

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

BASIC FINANCIAL STATEMENTS

June 30, 2022

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FINANCIAL SECTION

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

INDEPENDENT AUDITOR'S REPORT

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Liberty School District J-4 (the "District"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 40-48 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 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

Littleton, Colorado
November 29, 2022

LIBERTY SCHOOL DISTRICT J-4
Joes, Colorado
Management Discussion and Analysis
For Fiscal Year Ended June 30, 2022

This discussion and analysis provides an overview of the Liberty School District J-4 (the “District”) financial performance for the fiscal year ending June 30, 2022. The intent of this discussion and analysis is to look at the District’s financial performance as a whole; readers should review the information presented here in conjunction with the notes to the basic financial statements and the financial statements to enhance their understanding of the District’s performance.

Financial Highlights

The net total net position of the District increased by \$976,447 to 1,226,139. As of the close of the 2021-2022 fiscal year, the District’s governmental funds reported combined ending fund balances of \$2,168,238. This represents an increase of \$234,143 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, deferred outflows of resources, liabilities, and deferred inflows of resources. 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, deferred outflows of resources, liabilities, and deferred inflows of resources 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 - All 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 governmental fund financial statements under modified accrual basis of accounting are reconciled to full accrual basis government-wide financial statements. The reconciliation can be found on pages 4 and 6 of the audit report.

LIBERTY SCHOOL DISTRICT J-4
Joes, Colorado
Management Discussion and Analysis
For Fiscal Year Ended June 30, 2022

Financial Analysis of the District as a Whole

The District's total net position is a \$1,226,139 at the close of business on June 30, 2022. Table 1 shows a high-level overview of net position in comparison to the previous year.

Fiscal Year Ended June 30, 2022 and 2021
Statement of Net Position

	Governmental Activities	
	6/30/2022	6/30/2021
Current and Other Assets	\$ 2,406,767	\$ 2,148,512
Capital Assets	941,337	957,540
Total Assets	3,348,104	3,106,052
Deferred Outflows of Resources	320,731	526,223
Current and Other Liabilities	186,372	201,009
Non current Liabilities	1,392,700	2,117,283
Total Liabilities	1,579,072	2,318,292
Deferred Inflows of Resources	863,624	1,064,291
Net Position		
Net Investment in Capital Assets	941,337	957,540
Restricted	27,000	45,674
Unrestricted	257,802	(753,522)
Total Net Position	\$ 1,226,139	\$ 249,692

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, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,226,139. Of the District's \$3,348,104 in total assets, \$941,337 (28%) 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 2021-2022 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 \$2,114,181, an increase of \$234,134 from the previous fiscal year. The District's funded pupil count average for the past five years remains steady at 55.5 students.

LIBERTY SCHOOL DISTRICT J-4
Joes, Colorado
Management Discussion and Analysis
For Fiscal Year Ended June 30, 2022

Enrollment remained consistent for the fiscal year 2022. 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, 2022 and 2021
Statement of Activities

	Governmental Activities	
	<u>6/30/2022</u>	<u>6/30/2021</u>
Revenues		
Program Revenues		
Charges for Services	\$ 2,347	\$ 2,713
Operating Grants	275,014	308,512
General Revenues		
Property Taxes	749,045	697,416
State Equalization	708,605	663,581
Other	<u>117,486</u>	<u>106,716</u>
Total Revenues	<u>1,852,497</u>	<u>1,778,938</u>
Expenses		
Instruction	322,304	338,908
Supporting Services	<u>553,746</u>	<u>563,227</u>
Total Expenses	<u>876,050</u>	<u>902,135</u>
Increase (Decrease) in Net Postion	976,447	876,803
Net Postion, Beginning	249,692	(627,111)
Net Postion Ending	<u>\$ 1,226,139</u>	<u>\$ 249,692</u>

LIBERTY SCHOOL DISTRICT J-4
Joes, Colorado
Management Discussion and Analysis
For Fiscal Year Ended June 30, 2022

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 \$17,337 per funded student. For the fiscal year the funded pupil count was 55.5 with an actual student count of 64. Funding for the SFA comes from property taxes, specific ownership taxes, and state equalization. Those amounts for this fiscal year are \$749,045, \$75,287, and \$708,605, respectively.

The District Funds

At June 30, 2022, the District's governmental funds reported a combined fund balance of \$2,168,238 which is an increase of \$234,143 from the prior year.

The General Fund had an increase of \$234,134 compared with an increase of \$315,325 in the prior year. For the year ended June 30, 2022, the General Fund reports revenues of \$1,708,560 and expenditures of \$1,434,426. For the year ended June 30, 2021, the General Fund reported revenues of \$1,672,829 and expenditures and transfers of \$1,357,504.

For the year ended June 30, 2022, the Food Service Fund reports an increase in fund balance of \$10,842. The Scholarship Fund reports donations of \$2,527 and expenditures of \$9,500. The Student Activity Special Revenue Fund collected \$76,818 in donations and paid expenditures of \$80,678.

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, 2022, the District realized a net decrease of \$16,203 in capital assets. The District's capital assets are currently carried at a value of \$941,337 compared to last year when the capital assets were \$957,540.

The District's long-term liabilities consist of \$35,154 in compensated absences, \$1,294,889 in Net Pension Liability and \$73,218 in Net OPEB liabilities.

Economic Factors

For the 2022-2023 school year, the District's financial outlook is guarded.

- Student enrollment remains steady in grade PK-12.
- The elementary school population decreased from 38.5 to 35 students, and the middle school/high school increased to 29.

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, 2022

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Investments	\$ 2,221,174
Cash with County Treasurer	31,233
Taxes Receivable	74,157
Accounts Receivable	78,153
Inventories	2,050
Capital Assets, Not Depreciated	50,000
Capital Assets, Depreciated, Net of Accumulated Depreciation	891,337
TOTAL ASSETS	3,348,104
DEFERRED OUTFLOW OF RESOURCES	
Related to Pensions	315,137
Related to OPEB	5,594
TOTAL DEFERRED OUTFLOWS OF RESOURCES	320,731
LIABILITIES	
Accounts Payable	10,039
Accrued Salaries and Benefits	117,126
Unearned Revenue	59,207
Noncurrent Liabilities	
Compensated Absences	35,154
Net Pension Liability	1,294,899
Net OPEB Liability	62,647
TOTAL LIABILITIES	1,579,072
DEFERRED INFLOWS OF RESOURCES	
Related to Pensions	825,814
Related to OPEB	37,810
TOTAL DEFERRED INFLOWS OF RESOURCES	863,624
NET POSITION	
Net Investment in Capital Assets	941,337
Restricted for Emergencies	27,000
Unrestricted	257,802
TOTAL NET POSITION	\$ 1,226,139

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

LIBERTY SCHOOL DISTRICT J4

STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

		PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
FUNCTIONS/PROGRAMS	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES
PRIMARY GOVERNMENT					
Governmental Activities					
Instruction	\$ 322,304	\$ -	\$ 155,024	\$ -	\$ (167,280)
Supporting Services	553,746	2,347	119,990	-	(431,409)
Total Governmental Activities	876,050	2,347	275,014	-	(598,689)
GENERAL REVENUES					
					749,045
					75,287
					708,605
					41,807
					392
					1,575,136
TOTAL GENERAL REVENUES					
CHANGE IN NET POSITION					
976,447					
NET POSITION, Beginning					
249,692					
NET POSITION, Ending					
\$ 1,226,139					

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

LIBERTY SCHOOL DISTRICT J4

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2022

	GENERAL FUND	STUDENT ACTIVITY FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and Investments	\$ 2,123,584	\$ 84,574	\$ 13,016	\$ 2,221,174
Cash with County Treasurer	31,233	-	-	31,233
Taxes Receivable	74,157	-	-	74,157
Other Receivables	69,982	-	8,171	78,153
Inventory	-	-	2,050	2,050
TOTAL ASSETS	<u>\$ 2,298,956</u>	<u>\$ 84,574</u>	<u>\$ 23,237</u>	<u>\$ 2,406,767</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 10,039	\$ -	\$ -	\$ 10,039
Accrued Salaries and Benefits	112,775	-	4,351	117,126
Unearned Revenues	9,804	49,403	-	59,207
TOTAL LIABILITIES	<u>132,618</u>	<u>49,403</u>	<u>4,351</u>	<u>186,372</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax Revenues	<u>52,157</u>	<u>-</u>	<u>-</u>	<u>52,157</u>
FUND BALANCES				
Nonspendable	-	-	2,050	2,050
Restricted for Emergencies	27,000	-	-	27,000
Assigned	-	35,171	16,836	52,007
Unassigned	2,087,181	-	-	2,087,181
TOTAL FUND BALANCES	<u>2,114,181</u>	<u>35,171</u>	<u>18,886</u>	<u>2,168,238</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 2,298,956</u>	<u>\$ 84,574</u>	<u>\$ 23,237</u>	<u>\$ 2,406,767</u>

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, 2022

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

Total fund balances of governmental funds			\$ 2,168,238
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	2,942,354	
	Accumulated Depreciation	<u>(2,051,017)</u>	941,337
Other long-term assets are not available to pay for current-period expenditures, and therefore, are deferred in the funds.			52,157
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	(35,154)	
	Net Pension Liability	(1,294,899)	
	Net OPEB Liability	<u>(62,647)</u>	(1,392,700)
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 - Related to Pensions	315,137	
	Deferred outflows of resources - Related to OPEB	5,594	
	Deferred inflows of resources - Related to Pensions	(825,814)	
	Deferred inflows of resources - Related to OPEB	<u>(37,810)</u>	<u>(542,893)</u>
Net position of governmental activities			<u><u>\$ 1,226,139</u></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, 2022

	GENERAL FUND	STUDENT ACTIVITY SPECIAL REVENUE FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Local Sources	\$ 811,925	\$ 76,818	\$ 4,874	\$ 893,617
State Sources	798,512	-	264	798,776
Federal Sources	98,123	-	58,717	156,840
TOTAL REVENUES	1,708,560	76,818	63,855	1,849,233
EXPENDITURES				
Current				
Instruction	689,014	-	-	689,014
Supporting Services	683,325	80,678	99,986	863,989
Capital Outlay	62,087	-	-	62,087
TOTAL EXPENDITURES	1,434,426	80,678	99,986	1,615,090
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	274,134	(3,860)	(36,131)	234,143
OTHER FINANCING SOURCES (USES)				
Transfer Out	(40,000)	-	-	(40,000)
Transfer In	-	-	40,000	40,000
TOTAL OTHER FINANCING SOURCES (USES)	(40,000)	-	40,000	-
NET CHANGE IN FUND BALANCES	234,134	(3,860)	3,869	234,143
FUND BALANCES, Beginning	1,880,047	39,031	15,017	1,934,095
FUND BALANCES, Ending	\$ 2,114,181	\$ 35,171	\$ 18,886	\$ 2,168,238

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, 2022

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

Net change in fund balances - total governmental funds			\$ 234,143
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	56,055	
	Depreciation	<u>(72,258)</u>	(16,203)
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.			38,749
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		(5,198)
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	713,442	
	Deferred charges related to OPEB	<u>11,514</u>	<u>724,956</u>
Change in net position of governmental activities			<u>\$ 976,447</u>

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

LIBERTY SCHOOL DISTRICT J-4

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Liberty School District J-4 (the “District” or “the School”) 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, 2022

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, 2022

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 30th 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.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

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, 2022, the District reports \$9,804 and \$49,403 in unearned revenues which are reported in the General Fund and Student Activities Fund, respectively, and relate 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, 2022, were \$117,126. 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 \$35,154 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 or 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 or 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, 2022

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, 2022

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.
- 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, 2022.
- 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, and Scholarship 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, 2022

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, 2022 through November 29, 2022, 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, 2022

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, 2022, actual expenditures in the Food Service Fund exceeded budgeted amounts by \$8,386. This may be a violation of state statute.

NOTE 3: CASH AND INVESTMENTS

Cash and investments at June 30, 2022 consist of the following:

Petty Cash	\$ 100
Deposits	<u>2,221,074</u>
Total	<u>\$ 2,221,174</u>

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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, 2022, 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, 2022, the District had deposits with financial institutions with a carrying amount of \$2,221,074. The bank balances with the financial institutions were \$2,233,274. Of these balances, \$587,928 was covered by federal depository insurance and \$1,645,346 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:

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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, 2022, the District does not report any investments.

NOTE 4: CAPITAL ASSETS

	Balance 6/30/2021	Additions	Deletions	Balance 6/30/2022
Governmental Activities				
Capital Assets, Not Depreciated				
Land	\$ 50,000	\$ -	\$ -	\$ 50,000
Capital Asset, Being Depreciated				
Buildings and Improvements	2,313,608	5,545	-	2,319,153
Vehicles and Equipment	572,691	50,510	-	623,201
Total Capital Assets, Being Depreciated	2,886,299	56,055	-	2,942,354
Accumulated Depreciation				
Buildings and Improvements	1,515,716	50,775	-	1,566,491
Vehicles and Equipment	463,043	21,483	-	484,526
Total Depreciation	1,978,759	72,258	-	2,051,017
Total Capital Assets, Being Depreciated, Net	907,540	(16,203)	-	891,337
Net Capital Assets	\$ 957,540	\$ (16,203)	\$ -	\$ 941,337

LIBERTY SCHOOL DISTRICT J-4

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

NOTE 4: CAPITAL ASSETS (Continued)

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

Governmental Activities

Instruction	\$ 58,371
Supporting Services	<u>13,887</u>
Total	<u><u>\$ 72,258</u></u>

NOTE 5: INTERFUND TRANSFERS

During the year ended June 30, 2022, the General Fund transferred \$40,000 to the Food Services Fund to cover operating costs.

NOTE 6: CHANGE IN ACCOUNTING PRINCIPLES-LEASES

For the year ended June 30, 2022, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. GASB 87 enhances the relevance and consistency of information for the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use a leased assets and a lessor is required to recognize a lease receivable and deferred inflow of resources. These changes were incorporated in the District's financial statements for the year ended June 30, 2022.

The District has determined that it has no agreements that fall under the requirements of GASB 87, hence no changes were made to the District's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

NOTE 7: DEFINED BENEFIT PENSION PLAN**Summary of Significant Accounting Policies**

Pensions. The School 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.

General Information about the Pension Plan

Plan description. Eligible employees of the School 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 annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided as of December 31, 2021. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit.
- The value of the retiring employee's member contribution account plus a 100% 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.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

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% 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.

In all cases the service retirement benefit is limited to 100% 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% or 100% 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.

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, 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 the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% 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.

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)**General Information about the Pension Plan (Continued)**

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

Contributions provisions as of June 30, 2022: Eligible employees of, the School 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 10.50% of their PERA-includable salary during the period of July 1, 2021 through June 30, 2022. Employer contribution requirements are summarized in the table below:

	July 1, 2021 Through June 30, 2022
Employer contribution rate	10.90%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02%)
Amount apportioned to the SCHDTF	9.88%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%
Total employer contribution rate to the SCHDTF	19.88%

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the School were \$146,468 for the year ended June 30, 2022.

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. As specified in C.R.S. § 24-51-414, the State is required to contribute \$225 million (actual dollars) direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Trust Fund,

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)**General Information about the Pension Plan (Continued)**

and Denver Public Schools Division Trust Fund. In addition to the \$225 million (actual dollars) direct distribution due July 1, 2022, House Bill (HB) 22-1029, instructs the State treasurer to issue a warrant to PERA in the amount of \$380 million (actual dollars), upon enactment, with reductions to future direct distributions scheduled to occur July 1, 2023, and July 1, 2024.

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, 2021, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the TPL to December 31, 2021. The School's proportion of the net pension liability was based on the School's contributions to the SCHDTF for the calendar year 2021 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2022, the School reported a liability of \$1,294,899 for its proportionate share of the net pension liability that reflected an increase for support from the State as a nonemployer contributing entity. The amount recognized by the School 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 School were as follows:

The School's proportionate share of the net pension liability	\$1,294,899
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the School	148,444
Total	\$1,443,343

At December 31, 2021, the School's proportion was 0.0113%, which a decrease of 0.0022% from its proportion measured as of December 31, 2020.

LIBERTY SCHOOL DISTRICT J-4

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

For the year ended June 30, 2022, the School recognized pension expense of (\$586,611) and revenue of \$15,848 for support from the State as a nonemployer contributing entity. At June 30, 2022, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$49,574	\$-
Changes of assumptions or other inputs	98,856	-
Net difference between projected and actual earnings on pension plan investments	-	486,843
Changes in proportion and differences between contributions recognized and proportionate share of contributions	91,802	338,971
Contributions subsequent to the measurement date	74,905	-
Total	\$315,137	\$825,814

\$74,905 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2023	(\$145,925)
2024	(\$224,665)
2025	(\$155,900)
2026	(\$59,092)

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

Actuarial assumptions. The TPL in the December 31, 2020, actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

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)	1.00%
PERA benefit structure hired after 12/31/06 ¹	Financed by the AIR

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

The TPL as of December 31, 2021, includes the anticipated adjustments to contribution rates and the AI cap, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.

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

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, 2022

NOTE 7: 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% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 83% of the rates prior to age 80 and 106% 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% of the rates for all ages, with generational projection using scale MP-2019.
- **Females:** 105% 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% of the rates for all ages with generational projection using scale MP-2019.

The actuarial assumptions used in the December 31, 2020, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

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

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

Note: 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%.

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in Senate Bill (SB) 18-200, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions 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.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- The projected benefit payments reflect the lowered AI cap, from 1.25% to 1.00%, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.
- Benefit payments and contributions were assumed to be made at the middle of the year.

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

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% on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$1,905,985	\$1,294,788	\$784,970

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

NOTE 8: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN**Summary of Significant Accounting Policies**

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

NOTE 8: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)**General Information about the OPEB Plan**

Plan description. Eligible employees of the 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, and sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

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

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

Enrollment in the PERACare health benefits program 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.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

NOTE 8: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)**General Information about the OPEB Plan** (Continued)*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% 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.

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 service-based subsidy, in each case, is for retirees with retirement benefits based on 20 or more years of service credit. There is a 5% 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.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

NOTE 8: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

General Information about the OPEB Plan (Continued)

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% 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 School is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the School were \$7,515 for the year ended June 30, 2022.

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

At June 30, 2022, the School reported a liability of \$62,647 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2021, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the TOL to December 31, 2021. The School proportion of the net OPEB liability was based on the School's contributions to the HCTF for the calendar year 2021 relative to the total contributions of participating employers to the HCTF.

At December 31, 2021, the School's proportion was 0.0073%, which was a decrease of 0.0004% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the School recognized OPEB expense of (\$3,999). At June 30, 2022, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 8: 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)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$95	\$14,854
Changes of assumptions or other inputs	1,297	3,398
Net difference between projected and actual earnings on OPEB plan investments	-	3,878
Changes in proportion and differences between contributions recognized and proportionate share of contributions	359	15,680
Contributions subsequent to the measurement	3,843	N/A
Total	\$5,594	\$37,810

\$3,843 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2023	(\$9,470)
2024	(\$10,283)
2025	(\$9,934)
2026	(\$4,631)
2027	(\$1,502)
Thereafter	(\$239)

Actuarial assumptions. The TOL in the December 31, 2020 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, 2022

NOTE 8: 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)

	State Division	School Division	Local Government Division	Judicial Division
Actuarial cost method			Entry age	
Price inflation			2.30%	
Real wage growth			0.70%	
Wage inflation			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%	N/A
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			4.50% in 2021, 6.00% in 2022, gradually decreasing to 4.50% in 2029	
Medicare Part A premiums			3.75% in 2021, 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, 2022

NOTE 8: 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)

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

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, 2020, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2021 for the PERA Benefit Structure:

Medicare Plan	Initial Costs for Members without Medicare Part A		
	Monthly Cost	Monthly Premium	Monthly Cost Adjusted to Age 65
Medicare Advantage/Self-Insured Rx	\$633	\$230	\$591
Kaiser Permanente Medicare Advantage	596	199	562

The 2021 Medicare Part A premium is \$471 (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, 2020, 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.

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 8: 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 TOL are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2021	4.50%	3.75%
2022	6.00%	3.75%
2023	5.80%	4.00%
2024	5.60%	4.00%
2025	5.40%	4.00%
2026	5.10%	4.25%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions used in the December 31, 2020, valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the HCTF, but developed using a headcount-weighted basis. Affiliated employers of the State, School, Local Government and Judicial Divisions participate in the HCTF.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

NOTE 8: 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)

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% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 87% of the rates prior to age 80 and 107% 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% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 83% of the rates prior to age 80 and 106% 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:

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

NOTE 8: 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)

Disabled mortality assumptions for members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99% 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 following health care costs assumptions were updated and used in the roll-forward calculation for the Trust Fund:

- 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 2021 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 PERA Board's actuary, as discussed above.

The actuarial assumptions used in the December 31, 2020, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

NOTE 8: 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)

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.

As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

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

Note: 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%.

Sensitivity of the School'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 Medicare trend rate	3.50%	4.50%	5.50%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$60,848	\$62,647	\$64,732

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

NOTE 8: 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)

Discount rate. The discount rate used to measure the TOL was 7.25%. 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, 2021, 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%.
- 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 be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

Sensitivity of the School'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%, as well as what the proportionate share of the

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

NOTE 8: 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)

net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.25%) or one-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB	\$72,758	\$62,647	\$54,011

OPEB plan fiduciary net position. Detailed information about the HCTF's FNP is available in PERA's ACFR at www.copera.org/investments/pera-financial-reports

NOTE 9: 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, 2022 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, 2022, the emergency reserve of \$27,000 was reported as a restriction of net position and fund balance in the Governmental Activities and General Fund, respectively.

REQUIRED SUPPLEMENTARY INFORMATION

LIBERTY SCHOOL DISTRICT J4

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended June 30, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2021 ACTUAL
REVENUES					
Local Sources					
Property Taxes	\$ 718,000	\$ 718,000	\$ 710,296	\$ (7,704)	\$ 716,630
Specific Ownership Taxes	76,000	76,000	75,287	(713)	76,343
Mineral Lease Revenue	500	500	4,099	3,599	555
Earnings on Investments	1,500	1,500	383	(1,117)	2,079
All Other Local Revenue Codes	49,000	49,000	21,860	(27,140)	27,662
Total Local Sources	<u>845,000</u>	<u>845,000</u>	<u>811,925</u>	<u>(33,075)</u>	<u>823,269</u>
State Sources					
State Equalization	756,444	756,444	708,605	(47,839)	663,581
Small Rural Schools	20,132	20,132	23,539	3,407	20,132
Transportation	17,015	17,015	17,158	143	17,015
PERA-On Behalf Contribution	-	-	15,848	15,848	-
All Other State Revenue	36,983	36,983	33,362	(3,621)	17,277
Total State Sources	<u>830,574</u>	<u>830,574</u>	<u>798,512</u>	<u>(32,062)</u>	<u>718,005</u>
Federal Sources					
Title I	10,200	10,200	10,759	559	692
Title IV	10,000	10,000	9,804	(196)	-
ESSER I	100,000	100,000	20,071	(79,929)	-
ESSER II	-	-	46,183	46,183	-
ESSER III	6,109	6,109	-	(6,109)	-
REAP	19,623	19,623	9,408	(10,215)	-
Cares Act	-	-	-	-	125,335
Covid Supplemental	-	-	-	-	5,328
Carl Perkins	-	-	1,898	1,898	200
Total Federal Sources	<u>145,932</u>	<u>145,932</u>	<u>98,123</u>	<u>(49,707)</u>	<u>131,555</u>
TOTAL REVENUES	<u>1,821,506</u>	<u>1,821,506</u>	<u>1,708,560</u>	<u>(112,946)</u>	<u>1,672,829</u>
EXPENDITURES					
Instruction					
Salaries	472,226	472,226	428,863	43,363	444,042
Employee Benefits	169,514	169,514	179,079	(9,565)	161,819
Purchased Services	84,674	84,674	47,944	36,730	59,230
Supplies and Materials	22,500	22,500	26,648	(4,148)	14,820
Property	10,300	10,300	11,562	(1,262)	438
Other Objects and Uses	25,000	25,000	6,480	18,520	14,876
Total Instruction	<u>784,214</u>	<u>784,214</u>	<u>700,576</u>	<u>83,638</u>	<u>695,225</u>

(Continued)

See the accompanying independent auditor's report.

LIBERTY SCHOOL DISTRICT J4

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended June 30, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2021 ACTUAL
EXPENDITURES (Continued)					
Supporting Services					
Guidance and Nursing					
Salaries	46,250	46,250	43,973	2,277	11,290
Employee Benefits	9,890	9,890	9,991	(101)	3,967
Purchased Services	10,000	10,000	9,395	605	9,012
Supplies and Materials	250	250	441	(191)	75
Total Students	66,390	66,390	63,800	2,590	24,344
Staff Development/Library					
Salaries	29,500	29,500	18,988	10,512	14,667
Employee Benefits	6,129	6,129	4,664	1,465	2,630
Purchased Services	22,183	22,183	7,550	14,633	4,266
Supplies and Materials	500	500	222	278	861
Total Instructional Staff	58,312	58,312	31,424	26,888	22,424
General Administration					
Salaries	104,955	104,955	101,175	3,780	93,241
Employee Benefits	35,243	35,243	35,128	115	34,729
Purchased Services	25,500	25,500	12,940	12,560	8,170
Supplies and Materials	2,000	2,000	1,617	383	1,762
Property				-	-
Other Objects and Uses	9,600	9,600	5,358	4,242	6,912
Total General Administration	177,298	177,298	156,218	21,080	144,814
School Administration					
Salaries	74,381	74,381	59,000	15,381	56,757
Employee Benefits	18,396	18,396	18,595	(199)	18,264
Total School Administration	92,777	92,777	77,595	15,182	75,021

(Continued)

See the accompanying independent auditor's report.

LIBERTY SCHOOL DISTRICT J4

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended June 30, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2021 ACTUAL
EXPENDITURES (Continued)					
Supporting Services (Continued)					
Business Administration					
Salaries	-	-	-	-	-
Employee Benefits	-	-	-	-	-
Purchased Services	53,000	53,000	23,721	29,279	20,968
Supplies and Materials	3,500	3,500	2,492	1,008	2,391
Property	1,000	1,000	15	985	81
Total Business Services	57,500	57,500	26,228	31,272	23,440
Operations and Maintenance					
Salaries	50,490	50,490	52,104	(1,614)	51,857
Employee Benefits	18,645	18,645	22,312	(3,667)	24,345
Purchased Services	162,440	162,440	90,725	71,715	63,742
Supplies and Materials	114,000	114,000	44,769	69,231	43,715
Total Operations and Maintenance	345,575	345,575	209,910	135,665	183,659
Student Transportation					
Salaries	55,550	55,550	37,210	18,340	34,221
Employee Benefits	10,634	10,634	12,305	(1,671)	10,947
Purchased Services	38,500	38,500	11,736	26,764	23,609
Supplies and Materials	41,782	41,782	31,099	10,683	11,739
Property	175,000	175,000	50,510	124,490	-
Total Student Transportation	321,466	321,466	142,860	178,606	80,516
Central Support					
Employee Benefits	-	-	63	(63)	-
Purchased Services	22,300	22,300	23,509	(1,209)	11,449
Supplies and Materials	50,000	50,000	2,243	47,757	56,612
Total Central Support	72,300	72,300	25,815	46,485	68,061

(Continued)

See the accompanying independent auditor's report.

LIBERTY SCHOOL DISTRICT J4

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended June 30, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2021 ACTUAL
Total Supporting Services	<u>1,191,618</u>	<u>1,191,618</u>	<u>733,850</u>	<u>457,768</u>	<u>622,279</u>
RESERVES					
Contingency	1,889,851	1,889,851	-	1,889,851	-
Emergency Reserves	<u>45,674</u>	<u>45,674</u>	<u>-</u>	<u>45,674</u>	<u>-</u>
TOTAL RESERVES	<u>1,935,525</u>	<u>1,935,525</u>	<u>-</u>	<u>1,935,525</u>	<u>-</u>
TOTAL EXPENDITURES	<u>3,911,357</u>	<u>3,911,357</u>	<u>1,434,426</u>	<u>2,476,931</u>	<u>1,317,504</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,089,851)</u>	<u>(2,089,851)</u>	<u>274,134</u>	<u>2,363,985</u>	<u>355,325</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	130,000	130,000	-	(130,000)	-
Transfers Out	<u>-</u>	<u>-</u>	<u>(40,000)</u>	<u>(40,000)</u>	<u>(40,000)</u>
TOTAL OTHER FINANCING SOURCES (USE)	<u>130,000</u>	<u>130,000</u>	<u>(40,000)</u>	<u>(170,000)</u>	<u>(40,000)</u>
CHANGE IN FUND BALANCE	(1,959,851)	(1,959,851)	234,134	2,323,985	315,325
FUND BALANCES, Beginning	<u>1,959,851</u>	<u>1,959,851</u>	<u>1,880,047</u>	<u>(79,804)</u>	<u>1,564,722</u>
FUND BALANCES, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,114,181</u>	<u>\$ 2,244,181</u>	<u>\$ 1,880,047</u>

See the accompanying independent auditor's report.

LIBERTY SCHOOL DISTRICT J4

BUDGETARY COMPARISON SCHEDULE
STUDENT ACTIVITY SPECIAL REVENUE FUND
Year Ended June 30, 2022

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2021 ACTUAL
REVENUES				
Local Sources				
Student Activities	\$ 225,000	\$ 76,809	\$ (148,191)	\$ 84,439
Earnings on Investments	-	9	9	28
TOTAL REVENUES	225,000	76,818	(148,182)	84,467
EXPENDITURES				
Supporting Services				
Supplies and Materials	225,000	80,678	144,322	86,753
TOTAL EXPENDITURES	225,000	80,678	144,322	86,753
CHANGE IN FUND BALANCE	-	(3,860)	(3,860)	(2,286)
FUND BALANCE, Beginning	-	39,031	39,031	41,317
FUND BALANCE, Ending	\$ -	\$ 35,171	\$ 35,171	\$ 39,031

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,

	2021	2020	2019	2018	2017	2016	2015	2014	2013
Proportion of the Net Pension Liability (Asset)	0.0111%	0.0132%	0.0124%	0.0140%	0.0160%	0.0157%	0.0163%	0.0163%	0.0180%
Proportionate Share of the Net Pension Liability (Asset)	\$ 1,294,899	\$ 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)	148,444	-	234,671	297,474	-	-	-	-	-
Total Proportionate Share of the Net Pension Liability (Asset)	\$ 1,443,343	\$ 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	\$ 695,405	\$ 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	186.2%	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	74.86%	66.99%	64.52%	57.01%	43.96%	43.10%	59.20%	62.80%	64.06%

NOTE: Information for the prior year 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,

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contributions	\$ 146,468	\$ 137,239	\$ 138,736	\$ 145,514	\$ 142,090	\$ 132,065	\$ 123,914	\$ 116,654	\$ 112,878
Contributions in Relation to the Contractually Required Contributions	146,468	137,239	138,736	145,514	142,090	132,065	123,914	116,654	112,878
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 736,758	\$ 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%	19.88%	19.38%	19.13%	18.88%	18.34%	17.67%	16.89%	15.99%

NOTE: Information for the prior year 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,					
	2021	2020	2019	2018	2017	2016
Proportion of the Net OPEB Liability (Asset)	0.0073%	0.0077%	0.0081%	0.0069%	0.0091%	0.0089%
Proportionate Share of the Net OPEB Liability (Asset)	\$ 62,647	\$ 73,218	\$ 90,984	\$ 123,511	\$ 118,119	\$ 115,847
Covered payroll	\$ 695,405	\$ 712,542	\$ 727,848	\$ 767,798	\$ 739,608	\$ 702,411
Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	9.0%	10.3%	12.5%	16.1%	16.0%	16.5%
Plan Fiduciary Net position as a Percentage of the Total OPEB Liability	39.40%	32.78%	24.49%	17.03%	17.53%	16.72%

NOTE: Information for the prior four 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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually Required Contributions	\$ 7,515	\$ 7,041	\$ 7,302	\$ 7,759	\$ 7,676	\$ 7,344
Contributions in Relation to the Contractually Required Contributions	<u>7,515</u>	<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>	<u>\$ -</u>
Covered payroll	\$ 736,758	\$ 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%	1.02%

NOTE: Information for the prior four 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, 2022

	FOOD SERVICE FUND	SCHOLARSHIP FUND	TOTALS
ASSETS			
Cash and Investments	\$ 11,531	\$ 1,485	\$ 13,016
Accounts Receivable	8,171	-	8,171
Inventory	2,050	-	2,050
TOTAL ASSETS	<u>\$ 21,752</u>	<u>\$ 1,485</u>	<u>\$ 23,237</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accrued Salaries and Benefits	\$ 4,351	\$ -	\$ 4,351
TOTAL LIABILITIES	<u>4,351</u>	<u>-</u>	<u>4,351</u>
FUND EQUITY			
Fund Balance			
Nonspendable	2,050	-	2,050
Assigned	15,351	1,485	16,836
TOTAL FUND EQUITY	<u>17,401</u>	<u>1,485</u>	<u>18,886</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 21,752</u>	<u>\$ 1,485</u>	<u>\$ 23,237</u>

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, 2022

	FOOD SERVICE FUND	SCHOLARSHIP FUND	TOTALS
REVENUES			
Local Sources	\$ 2,347	\$ 2,527	\$ 4,874
State Sources	264	-	264
Federal Sources	58,717	-	58,717
	<u>61,328</u>	<u>2,527</u>	<u>63,855</u>
TOTAL REVENUES			
EXPENDITURES			
Current			
Supporting Services	90,486	9,500	99,986
	<u>90,486</u>	<u>9,500</u>	<u>99,986</u>
TOTAL EXPENDITURES			
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(29,158)</u>	<u>(6,973)</u>	<u>(36,131)</u>
OTHER FINANCING SOURCES			
Transfers In	40,000	-	40,000
	<u>40,000</u>	<u>-</u>	<u>40,000</u>
TOTAL OTHER FINANCING SOURCES			
NET CHANGE IN FUND BALANCES	10,842	(6,973)	3,869
FUND BALANCES, Beginning	6,559	8,458	15,017
FUND BALANCES, Ending	<u>\$ 17,401</u>	<u>\$ 1,485</u>	<u>\$ 18,886</u>

See the accompanying independent auditor's report.

LIBERTY SCHOOL DISTRICT J4

BUDGETARY COMPARISON SCHEDULE
FOOD SERVICE FUND
Year Ended June 30, 2022

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2021 ACTUAL
REVENUES				
Local Sources				
Charges for Services	\$ 3,000	\$ 2,347	\$ (653)	\$ 2,713
State and Federal Sources				
School Breakfast and Lunch	19,100	8,774	(10,326)	4,802
SSO Breakfast and Lunch	-	26,426	26,426	-
Summer Food Program	-	2,233	2,233	19,356
Commodity Donations	-	14,490	14,490	4,035
Supply Chain	-	6,180	6,180	-
Snap Mini	-	614	614	-
State Match	-	264	264	265
TOTAL REVENUES	22,100	61,328	39,228	31,171
EXPENDITURES				
Supporting Services				
Salaries	29,988	25,892	4,096	23,122
Benefits	17,820	16,421	1,399	14,878
Purchased Services	840	5,774	(4,934)	-
Food	31,202	40,123	(8,921)	26,787
Other Supplies	1,050	2,276	(1,226)	4,954
Property	1,000	-	1,000	592
Other Objects and Uses	200	-	200	59
TOTAL EXPENDITURES	82,100	90,486	(8,386)	70,392
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(60,000)	(29,158)	30,842	(39,221)
OTHER FINANCING SOURCES (USES)				
Transfers In	60,000	40,000	(20,000)	40,000
CHANGE IN FUND BALANCE	-	10,842	10,842	779
FUND BALANCES, Beginning	-	6,559	6,559	5,780
FUND BALANCES, Ending	\$ -	\$ 17,401	\$ 17,401	\$ 6,559

See the accompanying independent auditor's report.

LIBERTY SCHOOL DISTRICT J4

BUDGETARY COMPARISON SCHEDULE
SCHOLARSHIP FUND
Year Ended June 30, 2022

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2021 ACTUAL
REVENUES				
Local Sources				
Grants and Donations	\$ 17,500	\$ 2,527	\$ (14,973)	\$ 9,636
TOTAL REVENUES	17,500	2,527	(14,973)	9,636
EXPENDITURES				
Supporting Services				
Other	17,500	9,500	8,000	13,000
TOTAL EXPENDITURES	17,500	9,500	8,000	13,000
CHANGE IN FUND BALANCE	-	(6,973)	(6,973)	(3,364)
FUND BALANCE, Beginning	-	8,458	8,458	11,822
FUND BALANCE, Ending	\$ -	\$ 1,485	\$ 1,485	\$ 8,458

See the accompanying independent auditor's report.

AUDITORS INTEGRITY REPORT



Colorado Department of Education
Auditors Integrity Report
District: 3230 - Liberty J-4
Fiscal Year 2021-22
Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	=	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental					
10 General Fund	1,958,376	1,668,560	1,386,786		2,240,150
18 Risk Mgmt Sub-Fund of General Fund	0	0	0		0
19 Colorado Preschool Program Fund	-78,329	0	47,640		-125,968
Sub- Total	1,880,047	1,668,560	1,434,426		2,114,181
11 Charter School Fund	0	0	0		0
20-26-29 Special Revenue Fund	8,458	2,526	9,500		1,485
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	6,559	101,328	90,487		17,401
22 Govt Designated-Purpose Grants Fund	0	0	0		0
23 Pupil Activity Special Revenue Fund	39,031	76,818	80,677		35,171
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	0	0	0		0
46 Supplemental Cap Const. Tech. Main Fund	0	0	0		0
Totals	1,934,096	1,849,232	1,615,090		2,168,238
Proprietary					
50 Other Enterprise Funds	0	0	0		0
64 (63) Risk-Related Activity Fund	0	0	0		0
60,65-69 Other Internal Service Funds	0	0	0		0
Totals	0	0	0		0
Fiduciary					
70 Other Trust and Agency Funds	0	0	0		0
72 Private Purpose Trust Fund	0	0	0		0
73 Agency Fund	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
Totals	0	0	0		0
FINAL					