

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

BASIC FINANCIAL STATEMENTS

June 30, 2024

TABLE OF CONTENTS

FINANCIAL SECTION	PAGE
Independent Auditors' Report	
Management's Discussion and Analysis	i – v
Basic Financial Statements	
Statement of Net Position	1
Statement of Activities	2
Balance Sheet – Governmental Funds	3
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	4
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances Of Governmental Funds to the Statement of Activities	6
Notes to the Financial Statements	7 – 40
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	41 – 44
Budgetary Comparison Schedule – Student Activity Special Revenue Fund	45
Schedule of the District's Proportionate Share of the Net Pension Liability– PERA School Division Trust Fund Plan	46
Schedule of the District's Contributions – PERA School Division Trust Fund Plan	47
Schedule of the District's Proportionate Share of the Net OPEB Liability – PERA Health Care Trust Fund Plan	48
Schedule of the District's Contributions – PERA Health Care Trust Fund Plan	49
Notes to the Required Supplementary Information	50-51

TABLE OF CONTENTS

Other Information	PAGE
Combining and Individual Fund Statements and Schedules	
Combining Balance Sheet – Nonmajor Governmental Funds	52
Combining Statement of Revenues, Expenditures and Changes In Fund Balances – Nonmajor Governmental Funds	53
Budgetary Comparison Schedule – Food Service Fund	54
Budgetary Comparison Schedule – Scholarship Fund	55
Auditors Integrity Report	56

FINANCIAL SECTION



**PROSPECTIVE
BUSINESS
SOLUTIONS, LLC**
Certified Public Accountants

Auditing, Accounting, and Consulting Services for
Governments and Nonprofit Organizations

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

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

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, 2024, 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, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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.

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 41-49 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 13, 2024

LIBERTY SCHOOL DISTRICT J-4
Joes, Colorado
Management Discussion and Analysis
For Fiscal Year Ended June 30, 2024

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, 2024. 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 \$377,213 to \$1,926,547. At the close of the 2023-2024 fiscal year, the District’s governmental funds reported combined ending fund balances of \$2,678,680 This represents an increase of \$278,892. 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, 2024

Financial Analysis of the District as a Whole

The District's total net position is \$1,926,547 at the close of business on June 30, 2024. Table 1 shows a high-level overview of net position in comparison to the previous year.

Liberty School District Net Position

	Governmental Activities	
	<u>2024</u>	<u>2023</u>
ASSETS		
Current & Other Assets	\$2,898,066	\$2,635,976
Capital Assets	\$1,068,314	\$958,334
<u>TOTAL ASSETS</u>	<u>\$3,966,380</u>	<u>\$3,594,310</u>
 DEFERRED OUTFLOWS OF RESOURCES	 \$606,439	 \$443,112
LIABILITIES		
Current & Other Liabilities	\$188,402	\$210,427
Noncurrent Liabilities	\$2,351,994	\$2,011,673
<u>TOTAL LIABILITIES</u>	<u>\$2,540,396</u>	<u>\$2,222,100</u>
 Deferred Inflows of Resources	 \$105,876	 \$265,988
NET POSITION - EQUITY		
Net Investment in Capital Assets	\$1,068,314	\$958,334
Restricted for Emergencies	\$50,321	\$27,000
Unrestricted	\$807,912	\$564,000
<u>TOTAL NET POSITION</u>	<u>\$1,926,547</u>	<u>\$1,549,334</u>

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 \$1,926,545. Of the District's \$3,966,380 in total assets, \$1,068,314 (27%) 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.

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.

LIBERTY SCHOOL DISTRICT J-4
 Joes, Colorado
 Management Discussion and Analysis
 For Fiscal Year Ended June 30, 2024

Liberty School District Change In Net Position

	<u>2024</u>	<u>2023</u>
Program Revenues		
Charges for Services	\$3,552	\$14,949.00
Operating Grants	\$356,712	\$456,371
General Revenues		
Property and Specific Ownership Taxes	\$724,251	\$625,045
State Equalization	\$911,392	\$835,965
Other	\$178,911	\$188,568
Total Revenues	<u>\$2,174,818</u>	<u>\$2,120,898</u>
Program Expenses		
Instructional	\$864,196	\$919,687
Support	\$933,409	\$878,016
Total Expenses	<u>\$1,797,605</u>	<u>\$1,797,703</u>
Increase (Decrease) in Net Position	\$377,213	\$323,195
Net Position, Beginning	<u>\$1,549,334</u>	<u>\$1,226,139</u>
Net Position, Ending	<u>\$1,926,547</u>	<u>\$1,549,334</u>

Government Activities

The primary source of operating revenue for the district comes from the School Finance Act, as amended. Under the SFA, the district received \$15,850.30 per funded student. For the fiscal year the funded pupil count was 57.5 with an actual student count of 84. Funding for the SFA comes from property taxes, specific ownership taxes, and state equalization. Those amounts for this fiscal year are \$652,323, \$66,705, and \$911,392, respectively.

The District Funds

At June 30, 2024, the District's governmental funds reported a combined fund balance of \$2,678,680 which is an increase of \$278,892 from the prior year.

The General Fund had an increase of \$292,175 compared with an increase of \$225,380 in the prior year. For the year ended June 30, 2024, the General Fund reports revenues of \$2,038,501 and expenditures of \$1,746,326.

For the year ended June 30, 2023, the General Fund reported revenues of \$1,940,400 and expenditures and transfers of \$1,715,020.

For the year ended June 30, 2024, the Food Service Fund reports an increase in fund balance of \$18,318. The Scholarship Fund reports donations of \$2,394 and expenditures of \$5,000. The Student Activity Special Revenue Fund collected \$73,262 in donations and paid expenditures of \$102,257.

LIBERTY SCHOOL DISTRICT J-4
Joes, Colorado
Management Discussion and Analysis
For Fiscal Year Ended June 30, 2024

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.

For the year ended June 30, 2024, the District budgeted estimated revenues of \$2,074,580. Actual revenues were \$2,038,501.

For the year ended June 30, 2024, the District budgeted estimated expenditures of \$4,243,381, which includes a contingency or future expenditures of \$2,366,561. Actual expenditures and transfers in the General Fund were \$1,691,703. Instructional expenses were \$61,236 less than budgeted while supporting services expenditures were \$123,884 lower than budgeted.

Liberty School District J-4 remained on solid financial footing during the 2023-2024 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 \$2,631,736, an increase of \$292,175 from the previous fiscal year. The District's funded pupil count average for the past five years remains steady at 57.5 students.

Capital Assets and Debt Administration

On June 30, 2024, the District realized a net increase of \$109,980 in capital assets. The District's capital assets are currently carried at a value of \$1,068,314 compared to last year when the capital assets were \$958,334. More information on the District Capital Assets can be found in Note 4 to the financial statements.

The District's long-term liabilities consist of \$44,585 in compensated absences, \$2,253,008 in Net Pension Liability and \$54,401 in Net OPEB liabilities.

Economic Factors

For the 2024-2025 school year, the District's financial outlook is steady.

- Student enrollment remains steady in grades PK-12.
- PK enrollment sits at 6.
- The elementary school population decreased from 35 to 32 students, and the middle school/high school decreased to 26.

Enrollment remained consistent for the fiscal year 2024. 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 Universal Pre-School Program (UPK) and kindergarten/preschool allotments.

LIBERTY SCHOOL DISTRICT J-4
Joes, Colorado
Management Discussion and Analysis
For Fiscal Year Ended June 30, 2024

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 68% of total expenditures. Taxes and state equalization payments provide the Liberty School District a 55/45 split in revenues.

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, 2024

	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS	
Cash and Investments	\$ 2,773,158
Cash with County Treasurer	9,469
Taxes Receivable	41,856
Accounts Receivable	2,305
Accrued Interest Receivable	68,254
Inventories	3,024
Capital Assets, Not Depreciated	50,000
Capital Assets, Depreciated, Net of Accumulated Depreciation	<u>1,018,314</u>
TOTAL ASSETS	<u>3,966,380</u>
DEFERRED OUTFLOW OF RESOURCES	
Related to Pensions	594,653
Related to OPEB	<u>11,786</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>606,439</u>
LIABILITIES	
Accounts Payable	14,361
Accrued Salaries and Benefits	124,638
Unearned Revenue	49,403
Noncurrent Liabilities	
Compensated Absences	44,585
Net Pension Liability	2,253,008
Net OPEB Liability	<u>54,401</u>
TOTAL LIABILITIES	<u>2,540,396</u>
DEFERRED INFLOWS OF RESOURCES	
Related to Pensions	78,892
Related to OPEB	<u>26,984</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>105,876</u>
NET POSITION	
Net Investment in Capital Assets	1,068,314
Restricted for Emergencies	50,321
Unrestricted	<u>807,912</u>
TOTAL NET POSITION	<u><u>\$ 1,926,547</u></u>

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

LIBERTY SCHOOL DISTRICT J4

STATEMENT OF ACTIVITIES
Year Ended June 30, 2024

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES
PRIMARY GOVERNMENT					
Governmental Activities					
Instruction	\$ 864,196	\$ -	\$ 208,082	\$ -	\$ (656,114)
Supporting Services	933,409	3,552	148,630	-	(781,227)
Total Governmental Activities	<u>1,797,605</u>	<u>3,552</u>	<u>356,712</u>	<u>-</u>	<u>(1,437,341)</u>
GENERAL REVENUES					
					657,546
					66,705
					911,392
					76,498
					<u>102,413</u>
					<u>1,814,554</u>
					377,213
					<u>1,549,334</u>
					<u>\$ 1,926,547</u>

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

LIBERTY SCHOOL DISTRICT J4

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2024

	GENERAL FUND	STUDENT ACTIVITY FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and Investments	\$ 2,675,134	\$ 52,254	\$ 45,770	\$ 2,773,158
Cash with County Treasurer	9,469	-	-	9,469
Taxes Receivable	41,856	-	-	41,856
Other Receivables	2,305	-	-	2,305
Accrued Interest	68,254	-	-	68,254
Inventory	-	-	3,024	3,024
TOTAL ASSETS	<u>\$ 2,797,018</u>	<u>\$ 52,254</u>	<u>\$ 48,794</u>	<u>\$ 2,898,066</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 14,361	\$ -	\$ -	\$ 14,361
Accrued Salaries and Benefits	119,937	-	4,701	124,638
Unearned Revenues	-	49,403	-	49,403
TOTAL LIABILITIES	<u>134,298</u>	<u>49,403</u>	<u>4,701</u>	<u>188,402</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax Revenues	<u>30,984</u>	<u>-</u>	<u>-</u>	<u>30,984</u>
FUND BALANCES				
Nonspendable	-	-	3,024	3,024
Restricted for Emergencies	50,321	-	-	50,321
Committed	-	-	41,069	41,069
Assigned	-	2,851	-	2,851
Unassigned	<u>2,581,415</u>	<u>-</u>	<u>-</u>	<u>2,581,415</u>
TOTAL FUND BALANCES	<u>2,631,736</u>	<u>2,851</u>	<u>44,093</u>	<u>2,678,680</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 2,797,018</u>	<u>\$ 52,254</u>	<u>\$ 48,794</u>	<u>\$ 2,898,066</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, 2024

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

Total fund balances of governmental funds			\$2,678,680
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	3,223,413	
	Accumulated Depreciation	<u>(2,205,099)</u>	1,068,314
Other long-term assets are not available to pay for current-period expenditures, and therefore, are deferred in the funds.			30,984
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	(44,585)	
	Net Pension Liability	(2,253,008)	
	Net OPEB Liability	<u>(54,401)</u>	(2,351,994)
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	594,653	
	Deferred outflows of resources - Related to OPEB	11,786	
	Deferred inflows of resources - Related to Pensions	(78,892)	
	Deferred inflows of resources - Related to OPEB	<u>(26,984)</u>	<u>500,563</u>
Net position of governmental activities			<u>\$1,926,547</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, 2024

	GENERAL FUND	STUDENT ACTIVITY SPECIAL REVENUE FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Local Sources	\$ 893,611	\$ 73,262	\$ 5,946	\$ 972,819
State Sources	1,035,885	-	18,877	1,054,762
Federal Sources	109,005	-	28,385	137,390
TOTAL REVENUES	2,038,501	73,262	53,208	2,164,971
EXPENDITURES				
Current				
Instruction	777,750	-	-	777,750
Supporting Services	788,225	102,257	92,119	982,601
Capital Outlay	125,728	-	-	125,728
TOTAL EXPENDITURES	1,691,703	102,257	92,119	1,886,079
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	346,798	(28,995)	(38,911)	278,892
OTHER FINANCING SOURCES (USES)				
Transfer Out	(54,623)	-	-	(54,623)
Transfer In	-	-	54,623	54,623
TOTAL OTHER FINANCING SOURCES (USES)	(54,623)	-	54,623	-
NET CHANGE IN FUND BALANCES	292,175	(28,995)	15,712	278,892
FUND BALANCES, Beginning	2,339,561	31,846	28,381	2,399,788
FUND BALANCES, Ending	<u>\$ 2,631,736</u>	<u>\$ 2,851</u>	<u>\$ 44,093</u>	<u>\$ 2,678,680</u>

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

LIBERTY SCHOOL DISTRICT J4

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2024

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

Net change in fund balances - total governmental funds			\$ 278,892
<p>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.</p>			
	Capital Outlay	204,191	
	Depreciation	<u>(94,211)</u>	109,980
<p>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.</p>			
			5,223
<p>Some expenses reported in the statement of activities do not require current financial resources and are not reported in the funds.</p>			
	Changes in Compensated Absences		(2,948)
<p>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.</p>			
	Deferred charges related to Pension Plan	(27,588)	
	Deferred charges related to OPEB	<u>13,654</u>	<u>(13,934)</u>
Change in net position of governmental activities			<u><u>\$ 377,213</u></u>

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

LIBERTY SCHOOL DISTRICT J-4

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

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, 2024

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, 2024

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 – 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, 2024

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, 2024, the District reports unearned revenues in the Student Activities Fund which 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, 2024 are 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 rate. These compensated absences are when paid in the governmental fund types. As of June 30, 2024 a long-term liability in the amount of \$44,585 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, 2024

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 postmark 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, 2024

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 reports committed fund balances in the Food Service Fund and Scholarship Fund as of June 30, 2024.
- 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 balance of the Student Activities 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.

LIBERTY SCHOOL DISTRICT J-4

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

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, 2024 through November 13, 2024, the date these financial statements were issued, and has incorporated any required recognition into these financial statements.

NOTE 2: **CASH AND INVESTMENTS**

Cash and investments at June 30, 2024 consist of the following:

Petty Cash	\$	100
Deposits		<u>2,773,058</u>
Total		<u>\$ 2,773,158</u>

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 2: **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, 2024, 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, 2024, the District had deposits with financial institutions with a carrying amount of \$2,773,058. The bank balances with the financial institutions were \$2,787,371. Of these balances, \$2,411,747 was covered by federal depository insurance and \$375,624 was covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

Investments

Interest Rate Risk

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

Credit Risk

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

LIBERTY SCHOOL DISTRICT J-4

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 2: 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, 2024, the District does not report any investments.

NOTE 3: CAPITAL ASSETS

	Balance 6/30/2023	Additions	Deletions	Balance 6/30/2024
Governmental Activities				
Capital Assets, Not Depreciated				
Land	\$ 50,000	\$ -	\$ -	\$ 50,000
Capital Asset, Being Depreciated				
Buildings and Improvements	2,375,140	88,906	-	2,464,046
Vehicles and Equipment	644,082	115,285	-	759,367
Total Capital Assets, Being Depreciated	3,019,222	204,191	-	3,223,413
Accumulated Depreciation				
Buildings and Improvements	1,603,520	60,073	-	1,663,593
Vehicles and Equipment	507,368	34,138	-	541,506
Total Depreciation	2,110,888	94,211	-	2,205,099
Total Capital Assets, Being Depreciated, Net	908,334	109,980	-	1,018,314
Net Capital Assets	\$ 958,334	\$ 109,980	\$ -	\$ 1,068,314

LIBERTY SCHOOL DISTRICT J-4

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 3: **CAPITAL ASSETS** (Continued)

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

Governmental Activities

Instruction	\$ 75,369
Supporting Services	<u>18,842</u>
 Total	 <u><u>\$ 94,211</u></u>

NOTE 4: **INTERFUND TRANSFERS**

During the year ended June 30, 2024, the General Fund transferred \$54,623 to the Food Services Fund to cover operating costs.

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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 5: DEFINED BENEFIT PENSION PLAN**Summary of Significant Accounting Policies**

Pensions. The District participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

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

Benefits provided as of December 31, 2023. 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, 2024

NOTE 5: **DEFINED BENEFIT PENSION PLAN** (Continued)

General Information about the Pension Plan (Continued)

In all cases the service retirement benefit is limited to 100% of highest average salary and 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.

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, 2024: Eligible employees of the District and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 11.00% of their PERA-includable salary during the period of July 1, 2023 through June 30, 2024.

LIBERTY SCHOOL DISTRICT J-4

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 5: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

Employer contribution requirements are summarized in the table below:

	July 1, 2023 Through June 30, 2024
Employer contribution rate	11.40%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02%)
Amount apportioned to the SCHDTF	10.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%
Total employer contribution rate to the SCHDTF	20.38%

* 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 District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$168,416 for the year ended June 30, 2024.

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 a \$225 million 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 proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. The direct distribution from the State was suspended in 2020. To compensate PERA for the suspension, C.R.S. §§ 24-51-414(6-8) required restorative payment by providing an accelerated payment in 2022. In 2022, the State Treasurer issued payment for the direct distribution of \$225 million plus an additional amount of \$380 million. Due to the advanced payment made in 2022, the State reduced the distribution in 2023 to \$35 million. Additionally, the newly added C.R.S. § 24-51-414(9) providing compensatory payment of \$14.561 million for 2023 only.

LIBERTY SCHOOL DISTRICT J-4

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 5: DEFINED BENEFIT PENSION PLAN (Continued)

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

The net pension liability for the SCHDTF was measured as of December 31, 2023, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. Standard update procedures were used to roll-forward the TPL to December 31, 2023. District’s proportion of the net pension liability was based on the District’s contributions to the SCHDTF for the calendar year 2023 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2024 the District reported a liability of \$2,253,008 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 District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 2,253,008
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the School	\$ 49,402
Total	\$ 2,302,410

At December 31, 2023, the District’s proportion was 0.013%, which was an increase of 0.002% from its proportion measured as of December 31, 2022.

For the year ended June 30, 2024, the District recognized pension expense of \$200,628 and revenue of \$3,764 for support from the State as a nonemployer contributing entity. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

LIBERTY SCHOOL DISTRICT J-4

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 5: DEFINED BENEFIT PENSION PLAN (Continued)

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

	<u>Deferred Outflows</u> <u>of Resources</u>	<u>Deferred Inflows</u> <u>of Resources</u>
Difference between expected and actual experience	\$ 106,835	\$ -
Changes in assumptions and other inputs	\$ -	\$ -
Net difference between projected and actual earnings on pension plan investments	\$ 161,506	\$ 78,892
Changes in proportion between contributions recognized and proportionate share of contributions	\$ 243,404	\$ -
Contributions subsequent to the measurement date	\$ 82,908	\$ -
Total	\$ 594,653	\$ 78,892

\$82,908 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, 2025. 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	
2025	\$ 84,851
2026	\$ 207,716
2027	\$ 185,318
2028	\$ (45,032)
2029	\$ -
Thereafter	\$ -

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 5: DEFINED BENEFIT PENSION PLAN (Continued)**Actuarial assumptions**

The TPL in the December 31, 2022, 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 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:

- **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.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 5: **DEFINED BENEFIT PENSION PLAN** (Continued)

Actuarial assumptions (Continued)

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, 2022, valuation were based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by the PERA Board on November 20, 2020.

The long-term expected return on plan assets is reviewed as part of regularly scheduled experience studies prepared at least every five years and asset/liability studies performed every three to five years for PERA. 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.

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:

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 5: DEFINED BENEFIT PENSION PLAN (Continued)**Actuarial assumptions** (Continued)

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 SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. 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, 2024

NOTE 5: **DEFINED BENEFIT PENSION PLAN** (Continued)

Discount rate (Continued)

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. 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 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.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- Beginning with the December 31, 2023, measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 67 projection test.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 5: DEFINED BENEFIT PENSION PLAN (Continued)**Discount rate** (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 District's proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-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	\$3,012,647	\$2,253,008	\$1,619,562

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.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 6 **DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN****Summary of Significant Accounting Policies**

OPEB. The District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position (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.

General Information about the OPEB Plan

Plan description. Eligible employees of the District are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended, 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.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 6: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

General Information about the OPEB Plan (Continued)

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

Enrollment in the PERACare 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.

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 on behalf of benefit recipients not covered by Medicare Part A.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 6: DEFINED BENEFIT OTHER POST EMPLOYMENT 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 District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$8,429 for the year ended Jun 30, 2024.

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

At June 30, 2024, the District reported a liability of \$54,401 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2023, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2022. Standard update procedures were used to roll-forward the TOL to December 31, 2023. District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2023 relative to the total contributions of participating employers to the HCTF.

At December 31, 2023, the District's proportion was 0.0076%, which was a decrease of 0.0003% from its proportion measured as of December 31, 2022.

For the year ended June 30, 2024, the District recognized OPEB expense of (\$5,225). At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

LIBERTY SCHOOL DISTRICT J-4

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 6: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 11,150
Changes in assumptions and other inputs	\$ 640	\$ 5,768
Net difference between projected and actual earnings on OPEB plan investments	\$ 1,683	\$ -
Changes in proportion between contributions recognized and proportionate share of contributions	\$ 5,314	\$ 10,066
Contributions subsequent to the measurement date	\$ 4,149	\$ -
Total	\$ 11,786	\$ 26,984

\$4,419 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, 2025. 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,	
2025	\$ (10,105)
2026	\$ (4,656)
2027	\$ (1,419)
2028	\$ (1,839)
2029	\$ (911)
Thereafter	\$ (417)

LIBERTY SCHOOL DISTRICT J-4

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 6: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

Actuarial assumptions

The TOL in the December 31, 2022 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

	School 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 Safety Officers	3.40%-11.00%
Safety Officers	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%
	7.00% in 2023, gradually decreasing to 4.50% in 2033
Medicare Part A premiums	3.50% in 2023, gradually increasing to 4.50% in 2035

¹ UnitedHealthcare MAPD PPO plans are 0% for 2023.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 6: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)**Actuarial assumptions** (Continued)

Each year the per capita health care costs are developed by plan option; currently based on 2023 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

Age-Related Morbidity Assumptions

Participant Age	Annual Increase (Male)	Annual Increase (Female)
65-68	2.2%	2.3%
69	2.8%	2.2%
70	2.7%	1.6%
71	3.1%	0.5%
72	2.3%	0.7%
73	1.2%	0.8%
74	0.9%	1.5%
75-85	0.9%	1.3%
86 and older	0.0%	0.0%

Sample Age	MAPD PPO #1 with Medicare Part A		MAPD PPO #2 with Medicare Part A		MAPD HMO (Kaiser) with Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$1,692	\$1,406	\$579	\$481	\$1,913	\$1,589
70	\$1,901	\$1,573	\$650	\$538	\$2,149	\$1,778
75	\$2,100	\$1,653	\$718	\$566	\$2,374	\$1,869

LIBERTY SCHOOL DISTRICT J-4

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 6: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

Actuarial assumptions (Continued)

Sample Age	MAPD PPO #1 without Medicare Part A		MAPD PPO #2 without Medicare Part A		MAPD HMO (Kaiser) without Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$6,469	\$5,373	\$4,198	\$3,487	\$6,719	\$5,581
70	\$7,266	\$6,011	\$4,715	\$3,900	\$7,546	\$6,243
75	\$8,026	\$6,319	\$5,208	\$4,101	\$8,336	\$6,563

The 2023 Medicare Part A premium is \$506 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, 2022, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

LIBERTY SCHOOL DISTRICT J-4

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 6: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

Actuarial assumptions (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
2023	7.00%	3.50%
2024	6.75%	3.50%
2025	6.50%	3.75%
2026	6.25%	3.75%
2027	6.00%	4.00%
2028	5.75%	4.00%
2029	5.50%	4.00%
2030	5.25%	4.25%
2031	5.00%	4.25%
2032	4.75%	4.25%
2033	4.50%	4.25%
2034	4.50%	4.25%
2035+	4.50%	4.50%

Mortality assumptions used in the December 31, 2022, 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 on 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 Safety Officers) were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

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

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 6: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

Actuarial assumptions (Continued)

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

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions (members other than Safety Officers) 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 Safety Officers 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, 2024

NOTE 6: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

Actuarial assumptions (Continued)

Disabled mortality assumptions for members other than Safety Officers 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 Safety Officers 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 HCTF:

- Per capita health care costs in effect as of the December 31, 2022, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits have been updated to reflect costs for the 2023 plan year.
- The morbidity rates used to estimate individual retiree and spouse costs by age and by gender were updated effective for the December 31, 2022, actuarial valuation. The revised morbidity rate factors are based on a review of historical claims experience by age, gender, and status (active versus retired) from actuary's claims data warehouse.
- The health care cost trend rates applicable to health care premiums were revised to reflect the then current expectation of future increases in those 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, 2022, valuations were based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020.

The long-term expected return on plan assets is reviewed as part of regularly scheduled experience studies performed at least every five years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 6: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)**Actuarial assumptions** (Continued)

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

The PERA Board first adopted the 7.25% 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%.

LIBERTY SCHOOL DISTRICT J-4

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 6: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

Actuarial assumptions (Continued)

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate ¹	5.75%	6.75%	7.75%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$52,840	\$54,401	\$56,099

¹For the January 1, 2024, plan year.

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, 2023, 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.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 6: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

Discount rate (Continued)

- 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.
- Beginning with the December 31, 2023, measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 74 projection test.
- As of the December 31, 2023, measurement date, the FNP and related disclosure components for the HCTF reflect payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2023, year-end, PERA recognized two additions for accounting and financial reporting purposes: a \$24 million payment received on December 4, 2023, and a \$2 million receivable. The employer disaffiliation payment and receivable allocations to the HCTF and Local Government Division Trust Fund were \$1.033 million and \$24.967 million, respectively.

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

LIBERTY SCHOOL DISTRICT J-4

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 6: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

Discount rate (Continued)

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$64,254	\$54,401	\$45,971

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

NOTE 7: 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, 2024 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, 2024, the emergency reserve of \$50,321 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, 2024

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2023 ACTUAL
REVENUES					
Local Sources					
Property Taxes	\$ 656,000	\$ 682,000	\$ 652,323	\$ (29,677)	\$ 651,441
Specific Ownership Taxes	50,000	66,984	66,705	(279)	69,855
Mineral Lease Revenue	2,000	2,000	746	(1,254)	6,352
Earnings on Investments	1,500	95,000	101,849	6,849	23,387
All Other Local Revenue Codes	29,966	104,250	71,988	(32,262)	41,555
Total Local Sources	<u>739,466</u>	<u>950,234</u>	<u>893,611</u>	<u>(56,623)</u>	<u>792,590</u>
State Sources					
State Equalization	780,000	800,000	911,392	111,392	835,965
Small Rural Schools	26,000	26,000	23,171	(2,829)	26,289
Transportation	18,914	19,000	21,652	2,652	19,674
Universal Preschool	-	36,900	54,149	17,249	-
PERA-On Behalf Contribution	-	-	3,764	3,764	47,343
All Other State Revenue	28,689	31,289	21,757	(9,532)	29,324
Total State Sources	<u>853,603</u>	<u>913,189</u>	<u>1,035,885</u>	<u>122,696</u>	<u>958,595</u>
Federal Sources					
Title I	10,200	15,000	18,503	3,503	14,881
Title IV	-	9,804	9,804	-	9,804
ESSER I	-	-	-	-	4,928
ESSER II	10,353	10,353	-	(10,353)	53,816
ESSER III	160,000	150,000	70,368	(79,632)	83,000
REAP	7,800	20,000	10,330	(9,670)	20,878
Library	-	-	-	-	1,818
Other	-	6,000	-	(6,000)	90
Total Federal Sources	<u>188,353</u>	<u>211,157</u>	<u>109,005</u>	<u>(96,152)</u>	<u>189,215</u>
TOTAL REVENUES	<u>1,781,422</u>	<u>2,074,580</u>	<u>2,038,501</u>	<u>(36,079)</u>	<u>1,940,400</u>
EXPENDITURES					
Instruction					
Salaries	555,570	520,210	511,273	8,937	546,882
Employee Benefits	139,688	185,273	178,403	6,870	243,068
Purchased Services	75,714	103,200	70,623	32,577	81,824
Supplies and Materials	16,500	15,000	9,649	5,351	8,906
Property	1,107	11,107	9,804	1,303	5,558
Other Objects and Uses	10,000	14,000	7,802	6,198	6,547
Total Instruction	<u>798,579</u>	<u>848,790</u>	<u>787,554</u>	<u>61,236</u>	<u>892,785</u>

(Continued)

See the accompanying independent auditor's report.

LIBERTY SCHOOL DISTRICT J4

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended June 30, 2024

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2023 ACTUAL
EXPENDITURES (Continued)					
Supporting Services					
Guidance and Nursing					
Salaries	51,300	73,800	46,414	27,386	46,079
Employee Benefits	5,880	16,300	11,265	5,035	10,618
Purchased Services	10,000	15,000	19,131	(4,131)	9,453
Supplies and Materials	250	250	268	(18)	251
Total Students	<u>67,430</u>	<u>105,350</u>	<u>77,078</u>	<u>28,272</u>	<u>66,401</u>
Staff Development/Library					
Salaries	17,000	17,000	24,978	(7,978)	23,477
Employee Benefits	5,146	5,806	6,009	(203)	5,195
Purchased Services	14,183	14,100	12,789	1,311	710
Supplies and Materials	250	250	172	78	199
Total Instructional Staff	<u>36,579</u>	<u>37,156</u>	<u>43,948</u>	<u>(6,792)</u>	<u>29,581</u>
General Administration					
Salaries	74,045	65,459	65,459	-	106,530
Employee Benefits	14,280	20,438	20,362	76	36,744
Purchased Services	36,500	36,000	22,901	13,099	10,719
Supplies and Materials	4,000	4,000	2,885	1,115	1,832
Property	1,000	500	-	500	-
Other Objects and Uses	10,700	10,700	7,214	3,486	6,718
Total General Administration	<u>140,525</u>	<u>137,097</u>	<u>118,821</u>	<u>18,276</u>	<u>162,543</u>
School Administration					
Salaries	79,236	65,459	65,459	-	62,540
Employee Benefits	14,280	20,438	20,362	76	19,694
Total School Administration	<u>93,516</u>	<u>85,897</u>	<u>85,821</u>	<u>76</u>	<u>82,234</u>

(Continued)

See the accompanying independent auditor's report.

LIBERTY SCHOOL DISTRICT J4

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended June 30, 2024

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2023 ACTUAL
EXPENDITURES (Continued)					
Supporting Services (Continued)					
Business Administration					
Salaries	46,200	46,200	46,200	-	-
Employee Benefits	13,109	13,109	16,344	(3,235)	-
Purchased Services	6,000	6,000	19,712	(13,712)	10,967
Supplies and Materials	5,500	4,500	1,266	3,234	2,597
Property	-	1,000	639	361	-
Total Business Services	<u>70,809</u>	<u>70,809</u>	<u>84,161</u>	<u>(13,352)</u>	<u>13,564</u>
Operations and Maintenance					
Salaries	60,900	40,900	40,900	-	50,006
Employee Benefits	14,514	30,097	21,290	8,807	20,327
Purchased Services	390,443	195,000	138,896	56,104	183,516
Supplies and Materials	60,000	60,000	42,199	17,801	51,029
Property	-	-	-	-	-
Total Operations and Maintenance	<u>525,857</u>	<u>325,997</u>	<u>243,285</u>	<u>82,712</u>	<u>304,878</u>
Student Transportation					
Salaries	50,000	36,000	29,758	6,242	38,361
Employee Benefits	6,427	11,127	12,351	(1,224)	13,074
Purchased Services	42,500	40,400	26,885	13,515	31,970
Supplies and Materials	41,400	41,400	21,770	19,630	22,681
Property	100,000	100,000	115,285	(15,285)	-
Total Student Transportation	<u>240,327</u>	<u>228,927</u>	<u>206,049</u>	<u>22,878</u>	<u>106,086</u>
Central Support					
Purchased Services	25,800	18,300	19,284	(984)	12,508
Supplies and Materials	25,000	18,500	25,702	(7,202)	4,440
Total Central Support	<u>50,800</u>	<u>36,800</u>	<u>44,986</u>	<u>(8,186)</u>	<u>16,948</u>

(Continued)

See the accompanying independent auditor's report.

LIBERTY SCHOOL DISTRICT J4

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended June 30, 2024

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2023 ACTUAL
Total Supporting Services	1,225,843	1,028,033	904,149	123,884	782,235
RESERVES					
Contingency	2,114,181	2,339,561	-	2,339,561	-
Emergency Reserves	27,000	27,000	-	27,000	-
TOTAL RESERVES	2,141,181	2,366,561	-	2,366,561	-
TOTAL EXPENDITURES	4,165,603	4,243,384	1,691,703	2,551,681	1,675,020
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,384,181)	(2,168,804)	346,798	2,515,602	265,380
OTHER FINANCING SOURCES (USES)					
Transfers In	270,000	-	-	-	-
Transfers Out	-	(54,623)	(54,623)	-	(40,000)
TOTAL OTHER FINANCING SOURCES (USES)	270,000	(54,623)	(54,623)	-	(40,000)
CHANGE IN FUND BALANCE	(2,114,181)	(2,223,427)	292,175	2,515,602	225,380
FUND BALANCES, Beginning	2,114,181	2,223,427	2,339,561	116,134	2,114,181
FUND BALANCES, Ending	\$ -	\$ -	\$ 2,631,736	\$ 2,631,736	\$ 2,339,561

See the accompanying independent auditor's report.

LIBERTY SCHOOL DISTRICT J4

BUDGETARY COMPARISON SCHEDULE
 STUDENT ACTIVITY SPECIAL REVENUE FUND
 Year Ended June 30, 2024

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2023 ACTUAL
REVENUES				
Local Sources				
Student Activities	\$ 150,000	\$ 72,698	\$ (77,302)	\$ 88,707
Earnings on Investments	-	564	564	76
TOTAL REVENUES	<u>150,000</u>	<u>73,262</u>	<u>(76,738)</u>	<u>88,783</u>
EXPENDITURES				
Supporting Services				
Supplies and Materials	<u>150,000</u>	<u>102,257</u>	<u>47,743</u>	<u>92,108</u>
TOTAL EXPENDITURES	<u>150,000</u>	<u>102,257</u>	<u>47,743</u>	<u>92,108</u>
CHANGE IN FUND BALANCE	-	(28,995)	(28,995)	(3,325)
FUND BALANCE, Beginning	<u>-</u>	<u>31,846</u>	<u>31,846</u>	<u>35,171</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ 2,851</u>	<u>\$ 2,851</u>	<u>\$ 31,846</u>

See the accompanying independent auditor's report.

LIBERTY SCHOOL DISTRICT J4

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

	Years Ended December 31,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of the Net Pension Liability (Asset)	0.0127%	0.0105%	0.0111%	0.0132%	0.0124%	0.0140%	0.0160%	0.0157%	0.0163%	0.0163%
Proportionate Share of the Net Pension Liability (Asset)	\$ 2,253,008	\$ 1,905,153	\$ 1,294,899	\$ 2,014,109	\$ 1,850,175	\$ 2,473,005	\$ 5,172,545	\$ 4,680,273	\$ 2,489,387	\$ 2,211,662
State of Colorado Proportionate Share of the Net Pension Liability (Asset)	49,402	555,181	148,444	-	234,671	297,474	-	-	-	-
Total Proportionate Share of the Net Pension Liability (Asset)	\$ 2,302,410	\$ 2,460,334	\$ 1,443,343	\$ 2,014,109	\$ 2,084,846	\$ 2,770,479	\$ 5,172,545	\$ 4,680,273	\$ 2,489,387	\$ 2,211,662
Covered payroll	\$ 842,280	\$ 806,397	\$ 695,405	\$ 712,542	\$ 727,848	\$ 767,798	\$ 739,608	\$ 705,515	\$ 706,510	\$ 690,201
Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	267.5%	236.3%	186.2%	282.7%	254.2%	360.8%	699.4%	663.4%	352.3%	320.4%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	64.74%	61.79%	74.86%	66.99%	64.52%	57.01%	43.96%	43.10%	59.20%	62.80%

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,

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contributions	\$ 168,416	\$ 173,704	\$ 146,468	\$ 137,239	\$ 138,736	\$ 145,514	\$ 142,090	\$ 132,065	\$ 123,914	\$ 116,654
Contributions in Relation to the Contractually Required Contributions	168,416	173,704	146,468	137,239	138,736	145,514	142,090	132,065	123,914	116,654
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 826,376	\$ 852,324	\$ 736,758	\$ 690,336	\$ 715,869	\$ 760,661	\$ 752,583	\$ 720,015	\$ 701,308	\$ 690,773
Contributions as a Percentage of Covered Payroll	20.38%	20.38%	19.88%	19.88%	19.38%	19.13%	18.88%	18.34%	17.67%	16.89%

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,							
	2023	2022	2021	2020	2019	2018	2017	2016
Proportion of the Net OPEB Liability (Asset)	0.0076%	0.0079%	0.0073%	0.0077%	0.0081%	0.0069%	0.0091%	0.0089%
Proportionate Share of the Net OPEB Liability (Asset)	\$ 54,401	\$ 64,883	\$ 62,647	\$ 73,218	\$ 90,984	\$ 123,511	\$ 118,119	\$ 115,847
Covered payroll	\$ 842,280	\$ 806,397	\$ 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	6.5%	8.0%	9.0%	10.3%	12.5%	16.1%	16.0%	16.5%
Plan Fiduciary Net position as a Percentage of the Total OPEB Liability	46.16%	38.57%	39.40%	32.78%	24.49%	17.03%	17.53%	16.72%

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

See the accompanying independent auditor's report.

LIBERTY SCHOOL DISTRICT J4

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

Years Ended June 30,

	2024	2023	2022	2021	2020	2019	2018	2017
Contractually Required Contributions	\$ 8,429	\$ 8,694	\$ 7,515	\$ 7,041	\$ 7,302	\$ 7,759	\$ 7,676	\$ 7,344
Contributions in Relation to the Contractually Required Contributions	8,429	8,694	7,515	7,041	7,302	7,759	7,676	7,344
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$826,376	\$852,324	\$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%	1.02%	1.02%

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

See the accompanying independent auditor's report.

LIBERTY SCHOOL DISTRICT J-4

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2024

NOTE 1: BUDGETS AND BUDGETARY ACCOUNTING

A budget is adopted for the General Fund on a basis consistent with generally accepted accounting principles.

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.

NOTE 2: SIGNIFICANT CHANGES IN PLAN PROVISIONS AFFECTING TRENDS IN ACTUARIAL INFORMATION – PERA SCHOOL DIVISION TRUST FUND PLAN

2023 Changes in Plan Provisions Since 2022:

- Senate Bill (SB) 23-056, enacted and effective June 2, 2023, intended to recompense PERA for the remaining portion of the \$225 million direct distribution originally scheduled for receipt July 1, 2020, suspended due to the enactment of House Bill (HB) 20-1379, but not fully repaid through the provisions within HB 22-1029. Pursuant to SB 23-056, the State Treasurer issued a warrant consisting of the balance of the PERA Payment Cash Fund, created in §24-51-416, plus \$10 million from the General Fund, totaling \$14.561 million.

LIBERTY SCHOOL DISTRICT J-4

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2024

NOTE 2: **SIGNIFICANT CHANGES IN PLAN PROVISIONS AFFECTING TRENDS IN ACTUARIAL INFORMATION – PERA SCHOOL DIVISION TRUST FUND PLAN** (Continued)

- As of the December 31, 2023, measurement date, the total pension liability (TPL) recognizes the change in the default method applied for granting service accruals for certain members, from a "12-pay" method to a "non-12-pay" method. The default service accrual method for positions with an employment pattern of at least eight months but fewer than 12 months (including, but not limited to positions in the School and DPS Divisions) receive a higher ratio of service credit for each month worked, up to a maximum of 12 months of service credit per year.

NOTE 3: **SIGNIFICANT CHANGES IN PLAN ASSUMPTIONS OR OTHER INPUTS AFFECTING TRENDS IN ACTUARIAL INFORMATION – PERA SCHOOL DIVISION TRUST FUND PLAN**

There were no changes made to the actuarial methods or assumptions in 2023.

NOTE 4: **SIGNIFICANT CHANGES IN PLAN PROVISIONS AFFECTING TRENDS IN ACTUARIAL INFORMATION – PERA HEALTH CARE TRUST FUND PLAN**

2023 Changes in Plan Provisions Since 2022:

- As of the December 31, 2023, measurement date, the fiduciary net position (FNP) and related disclosure components for the Health Care Trust Fund (HCTF) reflect payments related to the disaffiliation of Tri-County Health Department (Tri-County Health) as a PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2023, year-end, PERA recognized two additions for accounting and financial reporting purposes: a \$24 million payment received on December 4, 2023, and a \$2 million receivable. The employer disaffiliation payment and receivable allocations to the HCTF and Local Government Division Trust Fund were \$1.033 million and \$24.967 million, respectively.

NOTE 5: **SIGNIFICANT CHANGES IN PLAN ASSUMPTIONS OR OTHER INPUTS AFFECTING TRENDS IN ACTUARIAL INFORMATION – PERA HEALTH CARE TRUST FUND PLAN**

There were no changes made to the actuarial methods or assumptions in 2023.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

LIBERTY SCHOOL DISTRICT J4
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2024

	<u>FOOD SERVICE FUND</u>	<u>SCHOLARSHIP FUND</u>	<u>TOTALS</u>
ASSETS			
Cash and Investments	\$ 43,362	\$ 2,408	\$ 45,770
Accounts Receivable	-	-	-
Inventory	<u>3,024</u>	<u>-</u>	<u>3,024</u>
TOTAL ASSETS	<u>\$ 46,386</u>	<u>\$ 2,408</u>	<u>\$ 48,794</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accrued Salaries and Benefits	<u>\$ 4,701</u>	<u>\$ -</u>	<u>\$ 4,701</u>
TOTAL LIABILITIES	<u>4,701</u>	<u>-</u>	<u>4,701</u>
FUND EQUITY			
Fund Balance			
Nonspendable	3,024	-	3,024
Committed	<u>38,661</u>	<u>2,408</u>	<u>41,069</u>
TOTAL FUND EQUITY	<u>41,685</u>	<u>2,408</u>	<u>44,093</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 46,386</u>	<u>\$ 2,408</u>	<u>\$ 48,794</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, 2024

	FOOD SERVICE FUND	SCHOLARSHIP FUND	TOTALS
REVENUES			
Local Sources	\$ 3,552	\$ 2,394	\$ 5,946
State Sources	18,877	-	18,877
Federal Sources	28,385	-	28,385
TOTAL REVENUES	<u>50,814</u>	<u>2,394</u>	<u>53,208</u>
EXPENDITURES			
Current			
Supporting Services	<u>87,119</u>	<u>5,000</u>	<u>92,119</u>
TOTAL EXPENDITURES	<u>87,119</u>	<u>5,000</u>	<u>92,119</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(36,305)</u>	<u>(2,606)</u>	<u>(38,911)</u>
OTHER FINANCING SOURCES			
Transfers In	<u>54,623</u>	<u>-</u>	<u>54,623</u>
TOTAL OTHER FINANCING SOURCES	<u>54,623</u>	<u>-</u>	<u>54,623</u>
NET CHANGE IN FUND BALANCES	18,318	(2,606)	15,712
FUND BALANCES, Beginning	<u>23,367</u>	<u>5,014</u>	<u>28,381</u>
FUND BALANCES, Ending	<u>\$ 41,685</u>	<u>\$ 2,408</u>	<u>\$ 44,093</u>

See the accompanying independent auditor's report.

LIBERTY SCHOOL DISTRICT J4

BUDGETARY COMPARISON SCHEDULE
 FOOD SERVICE FUND
 Year Ended June 30, 2024

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2023 ACTUAL
REVENUES					
Local Sources					
Charges for Services	\$ 26,900	\$ 7,850	\$ 3,552	\$ (4,298)	\$ 14,949
State and Federal Sources					
School Breakfast and Lunch	18,100	16,000	20,483	4,483	18,803
State Food Service Grants	-	15,000	18,571	3,571	-
Commodity Donations	-	-	1,567	1,567	1,522
Supply Chain	-	-	6,335	6,335	11,348
Snap Mini/Other	-	-	306	306	1,674
TOTAL REVENUES	45,000	38,850	50,814	11,964	48,296
EXPENDITURES					
Supporting Services					
Salaries	32,596	32,596	26,062	6,534	25,315
Benefits	11,139	14,612	13,237	1,375	14,097
Purchased Services	4,340	4,340	4,831	(491)	5,413
Food	36,425	36,425	40,508	(4,083)	35,950
Other Supplies	3,300	3,300	2,481	819	1,555
Property	2,000	2,000	-	2,000	-
Other Objects and Uses	200	200	-	200	-
TOTAL EXPENDITURES	90,000	93,473	87,119	6,354	82,330
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(45,000)	(54,623)	(36,305)	18,318	(34,034)
OTHER FINANCING SOURCES					
Transfers In	45,000	-	54,623	54,623	40,000
CHANGE IN FUND BALANCE	-	(54,623)	18,318	72,941	5,966
FUND BALANCES, Beginning	-	54,623	23,367	(31,256)	17,401
FUND BALANCES, Ending	\$ -	\$ -	\$ 41,685	\$ 41,685	\$ 23,367

See the accompanying independent auditor's report.

LIBERTY SCHOOL DISTRICT J4

BUDGETARY COMPARISON SCHEDULE
 SCHOLARSHIP FUND
 Year Ended June 30, 2024

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2023 ACTUAL
REVENUES				
Local Sources				
Grants and Donations	\$ 17,500	\$ 2,394	\$ (15,106)	\$ 4,529
TOTAL REVENUES	<u>17,500</u>	<u>2,394</u>	<u>(15,106)</u>	<u>4,529</u>
EXPENDITURES				
Supporting Services				
Other	17,500	5,000	12,500	1,000
TOTAL EXPENDITURES	<u>17,500</u>	<u>5,000</u>	<u>12,500</u>	<u>1,000</u>
CHANGE IN FUND BALANCE	-	(2,606)	(2,606)	3,529
FUND BALANCE, Beginning	<u>-</u>	<u>5,014</u>	<u>5,014</u>	<u>1,485</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ 2,408</u>	<u>\$ 2,408</u>	<u>\$ 5,014</u>

See the accompanying independent auditor's report.

AUDITORS INTEGRITY REPORT



Colorado Department of Education
Auditors Integrity Report
 District: 3230 - Liberty J-4
 Fiscal Year 2023-24
 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	2,339,561	1,983,878	1,691,704	2,631,736
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
Sub- Total	2,339,561	1,983,878	1,691,704	2,631,736
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	5,014	2,394	5,000	2,408
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	23,366	105,437	87,118	41,685
22 Govt Designated-Purpose Grants Fund	0	0	0	0
23 Pupil Activity Special Revenue Fund	31,846	73,262	102,257	2,851
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	2,399,787	2,164,971	1,886,078	2,678,680
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