

JAMES IRWIN CHARTER SCHOOLS

FINANCIAL STATEMENTS
With Independent Auditors' Report

For the Year Ended June 30, 2020

JAMES IRWIN CHARTER SCHOOLS
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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, 2020, 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, 2020, 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 2, 2020

**JAMES IRWIN CHARTER SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2020**

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, 2020. Please read this discussion in conjunction with additional information provided in the accompanying financial statements.

FINANCIAL HIGHLIGHTS

The year ended June 30, 2020 is the eighth 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, 2020 are: James Irwin Charter High School, twenty years; James Irwin Charter Middle School, seventeen years; James Irwin Charter Elementary School, fifteen years; James Irwin Charter Academy, seven years; and Power Technical Early College, four 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 \$12,887,819 resulting in a negative net position. Please see Notes 8 and 9.

Total assets increased \$6,189,194 to \$45,476,810 from June 30, 2019 to June 30, 2020; a 16 percent increase. Assets in 2019 included voter approved bond funding of \$6,300,000 for capital improvements to the Astrozon Campus in Harrison District 2, and 2020 assets included \$1,875,800 Federal Small Business Administration Payroll Protection Program Loan.

In June, 2020, four of the five schools received a total of \$1,184,793 in Federal Covid Relief Funding to fund necessary expenditures incurred due to COVID -19. The funds were not spent by June 30, 2020 and therefore were recorded as un-earned revenue. These funds must be spent prior to December 31, 2020.

This fiscal year, revenue of \$20,577,628 exceeded net expenses of \$15,120,056 by \$5,457,572.

Total revenue for the 19-20 school year was \$20,577,628; a decrease of 12.9% from the 18-19 school year. This change in revenue from 18-19 to 19-20 includes a \$6,300,000 decrease in voter approved bond funding, and an increase of \$2,260,032 in per pupil revenue, and an increase of \$791,155 in mill levy override.

The two summary statements below report the fiscal year 2020 and the prior year, fiscal year 2019.

Condensed Statement of Net Position

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Assets			
Current and other assets	\$ 18,629,171	\$ 17,002,353	\$ 1,626,818
Capital assets	26,847,639	22,285,263	4,562,376
Total Assets	<u>45,476,810</u>	<u>39,287,616</u>	<u>6,189,194</u>
Deferred Outflows	3,443,606	8,618,295	(5,174,689)
Current Liabilities	3,939,612	1,086,271	2,853,341
Noncurrent Liabilities	26,131,356	25,374,115	757,241
Net Pension Liability	18,644,835	23,161,920	(4,517,085)
Total Liabilities	<u>48,715,803</u>	<u>49,622,306</u>	<u>-906,503</u>
Deferred Inflows	13,092,432	16,628,996	(3,536,564)
Investment in capital assets	1,873,687	(2,324,204)	4,197,891
Restricted Funds	2,531,165	2,634,454	(103,289)
Unrestricted Funds	(17,292,671)	(18,655,641)	1,362,970
Total Net Position	<u>\$ (12,887,819)</u>	<u>\$ (18,345,391)</u>	<u>\$ 5,457,572</u>

Condensed Statement of Activities

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Revenues:			
Charges for services	\$ 501,107	\$ 500,651	\$ 456
Operating Grants	486,664	419,311	67,353
Capital Grants	582,692	6,875,670	(6,292,978)
Per Pupil Revenue	17,667,882	15,407,850	2,260,032
District Mill Levy	897,328	106,173	791,155
Grants and Contributions not			
Restricted to Specific Programs	38,849	46,326	(7,477)
Investment Income	184,026	146,990	37,036
Other	219,080	115,506	103,574
Total Revenues	<u>20,577,628</u>	<u>23,618,477</u>	<u>(3,040,849)</u>
Expenses:			
Instruction	7,795,566	7,938,864	(143,298)
Instructional Support Services	5,109,367	5,363,261	(253,894)
Interest Expense			-
Foundation	2,215,123	1,864,608	350,515
Total Expenses	<u>15,120,056</u>	<u>15,166,733</u>	<u>(46,677)</u>
Change in net position	5,457,572	8,451,744	(2,994,172)
Net position, beginning	(18,345,391)	(26,863,331)	8,517,940
Prior period adjustment	0	66,196	(66,196)
Net position, ending	<u>\$ (12,887,819)</u>	<u>\$ (18,345,391)</u>	<u>\$ 5,457,572</u>

GOVERNMENTAL FUND ANALYSIS

Revenues: Total revenue for the period of July 1, 2019 through June 30, 2020 was 12.9% lower than the year ending June 30, 2019. James Irwin Charter Schools received \$20,746,172 in revenues. The primary source of James Irwin's funding is per pupil revenue, (PPR). During the year ending June 30, 2020, a combined total of \$17,667,882 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 \$3,856,370 for enrollment of 440.5 (\$8,758 per full time pupil); James Irwin Charter Middle School received \$4,123,384 for enrollment of 471, (\$8,758 per full time pupil); and James Irwin Charter Elementary School received \$4,424,852 for enrollment of 534.16, (equal to \$8,281 per full time pupil). The Charter School Institute authorizes the James Irwin Charter Academy with enrollment of 306.7 full time equivalent students, they received \$2,694,169 in PPR, or \$8,264 per student. Power Technical Early College with enrollment of 316 received \$2,569,107, or \$8,130 per student, through their authorizer, District 49. The James Irwin Charter Schools also received SBA CARES Payroll Protection Program loan of \$1,875,800 as a source of funds, and \$582,691 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, 2019 through June 30, 2020 were \$22,030,630; a 31% increase from the year ending June 30, 2019. The new library and athletic fields funded by the 18-19 voter approved bond accounted for 20% of the increased in expenditures, (expenditures of \$4,404,978 in 19-20 were \$3,398,972 higher than 18-19 expenditures of \$1,006,006). Salary and benefits for the year ending June 30, 2020 were \$11,494,524, and accounted for 52% of the annual expenditures, (and were equal to 65% of annual per state pupil revenue). The average PERA employer contribution was 20.4% of salary.

Change in Fund Balance: For the year 2019 – 2020, the fund balance increased by \$591,342. The June 30, 2020 fund balance was \$14,562,411. \$1,034,130 of the fund balance will be used to complete the new, two story library and athletic fields in July 2020, \$618,000 of the fund balance is restricted by statute for emergency reserves, and \$210,624 is non-spendable due to prepaid expenditures. The remaining fund balance of \$12,699,657 is available to be used to meet future obligations.

ANALYSIS OF BUDGET

James Irwin's 2019-2020 operating budget for the schools was approved by the Board of Directors in March of 2019 and included revenue of \$18,730,972 and expenditures of \$23,546,123. The budget was amended during the year, with the final version showing revenue of \$20,499,038 and expenditures of \$25,507,559, (\$20,213,566 for operating expenses and \$5,293,993 for the voter approved bond building project). Actual annual school revenue was \$20,662,408; \$163,370 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, 2020 were \$17,625,652; \$2,587,914 or 12.8% 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 building and grounds repair and maintenance, (due to the schools being closed in response to State mandates stemming from COVID 19). Non-payroll instructional expenses and general support services were also lower than budget due to the implementation of remote student learning. Completion on the new library and athletic fields had an approved budget of \$5,293,993 and actual expenditures were \$4,404,978. This building project will be finished early in 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, 2020, James Irwin's net capital assets totaled \$26,847,639. The assets include the three school campuses and thirteen vehicles. During the year ending June 30, 2020, two new school buses were purchased, and updating the middle school lighting was completed. Construction continued on the build out of the modular unit to be used for staff day care, the Astrozon athletic fields, and the Astrozon two-story library.

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.

At June 30, 2020, the Foundation had outstanding debt of \$24,255,557. 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 a SBA Paycheck Protection Program loan of \$1,875,800 that is included in June 30, 2020 long term debt. James Irwin intends to apply for debt forgiveness by the end of the first quarter of 2020-2021.

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 2020-21 school year is 2,025 full time students; a 3% decrease 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 2,122 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:

Eileen Johnston, 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, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 16,382,157	\$ 89,783	\$ 16,471,940
Restricted cash and investments	1,769,238	117,207	1,886,445
Receivables	60,162	-	60,162
Prepays	210,624	-	210,624
Capital assets not being depreciated	5,783,521	3,827,206	9,610,727
Capital assets, net of accumulated depreciation	950,837	16,286,075	17,236,912
Total Assets	<u>25,156,539</u>	<u>20,320,271</u>	<u>45,476,810</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges	-	1,157,404	1,157,404
Deferred pension outflows	2,186,856	-	2,186,856
Deferred OPEB outflows	99,346	-	99,346
Total Deferred Outflows of Resources	<u>2,286,202</u>	<u>1,157,404</u>	<u>3,443,606</u>
LIABILITIES			
Accounts payable and other accrued liabilities	1,404,457	-	1,404,457
Accrued salaries and benefits	1,081,045	-	1,081,045
Unearned revenue	1,374,268	-	1,374,268
Accrued interest payable	-	79,842	79,842
Long-term liabilities:			
Due within one year	726,138	451,933	1,178,071
Due in more than one year	1,149,662	23,803,623	24,953,285
Net pension liability	17,785,439	-	17,785,439
Net OPEB liability	859,396	-	859,396
Total Liabilities	<u>24,380,405</u>	<u>24,335,398</u>	<u>48,715,803</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pension inflows	12,885,057	-	12,885,057
Deferred OPEB inflows	207,375	-	207,375
Total Deferred Inflows of Resources	<u>13,092,432</u>	<u>-</u>	<u>13,092,432</u>
NET POSITION			
Net investment in capital assets	4,858,558	(2,984,871)	1,873,687
Restricted for:			
TABOR	618,000	-	618,000
Debt Service	-	37,365	37,365
Multi-year obligations	1,875,800	-	1,875,800
Unrestricted	<u>(17,382,454)</u>	<u>89,783</u>	<u>(17,292,671)</u>
Total Net Position (deficit)	<u>\$ (10,030,096)</u>	<u>\$ (2,857,723)</u>	<u>\$ (12,887,819)</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, 2020**

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	\$ 7,795,566	\$ 501,107	\$ 448,724	\$ -	\$ (6,845,735)	\$ -	\$ (6,845,735)
Supporting services	5,109,367	-	37,940	582,692	(4,488,735)		(4,488,735)
Total governmental activities	12,904,933	501,107	486,664	582,692	(11,334,470)		(11,334,470)
Business-type activities:							
Foundation	2,215,123	-	-	-		(2,215,123)	(2,215,123)
Total	\$ 15,120,056	\$ 501,107	\$ 486,664	\$ 582,692		(2,215,123)	(13,549,593)
General revenues:							
Per pupil revenue					17,667,882	-	17,667,882
Mill levy override					897,328	-	897,328
Grants and contributions not restricted to specific programs					38,849	-	38,849
Unrestricted investment earnings					181,803	2,223	184,026
Miscellaneous					218,986	94	219,080
Transfers					(1,297,924)	1,297,924	-
Total general revenues and transfers					17,706,924	1,300,241	19,007,165
Change in net position					6,372,454	(914,882)	5,457,572
Net position - beginning (deficit)					(16,402,550)	(1,942,841)	(18,345,391)
Net position - ending (deficit)					\$ (10,030,096)	\$ (2,857,723)	\$ (12,887,819)

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

JAMES IRWIN CHARTER SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	General Fund	Building Fund	Total
ASSETS			
Cash and investments	\$ 16,382,157	\$ -	\$ 16,382,157
Restricted cash and investments	-	1,769,238	1,769,238
Receivables	60,162	-	60,162
Due from other funds	-	-	-
Prepays	210,624	-	210,624
	<u>16,652,943</u>	<u>1,769,238</u>	<u>18,422,181</u>
LIABILITIES			
Accounts payable and other accrued liabilities	669,349	735,108	1,404,457
Accrued salaries and benefits	1,081,045	-	1,081,045
Unearned revenue	1,374,268	-	1,374,268
	<u>3,124,662</u>	<u>735,108</u>	<u>3,859,770</u>
FUND BALANCE			
Non-spendable	210,624	-	210,624
Restricted for:			
TABOR	615,000	3,000	618,000
Multi-year obligations	1,875,800	-	1,875,800
Unassigned	10,826,857	1,031,130	11,857,987
	<u>13,528,281</u>	<u>1,034,130</u>	<u>14,562,411</u>
Total Liabilities and Fund Balance	<u>\$ 16,652,943</u>	<u>\$ 1,769,238</u>	<u>\$ 18,422,181</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, 2020

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

Total Fund Balance of Governmental Funds		\$ 14,562,411
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	\$ 5,783,521	
Capital assets, net of accumulated depreciation	<u>950,837</u>	6,734,358
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in government funds:		
Loan payable	\$ (1,875,800)	
Net pension liability	(17,785,439)	
Pension outflows	2,186,856	
Pension inflows	(12,885,057)	
Net OPEB liability	(859,396)	
OPEB outflows	99,346	
OPEB inflows	<u>(207,375)</u>	<u>(31,326,865)</u>
Total Net Position of Governmental Activities		<u><u>\$ (10,030,096)</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, 2020

	General Fund	Building Fund	Total
REVENUES			
Local sources	\$ 1,770,930	\$ 83,764	\$ 1,854,694
State sources	18,737,224	-	18,737,224
Federal sources	154,254	-	154,254
	<u>20,662,408</u>	<u>83,764</u>	<u>20,746,172</u>
Total revenues			
	<u>20,662,408</u>	<u>83,764</u>	<u>20,746,172</u>
EXPENDITURES			
Instruction	9,528,244	-	9,528,244
Supporting services	8,097,408	4,404,978	12,502,386
	<u>17,625,652</u>	<u>4,404,978</u>	<u>22,030,630</u>
Total expenditures			
	<u>17,625,652</u>	<u>4,404,978</u>	<u>22,030,630</u>
Excess (deficiency) of revenues over expenditures	3,036,756	(4,321,214)	(1,284,458)
OTHER FINANCING SOURCES (USES)			
Proceeds from long-term debt	1,875,800	-	1,875,800
	<u>1,875,800</u>	<u>-</u>	<u>1,875,800</u>
Net change in fund balance	4,912,556	(4,321,214)	591,342
	<u>4,912,556</u>	<u>(4,321,214)</u>	<u>591,342</u>
Fund balance, beginning	8,615,725	5,355,344	13,971,069
	<u>8,615,725</u>	<u>5,355,344</u>	<u>13,971,069</u>
Fund balance, ending	<u>\$ 13,528,281</u>	<u>\$ 1,034,130</u>	<u>\$ 14,562,411</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, 2020

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

Net Change in Fund Balance of Governmental Funds	\$	591,342
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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	\$	(102,314)	
Capital outlays		5,273,022	5,170,708

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.

Loan issuance		(1,875,800)
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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	\$	2,471,925	
OPEB expenses		14,279	2,486,204

Change in Net Position of Governmental Activities	\$	6,372,454
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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, 2020

	<u>Foundation</u>
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 89,783
Restricted cash and cash equivalents	<u>117,207</u>
Total current assets	<u>206,990</u>
Noncurrent Assets:	
Capital assets not being depreciated	3,827,206
Capital assets being depreciated:	<u>16,286,075</u>
Total noncurrent assets	<u>20,113,281</u>
Total assets	<u>20,320,271</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on refunding	<u>1,157,404</u>
LIABILITIES	
Current Liabilities:	
Accrued interest payable	79,842
Notes payable, current portion	<u>451,933</u>
Total current liabilities	531,775
Noncurrent Liabilities:	
Loan payable	<u>23,803,623</u>
Total liabilities	<u>24,335,398</u>
NET POSITION	
Net investment in capital assets	(2,984,871)
Restricted for debt service	37,365
Unrestricted	<u>89,783</u>
Total net position (deficit)	<u><u>\$ (2,857,723)</u></u>

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, 2020

	<u>Foundation</u>
OPERATING REVENUES	
Rental income	\$ 1,297,924
Other	<u>94</u>
Total operating revenues	<u>1,298,018</u>
OPERATING EXPENSES	
Purchased services	-
Interest expense	<u>1,055,748</u>
Total operating expenses	<u>1,055,748</u>
Net operating income (loss)	242,270
NON-OPERATING REVENUES (EXPENSES)	
Interest income	2,223
Depreciation expense	(608,571)
Debt issuance costs	<u>(550,804)</u>
Total non-operating revenues (expenses)	<u>(1,157,152)</u>
Change in net position	(914,882)
Net position - beginning (deficit)	<u>(1,942,841)</u>
Net position - ending (deficit)	<u><u>\$ (2,857,723)</u></u>

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, 2020**

	<u>Foundation</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Lease payments received	\$ 1,164,729
Interest payments	(895,406)
Other cash payments	<u>94</u>
Net cash provided (used) by operating activities	<u>269,417</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from loan	24,065,436
Debt issuance payments	(550,804)
Principal payment on loans	<u>(25,698,871)</u>
Net cash provided (used) by capital and related financing activities	<u>(2,184,239)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	<u>2,223</u>
Net increase (decrease) in cash and cash equivalents	(1,912,599)
Cash and cash equivalents, beginning	<u>2,119,589</u>
Cash and cash equivalents, ending	<u><u>\$ 206,990</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 242,270
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Amortization expense	121,882
Changes in assets and liabilities:	
<i>(Increase) decrease in:</i>	
Due from other funds	5,888
<i>Increase (decrease) in:</i>	
Accrued interest payable	38,460
Due to other funds	<u>(139,083)</u>
Net cash provided (used) by operating activities	<u><u>\$ 269,417</u></u>

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, 2020

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, 2020

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, 2020

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, 2020

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, which include buildings and improvements, equipment, and vehicles, 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, 2020

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 and additions to/deductions from the fiduciary net position 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 makes changes to certain benefit provisions. Some, but not all, of these changes were in effect as of June 30, 2020.

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 and additions to/deductions from the fiduciary net position 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, 2020

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, 2020

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, 2020

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, 2020

NOTE 3 – DEPOSITS AND INVESTMENTS

A summary of deposits and investments as of June 30, 2020 is as follows:

Deposits	\$ 10,929,013
Investments	<u>7,429,372</u>
Total	<u>\$ 18,358,385</u>

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

Cash and investments	\$ 16,471,940
Restricted cash and investments	<u>1,886,445</u>
Total	<u>\$ 18,358,385</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, 2020 was \$10,929,013 and the bank balances were \$11,171,583. Of the bank balances, \$500,000 was covered by federal deposit insurance and \$10,671,583 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, 2020

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

The investments for fiscal year ending June 30, 2020:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturities</u>
ColoTrust	\$ 7,312,165	Less than 60 days
Money Markets	<u>117,207</u>	Less than 60 days
Total Fair Value	<u>\$ 7,429,372</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 98.4% and 1.6%, respectively, of JICS's total investments.

NOTE 4 –RECEIVABLES

Receivables consists of the following at June 30, 2020:

Grants receivable	\$ 33,635
Other receivables	<u>26,526</u>
Total	<u>\$ 60,161</u>

JAMES IRWIN CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 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	\$ 1,081,438	\$ 4,702,083	\$ -	\$ 5,783,521
Capital assets, being depreciated:				
Leasehold improvements	275,214	167,826	-	443,040
Vehicles	138,233	312,088	-	450,321
Equipment	<u>125,069</u>	<u>91,025</u>	<u>-</u>	<u>216,094</u>
Total capital assets, being depreciated	538,516	570,939	-	1,109,455
Less accumulated depreciation	<u>(56,304)</u>	<u>(102,314)</u>	<u>-</u>	<u>(158,618)</u>
Total capital assets being depreciated, net	<u>482,212</u>	<u>468,625</u>	<u>-</u>	<u>950,837</u>
<i>Governmental activities capital assets, net</i>	<u>\$ 1,563,650</u>	<u>\$ 5,170,708</u>	<u>\$ -</u>	<u>\$ 6,734,358</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:				
Building 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	22,498,245	-	-	22,498,245
Less accumulated depreciation	<u>(5,603,838)</u>	<u>(608,571)</u>	<u>-</u>	<u>(6,212,409)</u>
Total capital assets being depreciated, net	<u>16,894,407</u>	<u>(608,571)</u>	<u>-</u>	<u>16,285,836</u>
<i>Business-type activities capital assets, net</i>	<u>\$ 20,721,613</u>	<u>\$ (608,571)</u>	<u>\$ -</u>	<u>\$ 20,113,042</u>

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

Instruction	\$ <u>102,314</u>
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JAMES IRWIN CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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 may apply for loan forgiveness following a covered period for use of the funds.

Series 2015 & 2016 Revenue Notes

In September 2015, the Colorado Educational and Cultural Facilities Authority (CECFA) issued \$24,472,760 Charter School Revenue Notes, Series 2015. A portion of the note proceeds were loaned to the Foundation for the acquisition and construction of a new educational facility and a portion was used to refund the Charter School Revenue Refunding Bonds, Series 2007. In addition, proceeds of \$1,918,277 were used to acquire existing educational facilities used by the James Irwin Charter Academy by paying the related debt in full. On August 1, 2016, CECFA issued an additional \$3,000,000 Charter School Revenue Notes, Series 2016. Proceeds were loaned to the Foundation for construction of the new educational facility. These notes were paid off in 2019.

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.

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

Fiscal Year Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2021	\$ 726,138	\$ 18,528	\$ 451,933	\$ 949,971
2022	1,149,662	5,756	470,111	931,793
2023	-	-	489,021	912,883
2024	-	-	508,690	893,213
2025	-	-	529,151	872,753
2026-2030	-	-	2,982,664	4,026,854
2031-2035	-	-	3,632,760	3,376,759
2036-2040	-	-	4,424,550	2,584,970
2041-2045	-	-	5,388,916	1,620,604
2046-2050	-	-	5,377,761	463,506
Total	<u>\$ 1,875,800</u>	<u>\$ 24,284</u>	<u>\$ 24,255,557</u>	<u>\$ 16,633,306</u>

JAMES IRWIN CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 – LONG-TERM DEBT (CONTINUED)

The changes in long-term debt for the year ended June 30, 2020 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	\$ <u>-</u>	\$ <u>1,875,800</u>	\$ <u>-</u>	\$ <u>1,875,800</u>	\$ <u>726,138</u>
<i>Business-type Activities</i>					
Loans payable	\$ <u>25,374,115</u>	\$ <u>24,580,313</u>	\$ <u>25,698,871</u>	\$ <u>24,255,557</u>	\$ <u>451,933</u>

NOTE 7 – OPERATING LEASES

Foundation Lease

On August 1, 2019, James Irwin Charter Schools executed a new lease agreement with their blended component unit, James Irwin Educational Foundation. The lease term renews annually.

The future minimum lease payments for this lease are as follows:

<u>Fiscal Year Ending June 30</u>	
2021	\$ 1,401,904
2022	1,401,904
2023	1,401,904
2024	1,401,903
2025	1,401,904
2026-2030	7,009,518
2031-2035	7,009,519
2036-2040	7,009,520
2041-2045	7,009,520
2046-2050	<u>5,841,267</u>
Total	<u>\$ 40,888,863</u>

In addition to the base rents above, the lease requires additional rents for other costs and expenses incurred by the lessor for operation, maintenance, and debt service for the leased property.

For the fiscal year ended June 30, 2020, the lease payments were \$1,297,924.

JAMES IRWIN CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 8 – 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 (CAFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided as of December 31, 2019. 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, 2019, 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, the annual increase for 2019 is 0.00 percent for all benefit recipients. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007, and all 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. Benefit recipients under the PERA benefit structure who began eligible employment on or after January 1, 2007, will receive the lesser 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, 2020**

NOTE 8 – 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, 2020: 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 8.75 percent of their PERA-includable salary during the period of July 1, 2019 through June 30, 2020. Employer contribution requirements are summarized in the table below:

	July 1, 2019 Through June 30, 2020
Employer contribution rate	10.40%
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	9.38%
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	19.38%

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 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. A portion of the direct distribution allocated to the SCHDTF is considered a nonemployer contribution for financial reporting purposes.

Subsequent to the SCHDTF's December 31, 2019, measurement date, HB 20-1379 *Suspend Direct Distribution to PERA Public Employees Retirement Association for 2020-21 Fiscal Year*, was passed into law during the 2020 legislative session and signed by Governor Polis on June 29, 2020. This bill suspends the July 1, 2020, \$225 million direct distribution allocated to the State, School, Judicial, and DPS Divisions, as required under Senate Bill-200.

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 1,425,187 for the year ended June 30, 2020.

JAMES IRWIN CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 8 – 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, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total pension liability to December 31, 2019. 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 2019 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2020, the James Irwin Charter Schools reported a liability of \$17,785,439 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. 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	\$ 17,785,439
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with James Irwin Charter Schools	\$ 2,255,857
Total	\$ 20,041,296

At December 31, 2019, the James Irwin Charter Schools proportion was 0.1190475050 percent, which was a decrease of 0.0055364575 percent from its proportion measured as of December 31, 2018.

JAMES IRWIN CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

For the year ended June 30, 2020, the James Irwin Charter Schools recognized pension expense of (\$2,471,925) and revenue (\$71,356) for support from the State as a nonemployer contributing entity. At June 30, 2020, 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	\$ 969,318	\$ -
Changes of assumptions or other inputs	507,747	8,067,307
Net difference between projected and actual earnings on pension plan investments	-	2,106,862
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	2,710,888
Contributions subsequent to the measurement date	709,791	N/A
Total	\$ 2,186,856	\$ 12,885,057

\$709,791 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, 2021. 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:	
2021	\$ (6,178,312)
2022	(4,373,064)
2023	(139,923)
2024	(716,693)
2025	-
Thereafter	-

JAMES IRWIN CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

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

¹ For 2019, the annual increase was 0.00 percent.

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 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.

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

The actuarial assumptions used in the December 31, 2018, 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 the PERA Board during the November 18, 2016, Board meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

JAMES IRWIN CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Several factors were considered in evaluating the long-term rate of return assumption for the SCHDTF, 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 percentage and then adding expected inflation.

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income – Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

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 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 3.50 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 and the additional 0.50 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

JAMES IRWIN CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

- 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 and the additional 0.50 percent, resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employer contributions also include the 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.
- As specified in law, the State provides an annual direct distribution of \$225 million, which commenced 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.
- 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 fiduciary net position, 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 fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- The projected benefit payments reflect the lowered annual increase cap, from 1.50 percent to 1.25 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the projection test indicates the SCHDTF's fiduciary net position 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 rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

**JAMES IRWIN CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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	\$ 23,587,300	\$ 17,785,439	\$ 12,914,271

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

NOTE 9 – 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 (CAFR) 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.

JAMES IRWIN CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

**NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

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 basis for 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.

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 \$75,010 for the year ended June 30, 2020.

JAMES IRWIN CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

**NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

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

At June 30, 2020, the James Irwin Charter Schools reported a liability of \$859,396 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2019. 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 2019 relative to the total contributions of participating employers to the HCTF.

At December 31, 2019, the James Irwin Charter Schools proportion was 0.0764588632 percent, which was a decrease of 0.0045213867 from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the James Irwin Charter Schools recognized OPEB expense of (\$14,279). At June 30, 2020, 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	\$ 2,852	\$ 144,410
Changes of assumptions or other inputs	7,130	-
Net difference between projected and actual earnings on OPEB plan investments	-	14,344
Changes in proportion and differences between contributions recognized and proportionate share of contributions	52,007	48,621
Contributions subsequent to the measurement date	37,357	N/A
Total	\$ 99,346	\$ 207,375

JAMES IRWIN CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

**NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

\$37,357 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, 2021. 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:	
2021	\$ (23,495)
2022	(23,493)
2023	(19,338)
2024	(39,288)
2025	(37,518)
Thereafter	(2,254)

Actuarial assumptions. The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.60 percent in 2019, gradually decreasing to 4.50 percent in 2029
Medicare Part A premiums	3.50 percent in 2019, gradually increasing to 4.50 percent in 2029
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

The actuarial assumptions used in the December 31, 2018, 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 the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA's actuary, as discussed below.

**JAMES IRWIN CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

**NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

In determining the additional liability for PERACare enrollees who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following monthly costs/premiums are assumed for 2019 for the PERA Benefit Structure:

Medicare Plan	Cost for Members Without Medicare Part A	Premiums for Members Without Medicare Part A
Medicare Advantage/Self-Insured Prescription	\$601	\$240
Kaiser Permanente Medicare Advantage HMO	605	237

The 2019 Medicare Part A premium is \$437 per month.

In determining the additional liability for PERACare enrollees in the PERA Benefit Structure who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following chart details the initial expected value of Medicare Part A benefits, age adjusted to age 65 for the year following the valuation date:

Medicare Plan	Cost for Members Without Medicare Part A
Medicare Advantage/Self-Insured Prescription	\$562
Kaiser Permanente Medicare Advantage HMO	571

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

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, 2018, 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.

**JAMES IRWIN CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

**NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

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 Premiums
2019	5.60%	3.50%
2020	8.60%	3.50%
2021	7.30%	3.50%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	3.75%
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 for the determination of the total pension liability for each of the Division Trust Funds as shown below are 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.

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.

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

**JAMES IRWIN CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

**NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

The following health care costs assumptions were updated and used in the measurement of the obligations 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 2019 plan year.
- The morbidity assumptions were updated to reflect the assumed standard aging factors.
- 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.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumption for the HCTF, 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 percentage and then adding expected inflation.

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income – Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

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 rate of return assumption of 7.25 percent.

JAMES IRWIN CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

**NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

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	4.60%	5.60%	6.60%
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	\$ 838,982	\$ 859,396	\$ 882,987

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, 2019, 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 3.50 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.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the projection test indicates the HCTF's fiduciary net position 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	\$ 971,720	\$ 859,396	\$ 763,335

JAMES IRWIN CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

**NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

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

NOTE 10 - 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 11 - 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 12 – COMPLIANCE

JICS has complied with the requirements of the Financial Policies and Procedures Handbook for the 2020 audit period as required by Colorado Statute CRS 22-44-204(3).

NOTE 13 - 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, 2020 there is a \$615,000 and \$3,000 reservation of fund balance in the General Fund and Building Fund, respectively, 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, 2020

	<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)	0.1190475050%	0.1245839625%	0.1408163477%	0.1295406485%	0.1212756605%	0.1195724723%	0.1118196214%
School's proportionate share of the net pension liability (asset)	\$ 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>\$ 20,041,296</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	\$ 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	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	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, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,425,187	\$ 1,325,193	\$ 1,265,707	\$ 1,075,402	\$ 970,124	\$ 870,404	\$ 784,848
Contributions in relation to the contractually required contribution	<u>(1,425,187)</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>
School's covered payroll	\$ 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	19.38%	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, 2020

	<u>2019</u>	<u>2018</u>	<u>2017</u>
School's proportion of the net OPEB liability (asset)	0.0764588632%	0.0809802499%	0.0800113056%
School's proportionate share of the net OPEB liability (asset)	\$ 859,396	\$ 1,101,770	\$ 1,039,827
School's covered payroll	\$ 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	12.50%	16.09%	16.01%
Plan fiduciary net position as a percentage of the total OPEB liability	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, 2020

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Local sources	\$ 1,303,285	\$ 1,752,971	\$ 1,770,930	\$ 17,959
State sources	17,238,588	18,582,265	18,737,224	154,959
Federal sources	189,099	163,800	154,254	(9,546)
Total revenues	18,730,972	20,499,036	20,662,408	163,372
EXPENDITURES				
Salaries	7,836,268	8,322,893	8,559,221	(236,328)
Benefits	3,551,438	3,846,344	3,008,349	837,995
Purchased services	5,599,558	5,662,615	4,152,019	1,510,596
Supplies	976,120	1,376,978	1,091,498	285,480
Property	347,160	1,004,735	777,256	227,479
Other	-	-	37,309	(37,309)
Total expenditures	18,310,544	20,213,565	17,625,652	2,587,913
Excess (deficiency) of revenues over expenditures	420,428	285,471	3,036,756	2,751,285
OTHER FINANCING SOURCES (USES)				
Proceeds from long-term debt	-	-	1,875,800	1,875,800
Net change in fund balances	420,428	285,471	4,912,556	4,627,085
Fund balances - beginning	6,924,979	8,615,725	8,615,725	-
Fund balance - ending	\$ 7,345,407	\$ 8,901,196	\$ 13,528,281	\$ (4,627,085)

See the accompanying Independent Auditors' Report.

SUPPLEMENTARY INFORMATION

**JAMES IRWIN CHARTER SCHOOLS
COMBINING BALANCE SHEET
GENERAL FUND
JUNE 30, 2020**

	Elementary School	Middle School	High School	JICA	PTEC	Total
ASSETS						
Cash and investments	\$ 5,278,305	\$ 4,108,444	\$ 3,505,630	\$ 2,320,775	\$ 1,169,003	\$ 16,382,157
Receivables	349	6,747	2,417	50,649	-	60,162
Prepays	17,813	105,458	67,216	10,713	9,424	210,624
Total Assets	<u>5,296,467</u>	<u>4,220,649</u>	<u>3,575,263</u>	<u>2,382,137</u>	<u>1,178,427</u>	<u>16,652,943</u>
LIABILITIES						
Accounts payable and other accrued liabilities	294,096	191,506	180,789	1,389	1,569	669,349
Accrued salaries and benefits	285,702	247,799	222,878	163,835	160,831	1,081,045
Unearned revenue	407,709	369,050	392,361	177,282	27,866	1,374,268
Total Liabilities	<u>987,507</u>	<u>808,355</u>	<u>796,028</u>	<u>342,506</u>	<u>190,266</u>	<u>3,124,662</u>
FUND BALANCE						
Non-spendable	17,813	105,458	67,216	10,713	9,424	210,624
Restricted for:						
TABOR	154,000	144,000	138,000	93,000	86,000	615,000
Multi-year obligations	481,994	413,023	400,455	318,046	262,282	1,875,800
Unassigned	3,655,153	2,749,813	2,173,564	1,617,872	630,455	10,826,857
Total Fund Balance	<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>
Total Liabilities and Fund Balance	<u>\$ 5,296,467</u>	<u>\$ 4,220,649</u>	<u>\$ 3,575,263</u>	<u>\$ 2,382,137</u>	<u>\$ 1,178,427</u>	<u>\$ 16,652,943</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, 2020

	Elementary School	Middle School	High School	JICA	PTEC	Total
REVENUES						
Local sources	\$ 391,166	\$ 473,826	\$ 553,547	\$ 190,556	\$ 161,835	\$ 1,770,930
State sources	4,736,723	4,304,602	4,035,394	2,909,276	2,751,229	18,737,224
Federal sources	33,506	24,507	18,567	74,053	3,621	154,254
Total revenues	5,161,395	4,802,935	4,607,508	3,173,885	2,916,685	20,662,408
EXPENDITURES						
Instruction	2,461,058	2,288,417	1,956,433	1,338,676	1,483,660	9,528,244
Supporting services	1,788,061	1,811,264	2,022,963	1,306,599	1,168,521	8,097,408
Total expenditures	4,249,119	4,099,681	3,979,396	2,645,275	2,652,181	17,625,652
Excess (deficiency) of revenues over expenditures	912,276	703,254	628,112	528,610	264,504	3,036,756
OTHER FINANCING SOURCES (USES)						
Proceeds from long-term debt	481,994	413,023	400,455	318,046	262,282	1,875,800
Net change in fund balance	1,394,270	1,116,277	1,028,567	846,656	526,786	4,912,556
Fund balance, beginning	2,914,690	2,296,017	1,750,668	1,192,975	461,375	8,615,725
Fund balance, ending	<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>

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, 2020

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Local sources	\$ -	\$ 83,764	\$ 83,764
Total revenues	-	83,764	83,764
EXPENDITURES			
Property	5,293,993	4,404,978	889,015
Total expenditures	5,293,993	4,404,978	889,015
Net change in fund balances	(5,293,993)	(4,321,214)	972,779
Fund balances - beginning	5,355,344	5,355,344	-
Fund balance - ending	\$ 61,351	\$ 1,034,130	\$ (972,779)

See the accompanying independent auditors' report.