

**LIBERTY SCHOOL DISTRICT J-4  
JOES, COLORADO**

**BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

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## **FINANCIAL SECTION**

Board of Education  
Liberty School District J-4  
Joes, Colorado

## INDEPENDENT AUDITOR'S REPORT

### Report on the Financial Statements

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, 2021, and the related notes to the financial statements, 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, 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, 2021, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the schedules of the District's proportionate share, and the schedules of the District's contributions on pages 44-52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund statements and schedules and the Auditor's Integrity Report listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules and the Auditor's Integrity Report are fairly stated in all material respects in relation to the financial statements as a whole.

*PB Solutions LLC*

November 29, 2021

LIBERTY SCHOOL DISTRICT J-4  
Joes, Colorado  
Management Discussion and Analysis  
For Fiscal Year Ended June 30, 2021

This discussion and analysis provides an overview of the Liberty School District J-4 financial performance for the fiscal year ending June 30, 2021. The focus of the information is on the primary government general fund. The District continues to use the financial reporting model proposed by the Governmental Accounting Standards Board (GASB), *Statement No. 34, Basic Financial Discussion and Analysis for State and Local Government*.

**Financial Highlights**

The net total net position of the District increased by \$876,803 to \$249,692. As of the close of the 2020-2021 fiscal year, the District's governmental funds reported combined ending fund balances of \$1,934,095. This represents an increase of \$236,572 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 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.

*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.

LIBERTY SCHOOL DISTRICT J-4  
 Joes, Colorado  
 Management Discussion and Analysis  
 For Fiscal Year Ended June 30, 2021

**Financial Analysis of the District as a Whole**

The District's total net position is a \$259,496 at the close of business on June 30, 2021. Table 1 shows a high-level overview of net position in comparison to the previous year.

TABLE 1

Fiscal Year Ended June 30, 2021 and 2020  
 Statement of Net Position

	Governmental Activities	
	6/30/2021	6/30/2020
Current and Other Assets	\$ 2,148,512	\$ 2,021,865
Capital Assets	957,540	959,923
Total Assets	3,106,052	2,981,788
 Deferred Outflows of Resources	 526,223	 234,964
 Current and Other Liabilities	 201,009	 291,720
Non current Liabilities	2,117,283	1,971,634
Total Liabilities	2,318,292	2,263,354
 Deferred Inflows of Resources	 1,064,291	 1,580,509
 Net Position		
Net Investment in Capital Assets	957,540	959,923
Restricted	45,674	45,674
Unrestricted	(753,522)	(1,632,708)
Total Net Position	\$ 249,692	\$ (627,111)

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 \$249,692. Of the District's \$3,106,052 in total assets, \$957,540 (31%) 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 2020-2021 fiscal year despite the continuation of the budget stabilization factor. 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 \$1,880,047, an increase of \$315,325 from the previous fiscal year. The District's funded pupil count average for the past five years remains steady at 59.2 students.

LIBERTY SCHOOL DISTRICT J-4  
 Joes, Colorado  
 Management Discussion and Analysis  
 For Fiscal Year Ended June 30, 2021

Enrollment remained consistent for the fiscal year 2020. 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.

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. Major expenses for the district continue to be certified and classified salaries and benefits, at approximately 86% of total expenditures. Taxes and state equalization payments provide the Liberty School District a 50/50 split in revenues.

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 can be easily seen.

TABLE 2  
 Fiscal Year Ended June 30, 2021 and 2020  
 Statement of Activities

	Governmental Activities	
	6/30/2021	6/30/2020
Revenues		
Program Revenues		
Charges for Services	\$ 2,713	\$ 10,270
Operating Grants	308,512	165,002
General Revenues		
Property Taxes	697,416	692,178
State Equalization	663,581	737,326
Other	106,716	102,296
Total Revenues	1,778,938	1,707,072
Expenses		
Instruction	338,908	480,929
Supporting Services	563,227	583,798
Total Expenses	902,135	1,064,727
Increase (Decrease) in Net Postion	876,803	642,345
Net Postion, Beginning	(627,111)	(1,269,456)
Net Postion Ending	\$ 249,692	\$ (627,111)

LIBERTY SCHOOL DISTRICT J-4  
Joes, Colorado  
Management Discussion and Analysis  
For Fiscal Year Ended June 30, 2021

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 \$17,598 per funded student. For the fiscal year the funded pupil count was 58 with an actual student count of 65. Funding for the SFA comes from property taxes, specific ownership taxes, and state equalization. Those amounts for this fiscal year are \$697,416, \$76,343, and \$663,581, respectively.

The District Funds

At June 30, 2021, the District governmental funds reported a combined fund balance of \$1,934,095 which is an increase of \$236,572 from the prior year.

The General Fund had an increase of \$315,325 compared with an increase of \$177,168 in the prior year. For the year ended June 30, 2021, the General Fund reports revenues of \$1,672,829 and expenditures and transfers of \$1,357,504. For the year ended June 30, 2020, the General Fund reported revenues of \$1,595,489 and expenditures and transfers of \$1,378,321.

For the year ended June 30, 2021, the Food Service Fund reports an increase in fund balance of \$779. The Scholarship Fund reports donations of \$9,636 and expenditures of \$13,000. The Student Activity Special Revenue Fund collected \$84,467 in donations and paid expenditures of \$86,753. The Capital Projects Fund paid for repairs in the amount of \$73,931.

General Fund Budget Highlights

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

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

Capital Assets and Debt Administration

On June 30, 2021, the District realized a net decrease of \$2,383 in capital assets. The District's capital assets are currently carried at a value of \$957,540 compared to last year when the capital assets were \$959,923.

The District's long-term liabilities consist of \$29,956 in compensated absences, \$2,014,109 in Net Pension Liability and \$73,218 in Net OPEB liabilities.

LIBERTY SCHOOL DISTRICT J-4  
Joes, Colorado  
Management Discussion and Analysis  
For Fiscal Year Ended June 30, 2021

Economic Factors

For the 2020-2021 school year, the District's financial outlook is guarded.

- The District reduced staff by one 5/8<sup>th</sup> time teacher in the area of social studies and one full-time paraprofessional.
- Student enrollment remains steady in grade PK-12.
- The elementary school population decreased from 40 to 38.5 students, and the middle school/high school remained steady at 23.5

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

STATEMENT OF NET POSITION

June 30, 2021

	<u>GOVERNMENTAL ACTIVITIES</u>
<b>ASSETS</b>	
Cash and Investments	\$ 2,097,599
Cash with County Treasurer	5,686
Taxes Receivable	35,408
Accounts Receivable	7,769
Inventories	2,050
Capital Assets, Not Depreciated	50,000
Capital Assets, Depreciated, Net of Accumulated Depreciation	<u>907,540</u>
<b>TOTAL ASSETS</b>	<u><u>3,106,052</u></u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>	
Related to Pensions	521,375
Related to OPEB	<u>4,848</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u><u>526,223</u></u>
<b>LIABILITIES</b>	
Accounts Payable	11,273
Accrued Salaries and Benefits	103,223
Unearned Revenue	86,513
Noncurrent Liabilities	
Compensated Absences	29,956
Net Pension Liability	2,014,109
Net OPEB Liability	<u>73,218</u>
<b>TOTAL LIABILITIES</b>	<u><u>2,318,292</u></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Related to Pensions	1,026,284
Related to OPEB	<u>38,007</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u><u>1,064,291</u></u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	957,540
Restricted for Emergencies	45,674
Unrestricted	<u>(753,522)</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 249,692</u></u>

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

## LIBERTY SCHOOL DISTRICT J4

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2021

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES
PRIMARY GOVERNMENT					
<b>Governmental Activities</b>					
Instruction	\$ 338,908	\$ -	\$ 168,964	\$ -	\$ (169,944)
Supporting Services	563,227	2,713	139,548	-	(420,966)
Total Governmental Activities	902,135	2,713	308,512	-	(590,910)
GENERAL REVENUES					
					697,416
					76,343
					663,581
					28,217
					2,156
					<u>1,467,713</u>
					876,803
					<u>(627,111)</u>
					<u>\$ 249,692</u>

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

## LIBERTY SCHOOL DISTRICT J4

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2021

	GENERAL FUND	STUDENT ACTIVITY FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>				
Cash and Investments	\$ 1,964,528	\$ 115,849	\$ 17,222	\$ 2,097,599
Cash with County Treasurer	5,686	-	-	5,686
Taxes Receivable	35,408	-	-	35,408
Other Receivables	7,769	-	-	7,769
Inventory	-	-	2,050	2,050
<b>TOTAL ASSETS</b>	<b>\$ 2,013,391</b>	<b>\$ 115,849</b>	<b>\$ 19,272</b>	<b>\$ 2,148,512</b>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 11,164	\$ 109	\$ -	\$ 11,273
Accrued Salaries and Benefits	98,968	-	4,255	103,223
Unearned Revenues	9,804	76,709	-	86,513
<b>TOTAL LIABILITIES</b>	<b>119,936</b>	<b>76,818</b>	<b>4,255</b>	<b>201,009</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Property Tax Revenues	13,408	-	-	13,408
<b>FUND BALANCES</b>				
Nonspendable	-	-	2,050	2,050
Restricted for Emergencies	45,674	-	-	45,674
Assigned	-	39,031	12,967	51,998
Unassigned	1,834,373	-	-	1,834,373
<b>TOTAL FUND BALANCES</b>	<b>1,880,047</b>	<b>39,031</b>	<b>15,017</b>	<b>1,934,095</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 2,013,391</b>	<b>\$ 115,849</b>	<b>\$ 19,272</b>	<b>\$ 2,148,512</b>

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

LIBERTY SCHOOL DISTRICT J4

RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
Year Ended June 30, 2021

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances of governmental funds			\$ 1,934,095
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.			
	Capital Assets, Not Depreciated	50,000	
	Capital Assets, Depreciated	2,886,299	
	Accumulated Depreciation	<u>(1,978,759)</u>	957,540
Other long-term assets are not available to pay for current-period expenditures, and therefore, are deferred in the funds.			13,408
Long-term liabilities and related assets are not due and payable in the current period and, therefore, are not reported in the funds.			
	Compensated Absences	(29,956)	
	Net Pension Liability	(2,014,109)	
	Net OPEB Liability	<u>(73,218)</u>	(2,117,283)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.			
	Deferred outflows of resources - Change in Proportionate Share	150,275	
	Deferred outflows of resources - Subsequent Contributions	66,684	
	Deferred outflows of resources - Expected vs Actual Experience	110,665	
	Deferred outflows of resources - Change in Assumptions	193,751	
	Deferred inflows of resources - Projected vs Actual Investments Earnings	(443,351)	
	Deferred inflows of resources - Change in Assumptions	(338,555)	
	Deferred inflows of resources - Change in Proportionate Share	<u>(244,378)</u>	(504,909)
	Deferred outflows of resources - Change in Proportionate Share OPEB	686	
	Deferred outflows of resources - Subsequent Contributions OPEB	3,421	
	Deferred outflows of resources - Expected vs Actual Experience OPEB	194	
	Deferred outflows of resources - Change in Assumptions OPEB	547	
	Deferred inflows of resources - Projected vs actual investment earnings OPEB	(2,992)	
	Deferred inflows of resources - Change in Assumptions OPEB	(4,490)	
	Deferred inflows of resources - Change in Proportionate Share OPEB	(14,428)	
	Deferred inflows of resources - Expected vs Actual Experience OPEB	<u>(16,097)</u>	<u>(33,159)</u>
Net position of governmental activities			<u>\$ 249,692</u>

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

## LIBERTY SCHOOL DISTRICT J4

STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2021

	GENERAL FUND	STUDENT ACTIVITY SPECIAL REVENUE FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>				
Local Sources	\$ 823,269	\$ 84,467	\$ 12,398	\$ 920,134
State Sources	718,005	-	265	718,270
Federal Sources	131,555	-	28,193	159,748
<b>TOTAL REVENUES</b>	<b>1,672,829</b>	<b>84,467</b>	<b>40,856</b>	<b>1,798,152</b>
<b>EXPENDITURES</b>				
Current				
Instruction	694,787	-	-	694,787
Supporting Services	622,198	86,753	157,323	866,274
Capital Outlay	519	-	-	519
<b>TOTAL EXPENDITURES</b>	<b>1,317,504</b>	<b>86,753</b>	<b>157,323</b>	<b>1,561,580</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>355,325</b>	<b>(2,286)</b>	<b>(116,467)</b>	<b>236,572</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer Out	(40,000)	-	-	(40,000)
Transfer In	-	-	40,000	40,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(40,000)</b>	<b>-</b>	<b>40,000</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>315,325</b>	<b>(2,286)</b>	<b>(76,467)</b>	<b>236,572</b>
FUND BALANCES, Beginning	1,564,722	41,317	91,484	1,697,523
FUND BALANCES, Ending	<u>\$ 1,880,047</u>	<u>\$ 39,031</u>	<u>\$ 15,017</u>	<u>\$ 1,934,095</u>

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

LIBERTY SCHOOL DISTRICT J4

RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2021

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds			\$ 236,572
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.			
	Capital Outlay	67,213	
	Depreciation	<u>(69,596)</u>	(2,383)
Deferred property tax revenue - Revenues that do not provide current financial resources are deferred in the governmental fund financial statements but are recognized on the government-wide financial statements.			(19,214)
Some expenses reported in the statement of activities do not require current financial resources and are not reported in the funds.			
	Changes in Compensated Absences		519
Deferred Charges related to pensions and OPEB are not recognized in the governmental funds. However, for the government-wide funds those amounts are capitalized and amortized.			
	Deferred charges related to Pension Plan	652,971	
	Deferred charges related to OPEB	<u>8,338</u>	<u>661,309</u>
Change in net position of governmental activities			<u>\$ 876,803</u>

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

LIBERTY SCHOOL DISTRICT J-4

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Liberty School District J-4 (the "District") conform to generally accepted accounting principles as applicable to governmental units. The District is a political subdivision of the State of Colorado and is governed by an elected board of five members. Following is a summary of the more significant policies:

**Reporting Entity**

The financial reporting entity consists of the District and organizations for which the District is financially accountable. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are part of the District. In addition, any legally separate organizations for which the District is financially accountable are considered part of the reporting entity. Financial accountability exists if the District appoints a voting majority of the organization's governing board and is able to impose its will on the organization, or if the organization provides benefits to, or imposes financial burdens on the District.

Based upon the application of these criteria, no additional organizations are includable within the District's reporting entity.

**Government-Wide and Fund Financial Statements**

The 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 District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the District is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to students or other customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) 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*. Internally dedicated resources are reported as general revenues rather than as program revenues.

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2021

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when the 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. Fiduciary funds utilize the accrual basis of accounting.

Governmental fund financial statements are reported using the current *financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Property taxes, specific ownership taxes, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

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, are recorded only when payment is due.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operations.

Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**  
(Continued)

In the fund financial statements, the District reports the following major governmental funds:

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

The *Student Activity Fund* accounts for revenues reported and expenditures incurred of various student activities.

**Assets, Liabilities, and Fund Balance/Net Position**

Deposits and Investments – For purposes of the statement of cash flows, the District considers cash and cash equivalents to be all demand deposits as well as short-term investments with a maturity date of three months or less. Investments are stated at fair value.

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

Inventories – Inventories in the governmental funds are valued using the purchase method. Under this method, inventories are recorded as expenditures when purchased. A physical inventory is taken annually at June 30<sup>th</sup> in the Food Service Fund. The inventory consists of donated commodities which were valued at the estimated acquisition value. Purchased commodities and supplies are valued at cost using the first-in, first-out (FIFO) method.

Capital Assets – Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition 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 assets lives are not capitalized.

LIBERTY SCHOOL DISTRICT J-4

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities, and Fund Balance/Net Position (Continued)**

Property and equipment of the District is depreciated using the straight line method over the following estimated useful lives.

Buildings and Improvements	25-50 years
Vehicles and Equipment	5 to 15 years

Unearned Revenues – The deferred revenues include amounts received but not yet available for expenditure. At June 30, 2021, the District reports \$9,804 and \$76,709 in unearned revenues which is reported in the General Fund and Student Activities Fund, respectively, and is related to unspent grant funds.

Accrued Salaries and Benefits – Salaries and benefits of certain contractually employed personnel are paid over a twelve-month period from September to August but are earned during the school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, as of June 30, 2021, were \$103,223. The accrued compensation is reported as a liability in the General and Food Service Funds.

Vacation, Sick Leave, and Other Compensated Absences – District employees are entitled to certain compensated absences based on their length of employment and are allowed to accumulate unused absences. Upon termination of employment, employees are entitled to receive compensation for up to twenty accrued but not used leave days at the current one-day substitute's rate. These compensated absences are when paid in the governmental fund types. A long-term liability in the amount of \$29,956 has been recorded in the government-wide financial statements for the accrued compensated absences.

Deferred Outflows and Deferred Inflows of Resources – In addition to assets, the statement of financial position and balance sheets will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net position and fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position and balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflow of resources, represents an acquisition of net position and fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities, and Fund Balance/Net Position (Continued)**

Long-Term Debt – In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary funds. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

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. Premiums received on debt issuances are 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 current expenditures.

Property Taxes – Property taxes are levied on December 15 based on the assessed value of property as certified by the County Assessor on October 1. The property tax may be paid in total by April 30 or one-half payment by February 28 and the second half by June 15. The billings are considered due on these dates. The bill becomes delinquent and penalties and interest may be assessed by the County Treasurer on the post mark day following these dates. The tax sale date is the first Thursday of November.

Under Colorado Law, all property taxes become due and payable on January 1, in the year following that in which they are levied.

Net Position– The government-wide and business-type fund financial statements utilize a net position presentation. Net position is categorized as investment in capital assets, restricted, and unrestricted.

Investment in Capital Assets is intended to reflect the portion of net position which are associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost.

Restricted Net Position are liquid assets, which have third party limitations on their use.

Unrestricted Net Position represents assets that do not have any third party limitation on their use. While District management may have categorized and segmented portion for various purposes, the District Board has the unrestricted right to revisit or alter these managerial decisions.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities, and Fund Balance/Net Position (Continued)**

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

- Nonspendable – This classification includes amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. The District reports inventory balances as nonspendable at June 30, 2021.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District did not have any committed resources as of June 30, 2021.
- Assigned – This classification includes amounts the government intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. The District has classified the fund balances of the Student Activities Fund, Food Service Fund, Scholarship Fund, and Capital Reserve Fund as assigned because their use has been designated for a specific purpose by the District.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities, and Fund Balance/Net Position (Continued)**

The District would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned fund balance.

**Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District 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 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 retentions, which is determined each policy year.

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

**Subsequent Events**

The District has evaluated events subsequent to the year ended June 30, 2021 through November 29, 2021, the date these financial statements were issued, and has incorporated any required recognition into these financial statements.

**NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgets**

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for all funds. All appropriations lapse at fiscal year-end.

LIBERTY SCHOOL DISTRICT J-4

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**Budgets (Continued)**

The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- Budgets are required by state law for all funds. By May 31, the Superintendent of the District submits to the Board of Education a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. All budgets lapse at year end.
- Public hearings are conducted by the Board of Education to obtain taxpayer comments.
- Prior to June 30, the budget is adopted by formal resolution.
- Expenditures may not legally exceed appropriations at the fund level.
- Revisions that alter the total expenditures of any fund must be approved by the Board of Education.
- Budgeted amounts reported in the accompanying financial statements are as originally adopted or amended by the Board of Education.

**State Compliance**

At June 30, 2021, actual expenditures in the Student Activities Special Revenue Fund and Capital Projects Fund exceeded budgeted amounts by \$11,753 and \$61, respectively. This may be a violation of state statute.

**NOTE 3: CASH AND INVESTMENTS**

Cash and investments at June 30, 2021 consist of the following:

Petty Cash	\$	100
Deposits		<u>2,097,499</u>
Total		<u>\$2,097,599</u>

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2021

**NOTE 3:** **CASH AND INVESTMENTS** (Continued)

**Deposits**

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At June 30, 2021, State regulatory commissioners have indicated that all financial institutions holding deposits for the District are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

The District has no policy regarding custodial credit risk for deposits.

At June 30, 2021, the District had deposits with financial institutions with a carrying amount of \$2,097,499. The bank balances with the financial institutions were \$2,103,026. Of these balances, \$629,577 was covered by federal depository insurance and \$1,473,449 was covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

**Investments**

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Colorado statutes specify in which instruments the units of local government may invest which includes:

## LIBERTY SCHOOL DISTRICT J-4

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 3: CASH AND INVESTMENTS (Continued)****Investments (Continued)**

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

As of June 30, 2021, the District does not report any investments.

**NOTE 4: CAPITAL ASSETS**

	Balance 6/30/2020	Additions	Deletions	Balance 6/30/2021
<b>Governmental Activities</b>				
Capital Assets, Not Depreciated				
Land	\$ 50,000	\$ -	\$ -	\$ 50,000
Capital Asset, Being Depreciated				
Buildings and Improvements	2,246,395	67,213	-	2,313,608
Vehicles and Equipment	572,691	-	-	572,691
Total Capital Assets, Being Depreciated	2,819,086	67,213	-	2,886,299
Accumulated Depreciation				
Buildings and Improvements	1,465,496	50,220	-	1,515,716
Vehicles and Equipment	443,667	19,376	-	463,043
Total Depreciation	1,909,163	69,596	-	1,978,759
Total Capital Assets, Being Depreciated, Net	909,923	(2,383)	-	907,540
Net Capital Assets	<u>\$ 959,923</u>	<u>\$ (2,383)</u>	<u>\$ -</u>	<u>\$ 957,540</u>

LIBERTY SCHOOL DISTRICT J-4

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 4: CAPITAL ASSETS (Continued)**

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

**Governmental Activities**

Instruction	\$ 60,010
Supporting Services	<u>9,586</u>
<b>Total</b>	<b><u>\$ 69,596</u></b>

**NOTE 5: INTERFUND TRANSFERS**

During the year ended June 30, 2021, the General Fund transferred \$40,000 to the Food Services Fund to cover operating costs.

**NOTE 6: 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 plan administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)**

**General Information about the Pension Plan**

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

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

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

**General Information about the Pension Plan (Continued)**

- 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.

The lifetime retirement benefit for all eligible retiring employees under the Denver Public Schools (DPS) benefit structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit.
- \$15 times the first 10 years of service credit plus \$20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)**

**General Information about the Pension Plan (Continued)**

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

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

As of December 31, 2020, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S., once certain criteria are met. Pursuant to SB 18-200, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413.

Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lessor of an annual increase of 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent based on the parameters specified in C.R.S. § 24-51-413.

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

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

LIBERTY SCHOOL DISTRICT J-4

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)**

**General Information about the Pension Plan (Continued)**

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

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

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

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$137,239 for the year ended June 30, 2021.

LIBERTY SCHOOL DISTRICT J-4

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)**

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

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

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

At June 30, 2021, the District reported a liability of \$2,014,109 for its proportionate share of the net pension liability. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$2,014,109
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	\$-0-
Total	\$2,014,109

At December 31, 2020, the District's proportion was 0.0133 percent, which was an increase of 0.0009 percent from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the District recognized pension expense of (\$515,732) and revenue of \$-0- for support from the State as a nonemployer contributing entity. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

LIBERTY SCHOOL DISTRICT J-4

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$110,665	N/A
Changes of assumptions or other inputs	\$193,751	\$338,555
Net difference between projected and actual earnings on pension plan investments	N/A	\$443,351
Changes in proportion and differences between contributions recognized and proportionate share of contributions	\$150,275	\$244,378
Contributions subsequent to the measurement	\$66,684	N/A
Total	\$521,375	\$1,026,284

\$66,684 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30:</b>	
2022	(\$478,893)
2023	\$38,413
2024	(\$61,172)
2025	(\$69,941)

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

LIBERTY SCHOOL DISTRICT J-4

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

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

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

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

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

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

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

LIBERTY SCHOOL DISTRICT J-4

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

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

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

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

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

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

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

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

LIBERTY SCHOOL DISTRICT J-4

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

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

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

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

<sup>1</sup>The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

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

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded. HB 20-1379 suspended the \$225 million (actual dollars) direct distribution payable on July 1, 2020, for the State's 2020-21 fiscal year.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 6: DEFINED BENEFIT PENSION PLAN** (Continued)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the SCHDTF's FNP was projected to be available to make all projected future benefit payments of current members.

Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

*Sensitivity of the 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 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate	1% Increase (8.25%)
Proportionate share of the net pension liability	\$2,747,409	\$2,014,109	\$1,403,028

*Pension plan fiduciary net position.* Detailed information about the SCHDTF's FNP is available in PERA's Annual Report which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 7: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN****Summary of Significant Accounting Policies**

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

*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 (Annual Report) that can be obtained at [www.copera.org/investments/pera-financial-reports](http://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.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 7: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)**

**General Information about the OPEB Plan (Continued)**

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

Enrollment in the PERACare is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others.

Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

*PERA Benefit Structure*

The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The 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.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 7: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)**

**General Information about the OPEB Plan (Continued)**

*DPS Benefit Structure*

The maximum service-based premium subsidy is \$230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for retirees who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum subsidy, in each case, is for retirees 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 retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$7,041 for the year ended June 30, 2021.

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

At June 30, 2021, the District reported a liability of \$73,218 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2020. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2020 relative to the total contributions of participating employers to the HCTF.

LIBERTY SCHOOL DISTRICT J-4

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 7: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)**

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

At December 31, 2020, the proportion was 0.0077 percent, which was a decrease of 0.0004% from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the District recognized OPEB expense of (\$1,297). At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$194	\$16,097
Changes of assumptions or other inputs	\$547	\$4,490
Net difference between projected and actual earnings on OPEB plan investments	N/A	\$2,992
Changes in proportion and differences between contributions recognized and proportionate share of contributions	\$686	\$14,428
Contributions subsequent to the measurement date	\$3,421	N/A
<b>Total</b>	<b>\$4,848</b>	<b>\$38,007</b>

\$3,421 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

LIBERTY SCHOOL DISTRICT J-4

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 7: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** (Continued)

<b>Year ended June 30:</b>	
2022	(\$8,352)
2023	(\$7,934)
2024	(\$8,778)
2025	(\$8,408)
2026	(\$2,925)
2027	(\$183)

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

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

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 7: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** (Continued)

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

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

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

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

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

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

LIBERTY SCHOOL DISTRICT J-4

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 7: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)**

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 7: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** (Continued)

- **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.

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

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

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

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

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

LIBERTY SCHOOL DISTRICT J-4

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 7: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)**

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 7: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)**

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 7: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)**

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

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

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

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

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 7: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** (Continued)

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

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

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

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

<sup>1</sup>The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 7: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** (Continued)

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

*Sensitivity of the 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
Initial PERACare	7.10%	8.10%	9.10%
Ultimate PERACare	3.50%	4.50%	5.50%
Initial Medicare Part	2.50%	3.50%	4.50%
Ultimate Medicare	3.50%	4.50%	5.50%
Net OPEB Liability	\$71,325	\$73,218	\$75,421

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2020, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 7: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** (Continued)

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

*Sensitivity of the 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	\$83,872	\$73,218	\$64,114

*OPEB plan fiduciary net position.* Detailed information about the HCTF's fiduciary net position is available in PERA's Annual Report which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 8: COMMITMENTS AND CONTINGENCIES**

**Claims and Judgments**

The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2021 significant amounts of grant expenditures have not been audited but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the District.

**Tabor Amendment**

In November 1992, Colorado voters passed an amendment to the State Constitution, Article X, Section 20 (the "Tabor Amendment"), which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government.

The Tabor Amendment is complex and subject to judicial interpretations. The District believes it has complied with the Amendment.

The District has established a reserve, representing 3% of qualifying expenditures, as required by the Amendment. At June 30, 2021, the emergency reserve of \$45,674 was reported as a restriction of net position and fund balance in the Governmental Activities and General Fund, respectively

**NOTE 9: SUBSEQUENT EVENTS**

**COVID19 Pandemic**

As a result of the coronavirus pandemic, economic uncertainties may continue to have a significant impact on the financial position, results of operations, and cashflows of the District. The duration of these uncertainties and the ultimate financial effects cannot be estimated at this time.

**REQUIRED SUPPLEMENTARY INFORMATION**

## LIBERTY SCHOOL DISTRICT J4

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
Year Ended June 30, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2020 ACTUAL
<b>REVENUES</b>					
<b>Local Sources</b>					
Property Taxes	\$ 660,000	\$ 660,000	\$ 716,630	\$ 56,630	\$ 659,556
Specific Ownership Taxes	50,000	50,000	76,343	26,343	82,350
Mineral Lease Revenue	150	150	555	405	5,066
Earnings on Investments	6,000	6,000	2,079	(3,921)	6,169
All Other Local Revenue Codes	14,240	14,240	27,662	13,422	7,778
Total Local Sources	<u>730,390</u>	<u>730,390</u>	<u>823,269</u>	<u>92,879</u>	<u>760,919</u>
<b>State Sources</b>					
State Equalization	714,756	714,756	663,581	(51,175)	737,326
Small Rural Schools	16,500	16,500	20,132	3,632	16,531
Transportation	15,500	15,500	17,015	1,515	16,094
All Other State Revenue	18,329	18,329	17,277	(1,052)	45,433
Total State Sources	<u>765,085</u>	<u>765,085</u>	<u>718,005</u>	<u>(47,080)</u>	<u>815,384</u>
<b>Federal Sources</b>					
Title I	400	10,200	692	(9,508)	822
Title IV	10,000	10,000	-	(10,000)	9,804
REAP	8,100	24,300	-	(24,300)	8,560
Cares Act	125,335	125,335	125,335	-	-
Covid Supplemental	-	-	5,328	5,328	-
Carl Perkins	26,000	-	200	200	-
Total Federal Sources	<u>169,835</u>	<u>169,835</u>	<u>131,555</u>	<u>(43,808)</u>	<u>19,186</u>
TOTAL REVENUES	<u>1,665,310</u>	<u>1,665,310</u>	<u>1,672,829</u>	<u>7,519</u>	<u>1,595,489</u>
<b>EXPENDITURES</b>					
<b>Instruction</b>					
Salaries	536,202	536,202	444,042	92,160	445,514
Employee Benefits	171,811	171,811	161,819	9,992	173,964
Purchased Services	75,433	75,433	59,230	16,203	54,698
Supplies and Materials	21,808	21,808	14,820	6,988	13,920
Property	500	500	438	62	13,477
Other Objects and Uses	22,500	22,500	14,876	7,624	14,643
Total Instruction	<u>828,254</u>	<u>828,254</u>	<u>695,225</u>	<u>133,029</u>	<u>716,216</u>

(Continued)

See the accompanying independent auditor's report.

## LIBERTY SCHOOL DISTRICT J4

## BUDGETARY COMPARISON SCHEDULE

## GENERAL FUND

Year Ended June 30, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2020 ACTUAL
EXPENDITURES (Continued)					
Supporting Services					
Guidance and Nursing					
Salaries	21,250	21,250	11,290	9,960	21,250
Employee Benefits	4,749	4,749	3,967	782	4,654
Purchased Services	11,830	11,830	9,012	2,818	9,019
Supplies and Materials	500	500	75	425	115
Total Students	<u>38,329</u>	<u>38,329</u>	<u>24,344</u>	<u>13,985</u>	<u>35,038</u>
Staff Development/Library					
Salaries	20,248	20,248	14,667	5,581	16,448
Employee Benefits	8,374	8,374	2,630	5,744	3,185
Purchased Services	20,000	20,000	4,266	15,734	14,592
Supplies and Materials	400	400	861	(461)	-
Total Instructional Staff	<u>49,022</u>	<u>49,022</u>	<u>22,424</u>	<u>26,598</u>	<u>34,225</u>
General Administration					
Salaries	62,192	62,192	93,241	(31,049)	33,301
Employee Benefits	18,325	18,325	34,729	(16,404)	10,393
Purchased Services	31,000	31,000	8,170	22,830	17,659
Supplies and Materials	3,000	3,000	1,762	1,238	1,190
Property	500	500	-	500	-
Other Objects and Uses	9,100	9,100	6,912	2,188	6,783
Total General Administration	<u>124,117</u>	<u>124,117</u>	<u>144,814</u>	<u>(20,697)</u>	<u>69,326</u>
School Administration					
Salaries	73,166	73,166	56,757	16,409	77,702
Employee Benefits	18,308	18,308	18,264	44	24,250
Total School Administration	<u>91,474</u>	<u>91,474</u>	<u>75,021</u>	<u>16,453</u>	<u>101,952</u>

(Continued)

See the accompanying independent auditor's report.

## LIBERTY SCHOOL DISTRICT J4

## BUDGETARY COMPARISON SCHEDULE

## GENERAL FUND

Year Ended June 30, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2020 ACTUAL
EXPENDITURES (Continued)					
Supporting Services (Continued)					
Business Administration					
Salaries	40,548	40,548	-	40,548	33,151
Employee Benefits	16,983	16,983	-	16,983	14,036
Purchased Services	14,000	14,000	20,968	(6,968)	12,043
Supplies and Materials	3,500	3,500	2,391	1,109	1,139
Property	1,000	1,000	81	919	40
Total Business Services	<u>76,031</u>	<u>76,031</u>	<u>23,440</u>	<u>52,591</u>	<u>60,409</u>
Operations and Maintenance					
Salaries	35,720	35,720	51,857	(16,137)	53,210
Employee Benefits	49,038	49,038	24,345	24,693	22,241
Purchased Services	100,050	100,050	63,742	36,308	60,303
Supplies and Materials	80,223	80,223	43,715	36,508	44,367
Total Operations and Maintenance	<u>265,031</u>	<u>265,031</u>	<u>183,659</u>	<u>81,372</u>	<u>180,121</u>
Student Transportation					
Salaries	51,523	51,523	34,221	17,302	37,878
Employee Benefits	15,019	15,019	10,947	4,072	11,983
Purchased Services	36,250	36,250	23,609	12,641	23,314
Supplies and Materials	26,400	26,400	11,739	14,661	14,283
Property	70,000	70,000	-	70,000	69,588
Total Student Transportation	<u>199,192</u>	<u>199,192</u>	<u>80,516</u>	<u>118,676</u>	<u>157,046</u>
Central Support					
Employee Benefits	-	-	-	-	17
Purchased Services	19,351	19,351	11,449	7,902	16,149
Supplies and Materials	68,835	68,835	56,612	12,223	7,822
Total Central Support	<u>88,186</u>	<u>88,186</u>	<u>68,061</u>	<u>20,125</u>	<u>23,988</u>

(Continued)

See the accompanying independent auditor's report.

## LIBERTY SCHOOL DISTRICT J4

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
Year Ended June 30, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2020 ACTUAL
Total Supporting Services	931,382	931,382	622,279	309,103	662,105
RESERVES					
Contingency	1,564,720	1,564,720	-	1,564,720	-
Emergency Reserves	45,674	45,674	-	45,674	-
TOTAL RESERVES	1,610,394	1,610,394	-	1,610,394	-
TOTAL EXPENDITURES	3,370,030	3,370,030	1,317,504	2,052,526	1,378,321
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,704,720)	(1,704,720)	355,325	2,060,045	217,168
OTHER FINANCING SOURCES (USES)					
Transfers In	120,000	120,000	-	(120,000)	
Transfers Out	(50,000)	(50,000)	(40,000)	10,000	(40,000)
TOTAL OTHER FINANCING SOURCES (USES)	70,000	70,000	(40,000)	(110,000)	(40,000)
CHANGE IN FUND BALANCE	(1,634,720)	(1,634,720)	315,325	2,070,045	177,168
FUND BALANCES, Beginning	1,634,720	1,634,720	1,564,722	(69,998)	1,387,554
FUND BALANCES, Ending	\$ -	\$ -	\$1,880,047	\$2,000,047	\$1,564,722

See the accompanying independent auditor's report.

## LIBERTY SCHOOL DISTRICT J4

BUDGETARY COMPARISON SCHEDULE  
 STUDENT ACTIVITY SPECIAL REVENUE FUND  
 Year Ended June 30, 2021

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2020 ACTUAL
REVENUES				
Local Sources				
Student Activities	\$ 75,000	\$ 84,439	\$ 9,439	\$ 53,466
Earnings on Investments	-	28	28	584
TOTAL REVENUES	<u>75,000</u>	<u>84,467</u>	<u>9,467</u>	<u>54,050</u>
EXPENDITURES				
Supporting Services				
Supplies and Materials	75,000	86,753	(11,753)	53,790
TOTAL EXPENDITURES	<u>75,000</u>	<u>86,753</u>	<u>(11,753)</u>	<u>53,790</u>
CHANGE IN FUND BALANCE	-	(2,286)	(2,286)	260
FUND BALANCE, Beginning	<u>-</u>	<u>41,317</u>	<u>41,317</u>	<u>41,057</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ 39,031</u>	<u>\$ 39,031</u>	<u>\$ 41,317</u>

See the accompanying independent auditor's report.

LIBERTY SCHOOL DISTRICT J4

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
PERA SCHOOL DIVISION TRUST FUND PLAN

	Years Ended December 31,							
	2020	2019	2018	2017	2016	2015	2014	2013
Proportion of the Net Pension Liability (Asset)	0.0132%	0.0124%	0.0140%	0.0160%	0.0157%	0.0163%	0.0163%	0.0180%
Proportionate Share of the Net Pension Liability (Asset)	\$ 2,014,109	\$ 1,850,175	\$ 2,473,005	\$ 5,172,545	\$ 4,680,273	\$ 2,489,387	\$ 2,211,662	\$ 2,235,908
State of Colorado Proportionate Share of the Net Pension Liability (Asset)	-	234,671	297,474	-	-	-	-	-
Total Proportionate Share of the Net Pension Liability (Asset)	\$ 2,014,109	\$ 2,084,846	\$ 2,770,479	\$ 5,172,545	\$ 4,680,273	\$ 2,489,387	\$ 2,211,662	\$ 2,235,908
Covered payroll	\$ 712,542	\$ 727,848	\$ 767,798	\$ 739,608	\$ 705,515	\$ 706,510	\$ 690,201	\$ 726,621
Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	282.7%	254.2%	360.8%	699.4%	663.4%	352.3%	320.4%	307.7%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.99%	64.52%	57.01%	43.96%	43.10%	59.20%	62.80%	64.06%

NOTE: Information for the prior two years was not available for this report

See the accompanying independent auditor's report.

LIBERTY SCHOOL DISTRICT J4

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
PERA SCHOOL DIVISION TRUST FUND PLAN

	Years Ended June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014		
Contractually Required Contributions	\$ 137,239	\$ 138,736	\$ 145,514	\$ 142,090	\$ 132,065	\$ 123,914	\$ 116,654	\$ 112,878		
Contributions in Relation to the Contractually Required Contributions	137,239	138,736	145,514	142,090	132,065	123,914	116,654	112,878		
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Covered payroll	\$ 690,336	\$ 715,869	\$ 760,661	\$ 752,583	\$ 720,015	\$ 701,308	\$ 690,773	\$ 706,027		
Contributions as a Percentage of Covered Payroll	19.88%	19.38%	19.13%	18.88%	18.34%	17.67%	16.89%	15.99%		

NOTE: Information for the prior two years was not available for this report.

See the accompanying independent auditor's report.

## LIBERTY SCHOOL DISTRICT J4

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
PERA HEALTH CARE TRUST FUND PLAN

Years Ended December 31,

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Proportion of the Net OPEB Liability (Asset)	0.0077%	0.0081%	0.0069%	0.0091%	0.0089%
Proportionate Share of the Net OPEB Liability (Asset)	\$ 73,218	\$ 90,984	\$ 123,511	\$ 118,119	\$ 115,847
Covered payroll	\$ 712,542	\$ 727,848	\$ 767,798	\$ 739,608	\$ 702,411
Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	10.3%	12.5%	16.1%	16.0%	16.5%
Plan Fiduciary Net position as a Percentage of the Total OPEB Liability	32.78%	24.49%	17.03%	17.53%	16.72%

NOTE: Information for the prior five years was not available for this report.

See the accompanying independent auditor's report.

LIBERTY SCHOOL DISTRICT J4

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
PERA HEALTH CARE TRUST FUND PLAN

	Years Ended June 30,				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually Required Contributions	\$ 7,041	\$ 7,302	\$ 7,759	\$ 7,676	\$ 7,344
Contributions in Relation to the Contractually Required Contributions	<u>7,041</u>	<u>7,302</u>	<u>7,759</u>	<u>7,676</u>	<u>7,344</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 690,336	\$ 715,869	\$ 760,661	\$ 752,583	\$ 720,015
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%	1.02%

NOTE: Information for the prior five years was not available for this report.

See the accompanying independent auditor's report.

**COMBINING AND INDIVIDUAL FUND SCHEDULES**

LIBERTY SCHOOL DISTRICT J4

COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 June 30, 2021

	FOOD SERVICE FUND	SCHOLARSHIP FUND	CAPITAL PROJECTS FUND	TOTALS
<b>ASSETS</b>				
Cash and Investments	\$ 8,764	\$ 8,458	\$ -	\$ 17,222
Inventory	2,050	-	-	2,050
<b>TOTAL ASSETS</b>	<b><u>\$ 10,814</u></b>	<b><u>\$ 8,458</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 19,272</u></b>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accrued Salaries and Benefits	\$ 4,255	\$ -	\$ -	\$ 4,255
<b>TOTAL LIABILITIES</b>	<b><u>4,255</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>4,255</u></b>
<b>FUND EQUITY</b>				
Fund Balance				
Nonspendable	2,050	-	-	2,050
Assigned	4,509	8,458	-	12,967
<b>TOTAL FUND EQUITY</b>	<b><u>6,559</u></b>	<b><u>8,458</u></b>	<b><u>-</u></b>	<b><u>15,017</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 10,814</u></b>	<b><u>\$ 8,458</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 19,272</u></b>

See the accompanying independent auditor's report.

## LIBERTY SCHOOL DISTRICT J4

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
Year Ended June 30, 2021

	FOOD SERVICE FUND	SCHOLARSHIP FUND	CAPITAL PROJECTS FUND	TOTALS
REVENUES				
Local Sources	\$ 2,713	\$ 9,636	\$ 49	\$ 12,398
State Sources	265	-	-	265
Federal Sources	28,193	-	-	28,193
TOTAL REVENUES	<u>31,171</u>	<u>9,636</u>	<u>49</u>	<u>40,856</u>
EXPENDITURES				
Current				
Supporting Services	<u>70,392</u>	<u>13,000</u>	<u>73,931</u>	<u>157,323</u>
TOTAL EXPENDITURES	<u>70,392</u>	<u>13,000</u>	<u>73,931</u>	<u>157,323</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(39,221)</u>	<u>(3,364)</u>	<u>(73,882)</u>	<u>(116,467)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>40,000</u>
TOTAL OTHER FINANCING SOURCES	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>40,000</u>
NET CHANGE IN FUND BALANCES	779	(3,364)	(73,882)	(76,467)
FUND BALANCES, Beginning	<u>5,780</u>	<u>11,822</u>	<u>73,882</u>	<u>91,484</u>
FUND BALANCES, Ending	<u>\$ 6,559</u>	<u>\$ 8,458</u>	<u>\$ -</u>	<u>\$ 15,017</u>

See the accompanying independent auditor's report.

## LIBERTY SCHOOL DISTRICT J4

BUDGETARY COMPARISON SCHEDULE  
 FOOD SERVICE FUND  
 Year Ended June 30, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2020 ACTUAL
<b>REVENUES</b>					
Local Sources					
Charges for Services	\$ 10,800	\$ 10,800	\$ 2,713	\$ (8,087)	\$ 10,270
State and Federal Sources					
School Lunches	12,000	12,000	4,802	(7,198)	8,608
Summer Food Program	2,300	2,300	19,356	17,056	2,308
Commodity Donations	-	-	4,035	4,035	-
State Match	-	-	265	265	263
<b>TOTAL REVENUES</b>	<b>25,100</b>	<b>25,100</b>	<b>31,171</b>	<b>6,071</b>	<b>21,449</b>
<b>EXPENDITURES</b>					
Supporting Services					
Salaries	22,718	22,718	23,122	(404)	24,487
Benefits	15,628	15,628	14,878	750	15,454
Purchased Services	1,340	1,340	-	1,340	-
Food	30,464	30,464	26,787	3,677	18,790
Other Supplies	-	-	4,954	(4,954)	2,236
Property	4,750	4,750	592	4,158	98
Other Objects and Uses	200	200	59	141	-
<b>TOTAL EXPENDITURES</b>	<b>75,100</b>	<b>75,100</b>	<b>70,392</b>	<b>4,708</b>	<b>61,065</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(50,000)</b>	<b>(50,000)</b>	<b>(39,221)</b>	<b>10,779</b>	<b>(39,616)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	50,000	50,000	40,000	(10,000)	40,000
<b>CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>779</b>	<b>779</b>	<b>384</b>
FUND BALANCES, Beginning	-	-	5,780	5,780	5,396
FUND BALANCES, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,559</u>	<u>\$ 6,559</u>	<u>\$ 5,780</u>

See the accompanying independent auditor's report.

## LIBERTY SCHOOL DISTRICT J4

BUDGETARY COMPARISON SCHEDULE  
SCHOLARSHIP FUND  
Year Ended June 30, 2021

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2020 ACTUAL
REVENUES				
Local Sources				
Grants and Donations	\$ 17,500	\$ 9,636	\$ (7,864)	\$ 10,536
TOTAL REVENUES	<u>17,500</u>	<u>9,636</u>	<u>(7,864)</u>	<u>10,536</u>
EXPENDITURES				
Supporting Services				
Other	17,500	13,000	4,500	6,750
TOTAL EXPENDITURES	<u>17,500</u>	<u>13,000</u>	<u>4,500</u>	<u>6,750</u>
CHANGE IN FUND BALANCE	-	(3,364)	(3,364)	3,786
FUND BALANCE, Beginning	<u>-</u>	<u>11,822</u>	<u>11,822</u>	<u>8,036</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ 8,458</u>	<u>\$ 8,458</u>	<u>\$ 11,822</u>

See the accompanying independent auditor's report.

## LIBERTY SCHOOL DISTRICT J4

BUDGETARY COMPARISON SCHEDULE  
 CAPITAL PROJECTS FUND  
 Year Ended June 30, 2021

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2020 ACTUAL
REVENUES				
Local Sources				
Grants	\$ 73,870	\$ -	\$ (73,870)	\$ -
Earnings on Investments	-	49	49	349
TOTAL REVENUES	<u>73,870</u>	<u>49</u>	<u>(73,821)</u>	<u>349</u>
EXPENDITURES				
Supporting Services				
Purchased Services	-	-	-	728
Property	73,870	73,931	(61)	36,816
TOTAL EXPENDITURES	<u>73,870</u>	<u>73,931</u>	<u>(61)</u>	<u>37,544</u>
CHANGE IN FUND BALANCE	-	(73,882)	(73,882)	(37,195)
FUND BALANCE, Beginning	<u>-</u>	<u>73,882</u>	<u>73,882</u>	<u>111,077</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 73,882</u>

See the accompanying independent auditor's report.

**AUDITOR'S INTEGRITY REPORT**



**Colorado Department of Education**

**Auditors Integrity Report**

District: 3230 - Liberty J-4

Fiscal Year 2020-21

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
<b>Governmental</b>						
10 General Fund	1,600,204		1,632,829	1,274,657		1,958,376
18 Risk Mgmt Sub-Fund of General Fund	0		0	0		0
19 Colorado Preschool Program Fund	-35,482		0	42,847		-78,329
<b>Sub-Total</b>	<b>1,564,722</b>		<b>1,632,829</b>	<b>1,317,504</b>		<b>1,880,047</b>
11 Charter School Fund	0		0	0		0
20,26-29 Special Revenue Fund	11,822		9,636	13,000		8,458
06 Supplemental Cap Const. Tech. Main. Fund	0		0	0		0
07 Total Program Reserve Fund	0		0	0		0
21 Food Service Spec. Revenue Fund	5,780		71,171	70,392		6,559
22 Govt Designated-Purpose Grants Fund	0		0	0		0
23 Pupil Activity Special Revenue Fund	41,317		84,467	86,753		39,031
24 Full Day Kindergarten Mill Levy Override	0		0	0		0
25 Transportation Fund	0		0	0		0
31 Bond Redemption Fund	0		0	0		0
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	73,882		49	73,931		0
46 Supplemental Cap Const. Tech. Main Fund	0		0	0		0
<b>Totals</b>	<b>1,697,523</b>		<b>1,798,153</b>	<b>1,561,581</b>		<b>1,934,096</b>
<b>Proprietary</b>						
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
<b>Totals</b>	<b>0</b>		<b>0</b>	<b>0</b>		<b>0</b>
<b>Fiduciary</b>						
70 Other Trust and Agency Funds	0		0	0		0
72 Private Purpose Trust Fund	0		0	0		0
73 Agency Fund	0		0	0		0
74 Pupil Activity Agency Fund	0		0	0		0
79 GASB 34/Permanent Fund	0		0	0		0
85 Foundations	0		0	0		0
<b>Totals</b>	<b>0</b>		<b>0</b>	<b>0</b>		<b>0</b>

FINAL