ODYSSEY SCHOOL OF DENVER
Denver, Colorado

FINANCIAL STATEMENTS

June 30, 2017

TABLE OF CONTENTS

S&C Swanhorst & Company LLC
Certified Public Accountants

Board of Directors
Odyssey School of Denver
Denver, Colorado

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities and the major fund of the Odyssey School of Denver, component unit of Denver School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Odyssey School of Denver, 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.

Auditors' 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 auditors' 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 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 internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Odyssey School of Denver as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters (Required Supplementary Information)

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information 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 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.

September 19, 2017

Odyssey School of Denver
Management Discussion and Analysis
Fiscal Year Ended June 30, 2017

As management of Odyssey School of Denver (the "School"), we offer readers of the School's financial statements our narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information provided in the accompanying financial statements.

Financial Highlights

Fiscal year ending June 30, 2017 is the third year reporting net pension liability and deferred inflows and outflows following Governmental Accounting Standards Board Statement (GASB) No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27.* As such, the School included the Net Pension Liability per GASB Statement No. 68 in the amount of $1,846,416 for FY 2017 and $1,434,386 for FY 2016 as noncurrent liability on the Statement of Net Position. For FY 2017 and FY 2016, the liabilities and deferred inflows of resources of the School exceeded its assets and deferred outflows by $517,827 and $413,010 (net position), respectively.

At the close of the fiscal year the School's governmental funds reported an ending fund balance of $834,927, an increase of $91,708. The operations of the School are funded primarily by tax revenue received under the State School Finance Act allocated as Per Pupil Revenue (PPR). The School received $1,714,680 in PPR. The School also received $274,009 in Mill Levy Override revenue.

Overview of Financial Statements

This discussion and analysis are intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the School's assets, deferred outflows of resources, liabilities, deferred inflows of resources with the difference reported as net position.

The statement of activities presents information showing how the School's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide statement of activities distinguishes functions/programs of the School supported primarily by PPR or other revenues passed through from Denver Public Schools (the "District"). The governmental activities of the School include instruction and supporting services expenses.

The government-wide financial statements can be found on pages 1-2 of this report.

Fund Financial Statements

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. The School, like other governmental units or schools, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the School are categorized as governmental funds.

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 the School'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. By doing so, readers may better understand the differences in reporting. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School maintains one individual governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund because it is considered to be a major fund.

The School adopts an annual appropriated budget for its general fund. Budgetary comparison statements have been provided for the general fund to demonstrate compliance with the budget.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. This information is provided in pages 5-15.

Government-wide Financial Analysis

The School's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $517,827 at the close of the most recent fiscal year. The negative balance is due to the adoption of GASB Statement No. 68, resulting in a net pension liability of $1,846,416, representing the School's proportionate share of the PERA 's net pension liability.

Approximately $67,000 of these funds is restricted to comply with Article X, Section 20 of the Colorado Constitution, known as the TABOR Amendment. In addition, $112,951 of these funds represents investments in capital assets (net of accumulated depreciation).

The Odyssey School's Net Position
Governmental Activities

	June 30, 2017	June 30, 2016
Cash	$ 807,309	$ 727,752
Other Assets	52,368	17,934
Capital Assets, Net of Accumulated Depreciation	112,951	86,658
Total Assets	972,628	832,344
Deferred Outflows of Resources		
Pensions, Net of Accumulated Amortization	591,747	404,581
Accounts Payable	24,512	2,139
Accrued Liabilities	238	328
Noncurrent Liabilities		
Net Pension Liability	1,846,416	1,434,386
Total Liabilities	1,871,166	1,436,853
Deferred Inflows of Resources		
Pensions, Net of Accumulated Amortization	211,036	213,082
Net Position		
Net Investment in Capital Assets	112,951	86,658
Restricted for Emergencies - TABOR	67,000	60,000
Unrestricted	(697,778)	(559,668)
Total Net Position	$ (517,827)	$ (413,010)

The largest portion of the Schools' assets is in cash: 83% in FY 2017 and 87.4% in FY 2016. Capital assets, less accumulated depreciation, were 11.6% in FY 2017 and 10.4% in FY 2016.

The School's net position decreased by $104,817 and $127,826 in FY 2017 and 2016, respectively.

The Odyssey School's Statement of Activities
For the Years Ended June 30, 2017 and June 30, 2016
Governmental Activities

	June 30, 2017	June 30, 2016
Program Revenues:		
Charges for Services	$ 90,865	$ 98,654
Operating Grants and Contributions	35,626	55,260
Capital Grants and Contributions	-	13,535
Total Program Revenues	126,490	167,449
General Revenues:		
Per Pupil Revenues	1,714,680	1,701,349
Mill Levy Override	274,009	193,621
Other	185,295	102,273
Total General Revenues	2,173,984	1,997,243
Total Revenues	2,300,474	2,164,692
Expenses:		
Current:		
Instruction	1,507,274	1,400,941
Supporting Services	898, 017	891,577
Total Expenses	2,405,291	2,292,518
Decrease in Net position	(104,817)	(127,826)
Beginning Net Position, June 30	(413,010)	(285,184)
Ending Net Position, June 30	$ (517,827)	$ (413,010)

The largest portion of the School's revenues come from per pupil funding – 74.5% in FY 2017 and 78.6% in FY 2016. In FY 2017 and FY 2016, 13.6% and 12.5%, respectively, of revenues came from program and other revenues. Mill levy overrides comprised 11.9% and 8.9% of the School's total revenue in FY 2017 and FY 2016, respectively. The School's revenue increased by $135,782 and expenses increased by $112,773 in FY 2017.

Financial Analysis of the Government's Funds

As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

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

As of the end of the current fiscal year, the School's General Fund reported an ending fund balance of $834,927, an increase of $91,700. The fund balance increase was very close to the targeted budget of $86,917 and is a result of managing expenses within a responsible plan. The Governmental Fund revenues exceeded prior year by $135,781 driven primarily by increases in Mill Levy funds and State and Federal grants, with some increases in fundraising as well. Expenses exceeded prior year by $108,219, mostly spending against the increased grant revenues offset by small reductions in various other line items.

General Fund Budgetary Highlights.

The School approves a budget in May based on enrollment projections for the following school year. In October, after enrollment stabilizes, adjustments are made to the budget. At year-end, the School had small variances between its budgeted and actual activities. Revenues were about $16,000 less than budget and expenses about $21,000 less than plan, resulting in a net budget variance to the change in fund balance of $4,793 better than plan.

Capital Asset and Debt Administration.

Capital assets. The School's investment in capital assets consisting of vehicles at June 30, 2017 was $251,011. Accumulated depreciation was $138,060 resulting in net capital assets of $112,951. At June 30, 2017, the School owned 6 vehicles for transporting students to activities.

Long-Term Debt. The School has no long-term debt obligations.

Economic Factors and Next Year's Budget

The economic outlook for FY 2018 remains stable at an expected increase of $229 per funded FTE or 3% in PPR funding. This percentage increase is higher than the 1% increase received in FY 2016. The Capital Construction funding per pupil allocation is estimated to decrease for FY 2018 to $254.12 per funded FTE compared to $277.69 per funded FTE in FY 2017.

During FY 2017, the School had a funded pupil count of 223.08, a decrease of about .5 FTE from the FY 2016 count. The School is not budgeting for a significant change in their funded pupil count for FY 2018.

Requests for Information

This financial report is designed to provide a general overview of the School's finances for all those with an interest in the School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Odyssey School of Denver - CFO, 6550 East 21st Avenue, Denver, CO 80207.

BASIC FINANCIAL STATEMENTS

ODYSSEY SCHOOL OF DENVER

STATEMENT OF NET POSITION
June 30, 2017

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Investments	$ 807,309
Accounts Receivable	32,051
Prepaid Expenses	19,749
Inventory	568
Capital Assets, Net of Accumulated Depreciation	112,951
TOTAL ASSETS	972,628
DEFERRED OUTFLOWS OF RESOURCES	
Pensions, Net of Accumulated Amortization	591,747
LIABILITIES	
Accounts Payable	24,512
Accrued Liabilities	238
Noncurrent Liabilities	
Net Pension Liability	1,846,416
TOTAL LIABILITIES	1,871,166
DEFERRED INFLOWS OF RESOURCES	
Pensions, Net of Accumulated Amortization	211,036
NET POSITION	
Net Investment in Capital Assets	112,951
Restricted for Emergencies	67,000
Unrestricted	(697,778)
TOTAL NET POSITION	$ (517,827)

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

ODYSSEY SCHOOL OF DENVER

STATEMENT OF ACTIVITIES
Year Ended June 30, 2017

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION: GOVERNMENTAL ACTIVITIES
PRIMARY GOVERNMENT				
Governmental Activities				
Instruction	$ 1,507,274	$ 78,040	$ 21,700	$ (1,407,534)
Supporting Services	898,017	12,825	13,925	(871,267)
Total Governmental Activities	$ 2,405,291	$ 90,865	$ 35,625	(2,278,801)
GENERAL REVENUES				
Per Pupil Revenue				1,714,680
Additional At-Risk Funding				797
District Mill Levy				274,009
Capital Construction				34,243
Grants and Contributions Not Restricted to Specific Programs				145,871
Investment Income				3,512
Miscellaneous				872
TOTAL GENERAL REVENUES				2,173,984
CHANGE IN NET POSITION				(104,817)
NET POSITION, Beginning				(413,010)
NET POSITION, Ending				$ (517,827)

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

ODYSSEY SCHOOL OF DENVER

BALANCE SHEET
GOVERNMENTAL FUND
June 30, 2017

	GENERAL
ASSETS	
Cash and Investments	$ 807,309
Accounts Receivable	32,051
Prepaid Expenditures	19,749
Inventory	568
TOTAL ASSETS	$ 859,677
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts Payable	$ 24,512
Accrued Liabilities	238
TOTAL LIABILITIES	24,750
FUND BALANCE	
Nonspendable Prepaid Expenditures	19,749
Nonspendable Inventory	568
Restricted for Emergencies	67,000
Unrestricted, Unassigned	747,610
TOTAL FUND BALANCE	834,927
TOTAL LIABILITIES AND FUND BALANCE	$ 859,677

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:

Total Fund Balance of the Governmental Fund	$ 834,927
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	112,951
Long-term liabilities and related items, including net pension liablity ($1,846,416), pension-related deferred outflows of resources $591,747, and pension-related deferred inflows of resources ($211,036), are not due and payable in the current year and, therefore, are not reported in governmental funds.	(1,465,705)
Total Net Position of Governmental Activities	$ (517,827)

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

ODYSSEY SCHOOL OF DENVER

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
Year Ended June 30, 2017

		GENERAL
REVENUES		
Local Sources	$	2,229,809
State Sources		59,966
Federal Sources		10,699
TOTAL REVENUES		2,300,474
EXPENDITURES		
Instruction		1,333,476
Supporting Services		875,290
TOTAL EXPENDITURES		2,208,766
NET CHANGE IN FUND BALANCE		91,708
FUND BALANCE, Beginning		743,219
FUND BALANCE, Ending	$	834,927

Amounts Reported for Governmental Activites in the Statement of Activities are Different Because:

Net Change in Fund Balance of the Governmental Fund	$	91,708
Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital outlay $52,954 exceeded depreciation expense ($26,661) in the current year.		26,293
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This amount represents the change in the net pension liability ($412,030), pension-related deferred outflows of resources $187,166, and pension-related deferred inflows of resources $2,046 in the current year.		(222,818)
Change in Net Position of Governmental Activities	$	(104,817)

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Odyssey School d.b.a. Odyssey School of Denver (the "School") was organized pursuant to the Colorado Charter Schools Act to form and operate a charter school within Denver School District (the "District").

The accounting policies of the School conform to generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the more significant policies.

Reporting Entity

The financial reporting entity consists of the School, organizations for which the School is financially accountable, and organizations that raise and hold economic resources for the direct benefit of the School. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the School. Legally separate organizations for which the School is financially accountable are considered part of the reporting entity. Financial accountability exists if the School appoints a voting majority of the organization's governing board and is able to impose its will on the organization, or if the organization has the potential to provide benefits to, or impose financial burdens on, the School. Based on the application of this criteria, the School does not include additional organizations within its reporting entity.

The School is a component unit of the District. The School's charter is granted by the District and the majority of the School's funding is provided by the District.

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 activities of the School. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported in a single column.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to students or others 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 revenues not properly included among program revenues are reported instead as general revenues.

Major individual funds are reported as separate columns in the fund financial statements.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current year. Intergovernmental revenues, grants, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered to be measurable and available only when cash is received by the School. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

When both restricted and unrestricted resources are available for a specific use, it is the School's policy to use restricted resources first, and the unrestricted resources as they are needed.

In the fund financial statements, the School reports the following major governmental fund:

General Fund - This fund is the general operating fund of the School. It is currently used to account for all financial activities of the School.

Assets, Liabilities and Net Position/Fund Balance

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

Prepaid Expenses - Certain payments to vendors reflect costs applicable to future years and are reported as prepaid expenses.

Inventory - Inventories are valued using the first-in first out method. Inventory is recorded as an asset when individual items are purchased and as an expense when consumed.

Capital Assets - Capital assets are reported in the government-wide financial statements. Capital assets are defined by the School as assets with an initial, individual cost of $5,000 or more 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 the acquisition value on the date of donation.

Capital assets are depreciated using the straight-line method over the estimated useful lives, as follows:

Vehicles	8 years

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Compensated Absences - Employees of the School are allowed to accumulate unused personal leave to a maximum of 10 days. The School does not reimburse or otherwise compensate terminated employees for any unused personal leave. Therefore, no liability is reported in the financial statements for these compensated absences.

Pensions - The School participates in the Denver Public Schools Division Trust Fund (DPSD), a single-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position, and additions to and deductions from the DPSD's fiduciary net position have been determined using the economic resources measurement focus and the accrual basis of accounting, the same basis of accounting used by the DPSD. 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.

Net Position/Fund Balance - In the government-wide and fund financial statements, net position and fund balance are restricted when constraints placed on the use of resources are externally imposed. The Board of Directors is authorized to establish a fund balance commitment through passage of a resolution, and may assign fund balances to a specific purpose through an informal action.

The School has not established a formal policy for its use of restricted and unrestricted fund balances. However, if both restricted and unrestricted fund balances are available for a specific purpose, the School uses restricted fund balance first, followed by committed, assigned, and unassigned balances.

Risk Management

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The School carries commercial insurance for these risks of loss.

NOTE 2: CASH AND INVESTMENTS

Cash and investments at June 30, 2017, consisted of the following:

Deposits	$ 304,816
Investments	502,493
Total	**$ 807,309**

NOTE 2: CASH AND INVESTMENTS (Continued)

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At June 30, 2017, the School had bank deposits of $86,854 collateralized with securities held by the financial institution's agent but not in the School's name.

Investments

The School is required to comply with State statutes which specify investment instruments meeting defined rating, maturity and concentration risk criteria in which local governments may invest, which include the following. State statutes do not address custodial risk.

- Obligations of the United States and certain U.S. Agency securities
- Certain international agency securities
- General obligation and revenue 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
- Guaranteed investment contracts
- Local government investment pools

Interest Rate Risk - State statutes generally limit investments to a maturity of five years from the date of purchase, unless the governing board authorizes the investment for a period in excess of five years.

Credit Risk - State statutes limit certain investments to those with specified ratings from nationally recognized statistical rating organizations, depending on the type of investment.

Concentration of Credit Risk - State statutes do not limit the amount the School may invest in one issuer, except for corporate securities.

Local Government Investment Pool - At June 30, 2017, the School had $502,493 invested in the Colorado Surplus Asset Fund Trust (CSAFE), an investment vehicle established for local government entities in Colorado to pool surplus funds for investment purposes. The Colorado Division of Securities administers and enforces the requirements of creating and operating CSAFE. CSAFE operates in conformity with the Securities and Exchange Commission's Rule 2a-7. CSAFE is reported at the net asset value per share, with each share valued at $1. CSAFE is rated AAAm by Standard and Poor's. Investments of CSAFE are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

NOTE 3: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2017, is summarized below.

	Balance 6/30/16	Additions	Deletions	Balance 6/30/17
Governmental Activities				
Capital Assets, Being Depreciated				
Vehicles	$ 198,057	$ 52,954	$ -	$ 251,011
Accumulated Depreciation	(111,399)	(26,661)	-	(138,060)
Total Capital Assets, Net	**$ 86,658**	**$ 26,293**	**$ -**	**$ 112,951**

Depreciation expense was charged to the supporting services program of the School.

NOTE 4: DEFINED BENEFIT PENSION PLAN

General Information

Plan Description - The School contributes to the Denver Public Schools Division Trust Fund (DPSD), a single-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). All employees of the School participate in the DPSD. Title 24, Article 51 of the Colorado Revised Statutes (CRS) assigns the authority to establish and amend plan provisions to the State Legislature. PERA issues a publicly available financial report that includes information on the DPSD. That report may be obtained at www.copera.org/investments/pera-financial-reports.

Benefits Provided - The DPSD provides retirement, disability, and survivor benefits to plan participants or their beneficiaries. Retirement benefits are determined by the amount of service credit earned or purchased, highest average salary, the benefit structure in place, the benefit option selected at retirement, and age at retirement. The retirement benefit is the greater of the a) highest average salary multiplied by 2.5% and then multiplied by years of service credit, or b) $15 times the first ten years of service credit plus $20 times the service credit over ten years, plus a monthly amount equal to the annuitized participant contribution account balance based on life expectancy and other actuarial factors. In no case can the benefit amount exceed the highest average salary or the amount allowed by applicable federal regulations.

Retirees may elect to withdraw their contributions upon termination of employment, and may be eligible to receive a matching amount if five years of service credit is earned and certain other criteria is met. Retirees who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs) as established by State statutes. Retirees who began employment before January 1, 2007, receive an annual increase of 2%, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2% or the average consumer price index for the prior calendar year. Retirees that began employment after January 1, 2007, receive an annual increase of the lesser of 2% or the average consumer price index for the prior calendar year, with certain limitations.

NOTE 4: DEFINED BENEFIT PENSION PLAN (Continued)

General Information (Continued)

Disability benefits are available for plan participants once they reach five years of earned service credit and meet the definition of a disability. The disability benefit amount is based on the retirement benefit formula described previously, considering a minimum of twenty years of service credit.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure in place, and the qualified survivor receiving the benefits.

Contributions - The School and eligible employees are required to contribute to the DPSD at rates established by Title 24, Article 51, Part 4 of the CRS. These contribution requirements are established and may be amended by the State Legislature. The contribution rate for employees is 8% of covered salaries. The School's contribution rate for calendar years 2016 and 2017 was 19.15% and 19.65% of covered salaries, respectively. However, the State Legislature allowed the School to offset its contribution rates by an amount equal to the obligations of the District with respect to its outstanding PCOPs (See Note 5). As a result, the School's contribution rates for calendar years 2016 and 2017 were 3.61% and 5.09% of covered salaries, respectively. In addition, a portion of the School's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (See Note 6). The School's contributions to the DPSD for the year ended June 30, 2017, were $48,416, equal to the required contributions. Employer contributions are recognized by the DPSD when the related compensation is payable to the employees.

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

At June 30, 2017, the School reported a net pension liability of $1,846,416, representing its proportionate share of the net pension liability of the DPSD. The net pension liability was measured at December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. Standard update procedures were used to roll forward the total pension liability to December 31, 2016.

The School's proportion of the net pension liability was based on the School's contributions to the DPSD for the calendar year ended December 31, 2016, relative to the contributions of all participating employers. At December 31, 2016, the School's proportion was 0.1685498148%, which was a decrease of 0.0077653924% from its proportion measured at December 31, 2015.

For the year ended June 30, 2017, the School recognized pension expense of $259,887. At June 30, 2017, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE 4: DEFINED BENEFIT PENSION PLAN (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 48,481	$ 3,881
Changes of assumptions and other inputs	271,752	120,519
Net difference between projected and actual earnings on plan investments	248,561	-
Changes in proportion	-	86,636
Contributions subsequent to the measurement date	22,953	-
Total	$ 591,747	$ 211,036

School contributions subsequent to the measurement date of $22,953 will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	
2018	$ 109,707
2019	109,707
2020	98,320
2021	40,024
Total	$ 357,758

Actuarial Assumptions - The actuarial valuation as of December 31, 2015, determined the total pension liability using the following actuarial assumptions and other inputs. On November 18, 2016, PERA's governing board adopted revised economic and demographic assumptions, which were effective on December 31, 2016, and which were reflected in the roll-forward calculation of the total pension liability from December 31, 2015, to December 31, 2016, as follows:

	Assumptions	Revised Assumptions
Price inflation	2.8%	2.4%
Real wage growth	1.1%	1.1%
Wage inflation	3.9%	3.5%
Salary increases, including wage inflation	3.9% - 10.1%	3.5% - 9.7%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.5%	7.25%
Discount rate	7.5%	7.25%
Future post-retirement benefit increases:		
Hired prior to 1/1/07	2%	2%
Hired after 12/31/06	ad hoc	ad hoc

NOTE 4: DEFINED BENEFIT PENSION PLAN (Continued)

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

Mortality rates were based on the RP-2000 Combined Mortality Table for Males and Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with males set back one year, and females set back two years. Active member mortality was adjusted to 55 percent of the base rate for males and 40 percent for females. For disabled retirees, the RP-2000 Disabled Retiree Mortality Table was used, set back two years.

The actuarial assumptions used in the December 31, 2015, valuation were based on the results of an actuarial experience study for the period January 1, 2008, through December 31, 2011, adopted by PERA's governing board on November 13, 2012, and an economic study adopted by PERA's governing board on November 15, 2013, and January 17, 2014.

As a result of a 2016 experience analysis, revised economic and demographic actuarial assumptions were adopted by PERA's governing board on November 18, 2016, to more closely reflect PERA's actual experience. The revised assumptions reflected in the roll-forward of the total pension liability included healthy mortality assumptions for active members using the RP-2014 White Collar Employee Mortality Table. The mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates. For disabled retirees, the mortality assumption was changed to reflect 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The long-term expected rate of return on plan investments was determined using 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 most recent analysis of the long-term expected rate of return was adopted by PERA's governing board on November 18, 2016, and included the target allocation and best estimates of geometric real rates of return for each major asset class, as follows:

NOTE 4: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

Discount Rate - The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and the employer contributions will be made at the rates specified in State statutes, which currently require annual increases, to a total of 20.15% of covered salaries for the year ended December 31, 2018. When the actuarially determined funding ratio reaches 103 percent, the employer contribution rate will decrease 0.5% each year, to a minimum of 10.15%.

Based on those assumptions, the DPSD's fiduciary net position was projected to be available to make all projected future benefit payments to current participants. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate at the prior measurement date was 7.5%.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the School's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as the School's proportionate share of the net pension liability if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate, as follows:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	**$ 2,700,519**	**$ 1,846,416**	**$ 1,140,990**

NOTE 4: DEFINED BENEFIT PENSION PLAN (Continued)

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

Pension Plan Fiduciary Net Position - Detailed information about the DPSD's fiduciary net position is available in PERA's separately issued financial report, which may be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 5: PENSION CERTIFICATES OF PARTICIPATION

Beginning in 2008, the District issued Taxable Pension Certificates of Participation (PCOPs) to fund the liabilities of the DPSD (See Note 4). For the year ended June 30, 2017, the School contributed 10.02% of covered salaries, totaling $112,361, to the District to cover its obligation relating to the PCOPs.

NOTE 6: POSTEMPLOYMENT HEALTHCARE BENEFITS

Plan Description - The School contributes to the Denver Public Schools Health Care Trust Fund (HCTF), a cost-sharing multiple-employer postemployment healthcare plan administered by PERA. The HCTF provides a health care premium subsidy to DPSD benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the CRS, as amended, assigns the authority to establish the HCTF benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the HCTF. That report may be obtained as described previously.

Funding Policy - The School is required to contribute at a rate of 1.02% of covered salaries for all DPSD participants. No employee contributions are required. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208 of the CRS, as amended. The School's apportionment to the HCTF for the years ended June 30, 2017, 2016 and 2015 was $11,322, $11,384 and $11,265, respectively, equal to the required amounts for each year.

NOTE 7: COMMITMENTS AND CONTINGENCIES

Claims and Judgments

The School participates in a number of federal and state programs that are fully or partially funded by revenues received from other governmental entities. Expenditures financed by these revenues are subject to audit by the appropriate government. If expenditures are disallowed due to noncompliance with program regulations, the School may be required to reimburse the other government. At June 30, 2017, significant amounts of related expenditures have not been audited but the School believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the School.

NOTE 7: COMMITMENTS AND CONTINGENCIES (Continued)

Tabor Amendment

In November 1992, Colorado voters passed the Tabor Amendment to the State Constitution which limits state and local government taxing powers and imposes spending limitations. The Amendment is subject to many interpretations, but the School believes it is in substantial compliance with the Amendment. In accordance with the Amendment, the School has established an emergency reserve representing 3% of qualifying expenditures. At June 30, 2017, the reserve was reported as restricted fund balance in the General Fund, in the amount of $67,000.

Facility Use Agreement

The School has approved a facility use agreement with the District to lease educational facilities owned by the District, through June 30, 2017. For the year ended June 30, 2017, the School paid facility use fees of $619 per student, which totaled $138,101.

REQUIRED SUPPLEMENTARY INFORMATION

ODYSSEY SCHOOL OF DENVER

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AND CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO
DENVER PUBLIC SCHOOLS DIVISION TRUST FUND
June 30, 2017

	12/31/16	12/31/15	12/31/14	12/31/13
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY				
School's Proportion of the Net Pension Liability	0.1685498148%	0.1763152072%	0.1810841430%	0.1901308091%
School's Proportionate Share of the Net Pension Liability	$ 1,846,416	$ 1,434,386	$ 1,130,997	$ 988,878
School's Covered Payroll	$ 1,113,714	$ 1,103,267	$ 1,067,228	$ 1,036,926
School's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	166%	130%	106%	95%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74%	79%	84%	86%

	6/30/17	6/30/16	6/30/15	6/30/14
SCHOOL CONTRIBUTIONS				
Statutorily Required Contribution	$ 37,094	$ 22,177	$ 24,789	$ 39,957
Contributions in Relation to the Statutorily Required Contribution	(37,094)	(22,177)	(24,789)	(39,957)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School's Covered Payroll	$ 1,109,965	$ 1,115,067	$ 1,104,496	$ 1,030,970
Contributions as a Percentage of Covered Payroll	3.34%	1.99%	2.24%	3.88%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

See the accompanying Independent Auditors' Report.

ODYSSEY SCHOOL OF DENVER

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended June 30, 2017

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Local Sources				
Per Pupil Revenue	$ 1,704,422	$ 1,714,680	$ 1,714,680	$ -
District Mill Levy	192,359	274,161	274,009	(152)
Tuition	47,045	46,749	45,280	(1,469)
Student Activities	30,000	32,400	32,760	360
Seminar Fees	13,500	12,825	12,825	-
Grants and Contributions	106,000	154,983	145,871	(9,112)
Investment Income	1,600	3,000	3,512	512
Miscellaneous	2,500	7,500	872	(6,628)
State Sources				
Additional At-Risk Funding	-	-	797	797
Capital Construction	28,885	34,243	34,243	-
Grants	12,520	25,833	24,926	(907)
Federal Sources				
Grants	10,699	10,699	10,699	-
TOTAL REVENUES	2,149,530	2,317,073	2,300,474	(16,599)
EXPENDITURES				
Salaries	1,200,336	1,202,333	1,185,884	16,449
Employee Benefits	298,921	278,064	276,350	1,714
Purchased Services	478,262	497,336	504,552	(7,216)
Supplies and Materials	122,255	115,821	107,523	8,298
Miscellaneous	78,506	136,603	134,457	2,146
Reserves	721,575	830,135	-	830,135
TOTAL EXPENDITURES	2,899,855	3,060,292	2,208,766	851,526
NET CHANGE IN FUND BALANCE	(750,325)	(743,219)	91,708	834,927
FUND BALANCE, Beginning	750,325	743,219	743,219	-
FUND BALANCE, Ending	$ -	$ -	$ 834,927	$ 834,927

See the accompanying Independent Auditors' Report.

NOTE 1: SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND CONTRIBUTIONS

The Public Employees' Retirement Association of Colorado Denver Public Schools Division Trust Fund's net pension liability and associated amounts are measured annually at December 31, based on an actuarial valuation as of the previous December 31. The School's contributions and related ratios represent cash contributions and any related accruals that coincide with the School's fiscal year ending on June 30.

Changes in Assumptions and Other Inputs

For the year ended June 30, 2017, the total pension liability was determined by an actuarial valuation as of December 31, 2015. In addition, the following revised economic and demographic assumptions were effective as of December 31, 2016, and were reflected in the roll-forward procedures to determine the total pension liability at December 31, 2016.

- Investment rate of return assumption decreased from 7.5% per year, compounded annually, net of investment expenses, to 7.25%.
- Price inflation assumption decreased from 2.8% per year to 2.4%.
- Real rate of investment return assumption increased from 4.7% per year, net of investment expenses, to 4.85%.
- Wage inflation assumption decreased from 3.9% per year to 3.5%.
- Healthy and disabled mortality assumptions are based on the RP-2014 Mortality Tables, updated from the RP-2000 Mortality Tables.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

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

Management submits to the Board of Directors a proposed budget for the fiscal year commencing the following July 1, for their approval. The budget includes proposed expenditures and the means of financing them.

Expenditures may not legally exceed appropriations at the fund level. Revisions that alter the total expenditures of any fund must be approved by the Board of Directors.

All appropriations lapse at fiscal year end.