

LIBERTY SCHOOL DISTRICT J-4
Joes, Colorado

Financial Statements
For The Year Ended June 30, 2016



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LIBERTY SCHOOL DISTRICT J-4
 Joes, Colorado
 Table of Contents
 June 30, 2016

	<u>Page</u>
Independent Auditor's Report	
Management Discussion and Analysis -----	a-f
 <u>Basic Financial Statements</u>	
Government-wide Financial Statements	
Statement of Net Position -----	1
Statement of Activities -----	2
Fund Financial Statements	
Governmental Funds	
Balance Sheet -----	3
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position -----	4
Statement of Revenues, Expenditures and Changes in Fund Balances -----	5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	6
Fiduciary Funds	
Statement of Fiduciary Net Position -----	7
Notes to the Financial Statements -----	8-20
 <u>Required Supplementary Information</u>	
Budgetary Comparison Schedule - General Fund and Food Service Fund- -----	21
Schedule of District's Proportionate Share of Net Pension Liability -----	22
Schedule of Contributions and Related Ratios - Last 10 Years -----	23
 <u>Other Information</u>	
Individual Fund Statements	
General Fund	
Comparative Balance Sheet -----	24
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual -----	25
Statement of Expenditures - Budget and Actual -----	26-28

LIBERTY SCHOOL DISTRICT J-4
 Joes, Colorado
 Table of Contents
 June 30, 2016
 (continued)

	<u>Page</u>
Food Services Special Revenue Fund	
Comparative Balance Sheet -----	29
Statement of Revenues, Expenditures, and Changes in Fund Balance	
- Budget and Actual -----	30
 Bond Redemption Debt Service Fund	
Comparative Balance Sheet -----	31
Statement of Revenues, Expenditures and Changes in Fund Balance	
- Budget and Actual -----	31
 Capital Projects Fund	
Capital Reserve Fund	
Comparative Balance Sheet -----	32
Statement of Revenues, Expenditures and Changes in Fund Balance	
- Budget and Actual -----	32
 Agency Funds	
Student Activity Fund	
Statement of Changes in Assets and Liabilities - Budget and Actual ---	33-34
 Scholarship Fund	
Comparative Statement of Net Position - -----	35
Statement of Changes in Assets and Liabilities - Budget and Actual ---	35

Auditor's Integrity Report

WINFREY, COUNTY & HAYS, PC

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Liberty School District J-4
P O Box 112
Joes, Colorado 80822

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Liberty School District J-4, as of and for the year ended June 30, 2016, which collectively comprise the District's 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.

Auditor's 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 from 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, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Liberty School District J-4, as of June 30, 2016, and the respective changes in financial position 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 budgetary comparison information on pages a-f and 21-23 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. For the management discussion & analysis 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 the Liberty School District J-4's basic financial statements. The combining and individual nonmajor fund financial statements and the Auditor's Integrity Report are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the Auditor's Integrity Report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. 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, based on our audit and the procedures as described above, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

WINFREY, COUNTY & HAYS, PC
Certified Public Accountants



by: Gerald County, CPA

October 24, 2016

Liberty School District J-4
Management Discussion and Analysis
For Fiscal Year Ended June 30, 2016

This discussion and analysis provides an overview of the Liberty School District J-4 financial performance for the fiscal year ending June 30, 2016. The focus of the information is on the primary government general fund.

The District continues to use the financial reporting model proposed by the Governmental Accounting Standards Board (GASB), *Statement No. 34, Basic Financial Discussion and Analysis for State and Local Government*.

Financial Highlights

The net total net position of the District increased \$237,819 to \$(366,725).

As of the close of the 2015-16 fiscal year, the District's governmental funds reported combined ending fund balances of \$1,199,302. This represents an increase of \$215,453 from the previous year.

The District had adequate funds available for all appropriations.

Overview of Financial Statements

The discussion and analysis serves as an introduction to the District's basic financial statements. The basic financial statements consist of these components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements.

1. Government-Wide Financial Statements

These statements report information about the District as a whole using accounting methods similar to those used by private sector companies. The statement of net position includes all of the districts assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how they have changed. Net position, the difference between the District's assets and liabilities, are one way to measure the District's financial health or position.

Over time, increases or decreases in the District's net position are an indication of whether its financial health is improving or deteriorating. The government wide statements include only:

- A. Government activities - all of the District's basic services are included here, such as instruction, administration, operation of the buildings and grounds, and pupil transportation. Property taxes and state and federal subsidies and grants finance these activities.

2. Fund Financial Statements

These statements provide detailed information about the most significant funds, not the District as a whole. Some funds are required by state law and bond requirements.

Liberty School District J-4
Management Discussion and Analysis
For Fiscal Year Ended June 30, 2016

Governmental Funds - Most of the District's activities are reported in governmental funds, which focus on determining our financial status and change in financial status. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be converted into cash. The governmental fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental fund information helps people determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities reported in the Statement of Net position and the Statement of Activities and governmental funds is reconciled in the financial statements.

Fiduciary Funds - Acts as a trustee, or fiduciary, for the benefit of parties outside the school district. These activities are excluded from the District's other financial statements because the District cannot use these assets to finance its operations.

Financial Analysis of the District as a Whole

The District's total net position is a negative \$366,725 at the close of business on June 30, 2016. Table 1 represents a detailed view. Table 1 shows a high level overview of net asset changes over time.

Table 1
Fiscal Year Ended June 30, 2016
Net Position

	<u>Government Activities</u>	
	<u>6/30/2016</u>	<u>6/30/2015</u>
Current and other assets	1,326,545	1,110,847
Capital assets	<u>1,080,541</u>	<u>1,122,630</u>
Total assets	2,407,086	2,233,478
Deferred Outflows	306,858	111,703
Current and other liabilities	232,243	234,299
Long term liabilities	<u>2,711,687</u>	<u>2,560,473</u>
Total Liabilities	2,943,931	2,794,772
Deferred Inflows	136,738	154,953
Net Position		
Invested in capital assets	760,541	702,630
Restricted for TABOR	47,952	44,664
Restricted for Bond Redemption	128,395	165,452
Restricted for Capital Projects	116,058	112,465
Unrestricted	<u>(1,419,671)</u>	<u>(1,629,756)</u>
Total Net Position	<u>(366,725)</u>	<u>(449,592)</u>

Liberty School District J-4
Management Discussion and Analysis
For Fiscal Year Ended June 30, 2016

As noted earlier, net position serves as a useful indicator of the District's financial position over time. In the case of the Liberty School District, liabilities exceeded assets by \$366,725. Of the District's \$2,407,086 in total assets, \$1,080,541 (45%) reflects investments in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment). The District uses capital assets to provide services to students; consequently, these assets are not available for future spending.

Liberty School District J-4 remains on solid financial footing during the 2015-2016 fiscal year despite the imposition of the "negative factor" by the Colorado State Assembly. After success years (2012-2013, and 2013-2014) of deficit spending, the Liberty School District's beginning fund balance has finally caught and surpassed 2012 totals, leaving the district some financial security barring major changes in either student populations or state revenues. The beginning fund balance had declined from \$842,974.00 in fiscal year 2011-2012 to a low of just under \$500,000.00 dollars. Due primarily to a decrease in personnel and salaries since 2012 and the community's support by passing the mill levy override in 2014, the district has been able to add on additional elementary teacher to the staff, while maintaining most programs at the secondary level.

Enrollment figures indicate some stabilization at funded figures of 73.35 full time students over the past two years (2014-2015 and 2015-2016). Actual enrollment increased by 11 students in school year 2015-2016 but actual student counts are not used on an annual basis to determine funding. Funding for Liberty School District is actually computed on averaging, over five years, students in grades 1-12, with additional funding provided to the district based on availability for the Colorado Pre-School Program (CPP) and Kindergarten/Preschool allotments. In addition, despite operating a full time kindergarten, the state only funds each kindergarten student as .58 full time equivalent (FTE), compared to 1st graders through 12th graders who are funded as 1.0 full-time equivalent (FTE). After establishing per base pupil funding rates, the state examines four multipliers or factors that contribute to our overall funding; at-risk student factor based on the number of students who receive federal free lunch designation, a size factor, a personnel factor, and finally a cost of living factor based on the Boulder-Denver Consumer Price Index (CPI). The amounts are used to compute our per pupil operating revenues for each child. Beginning in 2010-2011, because the state did not have enough revenue to fully fund these pupil operating revenues, they changed their interpretation of Amendment 23 and began to balance the state's education budget by reducing per pupil operating revenues by a reduction now known as the "negative factor." Despite a recovering economy the state legislature still has not found ways with Colorado Constitutional constraints to fund schools at the rates expected following the passage of Amendment 23. Since 2010-2011, a period of six years, the state has underfunded Liberty School District by \$969,237.94.

Major expenses for the district continue to be salaries, at 54%. Sixty six percent of all expenditures go to instruction and 11% on administrative salaries and requirements. Forty-six (46) percent of revenues come from property taxes, thirty-eight (38) percent from state equalization payments and 6 percent from specific ownership taxes.

The district utilized a portion of reserve bond funds to make repairs to the district's house, to re-finish the school's gymnasium floor, and do repairs to water and gas lines. These repairs were authorized by board resolution and fit within the parameters of the bond election requirements.

Mill levy override (MLO) revenues continued to allow the district to operate without deficit budgeting and have now significantly contributed to increasing the beginning fund balance. Essentially the MLO has shifted the burden of taxation from state levels to the local level, picking up for the shortages created by the imposition of the negative factor. In 2015-2016, the mill levy override generated \$286,000.00 in additional revenues. This collection exceeded the amounts established for collections in the original ballot question. The district reduced collections by \$21,000 dollars in the 2016-2017 budget to rebate this amount to voters.

Liberty School District J-4
Management Discussion and Analysis
For Fiscal Year Ended June 30, 2016

The results of this year's operations as a whole are reported in the Statement of Activities on Page 2 of the full audit. All expenses are reported in the first column. Specific charges, grants, revenues and subsidies that directly relate to specific expense categories are represented to determine the final amount of the District's activities that are supported by other general revenues. The two largest general revenues are the equalization provided by the State of Colorado Department of Education and the property taxes assessed to District taxpayers.

Table 2 takes the information from that statement and rearranges it slightly so total revenues for the year are more easily seen.

Table 2
Fiscal Year Ended June 30, 2016
Change in Net Position

	<u>Government Activities</u>	
REVENUES	<u>6/30/2016</u>	<u>6/30/2015</u>
Program Revenues		
Charges for service	24,392	25,554
Operating grants	128,055	130,980
Capital Grants/Contributions	0	215,387
General Revenues		
Property taxes	827,519	790,147
Auto taxes	91,671	67,297
State Equalization	591,899	626,769
Other	46,577	39,887
Gain (Loss) on Assets	<u>0</u>	<u>(110,776)</u>
Total Revenues	1,710,114	1,785,245
EXPENSES		
Instruction	814,938	754,504
Pupil services	23,706	24,812
Instructional services	32,804	32,588
General administration	75,044	87,203
School administration	113,331	110,046
Business	50,652	50,663
Operations & maintenance	148,708	156,150
Pupil transportation	98,316	110,829
Central services	45,997	18,608
Debt service	9,260	11,560
Food Services	<u>59,538</u>	<u>59,624</u>
Total Expenses	<u>1,472,295</u>	<u>1,416,588</u>
Increase (decrease) in net position	<u>237,819</u>	<u>368,658</u>

Liberty School District J-4
Management Discussion and Analysis
For Fiscal Year Ended June 30, 2016

Government Activities

The primary source of operating revenue for the district comes from the School Finance Act, as amended. Under the SFA, the district received \$15,086 per funded student. For the fiscal year the funded pupil count was 69.0 with an actual student count of 77. Funding for the SFA comes from property taxes, specific ownership taxes, and state equalization. Those amounts for this fiscal year are \$715,593, \$90,794, and \$591,899.

The District Funds

On June 30, 2016, the District governmental funds reported a combined fund balance of \$1,199,302 which is an increase of \$215,453.

The General Fund had an increase of \$222,184 compared with a decrease of \$229,694 in the prior year. Revenues increased \$30,652 while expenditures decreased \$6,331.

The Food Service Fund had an increase of \$26,734 due to more transferred from the general fund compared with an increase of \$22 in the prior year mostly due to higher transfer from the general fund.

The Bond Redemption Fund collected \$111,756 in property taxes and spent \$100,000 for bond principal and \$8,510 for bond interest.

General Fund Budget Highlights

The district's budget is prepared according to Colorado law and is based on accounting for transactions under generally accepted accounting principles. The most significant budgeted fund is the General Fund.

In November of 2014, voters authorized an override of \$265,000.00 in property taxes and approved the floating of a levy based on 25% of the district total program share for subsequent years beginning with the 2015-2016 school year.

Capital Assets and Debt Administration

Capital Assets

On June 30, 2016 the District realized a decrease of \$42,089 in capital assets. The decrease is a result depreciation expense exceeding purchases. The District's capital assets are currently valued at \$1,080,541 compared to last year when the capital assets were \$1,122,630

Liberty School District J-4
Management Discussion and Analysis
For Fiscal Year Ended June 30, 2016

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Sites	50,000	50,000
Buildings & Improvements	2,234,165	2,201,869
Equipment	121,056	121,056
Transportation	<u>344,997</u>	<u>344,997</u>
Total capital assets	2,750,217	2,717,921
Accumulated depreciation	<u>(1,669,676)</u>	<u>(1,595,291)</u>
Total capital assets	<u>1,080,541</u>	<u>1,122,630</u>

The District house was stuccoed at a cost of \$15,644 and new windows & doors at \$16,652.

Long Term Debt

	<u>2016</u>	<u>2015</u>
Bonds Payable	320,000	420,000
Loan Payable	7,300	14,430
Compensated Absences	<u>0</u>	<u>21,681</u>
Total	327,300	456,111

More complete information is furnished on page 14.

Economic Factors

- For the 2016-2017 school year, the District's financial outlook is promising, but guarded.
- Student enrollment declined slightly, with a decline of 17 students, including graduates in grades 6-12. Six thru twelfth grade saw five new students enroll in 2016 for a net loss of 12 students.
 - The elementary schools population increased from 40 to 52 students, but a significant number of these students are either funded only at .58 FTE (kindergarten) or not at all (preschool).
 - State revenue projections for the 2016-2017 school year are less than expected due to oil and gas revenue declines.
 - A reduction of state share may occur in the spring of 2017.
 - Increases in the negative factor may be included in the future budget of the state.

Contacting the District for Financial Management Questions

The District's financial report is designed to provide a general overview of our finances for all those interested. Questions concerning the information provided in this report or requests for additional information should be addressed to the Superintendent of Schools at Liberty Schools, P.O. Box 112, Joes, CO 80822.

BASIC FINANCIAL STATEMENTS

LIBERTY SCHOOL DISTRICT J4
 Joes, Colorado
 Statement of Net Position
 June 30, 2016

ASSETS	
Cash and cash equivalents	1,026,307
Certificates of deposit	241,329
Cash with fiscal agent	16,162
Accounts/grants receivable	4,034
Inventory	2,002
Accrued property taxes receivable	36,711
Capital assets, net of accumulated depreciation	<u>1,080,541</u>
Total Assets	2,407,086
DEFERRED OUTFLOWS	306,858
LIABILITIES	
Accounts payable	12,855
Payroll deductions	92
Accrued salaries payable	107,421
Unearned revenue	6,875
Noncurrent liabilities	
Due within one year	105,000
Due in more than one year	222,300
Net Pension Liability	<u>2,489,387</u>
Total Liabilities	2,943,931
DEFERRED INFLOWS	136,738
NET POSITION	
Invested in Capital Assets	760,541
Restricted for TABOR	47,952
Restricted for Capital Projects	128,395
Restricted for Bond Redemption	116,058
Unrestricted	<u>(1,419,671)</u>
Total Net Position	<u>(366,725)</u>

LIBERTY SCHOOL DISTRICT J4
 Joes, Colorado
 Statement of Activities
 For the Year Ended June 30, 2016

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Service</u>	<u>Operating Grants & Contributions</u>	<u>Capital Grants & Contributions</u>
Governmental Activities				
Instructional	814,938		96,012	0
Support Services				
Pupil services	23,706			
Instructional services	32,804			
General administration	75,044			
School administration	113,331			
Business	50,652			
Operations & maintenance	148,708			
Pupil transportation	98,316		16,517	
Central services	45,997			
Debt Service	9,260			
Food Services	<u>59,538</u>	<u>24,392</u>	<u>15,526</u>	<u>0</u>
Total Governmental Activities	<u>1,472,295</u>	<u>24,392</u>	<u>128,055</u>	<u>0</u>

General revenues:

Taxes

Property taxes, levied for general purposes

Property taxes, levied for bond redemption

Specific ownership taxes

State Equalization

Miscellaneous

Investment earnings

Total General Revenues

Change in Net Position

Net Position - Beginning

Net Position - Ending

Net (Expense) Revenue
and
Changes in Net Position
Governmental
Activities

(718,926)

(23,706)

(32,804)

(75,044)

(113,331)

(50,652)

(148,708)

(81,799)

(45,997)

(9,260)

(19,620)

(1,319,848)

715,767

111,752

91,671

591,899

44,924

1,653

1,557,667

237,819

(604,544)

(366,725)

LIBERTY SCHOOL DISTRICT J4

Joes, Colorado

Balance Sheet

Governmental Funds

June 30, 2016

	<u>General</u>	<u>Food Service</u>	<u>Capital Projects</u>	<u>Bond Redemption</u>	Total Governmental <u>Funds</u>
ASSETS					
Cash and cash equivalents	788,105	0	128,533	109,669	1,026,307
Certificates of deposit	241,329	0	0	0	241,329
Cash with fiscal agent	16,162	0	0	0	16,162
Accrued property taxes receivable	30,323	0	0	6,389	36,711
Accounts/grants receivable	2,715	1,319	0	0	4,034
Inventory	0	2,002	0	0	2,002
Due to/from other funds	<u>0</u>	<u>138</u>	<u>0</u>	<u>0</u>	<u>138</u>
Total Assets	<u>1,078,633</u>	<u>3,459</u>	<u>128,533</u>	<u>116,058</u>	<u>1,326,683</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	12,855	0	0	0	12,855
Payroll deductions	0	92	0	0	92
Due to other funds	0	0	138	0	138
Accrued salaries payable	<u>107,421</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>107,421</u>
Total Liabilities	120,276	92	138	0	120,506
Unearned Revenues	6,875	0	0	0	6,875
Fund Balances					
Restricted for					
TABOR Emergencies	47,952	0	0	0	47,952
Bond Redemption	0	0	0	116,058	116,058
Capital Projects	0	0	128,395	0	128,395
Nonspendable	0	2,002	0	0	2,002
Assigned	0	1,365	0	0	1,365
Unassigned	<u>903,530</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>903,530</u>
Total Fund Balances	<u>951,482</u>	<u>3,367</u>	<u>128,395</u>	<u>116,058</u>	<u>1,199,302</u>
Total Liabilities and Fund Balances	<u>1,078,633</u>	<u>3,459</u>	<u>128,533</u>	<u>116,058</u>	<u>1,326,683</u>

LIBERTY SCHOOL DISTRICT J4
 Joes, Colorado
 Balance Sheet
 Governmental Funds
 Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
 June 30, 2015

Total Governmental Fund Balances	1,199,302
Amounts reported for governmental activities in the statement of net position are different because of the following:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	1,080,541
Deferred outflows of resources, reported as deferred amount on pensions, are not financial resources and thus are not reported as assets in governmental funds	306,858
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(2,816,687)
Deferred inflows of resources, report as deferred amount on pensions, are not financial resources and thus are not reported as assets in governmental funds	<u>(136,738)</u>
Net Position of Governmental Activities	<u>(366,725)</u>

LIBERTY SCHOOL DISTRICT J4
 Joes, Colorado
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2016

	<u>General</u>	<u>Food Service</u>	<u>Capital Projects</u>	<u>Bond Redemption</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Property Taxes	715,593	0	0	111,752	827,345
Specific Ownership Taxes	90,794	0	0	877	91,671
Delinquent Taxes & Penalties	174	0	0	0	174
Interest	1,372	0	134	224	1,730
Charges for Service	0	24,392	0	0	24,392
Other	48,437	0	0	0	48,437
Intergovernmental					
State Sources					
Equalization	591,899	0	0	0	591,899
Other	89,152	566	0	0	89,718
Federal Sources	<u>19,788</u>	<u>14,960</u>	<u>0</u>	<u>0</u>	<u>34,748</u>
Total Revenues	1,557,209	39,918	134	112,853	1,710,114
EXPENDITURES					
Current					
Instruction	743,148	0	0	0	743,148
Supporting Services					
Students	22,126	0	0	0	22,126
Instructional staff services	30,926	0	0	0	30,926
General administration	72,259	0	0	0	72,259
School administration	106,373	0	0	0	106,373
Business	48,018	0	0	0	48,018
Operations & maintenance	145,357	0	0	0	145,357
Pupil transportation	73,807	0	0	0	73,807
Central services	41,101	0	4,896	0	45,997
Food Service	0	57,693	0	0	57,693
Debt Service	7,130	0	0	109,260	116,390
Capital Outlay	<u>271</u>	<u>0</u>	<u>32,296</u>	<u>0</u>	<u>32,567</u>
Total Expenditures	<u>1,290,516</u>	<u>57,693</u>	<u>37,192</u>	<u>109,260</u>	<u>1,494,661</u>
Revenues over (under) Expenditures	266,692	(17,775)	(37,058)	3,593	215,453
Other Financing Sources (Uses)					
Operating Transfers In (Out)	<u>(44,509)</u>	<u>44,509</u>	<u>0</u>	<u>0</u>	<u>0</u>
Revenues & Other Sources over (under) Expenditures & Other Sources	222,184	26,734	(37,058)	3,593	215,453
Fund Balance - Beginning	<u>729,298</u>	<u>(23,367)</u>	<u>165,452</u>	<u>112,465</u>	<u>983,849</u>
Fund Balance - Ending	<u>951,482</u>	<u>3,367</u>	<u>128,395</u>	<u>116,058</u>	<u>1,199,302</u>

See auditor's report and notes to the financial statements.

LIBERTY SCHOOL DISTRICT J4
 Joes, Colorado
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2016

Net change in fund balances - total governmental funds 215,453

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the period.

Capital outlays	32,296	
Depreciation expense	<u>(74,385)</u>	(42,089)

The issuance of long-term debt (e.g. bonds and leases) 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.

Bond Payments	100,000	
Loan Payments	7,130	
Compensated Absences	<u>21,681</u>	128,811

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 governmental funds.

Pension expenses		<u>(64,356)</u>
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Change in position of governmental activities		<u>237,819</u>
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LIBERTY SCHOOL DISTRICT J4
Joes, Colorado
Combining Statement of Fiduciary Net Position
Agency Funds
June 30, 2016

ASSETS	Scholarship <u>Fund</u>	Student Activity <u>Fund</u>	<u>Total</u>
Cash in bank	17,653	83,148	100,800
LIABILITIES			
Due to student activities	<u>17,653</u>	<u>83,148</u>	<u>100,800</u>
NET POSITION	<u>0</u>	<u>0</u>	<u>0</u>

Notes to Financial Statements

LIBERTY SCHOOL DISTRICT J-4
Joes, Colorado
Notes to Financial Statements
June 30, 2016

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The District is a political subdivision of the State of Colorado which is governed by an elected board of 5 members. A summary of the Liberty School District J-4's significant accounting policies applied in the preparation of these financial statements follows.

A. Reporting Entity

The Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity", established the criteria for determining the activities, organizations and functions of government to be included in the financial statements of the reporting entity. In evaluating the school as a reporting entity, management has addressed all potential component units which may or may not fall within the District's financial accountability. The criteria used to evaluate component units for possible inclusion as part of the District's reporting entity are financial accountability and the nature and significance of the relationship. The District is considered to be a primary government because it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. It has no component units. Neither is it a component unit of any other entity.

This report includes all funds of Liberty School District J-4.

B. Basis of Presentation

The District implemented the provisions of GASB 68, "Accounting and Financial Reporting for Pensions Plans - an amendment to No. 27", during the year ended June 30, 2016. GASB 68 replaced the requirements of Statement No. 27, "Accounting for Pensions by State and Local Governmental employers", and GASB 50, "Pension Disclosures-an amendment to GASB Statements No. 25 and 27", as they relate to pension plans that are administered trusts or equivalent arrangements that meet certain criteria. GASB 68 enhances the standards for footnote disclosures and required supplementary information (RSI) for pension plans, including net pension liability (NPL), ratio of fiduciary net position (FNP) to total pension liability (TPL), actuarial methods, and assumptions.

Government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the school district. As a general rule, the effect of interfund activity has been eliminated from these statements

The statement of activities demonstrates the degree to which the direct expenses of given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function or segment. Program revenues include charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. In addition, program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements are also provided in the report for all of the governmental funds and the fiduciary funds of the district. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The District reports the following major governmental funds:

The General Fund is the district's primary operating fund. It accounts for all financial resources except those required to be in another fund.

LIBERTY SCHOOL DISTRICT J-4
 Joes, Colorado
 Notes to Financial Statements
 June 30, 2016
 (continued)

The Food Service Fund accounts for revenue and expenditures to provide hot meals to students, teachers, and visitors.

The Capital Projects Fund accounts for acquisitions and major improvements in capital assets.

The Bond Redemption Fund collects property taxes to pay principal and interest on a bond issue to replace the roof and other major repairs.

Additionally the district reports the Student Activity agency fund and the Scholarship agency fund that accounts for cash held by the district for related organizations. It is custodial in nature and does not involve measurement of results of operations.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and the fiduciary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Net position (total assets less total liabilities) are used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased net position. Depreciation is charged as expense against current operations and accumulated depreciation is reported on the statement of net position.

The 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. "Measurable" means the amount of the transaction can be determined and "available" means collectible with the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year end. Revenues from federal, state, and other grants designated for payment of specific school district expenditures are recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recorded as deferred revenues until earned. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

D. Budgets and Budgetary Accounting

All funds must have budgets to be allowed expenditures. Budgets for all funds except proprietary funds are adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at year end.

Budget Calendar -

Submission of a proposed budget to the Board of Education is due by May 31. On June 10 or within ten days after submission of the proposed budget, a notice shall be published stating the proposed budget is on file and available for inspection.

The last date for final adoption of the budget and appropriation resolution is June 30.

January 31 is last date to change adopted budget.

By December 15, the Board of Education certifies to County Commissioners the mill levy against the assessed valuation for the general and bond redemption funds.

The legal level of budgetary control is at the individual fund level.

LIBERTY SCHOOL DISTRICT J-4
 Joes, Colorado
 Notes to Financial Statements
 June 30, 2016
 (continued)

E. Encumbrances

Encumbrance accounting where purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation is not utilized by the District.

F. Assets, Liabilities and Fund Balances/Net Position

1. Deposits

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the District to deposit funds in institutions who are members of the Federal Deposit Insurance Corporation to the extent that the deposit is insured or is secured by pledge of eligible collateral as required by CRS 11-10.5-107

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/due from other funds."

Accounts receivable and property taxes receivables are shown at gross. Uncollectibles have not been material.

3. Inventories

The purchase method is used to account for inventories in the governmental funds. Under this method, inventories are recorded as expenditures when purchased.

A physical inventory was taken as of June 30, 2016 for the Food Services special revenue fund. The inventory consisted of government donated commodities which were valued at estimated fair market value, and purchased commodities and supplies were both valued at cost using the first-in, first-out (FIFO) method.

4. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the school district as assets with an initial, individual cost of more than \$5,000 for governmental activities and an estimated life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation.

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.

Property, plant and equipment are depreciated in the proprietary funds using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings & Improvements	25-50
Equipment	5-15
Transportation	7-10

LIBERTY SCHOOL DISTRICT J-4
Joes, Colorado
Notes to Financial Statements
June 30, 2016
(continued)

5. Compensated Absences

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences". Compensated absence benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. Accumulated sick leave benefits are paid to employees upon termination of employment.

Certain personnel and full-time employees receive between seven and eight and one-half days of sick leave each year, which can be accumulated as long as the employee is with the District. Upon leaving employment, the employee shall be paid for up to twenty days at the current one-day substitute's rate.

6. Long-term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds issuance costs are reported as deferred charges and amortized over the term of the debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

7. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure. Actual results could differ from those estimates.

8. Fund Balance and Net Position

In the government-wide and proprietary fund financial statements, net position are classified in the following categories;

Invested in Capital Assets, Net of Related Debt – this category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding debt balances that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Reserved Net position – indicates that portion of net position which has been legally segregated for specific purposes or is not available for appropriation.

Unreserved Net position – represents the amount which is not reserved for any purpose and is available for appropriation and expenditure in future periods.

When restricted and unrestricted funds are available, restricted are deemed first spent.

In the fund financial statements, fund balances of governmental funds are classified in the following categories;

Nonspendable – amounts that cannot be spent because they are either in not spendable form such as inventory and prepaid expenses, or legally or contractually required to be maintained intact such as the corpus of a permanent fund which is required to be retained in perpetuity. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale.

Restricted – when constraints placed on the use of resources either (a) externally imposed by creditors or (b) imposed by law through constitutional provisions or enabling legislation.

LIBERTY SCHOOL DISTRICT J-4
 Joes, Colorado
 Notes to Financial Statements
 June 30, 2016
 (continued)

Committed – amounts that can be only used for specific purposes pursuant to constraints imposed by formal action of the government’s Board of Education. These amounts cannot be changed except by taking the same type of action employed to previously commit these amounts.

Assigned – amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by the governing body itself, or the Superintendent who has been delegated the authority to assign amounts to be used for specific purposes.

Unassigned – the residual for the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount.

When committed, assigned, or unassigned funds are available, committed is first spent, then assigned.

At June 30, 2016 the amounts restricted were \$47,952 for the Tabor Reserve, \$116,058 in the Bond Redemption Fund for bond retirement, and \$128,395 for Capital Projects.

(2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- A. 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 is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment. However, the District has made certain interpretations of the amendment’s language in order to determine its compliance.
- B. The District is in compliance with Financial Policies and Procedures handbook prepared by the Colorado Department of Education.
- C. In November 2014 the taxpayers approved a tax override of \$265,000 and the floating of a levy based on 25% of the district total program share for subsequent years beginning with the 2015-2016 fiscal year.
- D. No budget was prepared for the Scholarship Agency Fund.

(3) DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

- A. Deposits - are in 2 financial institutions. They are displayed on the balance sheets as "Cash in Bank" and Certificates of Deposit", and are carried at cost. Deposits of the District are listed by appropriate risk category as follows:

The Colorado Public Deposit Protection Act (PDPA) requires that all political subdivisions of the State deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified under the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits.

The Colorado Division of Banking and Financial Services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Custodial Credit Risk - the risk that, in the event of bank failure, the District’s deposits may not be returned to it. The District does not have a written deposit policy for custodial credit risk.

LIBERTY SCHOOL DISTRICT J-4
 Joes, Colorado
 Notes to the Financial Statements
 June 30, 2016
 (continued)

At June 30, 2016, the District's cash deposits had a bank balance and carrying balance as follows:

	<u>Carrying Balance</u>	<u>Bank Balance</u>
Insured (FDIC)	\$ 479,527	479,526
With County Treasurer		17,599
Uninsured: Collateral held by		
District's agent in agent's name	<u>785,162</u>	<u>881,435</u>
Total Deposits	\$1,264,689	1,378,560
Shown as certificates of deposit		(241,329)
Amount in Agency Fund		<u>(94,762)</u>
Cash in other funds		<u>\$1,042,469</u>

As presented above, deposits with a bank balance of \$785,162 and a carrying balance of \$881,435 as of June 30, 2016, are uninsured, are exposed to custodial credit risk, and are collateralized with securities held by the pledging financial institution.

- B. Accrued Property Taxes Receivable - the amount budgeted for the current year, not yet collected.

Property Tax Calendar - taxes are levied by December 15, tax bills are mailed January 1 of the following year, creating an enforceable lien on the property. If paid by installments of one-half each, the first is due February 28, the second June 15. If paid in one payment, the due date is April 30. Taxes are delinquent if not paid by those dates. Notice of delinquencies are mailed in September, and tax sales scheduled for November.

- C. Changes in General Fixed Assets

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Land	50,000	-0-	-0-	50,000
Buildings & Improvements	2,201,868	32,296	-0-	2,234,164
Furniture & Equipment	121,056	-0-	-0-	121,056
Transportation	<u>344,997</u>	<u>-0-</u>	<u>-0-</u>	<u>344,997</u>
Total	2,717,921	32,296	-0-	2,705,217
Less Accumulated Depreciation				
Buildings & Improvements	1,240,201	44,782	-0-	1,284,983
Furniture & Equipment	71,357	7,416	-0-	78,773
Transportation	<u>283,734</u>	<u>22,187</u>	<u>-0-</u>	<u>305,921</u>
Total	<u>1,595,292</u>	<u>74,385</u>	<u>-0-</u>	<u>1,669,677</u>
Governmental Activities				
Capital Assets, Net	<u>1,122,629</u>	<u>(42,089)</u>	<u>-0-</u>	<u>1,080,540</u>

Depreciation expense for the governmental activities was allocated \$52,198 to instruction and \$22,187 to transportation.

LIBERTY SCHOOL DISTRICT J-4
 Joes, Colorado
 Notes to the Financial Statements
 June 30, 2016
 (continued)

D. Changes in Long-Term Debt -

	Beginning <u>Balance</u>	<u>Issued</u>	<u>Paid</u>	Ending <u>Balance</u>	Due within <u>One Year</u>
Bonds Payable	420,000	-0-	100,000	320,000	100,000
Compensated Absences	21,681	-0-	21,681	-0-	
CDE Repayment	<u>14,430</u>	<u>-0-</u>	<u>7,130</u>	<u>7,300</u>	<u>7,300</u>
Total	456,111	-0-	128,811	327,300	107,300

The bonds will be retired by tax levies in the Bond Redemption Fund. The compensated absences and CDE repayment will be liquidated by the General Fund and is payable at \$7,300 per year. The District believes the current portion of the compensated absences is negligible and is therefore not reported.

On November 27, 2013, the District issued \$520,000 of general obligation bonds after approval by the voters to make improvements to the District's schools. Interest payments are due on June 1 and December 1 of each year.

Debt service requirement to maturity:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	105,000	6,153	111,153
2018	105,000	3,737	108,737
2019	<u>110,000</u>	<u>1,265</u>	<u>111,265</u>
Total	320,000	11,155	331,155

(4) OTHER INFORMATION

- A. Risk Management - The District 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. The District has joined Colorado School District Self Insurance Pool, a public entity risk pool currently operating as a common risk management and insurance program for members. The District pays an annual premium to CSDSI for its property and casualty insurance coverage. The intergovernmental agreement of formation of CSDSI provides that the Pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and the Pool will purchase excess insurance through commercial companies for members' claims in excess of a specified self-insured retention, which is determined each policy year.

The District carries commercial insurance for all other risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

- B. Accrued Salaries and Benefits Payable - teachers and certain other instructional employees are budgeted and paid over a twelve month period from September 1 to August 31 but are earned over a school year of approximately a nine month period. The salaries earned but not paid at June 30 are shown as an accrued liability.
- C. Operating Transfers In (Out) - The General Fund transferred \$44,509 to the Food Service Fund for operating purposes.

LIBERTY SCHOOL DISTRICT J-4
 Joes, Colorado
 Notes to the Financial Statements
 June 30, 2016
 (continued)

D. Defined Benefit Pension Plan

Summary of Significant Accounting Policies

Pensions. The District participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension fund 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.

General Information about the Pension Plan

Plan description. Eligible employees of the District are provided with pensions through the School Division Trust Fund (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 that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided. 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.

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs), referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve for the SCHDTF.

LIBERTY SCHOOL DISTRICT J-4
 Joes, Colorado
 Notes to Financial Statements
 June 30, 2016
 (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 retirement benefit formula 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. Eligible employees and the District are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

	For the Year Ended December <u>31, 2015</u>	For the Year Ended December <u>31, 2016</u>
Employer Contribution Rate ¹	10.15%	10.15%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) ¹	(1.02)%	(1.02)%
Amount Apportioned to the SCHDTF ¹	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 ¹	4.20%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 ¹	4.00%	4.50%
Total Employer Contribution Rate to the SCHDTF ¹	17.33%	18.13%

¹ Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from District were \$123,914 or the year ended June 30, 2016.

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

At June 30, 2016, the District reported a liability of \$2,489,387 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. Standard update procedures were used to roll forward the total pension liability to December 31, 2015. The District proportion of the net pension liability was based on District contributions to the SCHDTF for the calendar year 2015 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2015, the District proportion was 0.0162765755 percent, which was a decrease of 0.0000416098 percent from its proportion measured as of December 31, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$64,356. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

LIBERTY SCHOOL DISTRICT J-4
 Joes, Colorado
 Notes to Financial Statements
 June 30, 2016
 (continued)

	<u>Deferred Outflows of</u> <u>Resources</u>	<u>Deferred Inflows of</u> <u>Resources</u>
Difference between expected and actual experience	32,873	104
Changes of assumptions or other inputs	-0-	35,179
Net difference between projected and actual earnings on pension plan investments	211,668	-0-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-0-	101,455
Contributions subsequent to the measurement date	<u>62,317</u>	<u>N/A</u>
Total	306,858	136,738

There is \$62,317 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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year ended June 30	
2017	(58,843)
2018	(41,644)
2019	(969)
2020	-0-
2021	-0-
Thereafter	-0-

Actuarial assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.80 percent
Real wage growth	1.10 percent
Wage inflation	3.90 percent
Salary increases, including wage inflation	3.90 – 10.10 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.50 percent
Future post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	2.00 percent
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with Males set back 1 year, and Females set back 2 years.

LIBERTY SCHOOL DISTRICT J-4
 Joes, Colorado
 Notes to Financial Statements
 June 30, 2016
 (continued)

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA's Board on November 13, 2012, and an economic assumption study, adopted by PERA's Board on November 15, 2013 and January 17, 2014.

Changes to assumptions or other inputs since the December 31, 2013 actuarial valuation are as follows:

- The following programming changes were made:
 - Valuation of the full survivor benefit without any reduction for possible remarriage.
 - Reflection of the employer match on separation benefits for all eligible years.
 - Reflection of one year of service eligibility for survivor annuity benefits.
 - Refinement of the 18 month annual increase timing.
 - Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.
- The following methodology changes were made:
 - Recognition of merit salary increases in the first projection year.
 - Elimination of the assumption that 35% of future disabled members elect to receive a refund.
 - Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
 - Adjustments to the timing of the normal cost and unfunded actuarial accrued liability payment calculations to reflect contributions throughout the year.

The SCHDTF's long-term expected rate of return on pension plan investments was determined using 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 November 15, 2013 adoption of the long-term expected rate of return, presented to the PERA Board on, the target 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	10 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	26.76%	5.00%
U.S. Equity – Small Cap	4.40%	5.19%
Non U.S. Equity – Developed	22.06%	5.29%
Non U.S. Equity – Emerging	6.24%	6.76%
Core Fixed Income	24.05%	0.98%
High Yield	1.53%	2.64%
Long Duration Gov't/Credit	0.53%	1.57%
Emerging Market Bonds	0.43%	3.04%
Real Estate	7.00%	5.09%
Private Equity	7.00%	7.15%
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 7.50%.

LIBERTY SCHOOL DISTRICT J-4
 Joes, Colorado
 Notes to Financial Statements
 June 30, 2016
 (continued)

Discount rate. The discount rate used to measure the total pension liability was 7.50 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 3.90%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employee contributions were assumed to be made at the rates equal to the fixed statutory rates specified in law, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included 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.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan 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 stature, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of the AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above actuarial cost method and assumptions, 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 on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date.

Sensitivity of the District 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 7.50 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 (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability	3,226,974	2,489,387	1,875,853

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

LIBERTY SCHOOL DISTRICT J-4
Joes, Colorado
Notes to Financial Statements
June 30, 2016
(continued)

E. Other Post-Employment Benefits

Health Care Trust Fund

Plan Description – The Liberty School District contributes to the Health Care Trust Fund ("HCTF"), a cost-sharing multiple-employer healthcare trust administered by PERA. The HCTF benefit provides a health care premium subsidy and health care programs (known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, establishes the HCTF and 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 health care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy – The Liberty School District is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the Liberty School District are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending June 30, 2016, 2015 and 2014, the Liberty School District contributions to the HCTF were \$7,156, \$7,046 and \$7,645, respectively, equal to their required contributions for each year.

- F. Joint Venture - The District participates in the East Central Board of Cooperative Educational Services which is not reflected in these financial statements. One member of the board is from the District. The Board has final authority for all budgeting and financing of the joint venture. Each member pays a \$2,500 membership fee and then contributes additional monies in the relationship their student enrollment is to the total enrollment of all the members. At June 30, 2014, total assets were \$2,633,823, deferred outflows were \$388,938, total liabilities were \$8,833,532, deferred inflows were \$329,949, net position was \$(6,140,720), revenues were \$8,424,082, and expenses were \$8,882,336.

Complete financial statements may be obtained from the BOCES office at 820 Second Street, Limon, CO 80828.

REQUIRED SUPPLEMENTARY INFORMATION

LIBERTY SCHOOL DISTRICT J4
 Joes, Colorado
 Budgetary Comparison Schedule - Major Governmental Funds
 For the Year Ended June 30, 2016

	<u>General Fund</u>			Variance With Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local sources	924,510	924,510	856,370	(68,140)
State Sources	679,811	679,811	681,051	1,240
Federal Sources	<u>12,031</u>	<u>12,031</u>	<u>19,788</u>	<u>7,757</u>
Total Revenues	1,616,352	1,616,352	1,557,209	(59,143)
EXPENDITURES				
Current				
Instruction	765,555	765,555	743,148	22,407
Supporting Services				
Pupils	23,281	23,281	22,126	1,155
Instructional Staff - Library	42,913	42,913	30,926	11,987
General Administration	79,111	79,111	72,259	6,852
School Administration	108,700	108,700	106,373	2,327
Business Services	51,126	51,126	48,018	3,108
Operations & Maintenance	151,242	151,242	145,357	5,885
Pupil Transportation	98,781	98,781	73,807	24,974
Central Support	48,400	48,400	41,101	7,299
Debt Service	7,300	7,300	7,130	170
Capital Outlay	1,500	1,500	271	1,229
Appropriated reserves	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>1,377,909</u>	<u>1,377,909</u>	<u>1,290,516</u>	<u>87,393</u>
Excess of revenues over (under) Expenditures	238,443	238,443	266,692	28,249
Other Financing Uses				
Operating Transfers In (Out)	<u>(38,000)</u>	<u>(38,000)</u>	<u>(44,509)</u>	<u>(6,509)</u>
Excess of Revenues over (under) Expenditures & Other Uses	200,443	200,443	222,184	21,741
Fund Balance - Beginning	<u>0</u>	<u>0</u>	<u>729,298</u>	<u>729,298</u>
Fund Balance - Ending	<u>200,443</u>	<u>200,443</u>	<u>951,482</u>	<u>751,039</u>

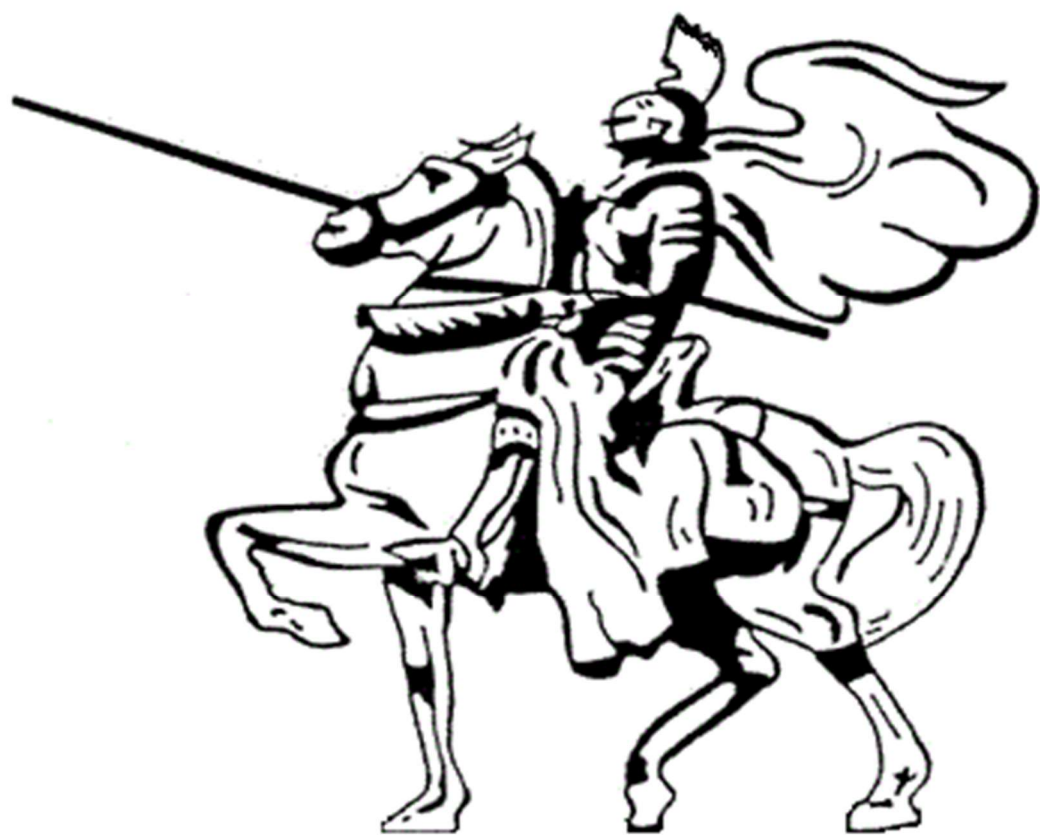
LIBERTY SCHOOL DISTRICT J4
 Joes, Colorado
 Schedule of District's Proportionate Share of the Net Pension Liability
 Last 10 Years

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Proportion (percentage) of the collective net pension liability	0.016277%	0.016318%	0.017981%
Proportionate share of the collective net pension liability	2,489,387	2,211,662	2,235,908
Covered payroll	706,510	690,201	726,621
Proportionate share of the net pension liability as a percentage of its covered employee payroll	352.35%	320.44%	307.71%
Plan fiduciary net position as a percentage of total pension liability	59.20%	62.80%	64.06%

The amounts presented for each year were determined as of December 31.

LIBERTY SCHOOL DISTRICT J4
Joes, Colorado
Schedule of Contributions and Related Ratios
Last 10 Fiscal Years

As of June 30,	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Statutorily required contributions	123,914	116,654	112,878	121,654	106,470	92,068	87,344	77,598	70,625	65,873
Contributions in relation to the statutorily required contribution	<u>123,914</u>	<u>116,654</u>	<u>112,878</u>	<u>121,654</u>	<u>106,470</u>	<u>92,068</u>	<u>87,344</u>	<u>77,598</u>	<u>70,625</u>	<u>65,873</u>
Contribution deficiency (excess)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Covered-employee payroll	701,308	690,773	706,027	808,739	750,878	693,349	704,516	676,195	666,775	666,330
Contributions as a percentage of covered-employee payroll	17.67%	16.89%	15.99%	15.04%	14.18%	13.28%	12.40%	11.48%	10.59%	9.89%



OTHER INFORMATION

INDIVIDUAL FUND FINANCIAL STATEMENTS

GENERAL FUND

The General Fund is used to account for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in another fund. It is the most significant fund in relation to the District's overall operation

LIBERTY SCHOOL DISTRICT J4
 Joes, Colorado
 General Fund
 Comparative Balance Sheet

	<u>6/30/15</u>	<u>6/30/15</u>	<u>Change</u>
ASSETS			
Cash In Bank	788,105	484,273	303,831
Certificates of Deposit	241,329	239,957	1,372
Cash with Fiscal Agent	16,162	26,733	(10,571)
Accounts/Grants Receivable	2,715	50,909	(48,194)
Due From Other Funds	0	24,979	(24,979)
Accrued Property Tax Receivable	<u>30,323</u>	<u>27,645</u>	<u>2,678</u>
Total Assets	<u>1,078,633</u>	<u>854,496</u>	<u>224,137</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Current Liabilities			
Accounts Payable	12,855	11,112	1,744
Accrued Salaries and Benefits Payable	<u>107,421</u>	<u>107,211</u>	<u>210</u>
Total Current Liabilities	120,276	118,323	1,953
Unearned Revenue	6,875	6,875	0
Fund Balance			
Restricted for TABOR	47,952	44,664	3,287
Unassigned	<u>903,530</u>	<u>684,634</u>	<u>218,896</u>
Total Fund Balance	<u>951,482</u>	<u>729,298</u>	<u>222,184</u>
Total Liabilities and Fund Balance	<u>1,078,633</u>	<u>635,840</u>	<u>224,137</u>

LIBERTY SCHOOL DISTRICT J4
Joes, Colorado
General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2016
With Comparative Actual Amounts for the Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Actual Prior Year
REVENUES				
Local Sources				
Property Taxes	822,580	715,593	(106,987)	675,001
Specific Ownership Taxes	44,697	90,794	46,097	66,844
Delinquent Taxes & Penalties	1,000	174	(826)	812
Investment Interest	1,507	1,372	(135)	1,902
Other	<u>54,726</u>	<u>48,437</u>	<u>(6,289)</u>	<u>38,400</u>
Total Local Sources	924,510	856,370	(68,140)	782,959
State Sources				
Equalization	591,822	591,899	77	626,769
Vocational Education	10,828	0	(10,828)	16,620
Transportation	19,339	16,517	(2,822)	23,766
ELPA	572	2,312	1,740	3,400
BOCES Services	53,750	47,670	(6,080)	58,751
Other	<u>3,500</u>	<u>22,653</u>	<u>19,153</u>	<u>3,000</u>
Total State Sources	679,811	681,051	1,240	732,306
Federal Sources				
Grants	12,031	10,405	(1,626)	10,721
BOCES Flowthrough	<u>0</u>	<u>9,383</u>	<u>9,383</u>	<u>571</u>
Total Federal Sources	<u>12,031</u>	<u>19,788</u>	<u>7,757</u>	<u>11,292</u>
Total Revenues	1,616,352	1,557,209	(59,143)	1,526,557
Expenditures	<u>1,377,909</u>	<u>1,290,516</u>	<u>87,393</u>	<u>1,296,838</u>
Excess of Revenues over (under) Expenditures	238,443	266,692	28,249	229,719
Other Financing Uses				
Operating Transfers In (Out)	<u>(38,000)</u>	<u>(44,509)</u>	<u>(6,509)</u>	<u>21</u>
Excess of Revenues over (under) Expenditures & Other Uses	200,443	222,184	21,741	229,740
Fund Balance - Beginning	<u>0</u>	<u>729,298</u>	<u>729,298</u>	<u>499,558</u>
Fund Balance - Ending	<u>200,443</u>	<u>951,482</u>	<u>751,039</u>	<u>729,298</u>

LIBERTY SCHOOL DISTRICT J4
 Joes, Colorado
 General Fund
 Statement of Expenditures - Budget and Actual
 For the Year Ended June 30, 2016
 With Comparative Actual Amounts for the Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Actual Prior Year
INSTRUCTION				
Current				
Salaries	471,184	471,916	(732)	453,478
Employee Benefits	158,863	152,758	6,105	144,395
Purchased Services	89,943	81,287	8,656	73,985
Supplies and Material	33,565	21,640	11,925	31,384
Other	12,000	15,547	(3,547)	9,277
Capital Outlay	<u>500</u>	<u>271</u>	<u>229</u>	<u>21,317</u>
Total Instruction	766,055	743,419	22,636	733,835
 SUPPORTING SERVICES				
Pupil				
Current				
Salaries	19,138	18,188	950	20,254
Benefits	3,943	3,853	90	4,033
Supplies and Material	<u>200</u>	<u>85</u>	<u>115</u>	<u>0</u>
Total Pupil	23,281	22,126	1,155	24,288
 Instructional Staff Services				
Current				
Salaries	7,864	21,622	(13,758)	16,497
Employee Benefits	4,650	4,575	75	4,024
Purchased Services	29,899	4,599	25,300	11,566
Supplies and Material	500	129	371	74
Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Instructional Staff	42,913	30,926	11,987	32,161

LIBERTY SCHOOL DISTRICT J4
 Joes, Colorado
 General Fund
 Statement of Expenditures - Budget and Actual
 For the Year Ended June 30, 2016
 With Comparative Actual Amounts for the Year Ended June 30, 2015
 (continued)

SUPPORTING SERVICES (continued)	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Actual Prior Year
General Administration				
Current				
Salaries	34,318	32,055	2,263	34,205
Employee Benefits	10,693	10,506	187	12,072
Purchased Services	24,200	17,553	6,647	30,083
Supplies and Material	1,550	1,403	147	2,181
Other	8,350	10,742	(2,392)	7,597
Debt Service	0	0	0	7,300
Capital Outlay	<u>500</u>	<u>0</u>	<u>500</u>	<u>180</u>
Total General Administration	79,611	72,259	7,352	93,618
 School Administration				
Current				
Salaries	80,074	80,074	(0)	79,813
Employee Benefits	<u>28,626</u>	<u>26,299</u>	<u>2,327</u>	<u>28,168</u>
Total School Administration	108,700	106,373	2,327	107,981
 Business				
Current				
Salaries	30,320	30,320	0	29,580
Employee Benefits	12,306	11,862	444	11,435
Purchased Services	5,000	2,220	2,780	4,918
Supplies	3,500	3,615	(115)	3,662
Capital Outlay	<u>500</u>	<u>0</u>	<u>500</u>	<u>303</u>
Total Business	51,626	48,018	3,608	49,898
 Operations and Maintenance				
Current				
Salaries	40,864	38,561	2,303	40,972
Employee Benefits	14,378	13,030	1,348	15,436
Purchased Services	43,000	49,212	(6,212)	45,514
Supplies and Material	53,000	44,555	8,445	50,931
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,236</u>
Total Operations & Maintenance	151,242	145,357	5,885	155,089

LIBERTY SCHOOL DISTRICT J4
Joes, Colorado
General Fund

Statement of Expenditures - Budget and Actual
For the Year Ended June 30, 2016

With Comparative Actual Amounts for the Year Ended June 30, 2015
(continued)

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Actual Prior Year
SUPPORTING SERVICES (continued)				
Pupil Transportation				
Current				
Salaries	27,491	26,730	761	28,155
Employee Benefits	8,282	8,344	(62)	8,669
Purchased Services	30,758	25,569	5,189	27,943
Supplies and Material	32,250	13,164	19,086	16,593
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Transportation	98,781	73,807	24,974	81,360
Central Support Services				
Current				
Purchased Services	48,400	41,101	7,299	18,608
Supplies and Material	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Central Support	48,400	41,101	7,299	18,608
Other Support Services				
Current				
Debt Service	<u>7,300</u>	<u>7,130</u>	<u>170</u>	<u>0</u>
TOTAL SUPPORTING SERVICES	<u>611,854</u>	<u>547,097</u>	<u>64,757</u>	<u>563,002</u>
TOTAL EXPENDITURES	<u>1,377,909</u>	<u>1,290,516</u>	<u>87,393</u>	<u>1,296,838</u>



SPECIAL REVENUE FUND

Food Services Fund - to account for revenue and expenditures associated with providing hot meals to students, teachers, and visitors.

LIBERTY SCHOOL DISTRICT J4
 Joes, Colorado
 Food Services Special Revenue Fund
 Comparative Balance Sheet

	<u>6/30/16</u>	<u>6/30/15</u>	<u>Change</u>
ASSETS			
Current Assets			
Accounts/Grants Receivable	1,319	1,013	306
Due From Capital Projects Fund	138	0	138
Inventory	<u>2,002</u>	<u>2,400</u>	<u>(398)</u>
Total Current Assets	<u>3,459</u>	<u>3,413</u>	<u>46</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Due to Other Funds	0	24,979	(24,979)
Payroll Deductions	92	0	92
Accrued Salaries & Benefits Payable	<u>0</u>	<u>1,801</u>	<u>(1,801)</u>
Total Liabilities	92	26,780	(26,688)
FUND BALANCE			
Nonspendable	2,002	2,400	(398)
Assigned	<u>1,365</u>	<u>(25,767)</u>	<u>27,132</u>
Total Fund Balance	<u>3,367</u>	<u>(23,367)</u>	<u>26,734</u>
Total Liabilities and Fund Balance	<u>3,459</u>	<u>3,413</u>	<u>46</u>

LIBERTY SCHOOL DISTRICT J4
 Joes, Colorado
 Food Services Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual
 For the Year Ended June 30, 2016

REVENUES	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Actual Prior Year
Local Revenue				
Charges for Service				
Student Meals	16,186	16,080	(106)	17,722
Adult Meals	5,700	5,651	(49)	5,699
Other	2,000	2,661	661	2,133
State Revenue	0	566	566	79
Federal Revenue	13,000	11,917	(1,083)	10,710
Commodities	<u>0</u>	<u>3,043</u>	<u>3,043</u>	<u>2,514</u>
Total Revenue	36,886	39,918	3,032	38,858
EXPENDITURES				
Salaries	22,498	21,236	1,262	20,833
Benefits	11,371	10,190	1,181	12,153
Food & Milk	38,758	23,380	15,378	23,909
Non-Food	1,500	1,043	457	1,114
Repairs	0	0	0	0
Freight	300	194	106	207
Equipment	1,500	1,500	0	0
Miscellaneous	<u>840</u>	<u>150</u>	<u>690</u>	<u>600</u>
Total Expenditures	<u>76,767</u>	<u>57,693</u>	<u>19,074</u>	<u>58,815</u>
Excess of Revenue over (under) Expenditures	(39,881)	(17,775)	22,106	(19,957)
NON-OPERATING REVENUE				
Operating Transfers In	<u>0</u>	<u>44,509</u>	<u>44,509</u>	<u>19,979</u>
Excess of Revenue and Other Sources Over (under) Expenditures	(39,881)	26,734	66,615	22
Fund Balance - Beginning	<u>39,881</u>	<u>(23,367)</u>	<u>(63,248)</u>	<u>(23,388)</u>
Fund Balance - Ending	<u>0</u>	<u>3,367</u>	<u>3,367</u>	<u>(23,367)</u>

See auditor's report and notes to the financial statements.

DEBT SERVICE FUND

Bond Redemption Fund - to account for payment of principle and interest on bonds issued January 15, 1997.
Financing is provided by a specific annual property tax levy.

LIBERTY SCHOOL DISTRICT J4
 Joes, Colorado
 Bond Redemption Debt Service Fund
 Comparative Balance Sheet

	<u>6/30/16</u>	<u>6/30/15</u>	<u>Change</u>
ASSETS			
Cash	109,669	105,874	3,796
Accrued Property Taxes Receivable	<u>6,389</u>	<u>6,591</u>	<u>(202)</u>
Total Assets	<u>116,058</u>	<u>112,465</u>	<u>3,593</u>
FUND BALANCE			
Restricted For Bond Redemption	<u>116,058</u>	<u>112,465</u>	<u>3,593</u>

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 For the Year Ended June 30, 2016
 With Comparative Actual Amounts for the Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Actual Prior Year</u>
REVENUES				
Property Taxes	108,600	111,752	3,152	114,334
Specific Ownership Taxes	0	877	877	453
Interest	<u>0</u>	<u>224</u>	<u>224</u>	<u>167</u>
Total Revenues	108,600	112,853	4,253	114,954
EXPENDITURES				
Fiscal Agent Fee	0	750	(750)	750
Bond Interest	0	8,510	(8,510)	10,810
Bond Principal	<u>109,660</u>	<u>100,000</u>	<u>9,660</u>	<u>100,000</u>
Total Expenditures	<u>109,660</u>	<u>109,260</u>	<u>400</u>	<u>111,560</u>
Revenues over (under) Expenditures	(1,060)	3,593	4,653	3,394
Fund Balance - Beginning	<u>1,060</u>	<u>112,465</u>	<u>111,405</u>	<u>109,071</u>
Fund Balance - Ending	<u>0</u>	<u>116,058</u>	<u>116,058</u>	<u>112,465</u>

See auditor's report and notes to the financial statements.

CAPITAL PROJECTS FUND

Capital Reserve Fund - to account for acquisition of land or improvements and construction of structures thereon, or acquisition of land with existing structures thereon and equipment and furnishing therein; construction of additions to existing structures; procurement of equipment for new buildings and additions to existing buildings and installation thereof; alterations and improvements to existing structures where the estimated cost of such projects for labor and materials is in excess of two thousand five hundred dollars; acquisition of school buses or other equipment, the estimated unit cost of which, including any necessary installations, is in excess of one thousand dollars; installment purchase agreements or lease agreements with an option to purchase for a period not to exceed twenty years under which a school district becomes entitled to the use of real property and related equipment for a school site, building, or structure. Also allowed are lease agreements with option to purchase for a period of one year or less, including lease agreements consisting of a series of one-year terms renewable at the option of the district. Financing is provided by transfers from the General Fund.

LIBERTY SCHOOL DISTRICT J4
 Joes, Colorado
 Capital Projects Fund
 Comparative Balance Sheet

	<u>6/30/16</u>	<u>6/30/15</u>	<u>Change</u>
ASSETS			
Cash	<u>128,533</u>	<u>165,452</u>	<u>(36,920)</u>
LIABILITIES			
Due to Other Funds	138	0	138
FUND BALANCE			
Restricted	<u>128,395</u>	<u>165,452</u>	<u>(37,058)</u>
Total Liabilities and Fund Balance	<u>128,533</u>	<u>165,452</u>	<u>(36,920)</u>

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 For the Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Actual Prior Year
REVENUES				
BEST Grant	0	0	0	215,387
Interest Income	<u>0</u>	<u>134</u>	<u>134</u>	<u>266</u>
Total Revenues	0	134	134	215,653
EXPENDITURES				
Repairs	0	4,896	(4,896)	0
Capital Outlay	<u>150,000</u>	<u>32,296</u>	<u>117,704</u>	<u>512,825</u>
Total Expenditures	<u>150,000</u>	<u>37,192</u>	<u>112,808</u>	<u>512,825</u>
Excess of Revenues over (under) Expenditures	(150,000)	(37,058)	112,942	(297,172)
OTHER FINANCING SOURCES (USES)				
Operating Transfers In (Out)	<u>0</u>	<u>0</u>	<u>0</u>	<u>(20,000)</u>
Excess of Revenues and Other Sources over (under) Expenditures	(150,000)	(37,058)	112,942	(317,172)
Fund Balance - Beginning	<u>150,000</u>	<u>165,452</u>	<u>15,452</u>	<u>482,624</u>
Fund Balance - Ending	<u>0</u>	<u>128,395</u>	<u>128,395</u>	<u>165,452</u>

See auditor's report and notes to the financial statements.



AGENCY FUND

Student Activity Fund - used to act as custodian for the classes and activities of the district.

Scholarship Fund - used to account for resources held by the District in a fiduciary capacity for scholarships to be distributed to area students for post-secondary education.

LIBERTY SCHOOL DISTRICT J4
 Joes, Colorado
 Student Activity Agency Fund
 Statement of Changes in Assets and Liabilities - Budget and Actual
 For the Year Ended June 30, 2016

	Balance			Balance
	<u>July 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30</u>
Activity	107	262	149	221
Cashway - Hot Lunch	1	0	0	1
Homecoming	21	0	0	21
Target	82	117	40	159
Playground	1,288	0	0	1,288
Library	99	1,945	1,945	99
School Computers	56	0	55	1
History Maps Nelson	2,500	0	291	2,209
Washington DC Trip	0	5,204	5,203	1
Science Nelson	271	1,700	1,971	0
3rd 4th 5th Grade Nelson	15	0	0	15
Athletic Nelson	1,769	188	1,957	0
Playground Nelson	5,218	0	5,218	0
K-5 Reading - Nelson 20	0	19,000	0	19,000
English Dept - Nelson	0	3,000	3,000	0
Science Dept - Nelson	0	325	0	325
Student Co - Nelson 20	0	500	0	500
New York Trip - Nelson	0	2,500	2,500	0
Weights - Nelson 2016	0	104	98	6
School Lunch Nelson	0	1,000	0	1,000
FCCLA - Nelson 2016	0	5,000	1,692	3,308
Science Fair - Nelson 2	0	3,000	0	3,000
Ag Shop - Nelson 2016	0	1,000	0	1,000
FFA - Nelson 2016	0	3,000	0	3,000
JH Sports - Nelson 2016	0	8,300	0	8,300
General Athletics	1,642	7,399	7,991	1,050
PE	90	0	0	90
HS Volleyball	431	0	83	348
HSG Basketbl	1,399	0	0	1,399
HSB Basketball	1,099	0	525	574
HS Track	380	0	0	380
JH Athletics	563	0	150	413
Drama	44	0	0	44
Student Council	1,127	593	969	751
Concession Equipment	165	0	0	165
6th Grade	0	23	0	23

LIBERTY SCHOOL DISTRICT J4
 Joes, Colorado
 Student Activity Agency Fund
 Statement of Changes in Assets and Liabilities - Budget and Actual
 For the Year Ended June 30, 2016

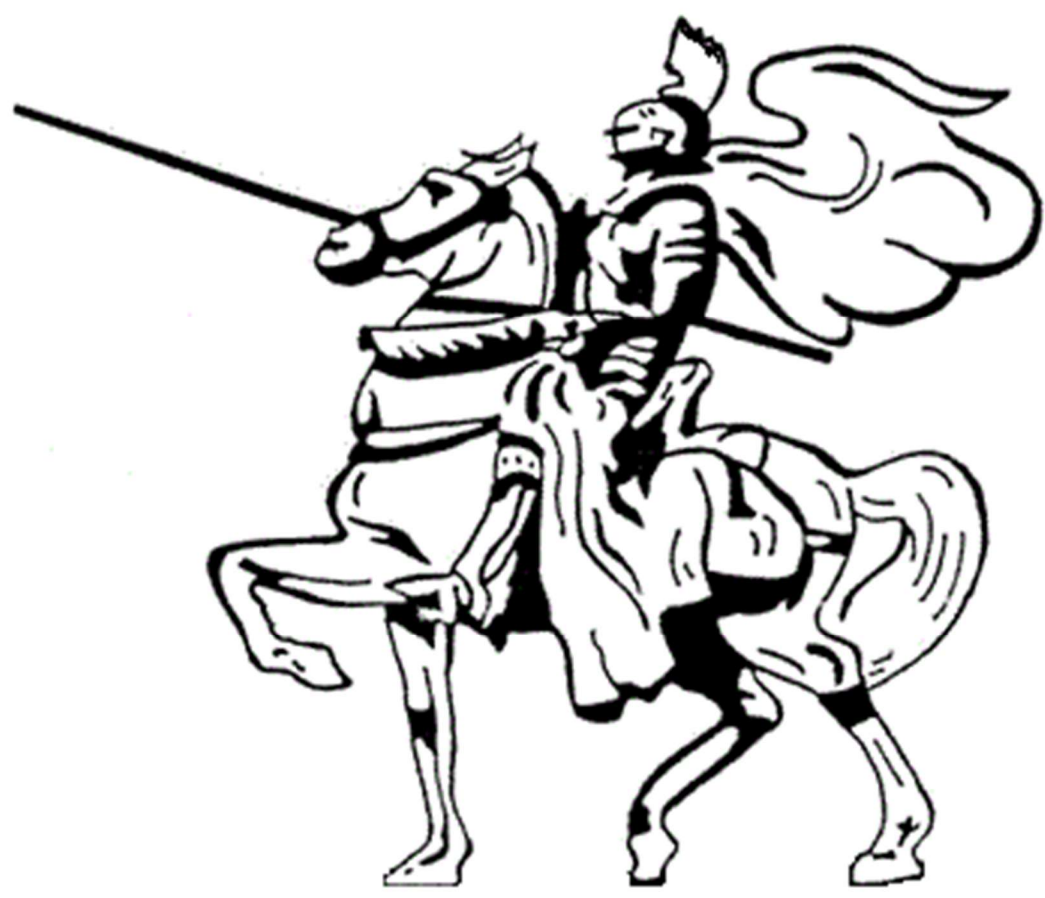
	Balance <u>July 1</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30</u>
9th Grade	1,047	123	0	1,169
10th Grade	538	84	50	572
12th Grade	9,074	6,602	15,285	391
11th Grade	494	11,338	4,469	7,363
Art	965	331	1,098	198
Music	1,686	5,162	5,154	1,693
N H S	13	0	0	13
Yearbook	2,824	2,530	1,759	3,595
FCCLA	0	3,960	2,891	1,069
FBLA	2,123	0	0	2,123
FBLA - Other	137	0	0	137
FFA	9,416	15,203	17,066	7,553
FFA Scholarship	465	0	0	465
FFA Nelson	2,594	(2,586)	8	(0)
FFA Special	240	20	260	0
JR Aggies	693	235	58	869
JBS Five Rivers - Gran	593	0	0	593
Pre K	3,631	0	3,630	0
Pre K Equipment	221	0	0	221
Outdoor Education	466	0	466	0
Elementary	5,343	6,772	7,747	4,367
Elementary Special	76	0	0	76
Elem - Kindergarten	301	0	0	301
Elem - 1st	22	206	0	228
Elem - 2nd	222	0	0	222
Elem - 3rd	11	59	0	70
Elem - 4th	114	30	0	144
Elem - 5th	129	0	0	129
Elem - 6th	52	0	0	52
Math	<u>192</u>	<u>0</u>	<u>0</u>	<u>192</u>
Total	62,312	115,398	94,563	83,148
Budget	<u>0</u>	<u>120,000</u>	<u>120,000</u>	<u>0</u>
Variance - Favorable (Unfavorable)	<u>62,312</u>	<u>(4,602)</u>	<u>25,437</u>	<u>83,148</u>

LIBERTY SCHOOL DISTRICT J4
 Joes, Colorado
 Scholarship Agency Fund
 Comparative Statement of Net Position

	<u>6/30/16</u>	<u>6/30/15</u>	<u>Change</u>
ASSETS			
Current Assets			
Cash	11,614	7,289	4,326
Investments	<u>6,039</u>	<u>6,039</u>	<u>0</u>
Total Current Assets	<u>17,653</u>	<u>13,327</u>	<u>4,326</u>
LIABILITIES			
Due to Scholarship Recipients	<u>17,653</u>	<u>13,327</u>	<u>4,326</u>

Scholarship Agency Fund
 Budgetary Comparison Schedule
 For the Year Ended June 30, 2016
 With Comparative Actual Amounts for the Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Actual Prior Year
Additions				
Contributions	0	13,201	13,201	3,685
Interest	<u>0</u>	<u>0</u>	<u>0</u>	<u>12</u>
Total Additions	0	13,201	13,201	3,697
Deductions				
Scholarship Paid	0	8,875	(8,875)	11,500
Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,567</u>
Total Deductions	<u>0</u>	<u>8,875</u>	<u>(8,875)</u>	<u>17,067</u>
Excess of Additions over (under) Deductions	<u>0</u>	<u>4,326</u>	<u>4,326</u>	<u>(13,382)</u>
Due to scholarship recipients beginning of year			<u>13,327</u>	
Due to scholarship recipients end of year			<u>17,653</u>	



AUDITOR'S INTEGRITY REPORT



Colorado Department of Education
Auditors Integrity Report
 District 3230 - LIBERTY J-4
 Fiscal Year 2015-16
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	+	1000 - 5999 Total Revenues & Other Sources	-	0001-0999 Total Expenditures & Other Uses	=	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental							
10 General Fund	729,298		1,464,145		1,241,962		951,482
18 Risk Mgmt Sub-Fund of General Fund	0		0		0		0
19 Colorado Preschool Program Fund	0		48,554		48,554		0
Sub-Total	729,298		1,512,700		1,290,516		951,482
11 Charter School Fund	0		0		0		0
20,26-29 Special Revenue Fund	0		0		0		0
21 Food Service Spec Revenue Fund	-23,367		84,427		57,693		3,367
22 Govt Designated-Purpose Grants Fund	0		0		0		0
23 Pupil Activity Special Revenue Fund	0		0		0		0
24 Full Day Kindergarten Mill Levy Override	0		0		0		0
25 Transportation Fund	0		0		0		0
31 Bond Redemption Fund	112,465		112,853		109,260		116,058
39 Certificate of Participation (COP) Debt Service Fund	0		0		0		0
41 Building Fund	0		0		0		0
42 Special Building Fund	0		0		0		0
43 Capital Reserve Capital Projects Fund	165,452		134		37,192		128,395
Totals	983,849		1,710,114		1,494,661		1,199,302
Proprietary							
50 Other Enterprise Funds	0		0		0		0
64 (63) Risk-Related Activity Fund	0		0		0		0
60,65-69 Other Internal Service Funds	0		0		0		0
Totals	0		0		0		0
Fiduciary							
70 Other Trust and Agency Funds	0		0		0		0
72 Private Purpose Trust Fund	0		0		0		0
73 Agency Fund	13,328		13,200		8,875		17,653
74 Pupil Activity Agency Fund	62,312		115,398		94,563		83,148
79 GASB 34/Permanent Fund	0		0		0		0
85 Foundations	0		0		0		0
Totals	75,640		128,598		103,438		100,801

FINAL

*If you have a prior period adjustment in any fund (Balance Sheet 6880), the amount of your prior period adjustment is added into both your ending and beginning fund balances on this report.