>	<u>(603,540)</u>	<u>-</u>	<u>15,682,296</u>
<i>Business-type activities capital assets, net</i>	<u>\$ 20,113,042</u>	<u>\$ (603,540)</u>	<u>\$ -</u>	<u>\$ 19,509,502</u>

Depreciation expense was charged to functions/programs of the governmental activities as follows:

Instruction	<u>\$ 329,889</u>
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**JAMES IRWIN CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6 – LONG-TERM DEBT

2020 Paycheck Protection Loan

On May 29, 2020, the School obtained a loan under the SBA Paycheck Protection Program in the amount of \$1,875,800 to fund salaries, benefits, and certain operating expenses. Principal and interest are paid monthly, at an interest rate of 1%, with payments deferred for 6 months after initial loan disbursement. Final maturity is May 29, 2022. The School applied for forgiveness of the loan, and on January 9, 2021 the full amount of \$1,875,800 was forgiven

2019 Revenue Note

On August 1, 2019 the Arizona Industrial Development Authority (AZIDA) issued \$24,580,313 of Arizona Industrial Development Authority Charter School Revenue Notes, Series 2019 Note proceeds were loaned to the Foundation for the purpose of paying off the Colorado Educational and Cultural Facilities Authority Charter School Revenue Notes, Series 2015 and 2016. Interest accrues on the outstanding balances of the notes at 3.95% per annum. Monthly principal and interest payments are due beginning September 1, 2019 with a final maturity of August 1, 2045.

The School is obligated under a lease agreement to make monthly lease payments to the Foundation for use of the building. The Foundation is required to make equal loan payments to the Trustee, for payment of the Bonds

Annual debt service requirements to maturity for the loans payable are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 470,111	\$ 931,793
2023	489,021	912,883
2024	508,690	893,213
2025	529,151	872,753
2026	550,435	851,468
2027-2031	3,102,636	3,906,883
2032-2036	3,778,881	3,230,638
2037-2041	4,602,519	2,407,001
2042-2046	5,605,674	1,403,846
2047-2050	4,166,505	272,857
Total	\$ 23,803,623	\$ 1,583,335

The changes in long-term debt for the year ended June 30, 2021 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<i>Governmental Activities</i>					
PPP Loan	\$ 1,875,800	\$ -	\$ 1,875,800	\$ -	\$ -
<i>Business-type Activities</i>					
Loans payable	\$ 24,255,557	\$ -	\$ 451,934	\$ 23,803,623	\$ 470,111

**JAMES IRWIN CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 – DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan description. Eligible employees of the James Irwin Charter Schools are provided with pensions through the SCHDTF—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report (Annual Report) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided as of December 31, 2020. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA benefit structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit.
- The value of the retiring employee’s member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100 percent of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

As of December 31, 2020, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S., once certain criteria are met. Pursuant to SB 18-200, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lessor of an annual increase of 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA’s Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent based on the parameters specified in C.R.S. § 24-51-413.

**JAMES IRWIN CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the lifetime retirement benefit formula(s) shown above considering a minimum 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

Contributions provisions as of June 30, 2021: Eligible employees of, James Irwin Charter Schools and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 10.00 percent of their PERA-includable salary during the period of July 1, 2020 through June 30, 2021. Employer contribution requirements are summarized in the table below:

	July 1, 2020 Through June 30, 2021
Employer contribution rate	10.90%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%
Amount apportioned to the SCHDTF	9.88%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%
Total employer contribution rate to the SCHDTF	19.88%

**Contribution rates for the SCHDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

As specified in C.R.S. § 24-51-414, the State is required to contribute \$225 million (actual dollars) each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. House Bill (HB) 20-1379 suspended the \$225 million (actual dollars) direct distribution payable on July 1, 2020 for the State’s 2020-21 fiscal year.

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the James Irwin Charter Schools is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from James Irwin Charter Schools were \$1,450,192 for the year ended June 30, 2021.

**JAMES IRWIN CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for the SCHDTF was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total pension liability to December 31, 2020. The James Irwin Charter Schools proportion of the net pension liability was based on James Irwin Charter Schools contributions to the SCHDTF for the calendar year 2020 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

Due to the aforementioned suspension of the July 1, 2020, direct distribution payment, the nonemployer contributing entity's proportion is zero percent. Pursuant to C.R.S. § 24-51-414, the direct distribution payment from the State of Colorado is to recommence annually starting on July 1, 2021. For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation.

At June 30, 2021, the James Irwin Charter Schools reported a liability of \$20,551,422 for its proportionate share of the net pension liability. The amount recognized by the James Irwin Charter Schools as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with James Irwin Charter Schools were as follows:

James Irwin Charter Schools proportionate share of the net pension liability	\$ 20,551,422
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the James Irwin Charter Schools	-
Total	\$ 20,551,422

At December 31, 2020, the James Irwin Charter Schools proportion was 0.1359402359 percent, which was an increase of 0.0168927309 from its proportion measured as of December 31, 2019.

**JAMES IRWIN CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

For the year ended June 30, 2021, the James Irwin Charter Schools recognized pension expense of (\$5,278,056). At June 30, 2021, the James Irwin Charter Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 1,129,198	\$ -
Changes of assumptions or other inputs	1,976,983	3,454,520
Net difference between projected and actual earnings on pension plan investments	-	4,523,835
Changes in proportion and differences between contributions recognized and proportionate share of contributions	2,706,060	1,220,876
Contributions subsequent to the measurement date	732,828	N/A
Total	\$ 6,545,069	\$ 9,199,231

\$732,828 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	\$ (3,510,221)
2023	1,200,957
2024	(364,066)
2025	(713,660)
2026	-
Thereafter	-

**JAMES IRWIN CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial assumptions. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% – 9.70%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (compounded annually)	1.25%
PERA benefit structure hired after 12/31/06 ¹	Financed by the AIR

¹ Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

Healthy mortality assumptions for active members reflect the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Post-retirement non-disabled mortality assumptions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

The mortality assumption for disabled retirees was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2019, valuation were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by PERA’s Board during the November 18, 2016, Board meeting.

**JAMES IRWIN CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA’s Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total pension liability from December 31, 2019, to December 31, 2020.

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation:	3.40%-11.00%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.25%
PERA benefit structure hired after 12/31/06 ¹	Financed by the AIR

¹ Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

The pre-retirement mortality assumptions were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- Males: 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

**JAMES IRWIN CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019.
- Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions were based upon the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.

The mortality tables described above are generational mortality tables on a benefit-weighted basis.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

**JAMES IRWIN CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives ¹	6.00%	4.70%
Total	100.00%	

¹ The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected nominal rate of return assumption of 7.25 percent.

Discount rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

**JAMES IRWIN CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded. HB 20-1379 suspended the \$225 million (actual dollars) direct distribution payable on July 1, 2020, for the State’s 2020-21 fiscal year.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the SCHDTF's FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

Sensitivity of the James Irwin Charter Schools proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 28,033,822	\$ 20,551,422	\$ 14,316,116

Pension plan fiduciary net position. Detailed information about the SCHDTF’s FNP is available in PERA’s Annual Report which can be obtained at www.copera.org/investments/pera-financial-reports.

**JAMES IRWIN CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

Health Care Trust Fund

Plan description. Eligible employees of the James Irwin Charter Schools are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report (Annual Report) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided. The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

Enrollment in the PERACare is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

PERA Benefit Structure

The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

**JAMES IRWIN CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

**NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

For retirees who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, the HCTF or the DPS HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum \$230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

Contributions. Pursuant to Title 24, Article 51, Section 208(1) (f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02 percent of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the James Irwin Charter Schools is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from James Irwin Charter Schools were \$74,565 for the year ended June 30, 2021.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2021, the James Irwin Charter Schools reported a liability of \$747,043 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2020. The James Irwin Charter Schools proportion of the net OPEB liability was based on James Irwin Charter Schools contributions to the HCTF for the calendar year 2020 relative to the total contributions of participating employers to the HCTF.

At December 31, 2020, the James Irwin Charter Schools proportion was 0.0786175236 percent, which was an increase of 0.0021586604 from its proportion measured as of December 31, 2019.

**JAMES IRWIN CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

**NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

For the year ended June 30, 2021, the James Irwin Charter Schools recognized OPEB expense of (\$45,079). At June 30, 2021, the James Irwin Charter Schools reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 1,983	\$ 164,236
Changes of assumptions or other inputs	5,582	45,808
Net difference between projected and actual earnings on OPEB plan investments	-	30,525
Changes in proportion and differences between contributions recognized and proportionate share of contributions	59,113	39,012
Contributions subsequent to the measurement date	37,600	N/A
Total	\$ 104,278	\$ 279,581

\$37,600 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2022	\$ (42,722)
2023	(38,449)
2024	(58,553)
2025	(56,678)
2026	(15,569)
Thereafter	(932)

**JAMES IRWIN CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

**NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

Actuarial assumptions. The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	8.10% in 2020, gradually decreasing to 4.50% in 2029
Medicare Part A premiums	3.50% in 2020, gradually increasing to 4.50% in 2029
DPS benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2019, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2020 for the PERA Benefit Structure:

Medicare Plan	Initial Costs for Members without Medicare Part A		
	Monthly Cost	Monthly Premium	Monthly Cost Adjusted to Age 65
Medicare Advantage/Self- Insured Rx	\$588	\$227	\$550
Kaiser Permanente Medicare Advantage HMO	621	232	586

The 2020 Medicare Part A premium is \$458 (actual dollars) per month.

All costs are subject to the health care cost trend rates, as discussed below.

**JAMES IRWIN CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

**NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2019, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The PERA benefit structure health care cost trend rates that were used to measure the total OPEB liability are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A
2020	8.10%	3.50%
2021	6.40%	3.75%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	4.00%
2025	5.30%	4.00%
2026	5.10%	4.00%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions used in the December 31, 2019 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

**JAMES IRWIN CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

**NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

Post-retirement non-disabled mortality assumptions for the School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

The mortality assumption for disabled retirees was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2019, valuation were based on the results of the 2016 experience analysis for the period January 1, 2012, through December 31, 2015, as well as the October 28, 2016, actuarial assumptions workshop and were adopted by PERA’s Board during the November 18, 2016, Board meeting.

Based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period of January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA’s Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total OPEB liability from December 31, 2019, to December 31, 2020.

	Trust Fund			
	State Division	School Division	Local Government Division	Judicial Division
Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Price inflation	2.30%	2.30%	2.30%	2.30%
Real wage growth	0.70%	0.70%	0.70%	0.70%
Wage inflation	3.00%	3.00%	3.00%	3.00%
Salary increases, including wage inflation:				
Members other than State Troopers	3.30%-10.90%	3.40%-11.00%	3.20%-11.30%	2.80%-5.30%
State Troopers	3.20%-12.40%	N/A	3.20%-12.40% ¹	N/A

¹ C.R.S. § 24-51-101 (46), as amended, expanded the definition of “State Troopers” to include certain employees within the Local Government Division, effective January 1, 2020. See Note 4 of the Notes to the Financial Statements in PERA’s 2020 Annual Report for more information.

The long-term rate of return, net of OPEB plan investment expenses, including price inflation and discount rate assumptions were 7.25 percent.

**JAMES IRWIN CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

**NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

Mortality assumptions used in the roll forward calculations for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the roll forward calculation for the HCTF, using a headcount-weighted basis.

Pre-retirement mortality assumptions for the State and Local Government Divisions (Members other than State Troopers) were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for State Troopers were based upon the PubS-2010 Employee Table with generational projection using scale MP-2019.

The pre-retirement mortality assumptions for the School Division were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for the Judicial Division were based upon the PubG-2010(A) Above-Median Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions (Members other than State Troopers) were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- Males: 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the School Division were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- Males: 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the Judicial Division were based upon the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019.

JAMES IRWIN CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

**NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019.
- Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions for Members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.

Disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

The mortality tables described above are generational mortality tables on a head-count weighted basis.

The following health care costs assumptions were updated and used in the roll forward calculation for the HCTF:

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2020 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by the Board's actuary, as discussed above.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

**JAMES IRWIN CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

**NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives ¹	6.00%	4.70%
Total	100.00%	

¹ The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected nominal rate of return assumption of 7.25 percent.

Sensitivity of the James Irwin Charter Schools proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	7.10%	8.10%	9.10%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$727,735	\$747,043	\$769,521

**JAMES IRWIN CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

**NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

Discount rate. The discount rate used to measure the total OPEB liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2020, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the HCTF’s FNP was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

Sensitivity of the James Irwin Charter Schools proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 855,752	\$ 747,043	\$ 654,151

OPEB plan fiduciary net position. Detailed information about the HCTF’s fiduciary net position is available in PERA’s Annual Report which can be obtained at www.copera.org/investments/pera-financial-reports.

**JAMES IRWIN CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 9 - RISK MANAGEMENT

JICS is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

JICS purchases commercial insurance for these risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage during the last three fiscal years.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

Grants

JICS has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to a request for reimbursement to grantor agencies for expenditures disallowed under terms of the grant. However, in the opinion of JICS, any such adjustments will not have a material adverse effect on the financial position of JICS.

NOTE 11 – COMPLIANCE

JICS has complied with the requirements of the Financial Policies and Procedures Handbook for the 2021 audit period as required by Colorado Statute CRS 22-44-204(3).

NOTE 12 - AMENDMENT TO COLORADO CONSTITUTION

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities and other specific requirements of state and local governments.

The amendment requires emergency reserves be established. These reserves must be at least 3% of fiscal year spending. JICS is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary and benefit increases. At June 30, 2021 there is a \$563,000 reservation of fund balance in the General Fund for the amendment.

The Amendment is complex and subject to judicial interpretation. JICS believes it is in compliance with the requirements of the amendment. However, JICS has made certain interpretations of the amendment's language in order to determine its compliance.

REQUIRED SUPPLEMENTARY INFORMATION

JAMES IRWIN CHARTER SCHOOLS
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2021

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
School's proportion of the net pension liability (asset)	0.1359402359%	0.1190475050%	0.1245839625%	0.1408163477%	0.1295406485%	0.1212756605%	0.1195724723%	0.1118196214%
School's proportionate share of the net pension liability (asset)	\$ 20,551,422	\$ 17,785,439	\$ 22,060,150	\$ 45,535,002	\$ 38,569,260	\$ 18,548,256	\$ 16,206,086	\$ 14,262,563
State's proportionate share of the net pension liability (asset) associated with the School	-	2,255,857	3,016,419	-	-	-	-	-
Total	<u>\$ 20,551,422</u>	<u>\$ 20,041,296</u>	<u>\$ 25,076,569</u>	<u>\$ 45,535,002</u>	<u>\$ 38,569,260</u>	<u>\$ 18,548,256</u>	<u>\$ 16,206,086</u>	<u>\$ 14,262,563</u>
School's covered payroll	\$ 7,270,274	\$ 6,874,862	\$ 6,849,050	\$ 6,495,692	\$ 5,814,016	\$ 5,285,165	\$ 5,009,229	\$ 4,507,805
School's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	282.68%	258.70%	322.09%	701.00%	663.38%	350.95%	323.52%	316.40%
Plan fiduciary net position as a percentage of the total pension liability	67.0%	64.5%	57.0%	44.0%	43.1%	59.2%	62.8%	64.1%

* The amounts presented for each year were determined as of 12/31.

* Complete 10-year information to be presented in future years as it becomes available.

See the accompanying independent auditors' report.

JAMES IRWIN CHARTER SCHOOLS
SCHEDULE OF THE EMPLOYER'S PAYROLL CONTRIBUTIONS - PENSION
JUNE 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,450,192	\$ 1,425,187	\$ 1,325,193	\$ 1,265,707	\$ 1,075,402	\$ 970,124	\$ 870,404	\$ 784,848
Contributions in relation to the contractually required contribution	<u>(1,450,192)</u>	<u>(1,425,187)</u>	<u>(1,325,193)</u>	<u>(1,265,707)</u>	<u>(1,075,402)</u>	<u>(970,124)</u>	<u>(870,404)</u>	<u>(784,848)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered payroll	\$ 7,294,727	\$ 7,353,904	\$ 6,927,304	\$ 6,703,957	\$ 5,850,933	\$ 5,471,653	\$ 5,156,422	\$ 4,911,439
Contributions as a percentage of covered payroll	19.88%	19.38%	19.13%	18.88%	18.38%	17.73%	16.88%	15.98%

* The amounts presented for each fiscal year were determined as of 6/30.

* Complete 10-year information to be presented in future years as it becomes available.

See the accompanying independent auditors' report.

**JAMES IRWIN CHARTER SCHOOLS
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
JUNE 30, 2021**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
School's proportion of the net OPEB liability (asset)	0.0786175236%	0.0764588632%	0.0809802499%	0.0800113056%
School's proportionate share of the net OPEB liability (asset)	\$ 747,043	\$ 859,396	\$ 1,101,770	\$ 1,039,827
School's covered payroll	\$ 7,270,274	\$ 6,874,862	\$ 6,849,050	\$ 6,495,692
School's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	10.28%	12.50%	16.09%	16.01%
Plan fiduciary net position as a percentage of the total OPEB liability	24.5%	24.5%	17.0%	17.5%

* The amounts presented for each year were determined as of 12/31.

* Complete 10-year information to be presented in future years as it becomes available.

See the accompanying independent auditors' report.

JAMES IRWIN CHARTER SCHOOLS
SCHEDULE OF THE EMPLOYER'S PAYROLL CONTRIBUTIONS - OPEB
JUNE 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 74,565	\$ 75,010	\$ 70,658	\$ 68,378
Contributions in relation to the contractually required contribution	<u>(74,565)</u>	<u>(75,010)</u>	<u>(70,658)</u>	<u>(68,378)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered payroll	\$ 7,294,727	\$ 7,353,904	\$ 6,927,304	\$ 6,703,957
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%

* The amounts presented for each fiscal year were determined as of 6/30.

* Complete 10-year information to be presented in future years as it becomes available.

See the accompanying independent auditors' report.

JAMES IRWIN CHARTER SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Local sources	\$ 1,684,794	\$ 1,537,499	\$ 1,291,245	\$ (246,254)
State sources	18,602,621	16,721,885	17,510,826	788,941
Federal sources	160,984	2,048,608	1,916,875	(131,733)
Total revenues	20,448,399	20,307,992	20,718,946	410,954
EXPENDITURES				
Salaries	7,968,041	7,763,899	7,661,782	102,117
Benefits	4,249,565	4,068,232	2,841,050	1,227,182
Purchased services	5,529,198	5,020,768	4,502,748	518,020
Supplies	1,608,319	1,440,629	2,169,297	(728,668)
Property	591,000	619,000	488,171	130,829
Other	-	1,875,801	31,026	1,844,775
Total expenditures	19,946,123	20,788,329	17,694,074	3,094,255
Net change in fund balances	502,276	(480,337)	3,024,872	3,505,209
Fund balances - beginning	9,955,590	12,863,493	13,528,281	664,788
Fund balance - ending	\$ 10,457,866	\$ 12,383,156	\$ 16,553,153	\$ 4,169,997

See the accompanying Independent Auditors' Report.

SUPPLEMENTARY INFORMATION

**JAMES IRWIN CHARTER SCHOOLS
COMBINING BALANCE SHEET
GENERAL FUND
JUNE 30, 2021**

	Elementary School	Middle School	High School	JICA	PTEC	Total
ASSETS						
Cash and investments	\$ 5,215,234	\$ 4,179,791	\$ 3,410,168	\$ 2,545,782	\$ 1,535,815	\$ 16,886,790
Receivables	179,868	139,971	270,952	66,309	30,126	687,226
Prepaid items	4,878	9,054	6,661	6,601	4,878	32,072
Total Assets	<u>\$ 5,399,980</u>	<u>\$ 4,328,816</u>	<u>\$ 3,687,781</u>	<u>\$ 2,618,692</u>	<u>\$ 1,570,819</u>	<u>\$ 17,606,088</u>
LIABILITIES						
Accounts payable and other accrued liabilities	\$ 126,913	\$ 37,686	\$ 31,295	\$ 13,910	\$ 12,670	\$ 222,474
Accrued salaries and benefits	168,158	152,424	134,617	104,310	97,766	657,275
Unearned revenue	21,766	32,532	73,176	8,469	37,243	173,186
Total Liabilities	<u>316,837</u>	<u>222,642</u>	<u>239,088</u>	<u>126,689</u>	<u>147,679</u>	<u>1,052,935</u>
FUND BALANCE						
Non-spendable	4,878	9,054	6,661	6,601	4,878	32,072
Restricted for:						
TABOR	140,000	129,000	129,000	81,000	84,000	563,000
Special education	-	-	-	30,400	-	30,400
Unassigned	4,938,265	3,968,120	3,313,032	2,374,002	1,334,262	15,927,681
Total Fund Balance	<u>5,083,143</u>	<u>4,106,174</u>	<u>3,448,693</u>	<u>2,492,003</u>	<u>1,423,140</u>	<u>16,553,153</u>
Total Liabilities and Fund Balance	<u>\$ 5,399,980</u>	<u>\$ 4,328,816</u>	<u>\$ 3,687,781</u>	<u>\$ 2,618,692</u>	<u>\$ 1,570,819</u>	<u>\$ 17,606,088</u>

See the accompanying independent auditors' report.

**JAMES IRWIN CHARTER SCHOOLS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	Elementary School	Middle School	High School	JICA	PTEC	Total
REVENUES						
Local sources	\$ 337,566	\$ 319,344	\$ 413,350	\$ 38,408	\$ 182,577	\$ 1,291,245
State sources	4,309,564	3,974,684	3,899,590	2,666,531	2,660,457	17,510,826
Federal sources	446,842	436,521	537,416	286,795	209,301	1,916,875
Total revenues	<u>5,093,972</u>	<u>4,730,549</u>	<u>4,850,356</u>	<u>2,991,734</u>	<u>3,052,335</u>	<u>20,718,946</u>
EXPENDITURES						
Instruction	2,404,290	2,208,894	1,998,429	1,315,507	1,468,266	9,395,386
Supporting services	1,915,499	1,827,775	2,182,469	1,223,855	1,149,090	8,298,688
Total expenditures	<u>4,319,789</u>	<u>4,036,669</u>	<u>4,180,898</u>	<u>2,539,362</u>	<u>2,617,356</u>	<u>17,694,074</u>
Net change in fund balance	774,183	693,880	669,458	452,372	434,979	3,024,872
Fund balance, beginning	<u>4,308,960</u>	<u>3,412,294</u>	<u>2,779,235</u>	<u>2,039,631</u>	<u>988,161</u>	<u>13,528,281</u>
Fund balance, ending	<u>\$ 5,083,143</u>	<u>\$ 4,106,174</u>	<u>\$ 3,448,693</u>	<u>\$ 2,492,003</u>	<u>\$ 1,423,140</u>	<u>\$ 16,553,153</u>

See the accompanying independent auditors' report.

JAMES IRWIN CHARTER SCHOOLS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
BUILDING FUND
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
REVENUES			
Local sources	\$ -	\$ 1,644	\$ 1,644
Total revenues	<u>-</u>	<u>1,644</u>	<u>1,644</u>
EXPENDITURES			
Property	<u>1,768,404</u>	<u>1,035,774</u>	<u>732,630</u>
Total expenditures	<u>1,768,404</u>	<u>1,035,774</u>	<u>732,630</u>
Net change in fund balances	(1,768,404)	(1,034,130)	734,274
Fund balances - beginning	<u>1,768,404</u>	<u>1,034,130</u>	<u>(734,274)</u>
Fund balance - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See the accompanying independent auditors' report.