VISION HOME & COMMUNITY, INC. DBA
VISION CHARTER ACADEMY

FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

June 30, 2021

C O N T E N T S

INDEPENDENT AUDITOR'S REPORT

December 10, 2021

To the 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 the Vision Home & Community, Inc., d.b.a. Vision Charter Academy (the Academy), a component unit of Delta County Joint School District No. 50J, as of and for the year ended June 30, 2021, 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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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., d.b.a. Vision Charter Academy, as of June 30, 2021, 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 as listed in the table of contents, 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.

Chadwick, Steinkirchner, Davis & Co., P.C.
Grand Junction, Colorado

Vision Charter Academy
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2021

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, 2021. 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, 2021 are as follows:

- VCA Fund Balance at the end of the year grew from $911,195 in FY20 to $1,126,044 in FY21, 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 $1,126,044. The General Fund has recorded a liability of $160,272 which includes: salaries of school personnel who work approximately nine months of the year and are paid over twelve months, accounts payable, and unearned revenue from ESSER Fund, Full Day Kindergarten Implementation Fund and Local Accountability Grant. 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.

- In general, the school's net position increased by $1,264,098 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 is $4.96 million and $180,160 for the Other Post-Employment Benefits (OPEB per GASB 75) thus leaving a new ending net position of negative $(3,862,784).

- VCA expended $269,424 to lease office space for administration and meeting space for our Highly Qualified Coordinators, purchase new school building (Building Corporation) and purchase new resource building (school) using revenue provided by the General Fund and the Capital Construction Fund Grant for Charter Schools for building expenses, including the blended component unit – Vision Building Corporation which incurred a debt of $513,000 for the purchase of 263 Main Street and 45 W 3rd , Delta, CO 81416. Additionally, we purchased additional IT resources for the in seat classrooms and equipment for the campuses.

- The school owns one building located at 319 Main Street Delta, CO 81416 and acquired in June 2021. The Vision Building Corporation, a blended component unit of the school, owns two buildings located at 263 Main Street and 45 W 3rd, Delta, CO 81416 and acquired August 2020.

- During the current fiscal year, the school saw an increase in the funded pupil count from 431 FTE to 527.5 FTE. This increase was primarily due to families responding to Co-Vid 19.

- General revenues from local, state and federal sources accounted for $4.85 million.

- VCA had $5.2 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.

Special Revenue Fund
Vision Building Corporation is a component unit of Vision Charter Academy whose sole purpose is to acquire and lease facilities to Vision Charter Academy. Due to this relationship the Corporation is reported as if it were part of or blended with Vision Charter Academy's operations as a Special Revenue Fund.

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 are used in the operations of VCA. VCA capital assets consist of buildings.

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 2020-21 year. Long-term liabilities such as long-term debt obligations, building loan debt, compensated absences payable and net pension liability would be liquidated from resources that become available after fiscal 2020-21. 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 $1,112,790 at the close of the most recent fiscal year.

VCA's Net Position

	Governmental Activities	
	2019-2020	2020-2021
Assets:		
Current assets	$ 1,293,013	$ 1,286,316
Capital assets	–	728,588
Total assets	1,293,013	2,014,904
Deferred Outflows:		
Pension related deferred outflows	528,515	1,966,190
OPEB related deferred outflows	24,721	40,180
Total deferred outflows	553,236	2,006,370
Total assets and deferred outflows of resources	$ 1,846,249	$ 4,021,274

Liabilities:		
Current liabilities	$ 381,818	$ 173,526
Noncurrent liabilities	4,134,174	5,626,930
Total liabilities	4,515,992	5,800,456
Deferred Inflows:		
Pension related deferred inflows	2,415,458	2,020,855
OPEB related deferred inflows	41,681	62,747
Total deferred inflows of resources	2,457,139	2,083,602
Net position:		
Net investment in capital	–	226,101
Restricted	119,666	133,106
Unrestricted	(5,246,548)	(4,221,991)
Total net position	(5,126,882)	(3,862,784)
Total liabilities, deferred inflows of resources, and net position	$ 1,846,249	$ 4,021,274

Governmental activities increased VCA's net position by $1,264,098. Key elements of this change are as follows:

VCA's Change in Net Position

	Governmental Activities	
	2019-2020	2020-2021
Revenues:		
Charges for services	$ 31,763	$ 9,606
Operating grants	350,866	432,559
Capital grants	55,213	257,233
Interest	164	57
State equalization	3,562,845	4,160,252
Total revenues	$ 4,000,851	$ 4,859,707
Expenses:		
Instructional services	1,483,121	2,529,386
Student support	125,066	50,946
Instructional staff support	86,293	105,371
General administration	77,761	78,595
School administration	118,798	157,450
Business support	219,512	190,395
Central support	27,732	56,865
Operations/maintenance	398,554	410,642
Interest on Long-Term Debt	–	15,958
Total expenses	2,537,011	3,595,609
Change in net position	1,463,840	1,264,098
Net position – beginning	(6,590,722)	(5,126,882)
Net position – ending	$ (5,126,882)	$ (3,362,784)

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, 2021, the general fund shows an ending fund balance of $1,126,044 The unassigned fund balance for VCA at the end of the fiscal year consists of the unassigned balance for the General Fund of $992,938. 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 $133,106.

General Fund Budgeting Highlights
Vision Charter Academy began budget development for the 2020-2021 fiscal year in November 2019. 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, which were delayed due to the pandemic, the proposed budget was submitted to the Vision Home & Community, Inc. Board of Stewards for review and approval. Upon the June 16, 2020 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 29, 2020.

VCA presented an initial budget to the Board of Education in May 2020; however, due to the delay from the late adoption of the state budget which dictates PPR, and with agreement from the district, VCA submitted a revised budget proposal approved by the Board of Stewards on June 16, 2020 that reflected the confirmed PPR from the state. 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. Due to budget revisions at the state level, the budget was not adjusted prior to January 31, 2021 to reflect the confirmed actual October enrollment count number. A Supplemental Budget was approved and appropriated by the Vision Home & Community, Inc Board of Stewards on February 9, 2021 to reflect adjusted enrollment and revenue from the state. Actual revenues were less than the budget by $(6,947) from state and local sources. Federal revenues increase this total to $(38,441) while expenditures were under budget by $253,290. The net increase to fund balance was $214,849.

Capital Asset and Debt Administration
Capital Assets: Capital assets net of accumulated depreciation was $ – in fiscal year 2019-2020 compared to $728,588. The increase is related to acquisitions of a building by VCA and two properties by the Building Corp. See Note C for additional information.

Long-Term Debt: During 2021 the Building Corp. entered into a commercial loan agreement to acquire two properties for a total of $513,000 for the use in operations of VCA. The loan is secured by the related properties purchased by Building Corp. See Note D for additional information.

Current Issues, Economic Conditions and Outlook
Original budgeting due to predicted impact of the pandemic resulted in the need to create a supplemental budget as the impact was not as great as expected leading the state legislators to increase revenues for 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 significantly increased from the previous year which was reflected in the revised budget adopted in February 2021. However, this increase was temporary and solely due to parents choosing to keep their children at home during the pandemic. VCA expects a significant decrease to enrollment numbers for the next fiscal year. The future is very uncertain due to the Coronavirus pandemic and its potential effects.

VCA revised the Strategic Plan in 2020 based on overall priorities and needs gathered through a variety of processes and stakeholder groups including the Budget Committee. The 2020-2021 school year was designated as Year 2 of this five-year 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 priorities outlined within the Strategic Plan in the following categories. 1) Rigor – VCA has school with high expectations of growth from learners and staff. One major focus for this component of the strategic plan was building confidence and trust through use of local assessment data to ensure mastery of grade level content. 2) Relationships – VCA is fully invested in the promotion of partnerships empowering learner designed individualized education. Relationships continue to be a main focus within VCA. Our partnerships between families and our highly qualified staff opens opportunity for learners to thrive and follow their individual path to their future. 3) Resources – VCA offers ever increasing variety of resources and opportunities for families and staff. Use of up to date curriculum and increasing community partnerships for elective opportunities is a priority.

The budget situation in the 2020-2021 school year continued to be unique due the pandemic. Additional funding through the ESSER Fund provided funds that addressed the remote needs, as well as, the additional staffing needs specifically attributed to the Co-Vid response, therefore, the use of the General Fund was unnecessary for unplanned expenses due to the pandemic.

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
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Delta, CO 81419
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Vision Home & Community, Inc.

STATEMENT OF NET POSITION

June 30, 2021

		Governmental Activities
ASSETS		
Cash		$ 1,029,689
Accounts receivable		256,627
Capital assets, net of accumulated depreciation		728,588
	Total assets	2,014,904
DEFERRED OUTFLOWS OF RESOURCES		
Pension related deferred outflows		1,966,190
OPEB related deferred outflows		40,180
	Total deferred outflows of resources	2,006,370
	Total assets and deferred outflows of resources	$ 4,021,274
LIABILITIES		
Accounts payable		$ 9,617
Accrued payroll liabilities		144,785
Unearned revenue		5,870
Noncurrent liabilities:		
Due in less than one year		13,254
Due in more than one year		489,233
Net pension liability		4,957,537
Net OPEB liability		180,160
	Total liabilities	5,800,456
DEFERRED INFLOWS OF RESOURCES		
Pension related deferred inflows		2,020,855
OPEB related deferred inflows		62,747
	Total deferred inflows of resources	2,083,602
NET POSITION		
Net investment in capital		226,101
Restricted for emergencies		133,106
Unrestricted		(4,221,991)
	Total net position	(3,862,784)
	Total liabilities, deferred inflows of resources, and net position	$ 4,021,274

The accompanying notes are an integral part of the statements.

Vision Home & Community, Inc

STATEMENT OF ACTIVITIES

Year ended June 30, 2021

		Program Revenues			Net (Expense) Revenue and Changes in Net Position	
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Governmental activities:						
Instructional services	$ 2,529,386	$ 6,740	$ 298,019	$ 145,100	$ (2,079,527)	$ (2,079,527)
Support services:						
Student support	50,946	2,866	84,299	-	36,219	36,219
Instructional staff support	105,371	-	11,582	-	(93,789)	(93,789)
General administration	78,595	-	-	-	(78,595)	(78,595)
School administration	157,450	-	-	-	(157,450)	(157,450)
Business support	190,395	-	1,574	-	(188,821)	(188,821)
Central support	56,865	-	14,797	112,133	70,065	70,065
Operations and maintenance	410,642	-	22,288	-	(388,354)	(388,354)
Interest on Long-Term Debt	15,958	-	-	-	(15,958)	(15,958)
Total support services	1,066,223	2,866	134,540	112,133	(816,684)	(816,684)
Total governmental activities	$ 3,595,609	$ 9,606	$ 432,559	$ 257,233	(2,896,211)	(2,896,211)
General revenues:						
State equalization					4,160,252	4,160,252
Interest income					57	57
Total general revenues					4,160,309	4,160,309
Change in net position					1,264,098	1,264,098
Net position - beginning					(5,126,882)	(5,126,882)
Net position - ending					$ (3,862,784)	$ (3,862,784)

The accompanying notes are an integral part of the statements.

Vision Home & Community, Inc

BALANCE SHEET - GOVERNMENTAL FUND

June 30, 2021

	General	Building Corporation	Total
ASSETS			
Cash	$ 1,029,689	$ -	$ 1,029,689
Accounts receivable	256,627	-	256,627
Total assets	$ 1,286,316	$ -	$ 1,286,316
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	$ 9,617	$ -	$ 9,617
Accrued payroll liabilities	144,785	-	144,785
Unearned revenue	5,870	-	5,870
Total liabilities	160,272	-	160,272
Fund balances			
Restricted - TABOR reserve	133,106	-	133,106
Unassigned	992,938	-	992,938
Total fund balances	1,126,044	-	1,126,044
Total liabilities and fund balances	$ 1,286,316	$ -	$ 1,286,316

The accompanying notes are an integral part of the statements.

Vision Home & Community, Inc

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

June 30, 2021

Fund equity (as reported above)	$ 1,126,044
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	728,588
Long-term liabilities, including capital leases and loans payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(502,487)
Net pension liability and related deferred inflows and outflows of resources are not recorded in the funds	(5,012,202)
Net OPEB liability and related deferred inflows and outflows of resources are not recorded in the funds	(202,727)
Net position of governmental activities	$ (3,862,784)

The accompanying notes are an integral part of the statements.

Vision Home & Community, Inc

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

Year ended June 30, 2021

	General	Building Corporation	Total
Revenues			
Local sources	$ 39,162	$ 26,470	$ 65,632
State sources	4,438,506	-	4,438,506
Federal sources	355,569	-	355,569
Total revenues	4,833,237	26,470	4,859,707
Expenditures			
Current			
Instructional services	3,121,374	-	3,121,374
Student support	72,920	-	72,920
Instructional staff support	141,481	-	141,481
General administration	78,595	-	78,595
School administration	226,496	-	226,496
Business support	232,825	-	232,825
Operation and maintenance	393,609	-	393,609
Central support	81,664	-	81,664
Capital outlay	269,424	512,999	782,423
Debt Service			
Interest	-	15,958	15,958
Principal	-	10,513	10,513
Total expenditures	4,618,388	539,470	5,157,858
Revenues in excess (deficiency) of expenditures	214,849	(513,000)	(298,151)
Other financing sources (uses)			
Proceeds from debt issuance	-	513,000	513,000
Total other financing sources (uses)	-	513,000	513,000
Net change in fund balances	214,849	-	214,849
Fund balance beginning of year	911,195	-	911,195
Fund balance end of year	$ 1,126,044	$ -	$ 1,126,044

The accompanying notes are an integral part of the statements.

Vision Home & Community, Inc

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES

Year ended June 30, 2021

Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances - total governmental funds	$ 214,849
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which additions were greater than depreciation expense.	728,588
The issuance of long-term debt provides current financial resources to funds but increases long-term liabilities in the statement of net position. Repayment of the principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	(502,487)
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.	823,148
Change in net position of governmental activities	$ 1,264,098

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, 2021

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Revenues				
Local sources	$ 19,200	$ 41,200	$ 39,162	$ (2,038)
State sources	3,314,378	4,443,415	4,438,506	(4,909)
Federal sources	450,042	387,063	355,569	(31,494)
Total revenues	3,783,620	4,871,678	4,833,237	(38,441)
Expenditures				
Current				
Instructional services	2,563,139	3,255,091	3,121,374	133,717
Student support	86,618	117,063	72,920	44,143
Instructional staff support	133,858	182,039	141,481	40,558
General administration	76,305	97,934	78,595	19,339
School administration	224,679	229,884	226,496	3,388
Business support	272,207	246,182	232,825	13,357
Operation and maintenance	300,429	391,392	393,609	(2,217)
Central support	64,090	67,429	81,664	(14,235)
Capital outlay	62,295	284,664	269,424	15,240
Total expenditures	3,783,620	4,871,678	4,618,388	253,290
Revenues in excess (deficiency) of expenditures	-	-	214,849	214,849
Fund balance beginning of year	856,583	1,138,933	911,195	(227,738)
Fund balance end of year	$ 856,583	$ 1,138,933	$ 1,126,044	$ (12,889)

The accompanying notes are an integral part of the statements.

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.

Blended Component Units

The Academy includes the Vision Charter Academy Building Corporation (the Corporation) within its reporting entity. The Corporation was formed to hold title to property and facilitate the operations of the Academy and support other organizations, projects, and initiatives that are organized and operated for similar purposes. The Corporation is blended into the Academy's financial statements as a special revenue fund. The Corporation does not issue separate financial statements.

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.

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 funds:

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.

The *Building Corporation* is a special revenue fund that is used to account for the financial activities of the Building Corporation, including facilities acquisition and construction and the related debt service.

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.

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 reports capital assets in the government-wide financial statements. Capital assets are defined by the Academy 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 fair market value at the date of donation. 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.

Depreciation expense is charged to Instructional function in the statement of activities.

Estimated useful lives are:

Buildings and Improvements	10-40 years
Equipment and Vehicles	3-10 years

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.

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. Two supplemental budget amendments were adopted during the fiscal year ended June 30, 2021.

The Building Corporation Fund may be in violation of state statutes as the expenditures exceed the appropriated budgets as the School did not adopt a budget for the Building Corporation Fund for fiscal year 2021.

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.

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. Some, but not all, of these changes were in effect as of June 30, 2021.

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.

NOTE B – CASH

Cash carrying value of deposits in banking institutions as of June 30, 2021, consists of the following:

Demand accounts	$ 1,029,303
Petty cash	386
Total cash and investments	$ 1,029,689

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, 2021, the Academy had deposits of $1,046,763, of which $250,000 was covered by federal depository insurance and $796,763 was collateralized as noted above.

NOTE C – CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance June 30,2020	Additions	Deletions	Balance June 30,2021
Governmental Activities:				
Capital assets being depreciated				
Buildings	$ -	$ 747,270	$ -	$ 747,270
Total capital assets	-	747,270	-	747,270
Accumulated depreciation				
Buildings	-	(18,682)	-	(18,682)
Total accumulated depreciation	-	(18,682)	-	(18,682)
Capital assets, net	$ -	$ 728,588	$ -	$ 728,588

Depreciation expense in the amount of $18,682 was charged to instructional expense.

NOTE D – DEBT

The changes in long-term liabilities for the year were as follows:

	Balance June 30,2020	Additions	Retirements	Balance June 30,2021	Due Within One Year
Governmental Activities:					
Commerical Loan	$ -	$ 513,000	$ (10,513)	$ 502,487	$ 13,253
Total	$ -	$ 513,000	$ (10,513)	$ 502,487	$ 13,253

During August 2021, the Corporation entered into a loan agreement "Commercial Loan Bank of the West" with the Bank of the West for $513,000 to purchase property at 263 Main Street and 45 W 3rd Street Ste 103 in Delta, CO. The loan is secured by these properties and by assignment of rents, if any, related to these properties. The loan matures in August 2030 and carries an interest rate of 3.98% per annum. Principle and interest payments are due per month of $2,719 with one lump payment due August 2030 of $369,285. If there is an event of default the lender may require full balances to be paid as well as: a late charge of 5% of the unpaid portion or the regularly scheduled payments, and the Corporation could be assessed a 5% late charge on unpaid portions. The loan also has a prepayment fee of 1% of the prepaid paid balance and any currently accrued interest.

The following schedule reflects the debt service requirements to maturity of the Loan:

Year Ended June 30,	Principal	Interest	Total
2022	$ 13,253	$ 18,512	$ 31,765
2023	13,756	18,009	31,765
2024	14,278	17,487	31,765
2025	14,819	16,945	31,764
2026	15,381	16,383	31,764
2027-2030	431,000	61,723	492,723
Total	$ 502,487	$ 149,059	$ 651,546

NOTE E – LEASES

The School leases its buildings from the Corporation. The lease requires payments, which approximate the Corporation’s required payments on the loan and may be terminated in any year by non-appropriation of funds. The Corporation has pledged the lease payments to pay loan principal and interest. Lease expense was $26,470 for the year ended June 30, 2021, and is shown as expenditures in the General Fund and revenues in the Building Corporation fund.

The School also leased space in Delta, CO, the lease agreement during the year was for 5 months at $1,600 a month. The lease was terminated during the year. Total operating lease expense during 2021 was $8,000.

NOTE F – 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.
- *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 G – DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

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

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

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

- 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, 2020, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S., once certain criteria are met. Pursuant to SB 18-200, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413. Eligible benefit recipients under the PERA benefit structure who began eligible employment on or after January 1, 2007, will receive the lessor of an annual increase of 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent based on the parameters specified in C.R.S. § 24-51-413.

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

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

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

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

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

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the Academy is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the Academy were $355,815 for the year ended June 30, 2021.

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

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

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

At June 30, 2021, the Academy reported a liability of $4,957,537 for its proportionate share of the net pension liability. The amount recognized by the Academy 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 Academy were as follows:

Academy's proportionate share of the net pension liability	$ 4,957,537
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the Academy	–
Total	$ 4,957,537

At December 31, 2020, the Academy's proportion was .032792 percent, which was a decrease of .006417 from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the Academy recognized pension expense of $ (459,387). At June 30, 2021, the Academy reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 272,392	$ –
Changes of assumptions or other inputs	476,900	833,320
Net difference between projected and actual earnings on pension plan investments	–	1,091,267
Changes in proportion and differences between contributions recognized and proportionate share of contributions	1,039,110	96,268
Contributions subsequent to the measurement date	177,788	N/A
Total	$ 1,966,190	$ 2,020,855

$177,788 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, 2021. 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 30,2021:	
2022	$ (502,936)
2023	447,329
2024	(4,693)
2025	(172,153)
2026	–
Thereafter	–

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

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

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.

Post-retirement non-disabled mortality assumptions 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 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, 2019, valuation were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- Price inflation assumptions decreased from 2.40 percent per year to 2.30 percent per year.

- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses, to 4.95 percent per year, net of investment expenses.

- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

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

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimate 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[1]	6.00%	4.70%
Total	100.00%	

1 The Opportunity Fund's name changed to Alternatives effective January 1, 2020.

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.

- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200. Employer contributions also include the current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of $225 million (actual dollars), commencing on July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded. HB 20-1379 suspended the $225 million (actual dollars) direct distribution payable on July 1, 2020, for the State's 2020-21 fiscal year.

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

- 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 FNP position and the subsequent AIR benefit payments were estimated and included in the projections.

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

Based on the above assumptions and methods, the SCHDTF's FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	$ 6,762,486	$ 4,957,537	$ 3,453,419

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

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

General Information about the OPEB Plan

Plan description. Eligible employees of the Academy 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 (CAFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

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

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

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

PERA Benefit Structure
The maximum service-based premium subsidy is $230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is $115 per month for retirees who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum subsidy, in each case, is for retirees with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient 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, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to retirees without Medicare Part A that are greater than premiums charged to retirees 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 retirees not covered by Medicare Part A.

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Academy is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the Academy were $18,256 for the year ended June 30, 2021.

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

At June 30, 2021, the Academy reported a liability of $180,160 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2020. The Academy's proportion of the net OPEB liability was based on Academy contributions to the HCTF for the calendar year 2020 relative to the total contributions of participating employers to the HCTF.

At December 31, 2020, the Academy's proportion was .018960 percent, which was an increase of .001725 from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the Academy recognized OPEB expense of $10,310. At June 30, 2021, the Academy reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 478	$ 39,068
Changes of assumptions or other inputs	1,346	11,047
Net difference between projected and actual earnings on OPEB plan investments	–	7,362
Changes in proportion and differences between contributions recognized and proportionate share of contributions	29,233	4,731
Contributions subsequent to the measurement date	9,122	N/A
Total	$ 40,179	$ 62,748

$9,122 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, 2021. 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 30,2021:	
2022	$ (7,045)
2023	(6,015)
2024	(7,708)
2025	(9,789)
2026	(1,057)
Thereafter	(77)

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

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

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

	Initial Costs for Members Without Medicare Part A		
Medicare Plan	Monthly Cost	Monthly Premium	Monthly Cost Adjusted to Age 65
Medicare Advantage/Self-Insured Rx	$588	$227	$550
Kaiser Permanente Medicare Advantage HMO	621	232	586

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

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

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

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

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

Mortality assumptions used in the December 2019 valuation 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The following health care costs assumptions were updated and used in the 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 2020 plan year.

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

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

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

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

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 percentage and then adding expected inflation.

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

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[1]	6.00%	4.70%
Total	100.00%	

1 The Opportunity Fund's name changed to Alternatives, effective January 1, 2020

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

Sensitivity of the Academy'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	7.10%	8.10%	9.10%
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	$175,504	$ 180,161	$ 185,581

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2020, measurement date.

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.

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

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	$ 206,377	$ 180,161	$ 157,761

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

NOTE I – 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, 2021, the Academy paid $14,425 in related insurance premiums to insurers.

NOTE J – 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 K – 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.

NOTE L – RELATED PARTIES

The School contracts with Delta County School District 50J to provide support services. During the fiscal year 2021, the School incurred the cost of $166,985 to be paid to the District for those services and reimbursed the District $616,398 for Special Education, Technology Services, Capital and Insurance Reserve Fee, Maintenance, Technology, and Clerical Grant Support. This also includes the cost to the school for Central Administration per statute. As of June 30, 2021, the District owed the school the net amount of $36,697.

REQUIRED

SUPPLEMENTARY INFORMATION

Vision Home & Community, Inc.

SCHEDULE OF ACTIVITY - NET PENSION LIABILITY

June 30, 2021

Measurement date:	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
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%
December 31, 2019	0.026376%	3,940,461	443,540	4,384,001	1,549,636	254%	65%
December 31, 2020	0.032792%	4,957,537	-	4,957,537	1,641,883	302%	67%

Vision Home & Community, Inc.

SCHEDULE OF ACTIVITY - EMPLOYER PENSION CONTRIBUTIONS

June 30, 2021

	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%
June 30, 2020	321,796	321,796	-	1,660,453	19.38%
June 30, 2021	374,071	374,071	-	1,789,808	20.90%

Vision Home & Community, Inc.

SCHEDULE OF ACTIVITY - NET OPEB LIABILITY

June 30, 2021

Measurement date:	Employer proportion of NOPEBL	Employer proportionate share of NOPEBL	Employer covered payroll	Employer proportionate share of NOPEBL as a percentage of covered payroll	OPEB plan's fiduciary net position as a percentage of total OPEB liability
December 31, 2017	0.017742%	$ 230,581	$ 1,440,483	16%	18%
December 31, 2018	0.017761%	241,650	1,502,506	16%	17%
December 31, 2019	0.017234%	193,713	1,549,636	13%	24%
December 31, 2020	0.018990%	180,161	1,641,883	11%	33%

Vision Home & Community, Inc.

SCHEDULE OF ACTIVITY - EMPLOYER PENSION CONTRIBUTIONS

June 30, 2021

	Required employer contribution	Employer contributions recognized by the plan	Difference	Employer covered payroll	Contributions as a percentage of employer covered payroll
June 30, 2018	$ 15,095	$ 15,095	$ -	$ 1,479,855	1.02%
June 30, 2019	15,231	15,231	-	1,493,244	1.02%
June 30, 2020	16,937	16,937	-	1,660,453	1.02%
June 30, 2021	18,256	18,256	-	1,789,808	1.02%