



VISION HOME & COMMUNITY, INC. DBA
VISION CHARTER ACADEMY

FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

June 30, 2019

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

November 9, 2019

Board of Stewards
Vision Home & Community, Inc.
Delta, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of Vision Home & Community, Inc. dba Vision Charter Academy, a component unit of Delta County Joint School District No. 50J, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Academy's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



Board of Stewards
Vision Charter Academy
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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Vision Home & Community, Inc. dba Vision Charter Academy as of June 30, 2019, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension schedules, and OPEB schedules 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.

Chadwick, Steinkirchner, Davis & Co., P.C.

**Vision Charter Academy
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2019**

As management of Vision Charter Academy (VCA), we offer readers of VCA's Annual Financial Report this narrative and analysis of the financial activities of VCA for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information that can be found in the basic financial statements.

Financial Highlights

Key financial highlights for the fiscal year ended June 30, 2019 are as follows:

- This was the sixth year of our existence as a charter school.
- VCA Fund Balance at the end of the year grew from \$527,592 in FY18 to \$659,452 in FY19, including our revolving account which is primarily private contributions for specific activities.
- At the end of the current fiscal year, the fund balance for the school's General Fund was \$659,452. The General Fund has recorded a liability of \$103,258 for salaries of school personnel who work approximately nine months of the year and are paid over twelve months. Colorado State law does not require the liability to be funded or budgeted until the year in which it is to be paid. At the direction of the Board of Stewards, the school continues to budget and fund this liability. Other liabilities include accounts payable of \$45,130.
- In general the school's net position increased by \$645,549 from the previous year on a Government Wide basis. This is due to the reporting requirements of GASB 68 and GASB 75. Vision Charter Academy's share of PERA net pension liability (including related deferred flows) is \$7 million and \$225,610 for the Other Post-Employment Benefits (OPEB per GASB 75) thus leaving a new ending net position of negative \$6,590,722.
- VCA expended \$100,980 for capital outlay using revenue provided by the Capital Construction Fund Grant for Charter Schools for a large portion of the expense. Primarily, we used these funds to lease the NF space from the district, to lease office space for administration and meeting space for our Highly Qualified Coordinators, to secure hardware for installation of security cameras on the Delta Campus and for the fourth installment of the five year district payment for the modular construction project in Delta.
- The school has no capital assets.
- During the current fiscal year, the school saw a decrease in the funded pupil count from 406.8 FTE to 391.6 FTE. Enrollment increased throughout the year ending at 406.
- General revenues from state sources accounted for \$3.4 million. These general revenues are our portion of the District's state equalization funding.
- VCA had \$3.34 million in expenses including only expenditures and not the PERA pension liability obligations.

Overview of the Financial Statements

This discussion and analysis serves as an introduction to VCA's basic financial statements. VCA's basic financial statement consists of three components: 1) government-wide financial statements 2) fund financial statements, and 3) notes to financial statements. This report also includes required supplementary information in addition to the basic financial statements.

Government wide financial statements.

The *government-wide financial statements* are designed to provide the reader with a broad overview of VCA's finances as a whole (similar to the private sector businesses) and includes two types of statements –

- The statement of net position presents information about all of VCA's assets, deferred outflows, liabilities, and deferred inflows with the difference reported as net position. Over time, the increases and/or decreases in VCA's net position may be an indicator of whether our financial position is improving or deteriorating.
- The statement of activities presents information demonstrating how VCA's net position has changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event occurs regardless of the timing of related cash flow. Thus, revenues and expenses are reported in this statement even though the resulting cash flow may be recorded in a future period.

Both government-wide financial statements distinguish functions of VCA that are principally supported by grants and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). VCA currently only has governmental activities.

Governmental Activities – Governmental activities are generally financed through grants, intergovernmental revenues and other exchange revenues. Most of VCA's programs and services are reported here including instruction, support services, operation and maintenance of plant, and extracurricular activities.

Fund Financial Statements.

Fund financial statements are designed to demonstrate compliance with finance-related requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. VCA, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. VCA has only one governmental fund.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as, on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating VCA's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government wide financial statements. Thus, readers may better understand the long-term impact of VCA's near-term financing decisions.

Notes to the Basic Financial Statement

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Other Information

In addition to the basic financial statement and accompanying notes, this report also presents certain required supplemental information concerning VCA. VCA adopts an annual appropriated budget for the general fund.

Government-wide Financial Analysis

Government-wide Net Position

The assets of VCA are classified as current assets. Cash and receivables are current assets. These assets are available to provide resources for the near-term operations of VCA. Capital assets would be used in the operations of VCA when acquired. VCA currently has no capital assets.

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include account payable and accrued salaries and benefits. The liquidation of current liabilities is anticipated to be either from currently available resources, current assets or new resources that become available during fiscal 2019-20 year. Long-term liabilities such as long-term debt obligations, compensated absences payable and net pension liability would be liquidated from resources that become available after fiscal 2019-20. The legally required TABOR reserve has also been restricted.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of VCA, current assets exceeded current liabilities by \$659,452 at the close of the most recent fiscal year.

	VCA's Net Position	
	Governmental Activities	
	<u>2017-18</u>	<u>2018-19</u>
Current assets	\$ 646,275	\$ 807,840
Total assets	646,275	807,840
Pension related deferred outflows	3,047,250	1,547,675
OPEB related deferred outflows	14,555	16,408
Total deferred outflows of resources	<u>3,061,805</u>	<u>1,564,083</u>
Total assets and deferred outflows of resources	<u>\$ 3,708,080</u>	<u>\$ 2,371,923</u>
Current liabilities	\$ 118,683	\$ 148,388
Noncurrent liabilities, net pension liability	10,097,388	4,838,419
Noncurrent liabilities, OPEB liability	230,581	241,650
Total liabilities	10,446,652	5,228,457
Pension related deferred inflows of resources	493,841	3,733,820
OPEB related deferred inflows of resources	3,858	368
Total Deferred inflows of resources	497,699	3,734,188
Net position:		
Restricted	97,533	103,000
Unrestricted	<u>(7,333,824)</u>	<u>(6,693,722)</u>
Total net position	<u>(7,236,271)</u>	<u>(6,590,722)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 3,708,080</u>	<u>\$ 2,371,923</u>

Governmental activities increased VCA’s net position by \$645,549. Key elements of this change are as follows:

VCA’s Change in Net Position

	<u>Governmental Activities</u>	
	<u>2017-18</u>	<u>2018-19</u>
Revenues:		
Charges for services	\$ 19,946	\$ 63,699
Operating grants	187,692	278,471
Capital grants	59,167	58,933
Interest	89	155
State equalization	<u>3,026,149</u>	<u>3,074,426</u>
Total revenues	3,293,043	3,475,684
Expenses:		
Instructional services	3,389,980	1,730,436
Student support	87,622	74,377
Instructional staff support	187,863	103,845
General administration	5,908	69,465
School administration	450,023	154,731
Business support	466,116	288,776
Operations/maintenance	374,502	337,441
Central support	<u>124,261</u>	<u>71,063</u>
Total expenses	<u>5,086,275</u>	<u>2,830,134</u>
Change in net position	(1,793,232)	645,549
Net position – beginning	(5,227,195)	(7,236,271)
Change in Accounting Principle	<u>(215,844)</u>	<u>–</u>
Net position – beginning, restated	<u>(5,443,039)</u>	<u>(7,236,271)</u>
Net position – ending	<u>\$ (7,236,271)</u>	<u>\$ (6,590,722)</u>

Vision Charter Academy is required to continue the implementation of GASB 68 and 75 regarding the pension and other post-employment benefits liabilities.

Governmental Fund. The focus of VCA’s governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing VCA’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of VCA’s net resources available for spending at the end of the fiscal year.

The general fund is the only governmental fund of Vision Charter Academy and is the core of operations for VCA. As of June 30, 2019, the general fund shows an ending fund balance of \$659,452. The unassigned fund balance for VCA at the end of the fiscal year consists of the unassigned balance for the General Fund of \$556,452. This balance includes the revolving account that generates revenue through private contributions for specific extracurricular activities. The remainder of the fund balance is restricted for legally obligated funds – the TABOR amendment of \$103,000.

General Fund Budgeting Highlights

Vision Charter Academy began budget development for the 2018-19 fiscal year in November 2017. This process began with educating the Board of Stewards and staff regarding the current and past budgets. Next, an assessment was completed and reviewed by the selected Budget Committee and

included reviewing department needs for resources and staffing based on enrollment projections, current position requirements and strategic priorities of the school as a whole.

After reviewing enrollment projections and the most current revenue assumptions, the proposed budget was submitted to the Vision Home & Community, Inc. Board of Stewards for review and approval. Upon the May 8, 2018 approval of the BOS, VCA submitted the budget to the Delta County School District. The budget was approved by the Delta County School District 50J Board of Education on June 21, 2018.

VCA's budget development process is consistent with current Colorado statutes that require a proposed budget to be presented to the authorizing district's Board of Education by June 1, with budget adoption by June 30. The law provides for school boards to adjust revenues and expenditures through January 31 of each fiscal year. The budget was adjusted, approved and appropriated prior to January 31, 2019 to reflect the confirmed actual October enrollment count number. Actual revenues exceeded budget by \$126,142, while expenditures were under budget by \$5,718. The net increase to fund balance was \$131,860.

Current Issues, Economic Conditions and Outlook

State revenues have increased allowing the state legislature to increase K-12 education funding. State funding through the equalization formula comprises the majority of the funds provided for Delta County schools. Delta County relies heavily on the state equalization. VCA's enrollment declined during the beginning of the school year when funding is determined; however, there was a significant increase to enrollment after the attendance window which resulted in a negotiated compensation from the district to VCA for the dramatically increased enrollment specific in-district transfers.

VCA developed an official four year Strategic Plan in 2017 based on overall priorities and needs gathered through a variety of processes and stakeholder groups including the Budget Committee. The 2018-19 school year was designated as Year 2 of this plan. The Strategic Planning Committee consults with the Budget Committee in a meaningful way and with an ongoing dialog in order to promote the use of school funds in order to help our school grow academically while maintaining the emphasis on individualized learning. VCA continued to focus on and devote resources to the first two priorities outlined within the Strategic Plan in the following categories. 1) Remaining true to our foundational principles and philosophy of individualized education with care of our culture and promoting a healthy social, emotional environment. This includes a focus on the tools and structure to support each learner achieve their educational goals. 2) Acquiring, developing, and utilizing a vast array of resources including: employee onboarding, partnerships with parents, an engagement coordinator, facility space, inventory, expansion of partnerships with community businesses, and cross training. However, there was increased focus and resources dedicated to the third strategy for the 2018-19 school year. 3) Achieving academic excellence through use and application of Individual Learning Plans. This includes a focus on professional development for increased knowledge of individualizing learner's educational goals and coursework, securing and implementing a plan for use of a local assessment tool to drive instruction, and continuing to use the content specialist model for 1st-8th. To further focus this work, VCA applied for and was awarded an EASI grant. This provided an opportunity to have a formal site visit from the League of Charter Schools who did an intensive review of our academic program, presented their findings to an instructional leadership team, and helped develop the next steps in the school's improvement plan.

With VCA's funding primarily reliant on the state equalization funds, we must be vigilant in understanding funding sources, regulations, and reporting requirements. VCA strives to use its resources effectively and efficiently to provide each learner with the opportunity to succeed in their educational goals while meeting the accountability required for all public schools.

Contacting VCA

This financial report is designed to provide our residents, customers, taxpayers, investors, and creditors with a general overview of VCA's finances and to show VCA's accountability for the money it receives. If you have any questions regarding this report or need additional financial information, please contact:

Vision Charter Academy
1080 Pioneer Road
Delta, CO 81419
Tel: 970-874-8226
Fax: 970-874-8336

Vision Home & Community, Inc.

STATEMENT OF NET POSITION

June 30, 2019

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 790,817
Accounts receivable	17,023
Total assets	<u>807,840</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related deferred outflows	1,547,675
OPEB related deferred outflows	16,408
Total deferred outflows of resources	<u>1,564,083</u>
Total assets and deferred outflows of resources	<u>\$ 2,371,923</u>
LIABILITIES	
Accounts payable	\$ 45,130
Accrued payroll liabilities	103,258
Noncurrent liabilities	
Net pension liability	4,838,419
Net OPEB liability	241,650
Total liabilities	<u>5,228,457</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related deferred inflows	3,733,820
OPEB related deferred inflows	368
Total deferred inflows of resources	<u>3,734,188</u>
NET POSITION	
Restricted for emergencies	103,000
Unrestricted	(6,693,722)
Total net position	<u>(6,590,722)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 2,371,923</u>

The accompanying notes are an integral part of the statements.

Vision Home & Community, Inc.

STATEMENT OF ACTIVITIES

Year ended June 30, 2019

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	Total
Governmental activities:						
Instructional services	\$ 1,730,436	\$ 63,699	\$ 180,471	\$ -	\$ (1,486,266)	\$ (1,486,266)
Support services:						
Student support	74,377	-	80,000	-	5,623	5,623
Instructional staff support	103,845	-	-	-	(103,845)	(103,845)
General administration	69,465	-	-	-	(69,465)	(69,465)
School administration	154,731	-	-	-	(154,731)	(154,731)
Business support	288,776	-	-	-	(288,776)	(288,776)
Central support	71,063	-	18,000	-	(53,063)	(53,063)
Operations and maintenance	337,441	-	-	58,933	(278,509)	(278,509)
Total support services	1,099,698	-	98,000	58,933	(942,765)	(942,765)
Total governmental activities	\$ 2,830,134	\$ 63,699	\$ 278,471	\$ 58,933	(2,429,032)	(2,429,032)
General revenues:						
State equalization					3,074,426	3,074,426
Interest income					155	155
Total general revenues					3,074,581	3,074,581
Change in net position					645,549	645,549
Net position - beginning					(7,236,271)	(7,236,271)
Net position - ending					\$ (6,590,722)	\$ (6,590,722)

The accompanying notes are an integral part of the statements.

Vision Home & Community, Inc.

BALANCE SHEET - GOVERNMENTAL FUND

June 30, 2019

		General Fund
ASSETS		
Cash		\$ 790,817
Accounts receivable		17,023
	Total assets	\$ 807,840
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable		\$ 45,130
Accrued payroll liabilities		103,258
	Total liabilities	148,388
Fund balances		
Restricted - TABOR reserve		103,000
Unassigned		556,452
	Total fund balances	659,452
	Total liabilities and fund balances	\$ 807,840
Fund equity (as reported above)		\$ 659,452
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Net pension liability and related deferred inflows and outflows of resources are not recorded in the funds (\$1,547,675 - \$3,733,820 - \$4,838,419)		(7,024,564)
Net OPEB liability and related deferred inflows and outflows of resources are not recorded in the funds (\$16,408 - \$368 - \$241,650)		(225,610)
Net position of governmental activities		\$ (6,590,722)

The accompanying notes are an integral part of the statements.

Vision Home & Community, Inc.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUND

Year ended June 30, 2019

	<u>General Fund</u>
Revenues	
Local sources	\$ 93,062
State sources	3,379,223
	<u>3,472,285</u>
	Total revenues
Expenditures	
Current	
Instructional services	2,026,459
Student support	90,956
Instructional staff support	127,045
General administration	69,465
School administration	198,986
Business support	349,841
Operation and maintenance	289,402
Central support	87,291
Capital outlay	100,980
	<u>3,340,425</u>
	Total expenditures
	Revenues in excess (deficiency) of expenditures
	131,860
Fund balance beginning of year	<u>527,592</u>
Fund balance end of year	<u><u>\$ 659,452</u></u>
Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances - total governmental funds	\$ 131,860
In the governmental funds, expenditures related to pension and OPEB obligations are measured by the amount of financial resources used, whereas in the statement of activities, they are measured on the accrual basis. This is the amount by which pension and OPEB expense in the statement of activities is more than that in the governmental funds.	513,689
Change in net position of governmental activities	<u><u>\$ 645,549</u></u>

The accompanying notes are an integral part of the statements.

Vision Home & Community, Inc.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND - BUDGET AND ACTUAL

Year ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ 8,150	\$ 4,000	\$ 93,062	\$ 89,062
State sources	3,433,300	3,342,143	3,379,223	37,080
Total revenues	<u>3,441,450</u>	<u>3,346,143</u>	<u>3,472,285</u>	<u>126,142</u>
Expenditures				
Current				
Instructional services	2,057,938	2,023,083	2,026,459	(3,376)
Student support	89,768	90,368	90,956	(588)
Instructional staff support	123,048	123,350	127,045	(3,695)
General administration	77,552	74,357	69,465	4,892
School administration	253,686	203,392	198,986	4,406
Business support	332,681	344,090	349,841	(5,751)
Operation and maintenance	288,945	277,108	289,402	(12,294)
Central support	68,264	96,697	87,291	9,406
Capital outlay	76,700	83,782	100,980	(17,198)
Contingency	72,868	29,916	-	29,916
Total expenditures	<u>3,441,450</u>	<u>3,346,143</u>	<u>3,340,425</u>	<u>5,718</u>
Revenues in excess (deficiency) of expenditures	-	-	131,860	131,860
Fund balance beginning of year	-	-	527,592	527,592
Fund balance end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 659,452</u>	<u>\$ 659,452</u>

The accompanying notes are an integral part of the statements.

VISION HOME & COMMUNITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Vision Home & Community, Inc. dba Vision Charter Academy (the Academy) have been prepared in accordance with generally accepted accounting principles (GAAP) applicable to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body establishing governmental accounting and financial reporting principles.

The following is a summary of the Academy's significant accounting policies:

1. The Reporting Entity

Vision Home & Community, Inc. dba Vision Charter Academy consists of schools established under the Charter Schools Act serving kindergarten through high school students. It is governed by an independently elected Board of Stewards. The Academy is considered a component unit of Delta County Joint School District No. 50J, and is reported discretely in a separate column on their financial statements to emphasize that it is legally separate from the District.

2. 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 activities of the Academy. Governmental activities, which normally are supported by intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Academy presently has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

Program revenues include 1) charges to customers or applicants 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. Unrestricted intergovernmental revenue and other items not properly included among program revenues are reported instead as general revenues.

VISION HOME & COMMUNITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3. 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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Academy considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Intergovernmental revenue, 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 Academy.

The Academy reports the following major governmental fund:

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

4. Assets, Liabilities and Net Position or Equity

Cash and Investments

The Academy's cash and cash equivalents are considered to be cash on hand and demand deposits. The Academy does not currently have investments.

VISION HOME & COMMUNITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

State statutes authorize the Academy to invest in obligations of the U.S. Treasury, obligations unconditionally guaranteed by U.S. agencies, certain international agency securities, certain types of bonds of U.S. local government entities, bankers' acceptances of certain banks, commercial paper, written repurchase agreements collateralized by certain authorized securities, certain money market funds, and guaranteed investment contracts.

Receivables

The Academy considers all receivables, if any, to be fully realizable and does not maintain an allowance for doubtful accounts.

Capital Assets

The Academy does not currently carry any capital assets on its books. If there were any, they would be reported in the government-wide financial statements. Capital assets are defined by the Academy as assets with an initial, individual cost of more than \$1,000 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 fair market value at the date of donation. The Academy also has no reportable infrastructure.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Accrued Salaries

Salaries and benefits to teachers and certain other employees are paid over a 12-month period, but are earned over a school year of approximately nine months. The salaries earned, but unpaid, at June 30 are reflected in the financial statements as an accrued liability.

VISION HOME & COMMUNITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

5. Stewardship, compliance and accountability

Budgetary Information

Prior to May 15, management submits to the Board of Stewards a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes expenditures and the means of financing them. Public board meetings are conducted to obtain comments. The budget is submitted by the Board of Stewards to the District’s Board of Education by June 1 of each year. Prior to June 30, the budget is adopted by the District’s Board of Education.

During the budget year, the Board of Stewards has the option of changing and finalizing the budget for the fiscal year. One supplemental budget amendment was adopted during the fiscal year ended June 30, 2019.

Budgeted level of expenditures

Expenditures may not legally exceed appropriations at the fund level. Administrative control is maintained through the use of detailed line-item budgets. Budgets must be amended at the fund level by the Board of Stewards. At year-end, all appropriations lapse in accordance with Colorado statutes.

Budgetary basis of accounting

Appropriated budgets are adopted by the Board of Stewards for the General Fund on a basis consistent with generally accepted accounting principles (GAAP).

6. Pensions

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

VISION HOME & COMMUNITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. A brief description of some of the major changes to plan provisions required by SB 18-200 for the SCHDTF are listed below. A full copy of the bill can be found online at www.leg.colorado.gov.

- Increases employer contribution rates for the SCHDTF by 0.25 percent on July 1, 2019.
- Increases employee contribution rates for the SCHDTF by a total of 2 percent (to be phased in over a period of 3 years starting on July 1, 2019).
- As specified in C.R.S. § 24-51-413, the State is required to contribute \$225 million 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. A portion of the direct distribution allocated to the SCHDTF is considered a nonemployer contribution for financial reporting purposes.
- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, increases the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.
- Member contributions, employer contributions, the direct distribution from the State, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.

7. Other Post-Employment Benefit Plan (OPEB)

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

VISION HOME & COMMUNITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE B – CASH

Cash carrying value of deposits in banking institutions as of June 30, 2019, consists of the following:

Demand accounts	\$ 790,431
Petty cash	<u>386</u>
Total cash and investments	<u>\$ 790,817</u>

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government including component units deposit cash in eligible public depositories; eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. 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 102% of the aggregate uninsured deposits. As of June 30, 2019, the Academy had deposits of \$938,188, of which \$250,000 was covered by federal depository insurance and \$688,188 was collateralized as noted above.

NOTE C – FUND BALANCES

GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on the Academy's fund balances more transparent. In the fund financial statements the following classifications describe the relative strength of the spending constraints.

- *Non-spendable fund balance* - The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid expenses) or is legally or contractually required to be maintained intact.
- *Restricted fund balance* - The portion of fund balance constrained to being used for a specific purpose by external parties (such as grantors or bondholders), constitutional provisions or enabling legislation.
- *Committed fund balance* - The portion of fund balance constrained for specific purposes according to limitations imposed by the Academy's highest level of decision making authority, the Board of Stewards, prior to the end of the current fiscal year. The constraint may be removed or changed only through formal action of the Board.

VISION HOME & COMMUNITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE C – FUND BALANCES – CONTINUED

- *Assigned fund balance* - The portion of fund balance set aside for planned or intended purposes. The intended use may be expressed by the Board or other individuals authorized to assign funds to be used for a specific purpose. Assigned fund balances in special revenue funds will also include any remaining fund balance that is not restricted or committed. This classification is necessary to indicate that those funds are, at a minimum, intended to be used for the purpose of that particular fund.
- *Unassigned fund balance* - The residual portion of fund balance that does not meet any of the above criteria. The Academy will only report a positive unassigned fund balance in the General Fund.

If both restricted and unrestricted amounts of fund balance are available for use when an expenditure is incurred, it is Academy policy to use restricted amounts first. Unrestricted fund balance will be used in the following order: committed, assigned, and unassigned. Net position represents the difference between assets and deferred outflows of resources and liabilities and the deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on its use, either through the enabling legislation adopted by the Academy or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

NOTE D – DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

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

Benefits provided as of December 31, 2018. 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.

VISION HOME & COMMUNITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE D – DEFINED BENEFIT PENSION PLAN – CONTINUED

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

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit
- The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

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

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

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

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

As of December 31, 2018, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments in certain years, referred to as annual increases in the C.R.S. Pursuant to SB 18-200, there are no annual increases (AI) for 2018 and 2019 for all benefit recipients. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure will receive an annual increase, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 1.5 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year.

VISION HOME & COMMUNITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE D – DEFINED BENEFIT PENSION PLAN – CONTINUED

Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 will receive the lesser of an annual increase of 1.5 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA’s Annual Increase Reserve (AIR) for the SCHDTF. The automatic adjustment provision may raise or lower the aforementioned AI for a given year by up to one-quarter of 1 percent based on the parameters specified in C.R.S. § 24-51-413. Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the lifetime retirement benefit formula(s) shown above considering a minimum 20 years of service credit, if deemed disabled. Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

Contributions provisions as of June 30, 2019: Eligible employees, the School and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 8 percent of their PERA-includable salary during the period of July 1, 2018 through June 30, 2019. Employer contribution requirements are summarized in the table below:

	January 1, 2018 Through December 31, 2018	January 1, 2019 Through June 30, 2019
Employer contribution rate	10.15%	10.15%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%	(1.02)%
Amount apportioned to the SCHDTF	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%	5.50%
Total employer contribution rate to the SCHDTF	19.13%	19.13%

VISION HOME & COMMUNITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE D – DEFINED BENEFIT PENSION PLAN – CONTINUED

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

As specified in C.R.S. § 24-51-413, the State is required to contribute \$225 million 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. A portion of the direct distribution allocated to the SCHDTF is considered a nonemployer contribution for financial reporting purposes.

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the School were \$285,658 for the year ended June 30, 2019.

On-behalf contributions to SCHDTF. The State of Colorado makes employer pension contributions on behalf of the School. For the year ended June 30, 2019, State of Colorado contributions recognized by the School were based on the State's proportionate share of the collective NPL associated with the School, and the School recognized revenue and expenditures of \$39,294 in pension contributions from the State of Colorado.

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, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll-forward the total pension liability to December 31, 2018. The School proportion of the net pension liability was based on the School contributions to the SCHDTF for the calendar year 2018 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2019, the School reported a liability of \$4,838,419 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the School as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the School were as follows:

VISION HOME & COMMUNITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE D – DEFINED BENEFIT PENSION PLAN – CONTINUED

The School proportionate share of the net pension liability	\$4,838,419
The State’s proportionate share of the net pension liability as a nonemployer contributing entity associated with the School	\$582,005
Total	\$5,420,424

At December 31, 2018, the School proportion was 0.027325 percent, which was a decrease of .00390 from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the School recognized pension expense of \$(230,359) and revenue of \$3,398 for support from the State as a nonemployer contributing entity. At June 30, 2019, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	164,125	–
Changes of assumptions or other inputs	903,112	3,008,976
Net difference between projected and actual earnings on pension plan investments	263,724	–
Changes in proportion and differences between contributions recognized and proportionate share of contributions	73,817	724,844
Contributions subsequent to the measurement date	142,897	N/A
Total	1,547,675	3,733,820

VISION HOME & COMMUNITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE D – DEFINED BENEFIT PENSION PLAN – CONTINUED

\$142,897 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30, 2019:	
2020	(432,075)
2021	(1,219,478)
2022	(821,751)
2023	144,262
2024	–
Thereafter	–

Actuarial assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 – 9.70 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	4.78 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (automatic)	2.00 percent compounded annually
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

VISION HOME & COMMUNITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE D – DEFINED BENEFIT PENSION PLAN – CONTINUED

The revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2017 to December 31, 2018:

Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic)	0% through 2019 and 1.5% compounded annually, thereafter
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

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

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

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

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

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

VISION HOME & COMMUNITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE D – DEFINED BENEFIT PENSION PLAN – CONTINUED

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

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

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

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

VISION HOME & COMMUNITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE D – DEFINED BENEFIT PENSION PLAN – CONTINUED

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200. Employer contributions also include the current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.

VISION HOME & COMMUNITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE D – DEFINED BENEFIT PENSION PLAN – CONTINUED

- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the projection test indicates the SCHDTF’s fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount determination does not use the municipal bond rate, and therefore, the discount rate is 7.25 percent.

As of the prior measurement date, the long-term expected rate of return on plan investments of 7.25 percent and the municipal bond index rate of 3.43 percent were used in the discount rate determination resulting in a discount rate of 4.78 percent, 2.47 percent lower compared to the current measurement date.

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	6,151,222	4,838,419	3,736,756

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

VISION HOME & COMMUNITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE E – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

General Information about the OPEB Plan

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

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

The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

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

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

VISION HOME & COMMUNITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE E – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN – CONTINUED

PERA Benefit Structure

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

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

DPS Benefit Structure

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

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

VISION HOME & COMMUNITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE E – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (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 percent of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the School were \$15,231 for the year ended June 30, 2019.

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

At June 30, 2019, the School reported a liability of \$241,650 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2018. The School proportion of the net OPEB liability was based on School contributions to the HCTF for the calendar year 2018 relative to the total contributions of participating employers to the HCTF.

At December 31, 2018, the School proportion was 0.017761 percent, which was an increase of .000019 from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the School recognized OPEB expense of \$20,956. At June 30, 2019, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

VISION HOME & COMMUNITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE E – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN – CONTINUED

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	877	368
Changes of assumptions or other inputs	1,695	–
Net difference between projected and actual earnings on OPEB plan investments	1,390	–
Changes in proportion and differences between contributions recognized and proportionate share of contributions	4,827	–
Contributions subsequent to the measurement date	7,619	N/A
Total	16,408	368

\$7,619 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30, 2019:	
2020	\$1,755
2021	1,755
2022	1,755
2023	2,720
2024	424
Thereafter	12

VISION HOME & COMMUNITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE E – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN – CONTINUED

Actuarial assumptions. The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.00 percent
Medicare Part A premiums	3.25 percent for 2018, gradually rising to 5.00 percent in 2025
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

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

The actuarial assumptions used in the December 31, 2017, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA's actuary, as discussed below.

VISION HOME & COMMUNITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE E – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN – CONTINUED

In determining the additional liability for PERACare enrollees who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following monthly costs/premiums are assumed for 2018 for the PERA Benefit Structure:

Medicare Plan	Cost for Members Without Medicare Part A	Premiums for Members Without Medicare Part A
Self-Funded Medicare Supplement Plans	\$736	\$367
Kaiser Permanente Medicare Advantage HMO	602	236
Rocky Mountain Health Plans Medicare HMO	611	251
UnitedHealthcare Medicare HMO	686	213

The 2018 Medicare Part A premium is \$422 per month.

In determining the additional liability for PERACare enrollees in the PERA Benefit Structure who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following chart details the initial expected value of Medicare Part A benefits, age adjusted to age 65 for the year following the valuation date:

Medicare Plan	Cost for Members Without Medicare Part A
Self-Funded Medicare Supplement Plans	\$289
Kaiser Permanente Medicare Advantage HMO	300
Rocky Mountain Health Plans Medicare HMO	270
UnitedHealthcare Medicare HMO	400

VISION HOME & COMMUNITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE E – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN – CONTINUED

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 heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2017, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.25%
2023	5.00%	4.50%
2024	5.00%	4.75%
2025+	5.00%	5.00%

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

VISION HOME & COMMUNITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE E – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN – CONTINUED

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

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

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

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

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

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

The following health care costs assumptions were updated and used in the measurement of the obligations for the HCTF:

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2018 plan year.

VISION HOME & COMMUNITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE E – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN – CONTINUED

- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

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

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

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

VISION HOME & COMMUNITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE E – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN – CONTINUED

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

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
PERACare Medicare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.25%	3.25%	4.25%
Ultimate Medicare Part A trend rate	4.00%	5.00%	6.00%
Net OPEB Liability	\$234,977	\$241,650	\$249,325

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2018, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.

VISION HOME & COMMUNITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE E – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN – CONTINUED

- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$270,385	\$241,650	\$249,325

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

NOTE F – RISK MANAGEMENT

The Academy is exposed to various risks of loss related to torts; errors and omissions; violation of civil rights; theft of, damage to, and destruction of assets; and natural disasters. The Academy uses workers compensation and other liability insurance to help mitigate these risks. During the year ended June 30, 2019, the Academy paid \$13,798 in related insurance premiums to insurers.

VISION HOME & COMMUNITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE G – TAX, SPENDING AND DEBT LIMITATIONS

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations including revenue raising, spending abilities and other specific requirements of state and local governments. The Amendment is complex and subject to judicial interpretation. The Academy believes it is in compliance with the requirements of the Amendment. However, the Academy has made certain interpretations of the Amendment's language in order to determine its compliance.

NOTE H – LINE OF CREDIT

The School entered into an uncollateralized line of credit for \$100,000. The line was not used during the year. The line carries interest at Bank of the West Prime Rate plus .25 percentage points and is due in August of each year if continued. The latest line of credit is due August 10, 2019.

Vision Home & Community, Inc.

SCHEDULE OF ACTIVITY - NET PENSION LIABILITY

June 30, 2019

	Employer proportion of NPL	Employer proportionate share of NPL	Nonemployer contributing entity proportionate share of NPL associated with employer	Total of employer and nonemployer porportionate share of NPL	Employer covered payroll	Employer proportionate share of NPL as a percentage of covered payroll	Pension plan's fiduciary net position as a percentage of total pension liability
<u>Measurement date:</u>							
December 31, 2014	0.031119%	\$ 4,217,644	\$ -	\$ 4,217,644	\$ 1,288,018	327%	63%
December 31, 2015	0.031644%	4,839,793	-	4,839,793	1,381,224	350%	59%
December 31, 2016	0.030280%	9,015,662	-	9,015,662	1,358,992	663%	43%
December 31, 2017	0.031226%	10,097,388	-	10,097,388	1,440,483	701%	44%
December 31, 2018	0.027325%	4,838,419	582,005	5,420,424	1,502,506	322%	57%

Vision Home & Community, Inc.

SCHEDULE OF ACTIVITY - EMPLOYER PENSION CONTRIBUTIONS

June 30, 2019

	Required employer contribution	Employer contributions recognized by the plan	Difference	Employer covered payroll	Contributions as a percentage of employer covered payroll
June 30, 2015	\$ 232,340	\$ 232,340	\$ -	\$ 1,373,356	16.92%
June 30, 2016	231,334	231,334	-	1,304,577	17.73%
June 30, 2017	260,934	260,934	-	1,419,471	18.38%
June 30, 2018	279,476	279,476	-	1,479,855	18.89%
June 30, 2019	285,658	285,658	-	1,493,244	19.13%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Note 1: Factors that Significantly Affect Trends in the Amounts Reported

For the measurement period ended December 31, 2018, the discount rate changed from 4.78% to 7.25%. This change significantly affected the total plan net pension liability and the employer share of the net pension liability. There were no other changes in benefit terms, size or composition of the population covered by the benefit terms, or assumptions used that significantly affect trends in the amounts reported.

Vision Home & Community, Inc.

SCHEDULE OF ACTIVITY - NET OPEB LIABILITY

June 30, 2019

<u>Measurement date:</u>	<u>Employer proportion of NOPEBL</u>	<u>Employer proportionate share of NOPEBL</u>	<u>Employer covered payroll</u>	<u>Employer proportionate share of NOPEBL as a percentage of covered payroll</u>	<u>OPEB plan's fiduciary net position as a percentage of total OPEB liability</u>
December 31, 2017	0.017742%	\$ 230,581	\$ 1,440,483	16%	18%
December 31, 2018	0.017761%	241,650	1,502,506	16%	17%

Vision Home & Community, Inc.

SCHEDULE OF ACTIVITY - EMPLOYER PENSION CONTRIBUTIONS

June 30, 2019

	<u>Required employer contribution</u>	<u>Employer contributions recognized by the plan</u>	<u>Difference</u>	<u>Employer covered payroll</u>	<u>Contributions as a percentage of employer covered payroll</u>
June 30, 2018	\$ 15,095	\$ 15,095	\$ -	\$ 1,479,855	1.02%
June 30, 2019	15,231	15,231	-	1,493,244	1.02%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Note 1: Factors that Significantly Affect Trends in the Amounts Reported

There were no changes in benefit terms, size or composition of the population covered by the benefit terms, or assumptions used that significantly affect trends in the amounts reported.