

LIBERTY SCHOOL DISTRICT J-4
Joes, Colorado

Financial Statements
For The Year Ended June 30, 2018

LIBERTY SCHOOL DISTRICT J-4
 Joes, Colorado
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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, 2018, 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, 2018, 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, budgetary comparison information, pension information, and other post-employment benefit information on pages a-f and 29-33 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 and 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

Winfrey, County & Hays, PC

November 30, 2018

Liberty School District J-4
Management Discussion and Analysis
For Fiscal Year Ended June 30, 2018

This discussion and analysis provides an overview of the Liberty School District J-4 financial performance for the fiscal year ending June 30, 2018. 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 decreased \$916,186 to negative \$1,765,313.

As of the close of the 2017-18 fiscal year, the District's governmental funds reported combined ending fund balances of \$1,424,006. This represents an increase of \$64,192 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 District's assets and liabilities. All of the current year 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, 2018
(continued)

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 \$1,765,313 at the close of business on June 30, 2018. Table 1 shows a high-level overview of net position in comparison to the previous year.

Table 1
Fiscal Year Ended June 30, 2018
Net Position

| | Government Activities | |
|-----------------------------------|-----------------------|--------------------|
| | <u>6/30/2018</u> | <u>6/30/2017</u> |
| Current and other assets | 1,584,824 | 1,517,790 |
| Capital assets | <u>957,385</u> | <u>1,011,812</u> |
| Total assets | 2,542,210 | 2,529,603 |
| Deferred Outflows | 1,530,895 | 1,801,139 |
| Current and other liabilities | 270,819 | 262,976 |
| Long term liabilities | <u>5,320,077</u> | <u>4,797,573</u> |
| Total Liabilities | 5,590,896 | 5,060,549 |
| Deferred Inflows | 247,523 | 119,319 |
| Net Position | | |
| Invested in capital assets | 847,385 | 796,812 |
| Restricted for preschool | 2,474 | 7,514 |
| Restricted for student activities | 0 | 2,064 |
| Restricted for TABOR | 45,459 | 45,674 |
| Restricted for capital projects | 112,861 | 126,117 |
| Restricted for bond redemption | 121,173 | 116,878 |
| Unrestricted | <u>(2,894,666)</u> | <u>(1,944,185)</u> |
| Total Net Position | <u>(1,765,313)</u> | <u>(849,127)</u> |

Liberty School District J-4
Management Discussion and Analysis
For Fiscal Year Ended June 30, 2018
(continued)

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 \$1,765,313. Of the District's \$2,542,210 in total assets, \$957,385 (38%) 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 remained on solid financial footing during the 2017-2018 fiscal year despite the continuation of the imposition of the "negative factor," now referred to by the Colorado State Assembly as the budget stabilization factor or, ironically, the "BS" factor. After successive 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. The District has increased its general fund reserves through prudent spending and oversight of the budget by both the administration and the board to a new total of \$1,424, 006.00, an increase of \$64,192.00 from the previous fiscal year.

The District's funded pupil count average for the past five years declined to 61.8 students. Enrollment decreased by 2.5 students during fiscal year 2018. Funding for Liberty School District is 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 equivalents (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 known as the "negative factor." During the 2017 legislative session, the assembly decided to change the negative factor to the "budget stabilization factor"," commonly referred to in the state now as the "BS" factor. Despite a recovering economy the state legislature still has not found ways within the Colorado State Constitutional constraints to fund schools at the rates expected following the passage of Amendment 23. Since 2010-2011, a period of eight years, the state has underfunded Liberty School District. In 2017-2018, those dollar amounts reached and exceeded the \$1 million dollar mark, and with the additional underfunding this year of \$1,233,701.28, the District has essentially lost the equivalent of more than one year's total funding based on the fiscal year 2017-2018.

Major expenses for the district continue to be salaries and benefits, at 76% of total expenditures. Fifty-nine (59) percent of all expenditures go too instruction and 14% on administrative salaries and requirements. Forty-five (45) percent of revenues come from property taxes, forty-one (41) percent from state equalization payments and 6 percent from specific ownership taxes.

Liberty School District J-4
Management Discussion and Analysis
For Fiscal Year Ended June 30, 2018
(continued)

The results of this year's operations as a whole are reported in the Statement of Activities on Page 2 of the financial statements. 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, 2018
Change in Net Position

| | Government Activities | |
|-------------------------------------|-----------------------|------------------|
| REVENUES | 6/30/2018 | 6/30/2017 |
| Program Revenues | | |
| Charges for service | 20,430 | 24,665 |
| Operating grants | 121,499 | 85,127 |
| General Revenues | | |
| Property taxes | 796,497 | 812,628 |
| Auto taxes | 94,614 | 88,794 |
| State Equalization | 625,761 | 624,000 |
| Other | <u>61,247</u> | <u>53,301</u> |
| Total Revenues | 1,720,048 | 1,688,516 |
| EXPENSES | | |
| Instruction | 1,502,699 | 1,253,788 |
| Pupil services | 33,289 | 19,771 |
| Instructional services | 51,951 | 51,342 |
| General administration | 114,815 | 107,830 |
| School administration | 204,630 | 172,374 |
| Business | 90,907 | 84,112 |
| Operations and maintenance | 224,736 | 208,324 |
| Pupil transportation | 141,483 | 130,866 |
| Central services | 34,386 | 47,270 |
| Debt service | 4,488 | 6,903 |
| Student activities | 31,997 | 8,129 |
| Food services | <u>88,717</u> | <u>82,274</u> |
| Total Expenses | <u>2,524,098</u> | <u>2,172,981</u> |
| Increase (decrease) in net position | <u>(804,051)</u> | <u>(484,466)</u> |

Liberty School District J-4
Management Discussion and Analysis
For Fiscal Year Ended June 30, 2018
(continued)

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 \$16,055.71 per funded student. For the fiscal year the funded pupil count was 57.0 with an actual student count of 72. Funding for the SFA comes from property taxes, specific ownership taxes, and state equalization. Those amounts for this fiscal year are \$682,905, \$93,812, and \$625,761.

The District Funds

At June 30, 2018, the District governmental funds reported a combined fund balance of \$1,424,006 which is an increase of \$64,192.

The General Fund had an increase of \$77,059 compared with an increase of \$159,291 in the prior year. Revenues increased \$10,758 while expenditures increased \$87,097.

The Food Service Fund had a decrease of \$1,843 compared with an increase of \$616 in the prior year.

The Student Activity Special Revenue Fund collected \$38,128 in donations and paid expenditures of \$40,1920.

The Bond Redemption Fund collected \$112,470 in property taxes and spent \$105,000 for bond principal and \$3,738 for bond interest.

The Capital Projects Fund paid for repairs in the amount of \$13,317.

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.

Liberty School District J-4
 Management Discussion and Analysis
 For Fiscal Year Ended June 30, 2018
 (continued)

Capital Assets and Debt Administration

Capital Assets

On June 30, 2018 the District realized a decrease of \$54,427 in capital assets. The decrease is a result depreciation expense exceeding asset purchases. The District's capital assets are currently carried at a value of \$957,385 compared to last year when the capital assets were \$1,011,812.

| | <u>06/30/18</u> | <u>06/30/17</u> |
|----------------------------|--------------------|--------------------|
| Land | 50,000 | 50,000 |
| Buildings and improvements | 2,234,165 | 2,234,165 |
| Furniture and equipment | 129,251 | 121,056 |
| Transportation | <u>344,997</u> | <u>344,997</u> |
| Total capital assets | 2,758,412 | 2,750,217 |
| Accumulated depreciation | <u>(1,801,027)</u> | <u>(1,738,405)</u> |
| Net capital assets | <u>957,385</u> | <u>1,011,812</u> |

Long Term Debt

| | <u>06/30/18</u> | <u>06/30/17</u> |
|------------------------------|-----------------|-----------------|
| Bonds Payable | 110,000 | 215,000 |
| Loan Payable | 0 | 7,300 |
| Compensated absences payable | <u>29,413</u> | <u>0</u> |
| Total | 139,413 | 222,300 |

More complete information is furnished on page 14-15.

Economic Factors

For the 2018-2019 school year, the District's financial outlook is guarded.

- The District reduced staff by two full-time teachers in the areas of music and math, while reducing the social studies position in the secondary school by half.
- Student enrollment continues to decline with the loss of 11 students, including graduates from grades K-12.
- The elementary school population decreased from 46 to 40 students, and a significant number of these students are either funded only at .58 FTE for kindergarten (4 students) or not at all for preschool (9 students).

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, 2018

| | <u>Governmental Activities</u> |
|---------------------------------------------------|------------------------------------|
| ASSETS | |
| Current Assets | |
| Cash and cash equivalents | 1,287,193 |
| Certificates of deposit | 244,714 |
| Accounts and grants receivable | 9,425 |
| Inventory | 1,797 |
| Accrued property taxes receivable | <u>41,694</u> |
| Total Current Assets | 1,584,824 |
| Capital assets, net of accumulated depreciation | <u>957,385</u> |
| Total Assets | 2,542,210 |
| DEFERRED OUTFLOWS | 1,530,895 |
| LIABILITIES | |
| Current Liabilities | |
| Accounts payable | 8,925 |
| Accrued salaries payable | 124,436 |
| Unearned revenue | 27,458 |
| Bonds payable, due within one year | <u>110,000</u> |
| Total Current Liabilities | 270,819 |
| Noncurrent Liabilities | |
| Compensated absences payable, due beyond one year | 29,413 |
| Net health care trust fund liability | 118,119 |
| Net Pension Liability | <u>5,172,546</u> |
| Total Noncurrent Liabilities | <u>5,320,077</u> |
| Total Liabilities | 5,590,896 |
| DEFERRED INFLOWS | 247,523 |
| NET POSITION | |
| Invested in capital assets | 847,385 |
| Restricted for preschool | 2,474 |
| Restricted for TABOR | 45,459 |
| Restricted for capital projects | 112,861 |
| Restricted for bond redemption | 121,173 |
| Unrestricted | <u>(2,894,666)</u> |
| Total Net Position | <u>(1,765,313)</u> |

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

LIBERTY SCHOOL DISTRICT J4
 Joes, Colorado
 Statement of Activities
 For the Year Ended June 30, 2018

| | | Program Revenues | | |
|-------------------------------|----------------------------|---------------------------------------------|-------------------------------------------|----------|
| <u>Expenses</u> | <u>Charges for Service</u> | <u>Operating Grants & Contributions</u> | <u>Capital Grants & Contributions</u> | |
| Governmental Activities | | | | |
| Instructional | 1,502,699 | | 90,447 | 0 |
| Support Services | | | | |
| Pupil services | 33,289 | | | |
| Instructional services | 51,951 | | | |
| General administration | 114,815 | | | |
| School administration | 204,630 | | | |
| Business | 90,907 | | | |
| Operations & maintenance | 224,736 | | | |
| Pupil transportation | 141,483 | | 15,454 | |
| Central services | 34,386 | | | |
| Debt Service | 4,488 | | | |
| Student Activities | 31,997 | | | |
| Food Services | <u>88,717</u> | <u>20,430</u> | <u>15,597</u> | <u>0</u> |
| Total Governmental Activities | <u>2,524,098</u> | <u>20,430</u> | <u>121,499</u> | <u>0</u> |

General revenues:

- Taxes
 - Property taxes, levied for general purposes
 - Property taxes, levied for bond redemption
 - Specific ownership taxes
- State Equalization
- Donations
- Miscellaneous
- Investment earnings
- Total General Revenues

Change in Net Position

Net Position - Beginning

Change in Accounting - Note 2D

Net Position - Ending

Net (Expense) Revenue and
Changes in Net Position

Governmental
Activities

(1,412,252)

(33,289)

(51,951)

(114,815)

(204,630)

(90,907)

(224,736)

(126,029)

(34,386)

(4,488)

(31,997)

(52,690)

(2,382,170)

684,027

112,470

94,614

625,761

38,128

20,367

2,752

1,578,119

(804,051)

(849,127)

(112,136)

(1,765,313)

LIBERTY SCHOOL DISTRICT J4
 Joes, Colorado
 Balance Sheet
 Governmental Funds
 June 30, 2018

| | <u>General</u> | Nonmajor Governmental Funds | Total Governmental Funds |
|---------------------------------------|------------------|-----------------------------------|--------------------------------|
| ASSETS | | | |
| Cash and cash equivalents | 1,027,375 | 259,818 | 1,287,193 |
| Certificates of deposit | 244,714 | 0 | 244,714 |
| Accrued property taxes receivable | 35,809 | 5,884 | 41,694 |
| Accounts and grants receivable | 9,215 | 210 | 9,425 |
| Inventory | <u>0</u> | <u>1,797</u> | <u>1,797</u> |
| Total Assets | <u>1,317,114</u> | <u>267,710</u> | <u>1,584,824</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities | | | |
| Accounts payable | 8,925 | 0 | 8,925 |
| Accrued salaries and benefits payable | 120,359 | 4,078 | 124,436 |
| Unearned revenues | <u>0</u> | <u>27,458</u> | <u>27,458</u> |
| Total Liabilities | 129,283 | 31,535 | 160,819 |
| Fund Balances | | | |
| Nonspendable | 0 | 1,797 | 1,797 |
| Restricted for | | | |
| Preschool | 2,474 | 0 | 2,474 |
| TABOR | 45,459 | 0 | 45,459 |
| Bond redemption | 0 | 121,173 | 121,173 |
| Capital projects | 0 | 112,861 | 112,861 |
| Assigned | 0 | 343 | 343 |
| Unassigned | <u>1,139,898</u> | <u>0</u> | <u>1,139,898</u> |
| Total Fund Balances | <u>1,187,831</u> | <u>236,175</u> | <u>1,424,006</u> |
| Total Liabilities and Fund Balances | <u>1,317,114</u> | <u>267,710</u> | <u>1,584,824</u> |

LIBERTY SCHOOL DISTRICT J4
 Joes, Colorado
 Balance Sheet
 Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
 Governmental Funds
 June 30, 2018

| | | |
|------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|
| Total Governmental Fund Balances | | 1,424,006 |
| 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 | | 957,385 |
| Deferred outflows of resources are not financial resources and thus are not reported as assets in governmental funds | | 1,530,895 |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. | | |
| Due within one year | (110,000) | |
| Due beyond one year | <u>(5,320,077)</u> | (5,430,077) |
| Deferred inflows of resources are not financial resources and thus are not reported as assets in governmental funds | | <u>(247,523)</u> |
| Net Position of Governmental Activities | | <u>(1,765,313)</u> |

LIBERTY SCHOOL DISTRICT J4
 Joes, Colorado
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2018

| | <u>General</u> | Nonmajor Governmental <u>Funds</u> | Total Governmental <u>Funds</u> |
|--------------------------------|------------------|------------------------------------------|---------------------------------------|
| REVENUES | | | |
| Local Sources | | | |
| Property taxes | 682,905 | 112,470 | 795,375 |
| Specific ownership taxes | 93,812 | 802 | 94,614 |
| Delinquent taxes and penalties | 1,122 | 0 | 1,122 |
| Interest | 2,000 | 752 | 2,752 |
| Charges for service | 0 | 20,430 | 20,430 |
| Donations | 0 | 38,128 | 38,128 |
| Other | 20,367 | 411 | 20,778 |
| State Sources | | | |
| Equalization | 625,761 | 0 | 625,761 |
| Other | 70,823 | 0 | 70,823 |
| Federal Sources | <u>35,079</u> | <u>15,186</u> | <u>50,265</u> |
| Total Revenues | 1,531,869 | 188,179 | 1,720,048 |
| EXPENDITURES | | | |
| Instruction | 848,893 | 0 | 848,893 |
| Supporting Services | | | |
| Students | 22,346 | 0 | 22,346 |
| Instructional staff services | 35,150 | 0 | 35,150 |
| General administration | 78,775 | 0 | 78,775 |
| School administration | 108,582 | 0 | 108,582 |
| Business | 55,438 | 0 | 55,438 |
| Operations and maintenance | 168,742 | 0 | 168,742 |
| Pupil transportation | 90,996 | 0 | 90,996 |
| Central services | 20,889 | 0 | 20,889 |
| Capital Projects | 0 | 13,497 | 13,497 |
| Food Service | 0 | 62,869 | 62,869 |
| Student Activities | 0 | 31,997 | 31,997 |
| Debt Service | 0 | 109,488 | 109,488 |
| Capital Outlay | <u>0</u> | <u>8,195</u> | <u>8,195</u> |
| Total Expenditures | <u>1,429,810</u> | <u>226,046</u> | <u>1,655,856</u> |

LIBERTY SCHOOL DISTRICT J4
 Joes, Colorado
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2018
 (continued)

| | <u>General</u> | Nonmajor Governmental <u>Funds</u> | Total Governmental <u>Funds</u> |
|-----------------------------------------------------------------------|------------------|------------------------------------------|---------------------------------------|
| Revenues Over (Under) Expenditures | 102,059 | (37,867) | 64,192 |
| Other Financing Sources (Uses) | | | |
| Operating Transfers In (Out) | <u>(25,000)</u> | <u>25,000</u> | <u>0</u> |
| Revenues & Other Sources Over (Under) Expenditures & Other Sources | 77,059 | (12,867) | 64,192 |
| Fund Balance - Beginning | <u>1,110,772</u> | <u>249,042</u> | <u>1,359,814</u> |
| Fund Balance - Ending | <u>1,187,831</u> | <u>236,175</u> | <u>1,424,006</u> |

LIBERTY SCHOOL DISTRICT J4
 Joes, Colorado
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
 Balances - Governmental Funds to the Statement of Activities
 For the Year Ended June 30, 2018

| | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|------------------|
| Net change in fund balances - total governmental funds | | 64,192 |
| <p>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.</p> | | |
| Capital outlays | 8,195 | |
| Depreciation expense | <u>(62,622)</u> | (54,427) |
| <p>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.</p> | | |
| Principal debt payments | | 112,300 |
| <p>The change in compensated absences is not recognized in the fund financial statements but is recognized in the statement of activities.</p> | | |
| Decrease (increase) in accrued sick leave | | (29,413) |
| <p>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.</p> | | |
| Pension expenses | (894,812) | |
| Other post-employment benefit expenses | <u>(1,891)</u> | <u>(896,703)</u> |
| Change in net position of governmental activities | | <u>(804,051)</u> |

LIBERTY SCHOOL DISTRICT J4
 Joes, Colorado
 Combining Statement of Fiduciary Net Position
 Agency Funds
 June 30, 2018

| ASSETS | Student Activity <u>Fund</u> | Scholarship <u>Fund</u> | <u>Total</u> |
|-------------------------------|------------------------------------|----------------------------|---------------|
| Cash in bank | 51,047 | 8,706 | 59,753 |
| | | | |
| LIABILITIES | | | |
| Due to student activities | 51,047 | 0 | 51,047 |
| Due to scholarship recipients | <u>0</u> | <u>8,706</u> | <u>8,706</u> |
| Total Liabilities | <u>51,047</u> | <u>8,706</u> | <u>59,753</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, 2018

(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

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.

Nonmajor Funds

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

Student Activity Special Revenue Fund accounts for the revenues reported and the expenditures of each of the activities reported.

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.

LIBERTY SCHOOL DISTRICT J-4
Joes, Colorado
Notes to Financial Statements
June 30, 2018
(continued)

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, 2018
(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, 2018 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, 2018
 (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 financial statements, net position is 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.

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

Unrestricted 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.

LIBERTY SCHOOL DISTRICT J-4
 Joes, Colorado
 Notes to Financial Statements
 June 30, 2018
 (continued)

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.

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, 2018 the amounts restricted were \$45,459 for the Tabor Reserve, \$121,173 in the Bond Redemption Fund for bond retirement, \$112,861 for Capital Projects, \$2,474 for the Preschool Fund.

(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. For the fiscal year ended June 30, 2018, the District implemented GASB 75, reporting for Other Post-Employment Benefits (OPEB) associated with the PERA Health Care Trust Fund (HCTF). As a result, a prior period adjustment was required that included \$115,847 of net OPEB liability for the District as computed by the HCTF, less the amount the District submitted to the HCTF of \$3,711 after the HCTF's year end. The net prior year adjustment is \$112,136.

(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 is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

LIBERTY SCHOOL DISTRICT J-4
 Joes, Colorado
 Notes to the Financial Statements
 June 30, 2018
 (continued)

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.

At June 30, 2018, the District's cash deposits had a bank balance and carrying balance as follows:

| | Bank Balance | Carrying Balance |
|------------------------------------------------|-----------------|---------------------|
| Insured (FDIC) | 830,938 | 814,995 |
| Deposits collateralized in institutional pools | 761,637 | 761,737 |
| Cash with county treasurer | 14,929 | 14,929 |
| Total cash | 1,607,504 | 1,591,661 |
| Amounts of certificates of deposit | | (244,714) |
| Amount with agency funds | | (59,753) |
| Net cash | | 1,287,193 |

As presented above, deposits with a bank balance of \$761,637 and a carrying balance of \$761,737 as of June 30, 2018, 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

| | Beginning Balance | Increase | Decrease | Ending Balance |
|-------------------------------|----------------------|----------|----------|-------------------|
| Governmental Activities | | | | |
| Land | 50,000 | 0 | 0 | 50,000 |
| Builidngs and improvements | 2,234,164 | 0 | 0 | 2,234,164 |
| Furniture and equipment | 121,056 | 8,195 | 0 | 129,251 |
| Transportation | 344,997 | 0 | 0 | 344,997 |
| Total | 2,750,217 | 8,195 | 0 | 2,758,412 |
| Less Accumulated Depreication | | | | |
| Builidngs and improvements | 1,329,906 | 44,925 | 0 | 1,374,831 |
| Furniture and equipment | 86,073 | 7,179 | 0 | 93,252 |
| Transportation | 322,427 | 10,518 | 0 | 332,945 |
| Total | 1,738,406 | 62,622 | 0 | 1,801,028 |
| Capital Assets, net | 1,011,811 | (54,427) | 0 | 957,384 |

Depreciation expense for the governmental activities was allocated \$50,668 to instruction, \$10,518 to transportation and \$1,436 to food service.

LIBERTY SCHOOL DISTRICT J-4
 Joes, Colorado
 Notes to the Financial Statements
 June 30, 2018
 (continued)

D. Changes in Long-Term Debt -

| | Balance July 1 | Additions | Reductions | Balance June 30 | Due Within One Year |
|--------------------------------------|-------------------|------------------|------------------|--------------------|------------------------|
| CDE Repayment | 7,300 | 0 | (7,300) | - | - |
| Compensated absences | - | 29,413 | - | 29,413 | - |
| Bonds payable | 215,000 | | (105,000) | 110,000 | 110,000 |
| Net health care trust fund liability | 115,847 | 11,808 | (9,536) | 118,119 | - |
| Net pension liability | 4,680,273 | 1,137,949 | (645,677) | 5,172,545 | - |
| Total | <u>5,018,420</u> | <u>1,179,170</u> | <u>(767,513)</u> | <u>5,430,077</u> | <u>110,000</u> |

The bonds will be retired by tax levies in the Bond Redemption Fund. 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 June 30 | Principal | Interest | Total |
|------------------------|-----------|----------|---------|
| 2019 | 110,000 | 1,265 | 111,265 |
| Total | 110,000 | 1,265 | 111,265 |

(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 \$25,000 to the Food Service Fund for operating purposes.

LIBERTY SCHOOL DISTRICT J-4
 Joes, Colorado
 Notes to the Financial Statements
 June 30, 2018
 (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.

During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: Concerning Modifications to the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years. Governmental accounting standards require the net pension liability and related amounts of the SCHDTF for financial reporting purposes be measured using the plan provisions in effect as of the SCHDTF's measurement date of December 31, 2017. As such, the following disclosures do not include the changes to plan provisions required by SB 18-200 with the exception of the section titled Changes between the measurement date of the net pension liability and June 30, 2018.

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 as of December 31, 2017. 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.

LIBERTY SCHOOL DISTRICT J-4
 Joes, Colorado
 Notes to the Financial Statements
 June 30, 2018
 (continued)

As of December 31, 2017, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure 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 (AIR) for the SCHDTF.

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 provisions as June 30, 2018: 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 31, 2017 | For the Year Ended December 31, 2018 |
|---------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|-----------------------------------------|
| 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 | 4.50% | 4.50% |
| Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 ¹ | 5.00% | 5.50% |
| Total employer contribution rate to the SCHDTF¹ | 18.63% | 19.13% |

¹Rates 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 the District were \$142,090 for the year ended June 30, 2018.

LIBERTY SCHOOL DISTRICT J-4
 Joes, Colorado
 Notes to the Financial Statements
 June 30, 2018
 (continued)

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

At June 30, 2018, the District reported a liability of \$5,172,545 for its proportionate share of the net pension liability. The net pension liability for the SCHDTF was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll-forward the total pension liability to December 31, 2017. The District's proportion of the net pension liability was based on the District's contributions to the SCHDTF for the calendar year 2017 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2017, the District's proportion was 0.0159960238 percent, which was an increase of 0.002766247 percent from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018 the District recognized pension expense of \$894,812. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|-----------------------------------------------------------------------------------------------------------------|-----------------------------------|----------------------------------|
| Difference between expected and actual experience | 95,101 | -0- |
| Changes of assumptions or other inputs | 1,320,743 | 8,381 |
| Net difference between projected and actual earnings on pension plan investments | -0- | 203,131 |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | 36,910 | 34,033 |
| Contributions subsequent to the measurement date | 72,073 | N/A |
| Total | 1,524,827 | 245,545 |

There is \$72,073 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended June 30: | |
|---------------------|---------|
| 2019 | (8,147) |
| 2020 | 4,743 |
| 2021 | 6,279 |
| 2022 | -0- |
| 2023 | -0- |
| Thereafter | -0- |

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Actuarial assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

| | |
|---------------------------------------------------------------------------------------------------------|-----------------------------------------|
| Actuarial cost method | Entry age |
| Price inflation | 2.40 percent |
| Real wage growth | 1.10 percent |
| Wage inflation | 3.50 percent |
| Salary increases, including wage inflation | 3.50 – 9.70 percent |
| Long-term investment rate of return, net of pension plan investment expenses, including price inflation | 7.25 percent |
| Discount rate | 5.26 percent |
| 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 |

A discount rate of 4.78 percent was used in the roll-forward calculation of the total pension liability to the measurement date of December 31, 2017.

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

Healthy, post-retirement mortality assumptions reflect the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

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

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

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

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

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

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

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

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

Discount rate. The discount rate used to measure the total pension liability was 4.78 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- 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.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, 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.

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- 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 statute, 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 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 assumptions and methods, the projection test indicates the SCHDTF's fiduciary net position was projected to be depleted in 2041 and, as a result, the municipal bond index rate was used in the determination of the discount rate. The long-term expected rate of return of 7.25 percent on pension plan investments was applied to periods through 2041 and the municipal bond index rate, the December average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Bond Buyer, was applied to periods on and after 2041 to develop the discount rate. For the measurement date, the municipal bond index rate was 3.43 percent, resulting in a discount rate of 4.78 percent.

As of the prior measurement date, the long-term expected rate of return on plan investments of 7.25 percent and the municipal bond index rate of 3.86 percent were used in the discount rate determination resulting in a discount rate of 5.26 percent, 0.48 percent higher compared to the current measurement date.

Sensitivity of the District's 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 4.78 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 (3.78 percent) or 1-percentage-point higher (5.78 percent) than the current rate:

| | 1% Decrease (3.78%) | Current Discount Rate (4.78%) | 1% Increase (5.78%) |
|--------------------------------------------------|------------------------|----------------------------------|------------------------|
| Proportionate share of the net pension liability | 6,533,805 | 5,172,546 | 4,063,275 |

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.

Changes between the measurement date of the net pension liability and June 30, 2018.

During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through SB 18-200: Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to the plans administered by PERA with the goal of eliminating the unfunded actuarial accrued liability of the Division Trust Funds and thereby reach a 100 percent funded ratio for each division within the next 30 years.

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A brief description of some of the major changes to plan provisions required by SB 18-200 are listed below. A full copy of the bill can be found online at www.leg.colorado.gov.

- Increases employer contribution rates by 0.25 percent on July 1, 2019.
- Increases employee contribution rates by a total of 2 percent (to be phased in over a period of 3 years starting on July 1, 2019).
- Directs the state to allocate \$225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution will be allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the other divisions eligible for the direct distribution.
- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, modifying the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.
- Member contributions, employer contributions, the direct distribution from the state, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.

At June 30, 2018, the District reported a liability of \$5,172,545 for its proportionate share of the net pension liability which was measured using the plan provisions in effect as of the pension plan's year-end based on a discount rate of 4.78%. For comparative purposes, the following schedule presents an estimate of what the District's proportionate share of the net pension liability and associated discount rate would have been had the provisions of SB 18-200, applicable to the SCHDTF, become law on December 31, 2017. This pro forma information was prepared using the fiduciary net position of the SCHDTF as of December 31, 2017. Future net pension liabilities reported could be materially different based on changes in investment markets, actuarial assumptions, plan experience and other factors.

| Estimated Discount Rate Calculated Using Plan Provisions Required by SB 18-200 (pro forma) | Proportionate Share of the Estimated Net Pension Liability Calculated Using Plan Provisions Required by SB 18-200 (pro forma) |
|-----------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|
| 7.25% | \$ 2,336,911 |

Recognizing that the changes in contribution and benefit provisions also affect the determination of the discount rate used to calculate proportionate share of the net pension liability, approximately \$2,336,911 of the estimated reduction is attributable to the use of a 7.25 percent discount rate.

E. Defined Benefit Other Post Employment Benefit (OPEB) Plan

Summary of Significant Accounting Policies

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

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General Information about the OPEB Plan

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

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

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

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

PERA Benefit Structure

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

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

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

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Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$7,676 for the year ended June 30, 2018.

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

At June 30, 2018, the District reported a liability of \$118,119 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2017. The District's proportion of the net OPEB liability was based on Districts contributions to the HCTF for the calendar year 2017 relative to the total contributions of participating employers to the HCTF.

At December 31, 2017, the District's proportion was 0.0090888770 percent, which was an increase of 0.0001537834 percent from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, the District recognized OPEB expense of \$1,891. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|-----------------------------------------------------------------------------------------------------------------|-----------------------------------|----------------------------------|
| Difference between expected and actual experience | 559 | -0- |
| Changes of assumptions or other inputs | -0- | -0- |
| Net difference between projected and actual earnings on OPEB plan investments | -0- | 1,976 |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | 1,666 | -0- |
| Contributions subsequent to the measurement date | 3,843 | N/A |
| Total | 6,068 | 1,976 |

There is \$3,843 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, which will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year ended June 30: | |
|---------------------|-----|
| 2019 | 327 |
| 2020 | 327 |
| 2021 | 327 |
| 2022 | 327 |
| 2023 | 327 |
| Thereafter | 29 |

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Actuarial assumptions. The total OPEB liability in the December 31, 2016 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

| | |
|---------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|
| Actuarial cost method | Entry age |
| Price inflation | 2.40 percent |
| Real wage growth | 1.10 percent |
| Wage inflation | 3.50 percent |
| Salary increases, including wage inflation | 3.50 percent in aggregate |
| Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation | 7.25 percent |
| Discount rate | 7.25 percent |
| Health care cost trend rates | |
| PERA benefit structure: | |
| Service-based premium subsidy | 0.00 percent |
| PERACare Medicare plans | 5.00 percent |
| Medicare Part A premiums | 3.00 percent for 2017, gradually rising to 4.25 percent in 2023 |

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2016, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

| Year | PERACare Medicare Plans | Medicare Part A Premiums |
|-------|----------------------------|-----------------------------|
| 2017 | 5.00% | 3.00% |
| 2018 | 5.00% | 3.25% |
| 2019 | 5.00% | 3.50% |
| 2020 | 5.00% | 3.75% |
| 2021 | 5.00% | 4.00% |
| 2022 | 5.00% | 4.00% |
| 2023 | 5.00% | 4.25% |
| 2024+ | 5.00% | 4.25% |

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

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

Healthy, post-retirement mortality assumptions for the State and Local Government Divisions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

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

The following economic and demographic assumptions were specifically developed for, and used in, the measurement of the obligations for the HCTF:

- The assumed rates of PERACare participation were revised to reflect more closely actual experience.
- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2017 plan year.
- The percentages of PERACare enrollees who will attain age 65 and older ages and are assumed to not qualify for premium-free Medicare Part A coverage were revised to more closely reflect actual experience.
- The percentage of disabled PERACare enrollees who are assumed to not qualify for premium-free Medicare Part A coverage were revised to reflect more closely actual experience.
- Assumed election rates for the PERACare coverage options that would be available to future PERACare enrollees who will qualify for the “No Part A Subsidy” when they retire were revised to more closely reflect actual experience.
- Assumed election rates for the PERACare coverage options that will be available to those current PERACare enrollees, who qualify for the “No Part A Subsidy” but have not reached age 65, were revised to more closely reflect actual experience.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.
- The rates of PERACare coverage election for spouses of eligible inactive members and future retirees were revised to more closely reflect actual experience.
- The assumed age differences between future retirees and their participating spouses were revised to reflect more closely actual experience.

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The actuarial assumptions used in the December 31, 2016, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA's actuary, as needed.

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

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

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

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

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

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

| | 1% Decrease in Trend Rates | Current Trend Rates | 1% Increase in Trend Rates |
|-------------------------------------|----------------------------|---------------------|----------------------------|
| PERACare Medicare trend rate | 4.00% | 5.00% | 6.00% |
| Initial Medicare Part A trend rate | 2.00% | 3.00% | 4.00% |
| Ultimate Medicare Part A trend rate | 3.25% | 4.25% | 5.25% |
| Net OPEB Liability | \$114,869 | \$118,119 | \$122,033 |

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2017, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date. For future plan members, employer contributions were reduced by the estimated amount of total service costs for future plan members.
- 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.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits 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 assumptions and methods, the projection test indicates the HCTF's fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

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

| | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|-----------------------------------------------|------------------------|----------------------------------|------------------------|
| Proportionate share of the net OPEB liability | 132,803 | 118,119 | 105,586 |

OPEB plan fiduciary net position. Detailed information about the HCTF'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.

- 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, 2017, total assets were \$2,759,621, total deferred outflows were \$6,370,494, total liabilities were \$17,087,255, deferred inflows were \$423,405, net position was (\$8,380,545), revenues were \$8,591,775, and expenses were \$10,871,227.

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, 2018

| | <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 | 840,541 | 840,541 | 800,207 | (40,334) |
| State sources | 728,135 | 728,135 | 696,584 | (31,551) |
| Federal sources | <u>32,297</u> | <u>32,297</u> | <u>35,079</u> | <u>2,782</u> |
| Total Revenues | 1,600,973 | 1,600,973 | 1,531,869 | (69,104) |
| EXPENDITURES | | | | |
| Current | | | | |
| Instruction | 878,889 | 878,889 | 848,893 | 29,996 |
| Supporting Services | | | | |
| Pupils | 13,908 | 13,908 | 22,346 | (8,438) |
| Instructional staff - library | 48,675 | 48,675 | 35,150 | 13,525 |
| General administration | 83,185 | 83,185 | 78,775 | 4,410 |
| School administration | 122,785 | 122,785 | 108,582 | 14,203 |
| Business services | 59,002 | 59,002 | 55,438 | 3,564 |
| Operations and maintenance | 251,117 | 251,117 | 168,742 | 82,375 |
| Pupil transportation | 101,525 | 101,525 | 90,996 | 10,529 |
| Central support | 48,600 | 48,600 | 20,889 | 27,711 |
| Contingency Reserve | 1,186,446 | 1,186,446 | 0 | 1,186,446 |
| Capital Outlay | <u>77,000</u> | <u>77,000</u> | <u>0</u> | <u>77,000</u> |
| Total Expenditures | <u>2,871,132</u> | <u>2,871,132</u> | <u>1,429,810</u> | <u>1,441,322</u> |
| Excess of revenues over (under) | | | | |
| Expenditures | (1,270,159) | (1,270,159) | 102,059 | 1,372,218 |
| Other Financing Uses | | | | |
| Operating Transfers In (Out) | <u>159,387</u> | <u>159,387</u> | <u>(25,000)</u> | <u>(184,387)</u> |
| Excess of Revenues over (under) | | | | |
| Expenditures & Other Uses | (1,110,772) | (1,110,772) | 77,059 | 1,187,831 |
| Fund Balance - Beginning | <u>1,110,772</u> | <u>1,110,772</u> | <u>1,110,772</u> | <u>0</u> |
| Fund Balance - Ending | <u>0</u> | <u>0</u> | <u>1,187,831</u> | <u>1,187,831</u> |

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

LIBERTY SCHOOL DISTRICT J4
 Joes, Colorado
 Schedule of District's Proportionate Share of the Net Pension Liability
 PERA School Division Trust Fund

| | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|--------------------------------------------------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Proportion (percentage) of the collective net pension liability | 0.015996% | 0.015719% | 0.016277% | 0.016318% | 0.017981% |
| Proportionate share of the collective net pension liability | 5,172,545 | 4,680,273 | 2,489,387 | 2,211,662 | 2,235,908 |
| Covered payroll | 739,608 | 705,515 | 706,510 | 690,201 | 726,621 |
| Proportionate share of the net pension liability as a percentage of its covered employee payroll | 699.36% | 663.38% | 352.35% | 320.44% | 307.71% |
| Plan fiduciary net position as a percentage of total pension liability | 43.96% | 43.10% | 59.20% | 62.80% | 64.06% |

Note 1: The amounts presented for each year were determined as of December 31.

Note 2: Information is not currently available for years prior to 2013; additional years will be displayed as they become available.

LIBERTY SCHOOL DISTRICT J4
Joes, Colorado
Schedule of Contributions and Related Ratios
PERA School Division Trust Fund

| As of June 30, | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> |
|-----------------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|---------------|---------------|
| Statutorily required contributions | 142,090 | 132,065 | 123,914 | 116,654 | 112,878 | 121,654 | 106,470 | 92,068 | 87,344 | 77,598 |
| Contributions in relation to the statutorily required contribution | <u>142,090</u> | <u>132,065</u> | <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> |
| 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 | 752,583 | 720,015 | 701,308 | 690,773 | 706,027 | 808,739 | 750,878 | 693,349 | 704,516 | 676,195 |
| Contributions as a percentage of covered-employee payroll | 18.88% | 18.34% | 17.67% | 16.89% | 15.99% | 15.04% | 14.18% | 13.28% | 12.40% | 11.48% |

Note 1: Information above is presented as of the District's fiscal year.

LIBERTY SCHOOL DISTRICT J4
 Joes, Colorado
 Schedule of District's Proportionate Share of the Net Other Post Employment
 Benefit Liability - Health Care Trust Fund

| | <u>2017</u> | <u>2016</u> |
|-----------------------------------------------------------------------------------------------------|-------------|-------------|
| Proportion (percentage) of the collective net pension liability | 0.009089% | 0.008935% |
| Proportionate share of the collective net other post-employment liability | 118,119 | 115,847 |
| Covered payroll | 739,608 | 702,411 |
| Proportionate share of the net pension liability as a percentage of its covered employee payroll | 15.97% | 16.49% |
| Plan fiduciary net position as a percentage of the total other post-employment liability | 17.53% | 16.72% |

Note 1: The amounts presented for each year were determined as of December 31.

Note 2: Information is not currently available for years prior to 2016; additional years will be displayed as they become available.

LIBERTY SCHOOL DISTRICT J4
Seibert, Colorado
Schedule of Contributions and Related Ratios
Health Care Trust Fund

| As of June 30, | <u>2018</u> | <u>2017</u> |
|-----------------------------------------------------------------------|--------------|--------------|
| Statutorily required contributions | 7,676 | 7,344 |
| Contributions in relation to the statutorily required contribution | <u>7,676</u> | <u>7,344</u> |
| Contribution deficiency (excess) | <u>0</u> | <u>0</u> |
| Covered-employee payroll | 752,583 | 720,015 |
| Contributions as a percentage of covered-employee payroll | 1.02% | 1.02% |

Note 1: Information above is presented as of the District's fiscal year.

Note 2: Information is not currently available for years prior to 2017; additional years will be displayed as they become available.



OTHER INFORMATION

COMBINING AND INDIVIDUAL FUND STATEMENTS

LIBERTY SCHOOL DISTRICT J4
 Joes, Colorado
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2018

| | <u>Special Revenue Funds</u> | | | | |
|--------------------------------------|------------------------------|-----------------|-----------------|-------------------|----------------|
| | <u>Food</u> | <u>Student</u> | <u>Capital</u> | <u>Bond</u> | |
| | <u>Service</u> | <u>Activity</u> | <u>Projects</u> | <u>Redemption</u> | <u>Total</u> |
| ASSETS | | | | | |
| Cash and cash equivalents | 4,211 | 27,458 | 112,861 | 115,289 | 259,818 |
| Property tax receivable | 0 | 0 | 0 | 5,884 | 5,884 |
| Accounts and grants receivable | 210 | 0 | 0 | 0 | 210 |
| Inventory | <u>1,797</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>1,797</u> |
| Total Assets | <u>6,218</u> | <u>27,458</u> | <u>112,861</u> | <u>121,173</u> | <u>267,710</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities | | | | | |
| Accrued salaries and benefits | 4,078 | 0 | 0 | 0 | 4,078 |
| Unearned revenues | <u>0</u> | <u>27,458</u> | <u>0</u> | <u>0</u> | <u>27,458</u> |
| Total Liabilities | 4,078 | 27,458 | 0 | 0 | 31,535 |
| Fund Balances | | | | | |
| Nonspendable | 1,797 | 0 | 0 | 0 | 1,797 |
| Restricted for | | | | | |
| Bond redemption | 0 | 0 | 0 | 121,173 | 121,173 |
| Capital projects | 0 | 0 | 112,861 | 0 | 112,861 |
| Assigned | <u>343</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>343</u> |
| Total Fund Balances | <u>2,141</u> | <u>0</u> | <u>112,861</u> | <u>121,173</u> | <u>236,175</u> |
| Total Liabilities and Fund Balance | <u>6,218</u> | <u>27,458</u> | <u>112,861</u> | <u>121,173</u> | <u>267,710</u> |

LIBERTY SCHOOL DISTRICT J4
 Joes, Colorado
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2018

| | <u>Special Revenue Funds</u> | | | | <u>Total</u> |
|---------------------------------------|------------------------------|-------------------------|-------------------------|------------------------|----------------|
| | <u>Food Service</u> | <u>Student Activity</u> | <u>Capital Projects</u> | <u>Bond Redemption</u> | |
| REVENUES | | | | | |
| Local Sources | | | | | |
| Property taxes | 0 | 0 | 0 | 112,470 | 112,470 |
| Specific ownership taxes | 0 | 0 | 0 | 802 | 802 |
| Interest | 0 | 0 | 241 | 511 | 752 |
| Charges for service | 20,430 | 0 | 0 | 0 | 20,430 |
| Donations | 0 | 38,128 | 0 | 0 | 38,128 |
| Other | 411 | 0 | 0 | 0 | 411 |
| Federal Sources | <u>15,186</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>15,186</u> |
| Total Revenues | 36,027 | 38,128 | 241 | 113,783 | 188,179 |
| EXPENDITURES | | | | | |
| Capital projects | 0 | 0 | 13,497 | 0 | 13,497 |
| Food service | 62,869 | 0 | 0 | 0 | 62,869 |
| Student activities | 0 | 31,997 | 0 | 0 | 31,997 |
| Capital outlay | 0 | 8,195 | 0 | 0 | 8,195 |
| Debt service | <u>0</u> | <u>0</u> | <u>0</u> | <u>109,488</u> | <u>109,488</u> |
| Total Expenditures | <u>62,869</u> | <u>40,192</u> | <u>13,497</u> | <u>109,488</u> | <u>226,046</u> |
| Revenues over (under) | | | | | |
| Expenditures | (26,843) | (2,064) | (13,256) | 4,295 | (37,867) |
| Other Financing Sources (Uses) | | | | | |
| Operating Transfers In (Out) | <u>25,000</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>25,000</u> |
| Revenues & Other Sources over (under) | | | | | |
| Expenditures & Other Sources | (1,843) | (2,064) | (13,256) | 4,295 | (12,867) |
| Fund Balance - Beginning | <u>3,983</u> | <u>2,064</u> | <u>126,117</u> | <u>116,878</u> | <u>249,042</u> |
| Fund Balance - Ending | <u>2,141</u> | <u>0</u> | <u>112,861</u> | <u>121,173</u> | <u>236,175</u> |

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



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>6/30/18</u> | <u>6/30/17</u> | <u>Change</u> |
|-----------------------------------------|----------------------|----------------------|-------------------|
| ASSETS | | | |
| Cash in bank | 1,013,399 | 962,701 | 50,699 |
| Certificates of deposit | 244,714 | 242,714 | 2,000 |
| Cash with fiscal agent | 13,976 | 14,836 | (860) |
| Accounts and grants receivable | 9,215 | 3,850 | 5,365 |
| Accrued property tax receivable | <u>35,809</u> | <u>29,281</u> | <u>6,528</u> |
| Total Assets | <u>1,317,114</u> | <u>1,253,382</u> | <u>63,732</u> |
| LIABILITIES AND FUND BALANCE | | | |
| Liabilities | | | |
| Current Liabilities | | | |
| Accounts payable | 8,925 | 32,013 | (23,088) |
| Accrued salaries and benefits payable | <u>120,359</u> | <u>110,597</u> | <u>9,761</u> |
| Total Current Liabilities | 129,283 | 142,610 | (13,327) |
| Fund Balance | | | |
| Restricted for preschool | 2,474 | 7,514 | (5,040) |
| Restricted for TABOR | 45,459 | 45,674 | (215) |
| Unassigned | <u>1,139,898</u> | <u>1,057,584</u> | <u>82,314</u> |
| Total Fund Balance | <u>1,187,831</u> | <u>1,110,772</u> | <u>77,059</u> |
| Total Liabilities and Fund Balance | <u>1,317,114</u> | <u>1,253,382</u> | <u>63,732</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, 2018

With Comparative Actual Amounts for the Year Ended June 30, 2017

| | | | Variance Favorable (Unfavorable) | Actual Prior Year |
|--------------------------------------------------------------|------------------|------------------|----------------------------------------|-------------------------|
| REVENUES | <u>Budget</u> | <u>Actual</u> | | |
| Local Sources | | | | |
| Property taxes | 738,968 | 682,905 | (56,063) | 699,742 |
| Specific ownership taxes | 47,264 | 93,812 | 46,548 | 87,988 |
| Delinquent taxes and penalties | 1,000 | 1,122 | 122 | 1,128 |
| Investment interest | 1,372 | 2,000 | 628 | 1,385 |
| Other | <u>51,937</u> | <u>20,367</u> | <u>(31,570)</u> | <u>38,300</u> |
| Total Local Sources | 840,541 | 800,207 | (40,334) | 828,544 |
| State Sources | | | | |
| Equalization | 656,085 | 625,761 | (30,325) | 624,000 |
| Vocational education | 7,500 | 13,980 | 6,480 | 13,620 |
| Transportation | 19,516 | 15,454 | (4,062) | 18,937 |
| ELPA | 2,312 | 2,165 | (147) | 0 |
| BOCES services | 14,600 | 8,443 | (6,157) | 15,631 |
| Other | <u>28,122</u> | <u>30,781</u> | <u>2,659</u> | <u>3,671</u> |
| Total State Sources | 728,135 | 696,584 | (31,551) | 675,858 |
| Federal Sources | | | | |
| Grants | 23,564 | 16,124 | (7,440) | 7,268 |
| BOCES flowthrough | <u>8,733</u> | <u>18,955</u> | <u>10,222</u> | <u>9,440</u> |
| Total Federal Sources | <u>32,297</u> | <u>35,079</u> | <u>2,782</u> | <u>16,708</u> |
| Total Revenues | 1,600,973 | 1,531,869 | (69,104) | 1,521,111 |
| Expenditures | <u>2,871,132</u> | <u>1,429,810</u> | <u>1,441,322</u> | <u>1,342,713</u> |
| Excess of Revenues over (under) Expenditures | (1,270,159) | 102,059 | 1,372,218 | 178,398 |
| Other Financing Uses | | | | |
| Operating Transfers In (Out) | <u>159,387</u> | <u>(25,000)</u> | <u>(184,387)</u> | <u>(19,108)</u> |
| Excess of Revenues over (under) Expenditures & Other Uses | (1,110,772) | 77,059 | 1,187,831 | 159,291 |
| Fund Balance - Beginning | <u>1,110,772</u> | <u>1,110,772</u> | <u>0</u> | <u>951,482</u> |
| Fund Balance - Ending | <u>0</u> | <u>1,187,831</u> | <u>1,187,831</u> | <u>1,110,772</u> |

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

LIBERTY SCHOOL DISTRICT J4
 Joes, Colorado
 General Fund
 Statement of Expenditures - Budget and Actual
 For the Year Ended June 30, 2018
 With Comparative Actual Amounts for the Year Ended June 30, 2017

| | <u>Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) | Actual Prior Year |
|------------------------------|---------------|---------------|----------------------------------------|-------------------------|
| INSTRUCTION | | | | |
| Current | | | | |
| Salaries | 534,179 | 546,175 | (11,996) | 493,958 |
| Benefits | 204,882 | 189,196 | 15,686 | 163,494 |
| Purchased services | 90,363 | 77,653 | 12,710 | 63,568 |
| Supplies and materials | 29,465 | 21,267 | 8,198 | 22,438 |
| Other | 20,000 | 14,601 | 5,399 | 14,262 |
| Capital Outlay | <u>500</u> | <u>0</u> | <u>500</u> | <u>280</u> |
| Total Instruction | 879,389 | 848,893 | 30,496 | 758,000 |
| SUPPORTING SERVICES | | | | |
| Pupil | | | | |
| Current | | | | |
| Salaries | 11,275 | 10,088 | 1,187 | 9,856 |
| Benefits | 2,133 | 2,113 | 20 | 2,008 |
| Purchased services | 0 | 10,024 | (10,024) | 0 |
| Supplies and materials | <u>500</u> | <u>120</u> | <u>380</u> | <u>104</u> |
| Total Pupil | 13,908 | 22,346 | (8,438) | 11,967 |
| Instructional Staff Services | | | | |
| Current | | | | |
| Salaries | 10,993 | 18,052 | (7,059) | 16,521 |
| Benefits | 6,382 | 3,246 | 3,136 | 4,428 |
| Purchased services | 30,500 | 13,654 | 16,846 | 18,335 |
| Supplies and materials | <u>800</u> | <u>198</u> | <u>602</u> | <u>768</u> |
| Total Instructional Staff | 48,675 | 35,150 | 13,525 | 40,052 |

LIBERTY SCHOOL DISTRICT J4
 Joes, Colorado
 General Fund
 Statement of Expenditures - Budget and Actual
 For the Year Ended June 30, 2018
 With Comparative Actual Amounts for the Year Ended June 30, 2017
 (continued)

| SUPPORTING SERVICES (continued) | <u>Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) | Actual Prior Year |
|----------------------------------|---------------|---------------|----------------------------------------|-------------------------|
| General Administration | | | | |
| Current | | | | |
| Salaries | 34,543 | 34,543 | 0 | 34,921 |
| Benefits | 12,067 | 11,993 | 74 | 11,531 |
| Purchased services | 23,200 | 18,881 | 4,319 | 18,704 |
| Supplies and materials | 1,025 | 1,335 | (310) | 1,151 |
| Other | 12,350 | 12,024 | 326 | 10,055 |
| Capital Outlay | <u>500</u> | <u>0</u> | <u>500</u> | <u>0</u> |
| Total General Administration | 83,685 | 78,775 | 4,910 | 76,361 |
| School Administration | | | | |
| Current | | | | |
| Salaries | 94,599 | 80,599 | 14,000 | 81,483 |
| Benefits | 28,186 | 27,982 | 204 | 26,905 |
| Capital Outlay | <u>0</u> | <u>0</u> | <u>0</u> | <u>326</u> |
| Total School Administration | 122,785 | 108,582 | 14,203 | 108,714 |
| Business | | | | |
| Current | | | | |
| Salaries | 31,070 | 31,070 | 0 | 31,183 |
| Benefits | 13,432 | 12,920 | 512 | 12,271 |
| Purchased services | 11,000 | 6,171 | 4,829 | 4,466 |
| Supplies | 3,500 | 5,277 | (1,777) | 8,093 |
| Capital Outlay | <u>1,000</u> | <u>0</u> | <u>1,000</u> | <u>0</u> |
| Total Business | 60,002 | 55,438 | 4,564 | 56,012 |
| Operations and Maintenance | | | | |
| Current | | | | |
| Salaries | 48,733 | 48,850 | (117) | 45,994 |
| Benefits | 17,300 | 17,976 | (676) | 14,939 |
| Purchased services | 94,598 | 52,549 | 42,049 | 58,342 |
| Supplies and materials | 90,486 | 49,367 | 41,119 | 44,672 |
| Capital Outlay | <u>0</u> | <u>0</u> | <u>0</u> | <u>2,930</u> |
| Total Operations and Maintenance | 251,117 | 168,742 | 82,375 | 166,877 |

LIBERTY SCHOOL DISTRICT J4
 Joes, Colorado
 General Fund
 Statement of Expenditures - Budget and Actual
 For the Year Ended June 30, 2018
 With Comparative Actual Amounts for the Year Ended June 30, 2017
 (continued)

| SUPPORTING SERVICES (continued) | <u>Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) | Actual Prior Year |
|---------------------------------|------------------|------------------|----------------------------------------|-------------------------|
| Pupil Transportation | | | | |
| Current | | | | |
| Salaries | 34,267 | 35,460 | (1,193) | 32,509 |
| Benefits | 9,358 | 12,051 | (2,693) | 10,480 |
| Purchased services | 27,000 | 26,025 | 975 | 27,980 |
| Supplies and materials | 30,900 | 17,460 | 13,440 | 17,035 |
| Capital Outlay | <u>75,000</u> | <u>0</u> | <u>75,000</u> | <u>17,959</u> |
| Total Transportation | 176,525 | 90,996 | 85,529 | 105,963 |
| Central Support Services | | | | |
| Current | | | | |
| Purchased services | 48,600 | 20,889 | 27,711 | 18,765 |
| Supplies and materials | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Central Support | 48,600 | 20,889 | 27,711 | 18,765 |
| Other Support Services | | | | |
| Current | | | | |
| Debt Service | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| TOTAL SUPPORTING SERVICES | 805,297 | 580,918 | 224,380 | 584,712 |
| CONTINGENCY RESERVE | <u>1,186,446</u> | <u>0</u> | <u>1,186,446</u> | <u>0</u> |
| TOTAL EXPENDITURES | <u>2,871,132</u> | <u>1,429,810</u> | <u>1,441,322</u> | <u>1,342,713</u> |



SPECIAL REVENUE FUNDS

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

Student Activities Fund— to account for the revenues reported and the expenditures of each of the activities reported.

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

| | <u>6/30/18</u> | <u>6/30/17</u> | <u>Change</u> |
|-------------------------------------|----------------|----------------|----------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash | 4,211 | 0 | 4,211 |
| Accounts and grants receivable | 210 | 1,692 | (1,482) |
| Due from capital projects fund | 0 | 138 | (138) |
| Inventory | <u>1,797</u> | <u>2,153</u> | <u>(356)</u> |
| Total Current Assets | <u>6,218</u> | <u>3,983</u> | <u>2,235</u> |
| | | | |
| LIABILITIES AND FUND BALANCE | | | |
| Liabilities | | | |
| Accrued salaries and benefits | 4,078 | 0 | 4,078 |
| | | | |
| FUND BALANCE | | | |
| Nonspendable | 1,797 | 2,153 | (356) |
| Assigned | <u>343</u> | <u>1,830</u> | <u>(1,487)</u> |
| Total Fund Balance | <u>2,141</u> | <u>3,983</u> | <u>(1,843)</u> |
| | | | |
| Total Liabilities and Fund Balance | <u>6,218</u> | <u>3,983</u> | <u>2,235</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, 2018

| REVENUES | <u>Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) | Actual Prior Year |
|------------------------------------------------------------------|---------------|---------------|----------------------------------------|-------------------------|
| Local Revenue | | | | |
| Charges for service | | | | |
| Meals | 23,057 | 18,621 | (4,436) | 22,595 |
| Other | 2,500 | 1,809 | (691) | 2,070 |
| State Revenue | 600 | 411 | (189) | 744 |
| Federal Revenue | 15,750 | 11,573 | (4,177) | 13,009 |
| Commodities | <u>0</u> | <u>3,614</u> | <u>3,614</u> | <u>2,807</u> |
| Total Revenue | 41,907 | 36,027 | (5,880) | 41,226 |
| | | | | |
| EXPENDITURES | | | | |
| Salaries | 23,003 | 22,295 | 708 | 23,303 |
| Benefits | 15,131 | 13,219 | 1,912 | 10,208 |
| Food and milk | 27,973 | 24,020 | 3,953 | 24,260 |
| Non-Food | 1,500 | 1,315 | 185 | 1,145 |
| Repairs | 2,000 | 1,515 | 485 | 0 |
| Freight | 300 | 165 | 135 | 180 |
| Equipment | 1,500 | 0 | 1,500 | 621 |
| Miscellaneous | <u>500</u> | <u>341</u> | <u>159</u> | <u>0</u> |
| Total Expenditures | <u>71,907</u> | <u>62,869</u> | <u>9,038</u> | <u>59,717</u> |
| | | | | |
| Excess of Revenue over (under) Expenditures | (30,000) | (26,843) | 3,158 | (18,491) |
| | | | | |
| NON-OPERATING REVENUE | | | | |
| Operating Transfers | <u>30,000</u> | <u>25,000</u> | <u>(5,000)</u> | <u>19,108</u> |
| | | | | |
| Excess of Revenue and Other Sources Over (under) Expenditures | 0 | (1,843) | (1,843) | 616 |
| | | | | |
| Fund Balance - Beginning | <u>0</u> | <u>3,983</u> | <u>3,983</u> | <u>3,367</u> |
| | | | | |
| Fund Balance - Ending | <u>0</u> | <u>2,141</u> | <u>2,141</u> | <u>3,983</u> |

LIBERTY SCHOOL DISTRICT J4
Joes, Colorado
Student Activities Special Revenue Fund
Comparative Balance Sheet

| | <u>6/30/18</u> | <u>6/30/17</u> | <u>Change</u> |
|-------------------------------------|----------------|----------------|----------------|
| ASSETS | | | |
| Cash | <u>27,458</u> | <u>17,430</u> | <u>10,028</u> |
| LIABILITIES AND FUND BALANCE | | | |
| Liabilities | | | |
| Unearned revenue | 27,458 | 15,366 | 12,092 |
| FUND BALANCE | | | |
| Restricted | <u>0</u> | <u>2,064</u> | <u>(2,064)</u> |
| Total Liabilities and Fund Balance | <u>27,458</u> | <u>17,430</u> | <u>10,028</u> |

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2018
With Comparative Actual Amounts for the Year Ended June 30, 2017

| | <u>Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) | Actual Prior Year |
|-------------------------------------------------|---------------|---------------|----------------------------------------|-------------------------|
| REVENUES | | | | |
| Donations | 50,000 | 38,128 | (11,872) | 8,129 |
| EXPENDITURES | | | | |
| Travel | 0 | 3,170 | (3,170) | 0 |
| Supplies | 50,000 | 28,827 | 21,173 | 8,129 |
| Capital outlay | <u>0</u> | <u>8,195</u> | <u>(8,195)</u> | <u>0</u> |
| Total Expenditures | <u>50,000</u> | <u>40,192</u> | <u>9,808</u> | <u>8,129</u> |
| Excess of Revenues over (under) expenditures | 0 | (2,064) | (2,064) | 0 |
| Fund Balance - Beginning | 0 | 2,064 | 2,064 | 0 |
| Change in Accounting | <u>0</u> | <u>0</u> | <u>0</u> | <u>2,064</u> |
| Fund Balance - Ending | <u>0</u> | <u>(0)</u> | <u>(0)</u> | <u>2,064</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>6/30/18</u> | <u>6/30/17</u> | <u>Change</u> |
|-----------------------------------|----------------|----------------|---------------|
| ASSETS | | | |
| Cash | 114,335 | 111,181 | 3,154 |
| Cash with fiscal agent | 953 | 1,279 | (326) |
| Accrued property taxes receivable | <u>5,884</u> | <u>4,417</u> | <u>1,467</u> |
| Total Assets | <u>121,173</u> | <u>116,878</u> | <u>4,295</u> |
| FUND BALANCE | | | |
| Restricted for bond redemption | <u>121,173</u> | <u>116,878</u> | <u>4,295</u> |

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2018
With Comparative Actual Amounts for the Year Ended June 30, 2017

| | <u>Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) | Actual Prior Year |
|---------------------------------------|----------------|----------------|----------------------------------------|-------------------------|
| REVENUES | | | | |
| Property taxes | 109,619 | 112,470 | 2,851 | 111,758 |
| Specific ownership taxes | 0 | 802 | 802 | 806 |
| Interest | <u>0</u> | <u>511</u> | <u>511</u> | <u>158</u> |
| Total Revenues | 109,619 | 113,783 | 4,164 | 112,722 |
| EXPENDITURES | | | | |
| Fiscal agent fee | 750 | 750 | 0 | 750 |
| Bond interest | 131 | 3,738 | (3,607) | 6,153 |
| Bond principal | <u>108,738</u> | <u>105,000</u> | <u>3,738</u> | <u>105,000</u> |
| Total Expenditures | <u>109,619</u> | <u>109,488</u> | <u>132</u> | <u>111,903</u> |
| Revenues over (under) Expenditures | 0 | 4,295 | 4,295 | 820 |
| Fund Balance - Beginning | <u>0</u> | <u>116,878</u> | <u>116,878</u> | <u>116,058</u> |
| Fund Balance - Ending | <u>0</u> | <u>121,173</u> | <u>121,173</u> | <u>116,878</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 Reserve Capital Projects Fund
 Comparative Balance Sheet

| | <u>6/30/18</u> | <u>6/30/17</u> | <u>Change</u> |
|-------------------------------------|----------------|----------------|-----------------|
| ASSETS | | | |
| Cash | <u>112,861</u> | <u>126,255</u> | <u>(13,394)</u> |
| LIABILITIES AND FUND BALANCE | | | |
| Due to other funds | 0 | 138 | (138) |
| FUND BALANCE | | | |
| Restricted | <u>112,861</u> | <u>126,117</u> | <u>(13,256)</u> |
| Total Liabilites and Fund Balance | <u>112,861</u> | <u>126,255</u> | <u>(13,394)</u> |

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 For the Year Ended June 30, 2018
 With Comparative Actual Amounts for the Year Ended June 30, 2017

| | <u>Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) | Actual Prior Year |
|-------------------------------------------------|----------------|----------------|----------------------------------------|-------------------------|
| REVENUES | | | | |
| BEST grant | 120,527 | 0 | (120,527) | 0 |
| Insurance claims | 0 | 0 | 0 | 5,220 |
| Interest income | <u>230</u> | <u>241</u> | <u>11</u> | <u>108</u> |
| Total Revenues | 120,757 | 241 | (120,516) | 5,328 |
| EXPENDITURES | | | | |
| Bank charges | 30 | 180 | (150) | 0 |
| Repairs | 0 | 13,317 | (13,317) | 7,606 |
| Capital outlay | <u>120,727</u> | <u>0</u> | <u>120,727</u> | <u>0</u> |
| Total Expenditures | <u>120,757</u> | <u>13,497</u> | <u>107,260</u> | <u>7,606</u> |
| Excess of Revenues over (under) Expenditures | 0 | (13,256) | (13,256) | (2,278) |
| Fund Balance - Beginning | <u>0</u> | <u>126,117</u> | <u>126,117</u> | <u>128,395</u> |
| Fund Balance - Ending | <u>0</u> | <u>112,861</u> | <u>112,861</u> | <u>126,117</u> |

AGENCY FUNDS

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 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, 2018

| | Balance | | | Balance |
|-------------------------------|---------------|------------------|------------------|----------------|
| | <u>July 1</u> | <u>Additions</u> | <u>Deletions</u> | <u>June 30</u> |
| Activity | 357 | 418 | 468 | 306 |
| Cashway - Hot Lunch | (0) | 93 | 93 | (0) |
| Homecoming | 21 | 0 | 21 | 0 |
| Playground | 1,081 | 0 | 1,081 | 0 |
| Library | 142 | 1,784 | 1,926 | 0 |
| New York Trip - Nelson | 2,500 | 2,500 | 0 | 5,000 |
| Student Council - Nelson 2017 | 196 | 0 | 196 | 0 |
| Liberty FFA - Nelson 2017 | 1,436 | 0 | 1,436 | 0 |
| English Essay - 2017 | 1,000 | (480) | (32) | 552 |
| General Athletics | 1,187 | 17,086 | 14,907 | 3,366 |
| PE | 32 | 188 | 220 | 0 |
| HS Volleyball | 348 | 0 | 0 | 348 |
| HSG Basketbl | 1,399 | 0 | 240 | 1,159 |
| HSB Basketball | 53 | 0 | 0 | 53 |
| HS Track | 308 | 0 | 0 | 308 |
| JH Athletics | 253 | 0 | 160 | 93 |
| Student Council | 618 | 856 | 692 | 782 |
| Concession Equipment | 165 | 0 | 0 | 165 |
| 8th Grade | 44 | 0 | 0 | 44 |
| 9th Grade | 449 | 304 | 30 | 723 |
| 7th Grade | 22 | 0 | 0 | 22 |
| 10th grade | 738 | 2,258 | 1,490 | 1,506 |
| 11th Grade | 2,358 | 15,815 | 7,765 | 10,409 |
| 12th Grade | 565 | 0 | 565 | (0) |
| Art | 513 | 28 | 0 | 541 |
| N H S | 13 | 0 | 2 | 11 |
| Yearbook | 3,726 | 2,060 | 3 | 5,783 |

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, 2018
 (continued)

| | Balance <u>July 1</u> | <u>Additions</u> | <u>Deletions</u> | Balance <u>June 30</u> |
|----------------------------------------|--------------------------|---------------------|---------------------|---------------------------|
| FCCLA | 1,152 | 1,301 | 1,770 | 683 |
| FBLA | 1,960 | 0 | 217 | 1,744 |
| FFA | 13,291 | 20,001 | 25,187 | 8,105 |
| FFA Scholarship | 465 | 0 | 0 | 465 |
| JR Aggies | 295 | 0 | 22 | 273 |
| Pre K Equipment | 106 | 0 | 106 | 0 |
| Elementary | 6,215 | 3,355 | 3,062 | 6,507 |
| Elementary Special | 76 | 0 | 0 | 76 |
| Elem - Kindergarten | 769 | 0 | 0 | 769 |
| Elem - 2nd/3rd | 336 | 0 | 0 | 336 |
| Elem - 4th/5th | 310 | 400 | 88 | 622 |
| Math | <u>299</u> | <u>0</u> | <u>0</u> | <u>299</u> |
| Total | 44,794 | 67,966 | 61,714 | 51,047 |
| Budget | <u>0</u> | <u>150,000</u> | <u>150,000</u> | <u>0</u> |
| Variance - Favorable (Unfavorable) | <u>44,794</u> | <u>(82,034)</u> | <u>(88,286)</u> | <u>51,047</u> |

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

| | <u>6/30/18</u> | <u>6/30/17</u> | <u>Change</u> |
|-------------------------------|----------------|----------------|----------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash | 8,706 | 9,810 | (1,104) |
| Investments | <u>0</u> | <u>6,040</u> | <u>(6,040)</u> |
| Total Current Assets | <u>8,706</u> | <u>15,850</u> | <u>(7,144)</u> |
| LIABILITIES | | | |
| Due to Scholarship Recipients | <u>8,706</u> | <u>15,850</u> | <u>(7,144)</u> |

Scholarship Agency Fund
 Statement of Changes in Assets and Liabilities - Budget and Actual
 For the Year Ended June 30, 2018
 With Comparative Actual Amounts for the Year Ended June 30, 2017

| | <u>Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) | Actual Prior Year |
|----------------------------------------------------|---------------|----------------|----------------------------------------|-------------------------|
| Additions | | | | |
| Contributions | 17,500 | 5,101 | (12,399) | 5,821 |
| Interest | <u>0</u> | <u>5</u> | <u>5</u> | <u>1</u> |
| Total Additions | 17,500 | 5,106 | (12,394) | 5,822 |
| Deductions | | | | |
| Scholarship paid | 17,500 | 12,250 | 5,250 | 7,625 |
| Other | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Deductions | <u>17,500</u> | <u>12,250</u> | <u>5,250</u> | <u>7,625</u> |
| Excess of Additions over (under) Deductions | <u>0</u> | <u>(7,144)</u> | <u>(7,144)</u> | <u>(1,803)</u> |
| Due to scholarship recipients beginning of year | | | <u>15,850</u> | |
| Due to scholarship recipients end of year | | | <u>8,706</u> | |



AUDITOR'S INTEGRITY REPORT



Colorado Department of Education
Auditors Integrity Report
 District 3230 - LIBERTY J-4
 Fiscal Year 2017-18
 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 | 1,103,258 | | 1,466,730 | 1,384,631 | | 1,185,357 |
| 18 Risk Mgmt Sub-Fund of General Fund | 0 | | 0 | 0 | | 0 |
| 19 Colorado Preschool Program Fund | 7,514 | | 40,139 | 45,179 | | 2,474 |
| Sub-Total | 1,110,772 | | 1,506,869 | 1,429,810 | | 1,187,831 |
| 11 Charter School Fund | 0 | | 0 | 0 | | 0 |
| 20.26-29 Special Revenue Fund | 0 | | 0 | 0 | | 0 |
| 06 Supplemental Cap Const, Tech, Main, Fund | 0 | | 0 | 0 | | 0 |
| 21 Food Service Spec Revenue Fund | 3,983 | | 61,027 | 62,869 | | 2,141 |
| 22 Govt Designated-Purpose Grants Fund | 0 | | 0 | 0 | | 0 |
| 23 Pupil Activity Special Revenue Fund | 2,064 | | 38,128 | 40,192 | | 0 |
| 24 Full Day Kindergarten Mill Levy Override | 0 | | 0 | 0 | | 0 |
| 25 Transportation Fund | 0 | | 0 | 0 | | 0 |
| 31 Bond Redemption Fund | 116,878 | | 113,783 | 109,488 | | 121,173 |
| 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 | 126,117 | | 241 | 13,497 | | 112,861 |
| 46 Supplemental Cap Const, Tech, Main Fund | 0 | | 0 | 0 | | 0 |
| Totals | 1,359,814 | | 1,720,048 | 1,655,856 | | 1,424,006 |
| 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 | 15,850 | | 5,106 | 12,250 | | 8,706 |
| 74 Pupil Activity Agency Fund | 44,794 | | 67,966 | 61,714 | | 51,047 |
| 79 GASB 34/Permanent Fund | 0 | | 0 | 0 | | 0 |
| 85 Foundations | 0 | | 0 | 0 | | 0 |
| Totals | 60,644 | | 73,072 | 73,964 | | 59,753 |
| | | | FINAL | | | |