

**ODYSSEY CHARTER SCHOOL OF  
NEVADA**

**FINANCIAL STATEMENTS**

**JUNE 30, 2017**

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## **Independent Auditors' Report**

**To the Board of Directors  
Odyssey Charter School of Nevada  
Las Vegas, Nevada**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of Odyssey Charter School of Nevada as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Odyssey Charter School of Nevada'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.

### ***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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

### ***Auditors' Responsibility (Continued)***

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 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.

### ***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 Odyssey Charter School of Nevada 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.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8 and budgetary comparison schedules, schedule of Odyssey Charter School of Nevada's proportionate share of the net pension liability, and schedule of contributions on page 28 through 31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Odyssey Charter School of Nevada's basic financial statements. The schedule of expenditures of federal awards as required by the Nevada Department of Education and Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2017, on our consideration of Odyssey Charter School of Nevada's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Odyssey Charter School of Nevada's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Odyssey Charter School of Nevada's internal control over financial reporting and compliance.

*RubinBrown LLP*

October 31, 2017

**ODYSSEY CHARTER SCHOOL OF NEVADA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017**

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**Welcome to the world of innovative education!**

Odyssey Charter School of Nevada (Odyssey) is a technology-based public school, serving grades kindergarten through twelve, sponsored by the Clark County School District and funded by the State of Nevada. Since opening in 1999, Odyssey has offered students and parents an alternative to traditional classroom-based education by providing a family-involved educational process, within the home and classroom, using 21st-century technology. At Odyssey, we believe individualization is the key to success. Odyssey does not charge tuition and is open to all students in Clark County, Nevada.

Supporting the educational process requires careful monitoring of all funds received. The board of directors and its designees use funding for promoting the most effective educational outcomes for each individual student. The following discussion and analysis provides a summary of the year's educational activities from a financial perspective. The accompanying financial statements have been audited by the public accounting firm, RubinBrown LLP. Please read the discussion and analysis in conjunction with the financial statements beginning on page 9.

**Odyssey's Financial Statements**

The financial statements for Odyssey Charter School of Nevada have three components:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements.

**Government-Wide Financial Statements**

The government-wide financial statements include the **statement of net position** and **statement of activities** (change in net position). These statements help readers assess Odyssey's financial performance for a given year and answer the question, "Is Odyssey better or worse off as a result of the year's activities?"

The **statement of net position** shows Odyssey's total assets and liabilities at year-end. The difference between Odyssey's assets and liabilities equals Odyssey's net position. The figure for net position indicates the amount of resources available for future spending.

The **statement of activities** provides a summation of Odyssey's revenue and expenses for the year. The difference between Odyssey's revenue and expenses equals Odyssey's change in net position. A positive figure for change in net position means the School increased the amount of resources available for future spending.



**ODYSSEY CHARTER SCHOOL OF NEVADA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**Fund Financial Statements**

Odyssey maintains control over resources that have been segregated for specific activities by using separate funds. Odyssey uses two funds, the general fund and special revenue fund. The board of directors adopts a budget for each fund.

The fund financial statements include the **balance sheet** and the **statement of revenue, expenditures and changes in fund balances**. These statements help readers assess Odyssey's level of fiscal responsibility and answer the question, "Has Odyssey used its resources in an appropriate manner?"

**Notes to the Financial Statements**

The notes to the financial statements provide explanations for significant items found in the government-wide financial statements and fund financial statements. The notes include a summary of accounting policies used by Odyssey and provide relevant detail on topics such as Odyssey's cash, pension plan, leasing arrangements, and commitments and contingencies.

**Odyssey's Financial Performance**

As of June 30, 2017, Odyssey's liabilities exceeded assets by \$6,674,288; \$469,484 is the net investment in capital assets. Odyssey Charter School of Nevada implemented GASB Statement 68 in 2014-2015. With the new reporting change, the School is allocated its proportionate share of the Public Employee's Retirement System's net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense. Decisions regarding the allocations are made by the administrators of the pension plan, not by the School's management. Current assets exceeded current liabilities by \$4,119,611 which is unrestricted and available for the School's future needs. For the year ended June 30, 2017, Odyssey decreased net position by \$628,787.

**Net Position**

(Amounts expressed in thousands)

	Governmental Activities	
	6/30/16	6/30/17
<b>Assets</b>		
Current assets	\$ 5,698	\$ 5,682
Noncurrent assets	740	538
	<u>6,438</u>	<u>6,220</u>
<b>Deferred Outflows of Resources</b>	<u>2,699</u>	<u>4,217</u>
<b>Liabilities</b>		
Current liabilities	1,502	1,562
Long-term liabilities	<u>12,090</u>	<u>14,550</u>
	<u>13,592</u>	<u>16,112</u>
<b>Deferred Inflows of Resources</b>	<u>1,591</u>	<u>999</u>
<b>Net position</b>		
Invested in capital assets	662	469
Unrestricted, as restated	<u>(6,708)</u>	<u>(7,143)</u>
<b>Total net position</b>	<u>\$ (6,046)</u>	<u>\$ (6,674)</u>

**ODYSSEY CHARTER SCHOOL OF NEVADA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**Change in Net Position**  
(Amounts expressed in thousands)

	Governmental Activities 6/30/16	Governmental Activities 6/30/17
<b>Revenues</b>		
State aid not estimated to specific purposes	\$ 13,898	\$ 14,158
Operating grant and contributions	990	1,456
Interest and investment earnings	4	4
Miscellaneous	<u>19</u>	<u>22</u>
<b>Total revenues</b>	<u>14,911</u>	<u>15,640</u>
<b>Expenses</b>		
Program instruction	7,375	8,634
Supporting services:		
Administration and operations	4,790	5,247
Instruction	<u>2,449</u>	<u>2,388</u>
<b>Total expenses</b>	<u>14,614</u>	<u>16,269</u>
<b>Change in net position</b>	<u>\$ 297</u>	<u>\$ (629)</u>

Comparative financial data is presented for fiscal years 2017 and 2016. The increase in funding in fiscal year 2017 reflects an increase in student enrollment, an increase in state special education funding and an increase in Title 1 funding. Spending increases for fiscal year 2017 reflect increases in staff pay and the implementation of several instructional support initiatives. The decrease in net position of \$628,787 relates primarily to the increase of Odyssey's net pension liability.

**Odyssey's Fiscal Accountability**

Odyssey's fund financial statements indicate whether the school is meeting its budgeted obligations. A positive fund balance at year end indicates that Odyssey has met its obligations for the year and has funds available for future spending. For the year ended June 30, 2017, Odyssey has an unassigned ending fund balance of \$3,976,191. The net change in fund balance is a decrease of \$26,045.



**ODYSSEY CHARTER SCHOOL OF NEVADA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**Balance Sheet**  
**Governmental Funds**  
(Amounts expressed in thousands)

		Special Revenue	
	General	Special Education	Total Governmental Funds
<b>Assets</b>	\$ <u>5,588</u>	\$ <u>162</u>	\$ <u>5,750</u>
<b>Liabilities and fund balances</b>			
Liabilities	1,451	162	1,613
Fund balances	<u>4,137</u>	<u>-</u>	<u>4,137</u>
<b>Total liabilities and fund balances</b>	\$ <u>5,588</u>	\$ <u>162</u>	\$ <u>5,750</u>

**Statement of Revenue, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
(Amounts expressed in thousands)

		Special Revenue	
	General	Special Education	Total Governmental Funds
<b>Revenue</b>	\$ 14,721	\$ 980	\$ 15,701
<b>Expenditures</b>	<u>13,374</u>	<u>2,353</u>	<u>15,727</u>
Excess of revenue over (under) expenditures	1,347	(1,373)	(26)
Operating transfers	<u>1,373</u>	<u>(1,373)</u>	<u>-</u>
Total excess of revenue and other financing sources/uses over expenditures	(26)	-	(26)
<b>Fund balances, beginning of year</b>	<u>4,163</u>	<u>-</u>	<u>4,163</u>
<b>Fund balances, end of year</b>	\$ <u>4,137</u>	\$ <u>-</u>	\$ <u>4,137</u>

**ODYSSEY CHARTER SCHOOL OF NEVADA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED JUNE 30, 2017**

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**Budgetary Highlights for Fiscal Year 2017**

Due to a higher than expected student enrollment, Odyssey increased budgeted state funding by \$343,796. The additional funding was used to add additional teachers, provide cost of living increases to all staff and to replace worn air conditioning units in the High School.

Odyssey also received \$178,230 of additional Title 1 funding. These funds were used for additional student support such as tutoring.

**Significant Economic Factors for Odyssey**

The primary influence on Odyssey's budget and financial activities is average daily student enrollment and state per pupil funding. Over the next five years, average daily student enrollment is expected to range from 2,100 to 2,300 students. In addition, several new categorical funding awards are helping Odyssey expand valuable supports to students.

**Requests for Information**

This report is designed to provide a general overview of the School's financial performance and accountability. If you have questions, or need additional information, contact Odyssey's Business Office at (702) 257-0578.

**ODYSSEY CHARTER SCHOOL OF NEVADA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2017**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
<b>Current assets:</b>	
Cash	\$ 5,380,544
Due from other governmental units	208,631
Prepaid assets	92,419
Total current assets	5,681,594
<b>Non-Current assets:</b>	
Capital assets (net of accumulated depreciation of \$1,935,970)	469,484
Refundable deposits	68,645
Total Non-current assets	538,129
<b>Total assets</b>	<b>6,219,723</b>
<b>Deferred Outflows of Resources:</b>	
Related to pensions	4,217,467
Total deferred outflows of resources	4,217,467
<b>LIABILITIES</b>	
<b>Current liabilities:</b>	
Accounts payable	204,657
Accrued payroll and benefits	1,357,326
Total current liabilities	1,561,983
<b>Long-term liabilities:</b>	
Net pension liability	14,549,797
<b>Total liabilities</b>	<b>16,111,780</b>
<b>Deferred Inflows of Resources:</b>	
Related to pensions	999,698
Total deferred inflows of resources	999,698
<b>Net position</b>	
Net investment in capital assets	469,484
Unrestricted	(7,143,772)
<b>Total net position</b>	<b>\$ (6,674,288)</b>

**ODYSSEY CHARTER SCHOOL OF NEVADA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

Functions	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenues and Changes in net position  Total Governmental Activities
<b>Governmental activities</b>					
Program instruction	\$ (8,634,187)	\$ -	\$ 1,456,283	\$ -	\$ (7,177,904)
Supporting services:					
Administration and operations	(5,246,832)	-	-	-	(5,246,832)
Instruction	<u>(2,388,692)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,388,692)</u>
<b>Total governmental activities</b>	<b><u>\$(16,269,711)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,456,283</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (14,813,428)</u></b>
<b>General revenues</b>					
State aid not restricted to specific purposes					14,158,094
Interest and investment earnings					4,042
Miscellaneous					<u>22,505</u>
<b>Total general revenues</b>					<b><u>14,184,641</u></b>
<b>Change in net position</b>					<b>(628,787)</b>
<b>Net position</b>					
Beginning of year					<u>(6,045,501)</u>
End of year					<b><u>\$ (6,674,288)</u></b>



**ODYSSEY CHARTER SCHOOL OF NEVADA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2017**

	General	Special Education	Total Governmental Funds
<b>ASSETS</b>			
Cash	\$ 5,218,662	\$ 161,882	\$ 5,380,544
Due from other governmental units	208,631	-	208,631
Prepaid assets	92,419	-	92,419
Refundable deposits	68,645	-	68,645
Total assets	5,588,357	161,882	5,750,239
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	179,528	25,129	204,657
Accrued payroll and benefits	1,220,573	136,753	1,357,326
Unearned revenue	51,001	-	51,001
Total liabilities	1,451,102	161,882	1,612,984
<b>FUND BALANCES</b>			
Nonspendable:			
Prepaid assets	92,419	-	92,419
Refundable deposits	68,645	-	68,645
Unassigned	3,976,191	-	3,976,191
Total fund balances	4,137,255	-	4,137,255
Total liabilities and fund balances	\$ 5,588,357	\$ 161,882	\$ 5,750,239

**ODYSSEY CHARTER SCHOOL OF NEVADA**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL**  
**FUNDS TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2017**

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<b>Total fund balances - governmental funds</b>	<b>\$ 4,137,255</b>
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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 funds. The total cost of capital assets is \$2,405,454 and the related accumulated depreciation is \$1,935,970.	469,484
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Certain revenues in the governmental funds are unearned because they are not collected within the prescribed time period after year end. Therefore they are on the accrual basis used in the government-wide statements.	51,001
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Changes in the proportionate share of contributions and contributions to the pension plan in the current fiscal year are deferred outflows of resources on the statement of financial position.	4,217,467
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Pension deferrals related to the actuarial determination of the net pension liability.	(999,698)
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Long-term liabilities used in governmental activities that are not reported in the funds for the net pension liability.	<u>(14,549,797)</u>
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<b>Total net position - governmental activities</b>	<b><u>\$ (6,674,288)</u></b>
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**ODYSSEY CHARTER SCHOOL OF NEVADA**  
**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	General	Special Revenue Special Education	Total Governmental Funds
<b>REVENUE</b>			
Local sources	\$ 26,547	\$ -	\$ 26,547
State sources	14,218,462	631,748	14,850,210
Federal sources	475,846	348,690	824,536
Total revenue	14,720,855	980,438	15,701,293
<b>EXPENDITURES</b>			
Programs - Instruction			
Salaries	3,268,399	1,058,777	4,327,176
Benefits	1,158,821	472,923	1,631,744
Purchased services	1,456,024	636,494	2,092,518
Supplies	310,085	14,340	324,425
Property	10,200	-	10,200
Other programs	39,038	6,240	45,278
Total program expenditures	6,242,567	2,188,774	8,431,341
Undistributed expenditures			
Support services			
Instruction staff support	2,160,119	164,763	2,324,882
School administration	2,371,657	-	2,371,657
Support services - business	1,177,752	-	1,177,752
Operating services	1,397,206	-	1,397,206
School transportation	24,500	-	24,500
Total support services	7,131,234	164,763	7,295,997
Total expenditures	13,373,801	2,353,537	15,727,338
Excess (deficiency) of revenue over (under) expenditures before other financing sources/uses	1,347,054	(1,373,099)	(26,045)
<b>OTHER FINANCING SOURCES/USES</b>			
Transfers	(1,373,099)	1,373,099	-
Net change in fund balance	(26,045)	-	(26,045)
<b>FUND BALANCES, beginning of year</b>	4,163,300	-	4,163,300
<b>FUND BALANCES, end of year</b>	\$ 4,137,255	\$ -	\$ 4,137,255

**ODYSSEY CHARTER SCHOOL OF NEVADA  
RECONCILIATION OF THE STATEMENT OF REVENUE,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017**

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<b>Net change in fund balances - total governmental funds</b>	<b>\$</b>	<b>(26,045)</b>
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Amounts reported for governmental activities in the statement of activities are different because:

The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown as capital assets in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount that the current year's depreciation expense exceeded the capital asset purchases in the current period.

Expenditures for capital assets	10,200	
Less current year depreciation	<u>(202,660)</u>	
		(192,460)

Certain revenues in the governmental funds were unearned in the current year because they were not collected within the prescribed time period after year end. However, they were recorded on the accrual basis in the government-wide statements.

51,001

Certain revenues in the governmental funds were unearned in the prior year because they were not collected within the prescribed time period after year end. However, they were recorded on the accrual basis in the government-wide statements.

(111,369)

Contributions to the pension plan in the current fiscal year that are not included on the Statement of Activities.

1,822,575

Pension expense reported in the statement of activities that does not require the use of current financial resources and, therefore, is not reported as an expenditure in the government funds.

(2,172,489)

(349,914)

**Total change in net position - governmental activities**

**\$ (628,787)**



**ODYSSEY CHARTER SCHOOL OF NEVADA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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**1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Odyssey Charter School of Nevada (School) have been prepared in accordance with U.S. generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies:

**A. Reporting Entity**

Odyssey Charter School of Nevada is a charter school established in 1999 under Nevada Revised Statute 386.500. The School's major operation is to provide an educational alternative through technology-based instruction for kindergarten through twelfth grades in Southern Nevada.

Under the approval by the Nevada Department of Education to operate as a charter school, the School renewed their agreement with the Clark County School District effective for six (6) years from July 1, 2013 through June 30, 2019. Under the agreement, the School agrees to comply with the current statutes and regulations regarding the creation and operation of the School, including specifically, but not limited to, NRS 386.520 and NRS 386.550 and Nevada Administrative Code (NAC) 286.210. The School receives funding from state and federal sources and must comply with the requirements of these funding sources. Under the agreement, the School is considered part of the Clark County School District. As part of the Clark County School District, the School is included in the State of Nevada's reporting.

**B. Government-Wide and Fund Financial Statements**

The accompanying financial statements have been prepared in accordance with the model defined by GASB Codification, Section 2200 (previously referred to as GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments (GASB 34)).

Accounting principles generally accepted in the United States of America require the School to apply all applicable pronouncements of the GASB. The School is also required to follow the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The School is given the option of whether to apply all FASB ASC issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements. Accordingly, the School has elected to implement non-conflicting FASB ASC issued after November 30, 1989.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include grants and contributions that are

ODYSSEY CHARTER SCHOOL OF NEVADA  
NOTES TO FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED JUNE 30, 2017

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1. **REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Government-Wide and Fund Financial Statements (Continued)**

restricted to meeting the operational or capital requirements of a particular function. The local government contribution to education, State of Nevada Department of Education and other items not included among program revenues are reported instead as general revenues.

The major individual governmental funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

**Government-Wide Statements** - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is 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** - The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized when susceptible to accrual (i.e., when it is "measurable and available"). "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers all revenue available if it is collected within 60 days of the end of the current fiscal year. Expenditures are recorded when the related fund liability is incurred, and certain claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Interest is susceptible to accrual and has been recognized as revenue of the current period. Other receipts become measurable and available when cash is received by the School and are recognized as revenue at that time.

The School reports the following major governmental funds:

The *general fund* is the School's primary operating fund. Major revenue sources include the local government's contribution to education, the State of Nevada, U.S. Department of Education, and other state revenues. Expenditures are authorized in the annual budget and are made for such activities as student instruction, support services, administration, operations and maintenance, and student activities.

The *special education fund* is used to account for revenues received and expenditures made to fund the special education program. Most funding is provided through the Clark County School District. A portion of the revenue is funded by the U.S. Department of Education.



**ODYSSEY CHARTER SCHOOL OF NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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**1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Cash and Cash Equivalents**

Cash deposits consist of deposits with financial institutions and are carried at cost. When investing monies the school is required to comply with the Nevada Revised Statutes. The School monies must be deposited in federally insured institutions, remain sufficiently liquid to meet anticipated operating requirements, and provide a reasonable rate of return.

**E. Receivables and Payables**

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

**F. Capital Assets**

Capital assets are defined by the School as assets with an initial individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition value at the date of donation. Costs of normal repairs and maintenance that do not add to the value or materially extend asset life are not capitalized. The School does not have infrastructure type assets. Under the modified accrual basis of accounting, acquisitions are considered expenditures in the year purchased and no depreciation expense is recorded.

Depreciation is used to allocate the actual or estimated historical cost of all capital asset over their estimated useful lives. Furniture, equipment, software, and leasehold improvements are depreciated using the straight-line method over the assets' useful lives which range between 5 to 10 years.

**G. Compensated Absences**

It is the School's policy to permit employees to accumulate an unlimited number of sick days; however, accumulated sick days do not vest under the School's policy, therefore, a liability for unused sick days is not recorded in the financial statements.

Employees identified as administrative personnel accumulate vacation time at a rate of 2 days per month. Employees identified as support staff accumulate vacation time at a rate of .833 days per month for the first year of employment, 1.25 days per month after the first year of employment, 1.50 days per month after five years of employment, and 1.75 days per month after ten years of employment. The School has no liability for unused accrued vacation leave since all vacation leave is lost if not taken each year.

**ODYSSEY CHARTER SCHOOL OF NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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**1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**H. Fund Balance**

In the governmental fund financial statements, the fund balance is classified as Nonspendable, restricted, committed, assigned, or unassigned. Nonspendable fund balance cannot be spent because they are either (a) not in spendable form - prepaid items or inventories; or (b) legally or contractually required to be maintained intact. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the Board of Directors through approval of resolutions. Assigned fund balances reflect amounts constrained by the Board's intent to be used for specific purposes, but are neither restricted nor committed. These constraints are imposed by the Board of Directors or a designee appointed by the Board. Unassigned fund balances in the General Fund are the net resources in excess of what can be properly classified in one of the above four categories. Any negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes.

When both restricted and unrestricted fund balances are available for use, it is the School's policy to use restricted fund balances first, then unrestricted fund balances. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

Net position in the government-wide financial statements are classified as invested in capital assets, net of any related debt, and unrestricted. Any restricted net position represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by the law through state statute.

**I. Use of Estimates**

Preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results may differ from the estimates.

**J. Unearned Revenue**

The item, *unearned revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unearned revenues from intergovernmental revenues as these amounts are unearned and will be recognized as an inflow of resources in the period in which the amounts become available.



**ODYSSEY CHARTER SCHOOL OF NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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**1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**K. Deferred Outflow/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The School has two items that meet this criterion, changes in the proportionate share of contributions and contributions made to the pension plan in the 2017 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The School has one item that meets the criterion for this category, deferrals of pension expense that result from the implementation of GASB Statement 68.

**L. Net Pension Liability**

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer allocation percentage of the net pension liability was based on the total contributions due on wages paid during the measurement period. Each employer's proportion of the net pension liability is based on their combined employer and member contributions relative to the total combined employer and member contributions for all employers for the year ended June 30, 2016.

**M. Long-Term Obligations**

In the government-wide financial statements long-term obligations are reported as liabilities in the governmental activities. The School reported a long-term liability of \$14,549,797 for its proportionate share of the net pension liability.

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary Information**

The School is required by the State of Nevada Department of Education (Department) to adopt a final budget no later than June 8 of each year under NAC 386.370 but is not required by the Department to augment the budget during the year. The annual budgets for all funds are adopted on a basis consistent with accounting principles generally accepted in the United States.

**ODYSSEY CHARTER SCHOOL OF NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**Excess of Expenditures over Appropriations**

For the year ended June 30, 2017, expenditures exceeded appropriations in the special education fund by \$55,085. These over expenditures were funded by additional transfers from the general fund.

**3. BUILDING LEASES**

In December 2015, the School amended their lease agreement with Riverpark Limited Partnership No. 2, South Jones Campus, to extend the lease term with an expiration date of September 14, 2026. Monthly payments are \$48,211, including common area maintenance. This lease increases 3% per year starting October 2019.

On April 1, 2014, the School entered into an amended agreement to lease 6150, 6152, and 6154 W. Sahara Ave. for \$7,239 per month; including common area maintenance, expiring September 15, 2019. This lease increases 3% per year and includes an option to renew for an additional five years with annual increases of 3% per year.

The School entered into an agreement on June 1, 2012 with River Park IV, LLC (subsequently purchased by 6122 W. Sahara, LLC) to lease 6156-6168 W. Sahara Ave. for \$17,815 per month; including common area maintenance, expiring September 14, 2019. This lease contains a seven year renewal option with an annual 3% increase in base rent. Total rent expense paid for the year ending June 30, 2017 was \$898,329.

Future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2018	\$ 884,070
2019	886,627
2020	898,752
2021	921,158
2022	946,903
and thereafter	4,077,624
	<u><u>\$ 8,615,134</u></u>

**ODYSSEY CHARTER SCHOOL OF NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**4. CAPITAL ASSETS**

Capital asset activity of the School's governmental activities was as follows:

	Balance July 1, 2016	Additions	Disposals & Adjustments	Balance June 30, 2017
Capital assets being depreciated:				
Furniture and equipment	\$ 295,470	\$ -	\$ (40,395)	\$ 255,075
Leasehold improvements	2,091,071	-	-	2,091,071
Software	49,108	10,200	-	59,308
Subtotal	<u>2,435,649</u>	<u>10,200</u>	<u>(40,395)</u>	<u>2,405,454</u>
Accumulated depreciation:				
Furniture and equipment	(227,280)	(27,586)	40,395	(214,471)
Leasehold improvements	(1,515,750)	(165,484)	-	(1,681,234)
Software	(30,675)	(9,590)	-	(40,265)
Subtotal	<u>(1,773,705)</u>	<u>(202,660)</u>	<u>40,395</u>	<u>(1,935,970)</u>
Net capital assets being depreciated	<u>\$ 661,944</u>	<u>\$ (192,460)</u>	<u>\$ -</u>	<u>\$ 469,484</u>

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

	Governmental Activities
Operating services	\$ 178,340
Support services - Administration and operations	<u>24,320</u>
	<u>\$ 202,660</u>

**5. UNEARNED REVENUE**

Governmental funds reported unearned revenue in connection with resources that were not collected within the prescribed time period after year end. At June 30, 2016, unearned revenue in the governmental funds was as follows:

Due from other governmental units

General fund \$ 51,001

**6. DEFINED BENEFIT PENSION PLAN**

The School is a public employer participating in the Public Employees Retirement System of the State of Nevada (PERS), a defined benefit cost-sharing multiple-employer program, and all full-time employees are covered under the system. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by calling (775) 687-4200.



**ODYSSEY CHARTER SCHOOL OF NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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**6. DEFINED BENEFIT PENSION PLAN (Continued)**

Benefits

Benefits, as required by the Nevada Revised Statutes (NRS or statute), are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any 36 consecutive months with special provisions for members entering the System on or after January 1, 2010. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

Monthly benefit allowances for members are computed at 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering the System on or after January 1, 2010, there is a 2.5% multiplier. The System offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death.

Post-retirement increases are provided by authority of NRS 286.575-.579.

Vesting

Regular members entering the System prior to January 1, 2010, are eligible for retirement at age 65 with five years of service, at age 60 with ten years of service, or at any age with thirty years of service. Regular members entering the System on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 62 with ten years of service, or any age with thirty years of service. Regular members who entered the System on or after July 1, 2015, are eligible for retirement at age 65 with five years of service, or at age 62 with ten years of service, or at age 55 with thirty years of service, or any age with thirty three and one-third years of service.

The normal ceiling limitation on monthly benefit allowances is 75% of average compensation. However, a member who has an effective date of membership before July 1, 1985, is entitled to a benefit of up to 90% of average compensation. Regular members become fully vested as to benefits upon completion of five years of service.

Contributions

The authority for establishing and amending the obligation to make contributions and member contribution rates, is set by statute. New hires, in agencies which did not elect the Employer-Pay Contribution (EPC) plan prior to July 1, 1983, have the option of selecting one of two contribution plans. Contributions are shared equally by employer and employee. Employees can take a reduced salary and have contributions made by the employer (EPC) or can make contributions by a payroll deduction matched by the employer.

The School's required contribution for the years ended June 30, 2017, June 30, 2016 and June 30, 2015 was \$1,822,575, \$1,776,502, and \$1,553,987, respectively.



**ODYSSEY CHARTER SCHOOL OF NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**6. DEFINED BENEFIT PENSION PLAN (Continued)**

At June 30, 2017, Odyssey Charter School reported a liability of \$14,549,797 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School's proportion of the net pension liability was based on a projection of the School's long-term share of contributions to the pension plan relative to the projected contributions of all participating government entities, actuarially determined.

At June 30, 2016, the School's proportion was 0.10812 percent, which was an increase of .0026 from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the school recognized pension expense of \$2,172,490. At June 30, 2017, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 974,286
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	1,352,577	-
Changes in proportion and differences between PERS contributions and proportionate share of contributions	1,042,315	25,412
PERS contributions subsequent to the measurement date	1,822,575	-
Total	<u>\$ 4,217,467</u>	<u>\$ 999,698</u>

**ODYSSEY CHARTER SCHOOL OF NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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**6. DEFINED BENEFIT PENSION PLAN (Continued)**

\$1,822,575, reported as deferred outflows of resources related to pensions resulting from school contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30:</b>		
2018	\$	149,686
2019		149,686
2020		748,785
2021		447,068
2022		(81,869)
Thereafter		(18,162)

Actuarial Assumptions

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation Rate	3.50%
Payroll Growth	5.00% including inflation
Investment Rate of Return	8.00%
Productivity pay increase	0.75%
Projected salary increases	4.60% to 9.75%, depending on service, rates include inflation and productivity increases
Consumer Price Index	3.50%
Other assumptions	Same as those used in the June 30, 2016 funding Actuarial valuation

Actuarial assumptions used in the June 30, 2016 valuation were based on the results of the experience review completed in 2013.

**ODYSSEY CHARTER SCHOOL OF NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**6. DEFINED BENEFIT PENSION PLAN (Continued)**

Investment Policy

The PERS Board evaluates and establishes expected real rates of return (expected returns, net of investment expenses and inflation) for each asset class. The following was the adopted policy target allocation as of June 30, 2016:

Asset Class	Target Allocation	Long-Term Geometric Expected Real Rate of Return*
Domestic Equity	42%	5.50%
International Equity	18%	5.75%
Domestic Fixed Income	30%	0.25%
Private Markets	10%	6.80%

\*As of June 30, 2016, PERS' long-term inflation assumption was 3.5%.

Discount Rate

The discount rate used to measure the total pension liability was 8.00% as of June 30, 2016. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan's fiduciary net position at June 30, 2016, was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2016.

Sensitivity of the Proportionate Share of Net Pension Liability to Changes in the Discount Rate

The following presents the School's proportionate share of net pension liability using the discount rate of 8.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
School's proportionate share of the net pension liability	\$ 21,327,160	\$ 14,549,797	\$ 8,911,114

Payables to the Pension Plan

As of June 30, 2017, the School owed the pension plan \$184,479 for wages earned through June 30, 2017.



**ODYSSEY CHARTER SCHOOL OF NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**7. COMPLIANCE WITH NEVADA REVISED STATUTES AND NEVADA ADMINISTRATIVE CODE**

The School conformed to all significant statutory constraints on the financial administration during the fiscal year.

**8. CONCENTRATION OF CREDIT RISK**

The School has concentrated its credit risk for cash by maintaining deposits in financial institutions which at times may exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). The loss would represent the excess of the deposit liabilities reported by the banks over the amounts that would have been covered by federal insurance. The School's policies regarding deposits of cash are discussed in Note 1.D.

The information presented below is designed to disclose the level of credit risk assumed by the School based upon how deposits were insured or secured with collateral at June 30, 2017. The categories of credit risk are defined as follows:

- Category 1 - Insured by FDIC or collateralized with securities held by the School or by its agent in its name.
- Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the School's name.
- Category 3 - Uncollateralized

Bank balance at June 30, 2017:	\$5,473,573
Category 1:	\$5,473,573
Category 2:	-
Category 3:	-
Book balance:	\$5,380,544

**9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Transfers in/out:

In the fund financial statements, interfund transfers are shown as other financial sources or uses. Transfers between funds during the year ended June 30, 2017 are as follows:

	Transfers In	
	Special Revenue	
Transfers out	Special Education	Total
General Fund	\$ 1,373,099	\$ 1,373,099



**ODYSSEY CHARTER SCHOOL OF NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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**9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)**

Transfers are used to move unassigned revenues collected in the general fund to finance programs accounted for in other funds. There were no significant transfers during the fiscal year that were either non-routine in nature or inconsistent with the activities of the fund making the transfer.

**10. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through the date of the Independent Auditors' Report, which is the date the statements were available for issue.

**ODYSSEY CHARTER SCHOOL OF NEVADA  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts			Variance with Final Budget Positive - (Negative)
	Original	Final	Actual	
REVENUES				
Local and intermediate sources	\$ 19,800	\$ 26,500	\$ 26,547	\$ 47
State program revenues	13,997,884	14,367,139	14,218,462	(148,677)
Federal program revenues	<u>161,702</u>	<u>483,002</u>	<u>475,846</u>	<u>(7,156)</u>
Total revenues	<u>14,179,386</u>	<u>14,876,641</u>	<u>14,720,855</u>	<u>(155,786)</u>
EXPENDITURES				
Programs - Instruction:				
Salaries	3,028,302	3,340,003	3,268,399	71,604
Benefits	1,094,360	1,157,824	1,158,821	(997)
Purchased services	1,439,327	1,549,296	1,456,024	93,272
Supplies	326,444	331,092	310,085	21,007
Property	10,000	10,000	10,200	(200)
Other programs	<u>12,500</u>	<u>10,500</u>	<u>39,038</u>	<u>(28,538)</u>
Total program expenditures	<u>5,910,933</u>	<u>6,398,715</u>	<u>6,242,567</u>	<u>156,148</u>
Undistributed expenditures				
Support services				
Instructional staff support	2,076,804	2,163,664	2,160,119	3,545
School administration	2,297,274	2,370,159	2,371,657	(1,498)
Support services - business	1,065,873	1,181,260	1,177,752	3,508
Operating services	1,449,505	1,362,969	1,397,206	(34,237)
Other support (all objects)	<u>25,000</u>	<u>37,000</u>	<u>24,500</u>	<u>12,500</u>
Total support services	<u>6,914,456</u>	<u>7,115,052</u>	<u>7,131,234</u>	<u>(16,182)</u>
Total expenditures	<u>12,825,389</u>	<u>13,513,767</u>	<u>13,373,801</u>	<u>139,966</u>
Excess of revenues over expenditures before other financing sources (uses)				
	1,353,997	1,362,874	1,347,054	(15,820)
OTHER FINANCING SOURCES (USES)				
Transfers	<u>(1,523,997)</u>	<u>(1,362,874)</u>	<u>(1,373,099)</u>	<u>(10,225)</u>
Net change in fund balance	(170,000)	-	(26,045)	(26,045)
Fund balance - beginning	<u>4,163,300</u>	<u>4,163,300</u>	<u>4,163,300</u>	-
Fund balance - ending	\$ 3,993,300	\$ 4,163,300	\$ 4,137,255	\$ (26,045)

**ODYSSEY CHARTER SCHOOL OF NEVADA  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND - SPECIAL EDUCATION  
FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget Positive - (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
State program revenues	\$ 546,154	\$ 630,902	\$ 631,748	\$ 846
Federal program revenues	<u>303,396</u>	<u>304,676</u>	<u>348,690</u>	<u>44,014</u>
Total revenues	<u>849,550</u>	<u>935,578</u>	<u>980,438</u>	<u>44,860</u>
<b>EXPENDITURES</b>				
Programs - Instruction:				
Salaries	1,111,890	1,030,430	1,058,777	(28,347)
Benefits	508,525	454,589	472,923	(18,334)
Purchased services	580,050	633,050	636,494	(3,444)
Supplies	9,000	7,000	14,340	(7,340)
Other programs	<u>9,300</u>	<u>9,000</u>	<u>6,240</u>	<u>2,760</u>
Total program expenditures	<u>2,218,765</u>	<u>2,134,069</u>	<u>2,188,774</u>	<u>(54,705)</u>
Undistributed expenditures				
Support services				
School administration	<u>154,782</u>	<u>164,383</u>	<u>164,763</u>	<u>(380)</u>
Total support services	<u>154,782</u>	<u>164,383</u>	<u>164,763</u>	<u>(380)</u>
Total expenditures	<u>2,373,547</u>	<u>2,298,452</u>	<u>2,353,537</u>	<u>(55,085)</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	(1,523,997)	(1,362,874)	(1,373,099)	(10,225)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	<u>1,523,997</u>	<u>1,362,874</u>	<u>1,373,099</u>	<u>10,225</u>
Net change in fund balance	-	-	-	-
<b>Fund balance - beginning</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**ODYSSEY CHARTER SCHOOL OF NEVADA  
REQUIRED SUPPLEMENTARY INFORMATION  
ODYSSEY CHARTER SCHOOL OF NEVADA'S PROPORTIONATE  
SHARE OF NET PENSION LIABILITY  
FOR YEAR ENDED JUNE 30, 2017**

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**Public Employees' Retirement System**

	<b>2017</b>	<b>2016</b>	<b>2015</b>
Odyssey's proportion of the net pension liability (%)	0.10812%	0.10551%	0.09720%
Odyssey's proportion of the net pension liability (\$)	\$ 14,549,797	\$ 12,090,413	\$ 10,130,250
Odyssey's covered-employee payroll	\$6,485,232	\$6,321,676	\$5,587,124
Odyssey's proportionate share of the net pension liability as a percentage of it's covered-employee payroll	224.35%	191.25%	181.31%
Plan fiduciary net position as a percentage of the total pension liability	72.23%	75.13%	76.30%

Note: The schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten years trend is compiled, the School is presenting information for those years for which information is available.



**ODYSSEY CHARTER SCHOOL OF NEVADA  
REQUIRED SUPPLEMENTARY INFORMATION  
ODYSSEY CHARTER SCHOOL OF NEVADA'S CONTRIBUTIONS  
FOR YEAR ENDED JUNE 30, 2017**

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**Public Employees' Retirement System**

	<b>2017</b>	<b>2016</b>	<b>2015</b>
Contractually required contributions	\$ 1,822,575	\$ 1,776,502	\$ 1,553,987
Contributions in relation to the contractually required contribution	1,822,575	1,776,502	1,553,987
Contribution deficiency (excess)	-	-	-
Odyssey's covered-employee payroll	6,873,403	6,485,232	6,321,676
Contributions as a percentage of covered-employee payroll	26.52%	27.39%	24.58%

Note: The schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten years trend is compiled, the School is presenting information for those years for which information is available.

**ODYSSEY CHARTER SCHOOL OF NEVADA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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**1. BUDGETARY INFORMATION**

The School is required by the State of Nevada Department of Education (Department) to adopt a final budget no later than June 8 of each year under NAC 386.370 but is not required by the Department to augment the budget during the year. The annual budgets for all funds are adopted on a basis consistent with accounting principles generally accepted in the United States.

**2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

Total expenditures exceeded budgeted appropriations in the following individual funds:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Special Education Fund	\$ 2,298,452	\$ 2,353,537	\$ (55,085)

**Independent Auditors' Report On Internal Control Over  
Financial Reporting And On Compliance And Other  
Matters Based On An Audit Of Financial Statements  
Performed In Accordance With *Government Auditing  
Standards***

**To the Board of Directors  
Odyssey Charter School of Nevada  
Las Vegas, Nevada**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Odyssey Charter School of Nevada as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Odyssey Charter School of Nevada's basic financial statements and have issued our report thereon dated October 31, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Odyssey Charter School of Nevada's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Odyssey Charter School of Nevada's internal control. Accordingly, we do not express an opinion on the effectiveness of Odyssey Charter School of Nevada's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Odyssey Charter School of Nevada's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Odyssey Charter School of Nevada's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Odyssey Charter School of Nevada's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*RubinBrown LLP*

October 31, 2017

**Independent Auditors' Report On Compliance For Each Major Federal Program  
And On Internal Control Over Compliance Required By The Uniform Guidance**

**To the Board of Directors  
Odyssey Charter School of Nevada  
Las Vegas, Nevada**

**Report on Compliance for Each Major Federal Program**

We have audited Odyssey Charter School of Nevada's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Odyssey Charter School of Nevada's major federal programs for the year ended June 30, 2017. Odyssey Charter School of Nevada's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of Odyssey Charter School of Nevada's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Odyssey Charter School of Nevada's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Odyssey Charter School of Nevada's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Odyssey Charter School of Nevada complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

### **Report on Internal Control over Compliance**

Management of Odyssey Charter School of Nevada is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Odyssey Charter School of Nevada's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Odyssey Charter School of Nevada's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*RubinBrown LLP*

October 31, 2017



**ODYSSEY CHARTER SCHOOL OF NEVADA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
<b>Special Education (IDEA) and Other Programs</b>				
U.S. Department of Education:				
Pass-through program from the Clark County School District:				
Special Education - Grants to States (IDEA, Part B) Cluster	84.027	6639017	\$ 304,676	\$ -
English Language Acquisition Grants	84.365	6658017	2,893	-
Title 1 - Grants to Local Educational Agencies (LEAs)	84.010	6633016 & 6633017	<u>472,952</u>	<u>-</u>
Total Clark County School District			<u>780,521</u>	<u>-</u>
Pass-through program from the Rehabilitation Services_Vocational Rehabilitation Grants to States:				
Rehabilitation Services_Vocational Rehabilitation Grants to States	84.126	2068-17-REHAB	<u>33,048</u>	<u>-</u>
Total Rehabilitation Services_Vocational Rehabilitation Grants to States			<u>33,048</u>	<u>-</u>
<b>Total Expenditures of Federal Awards</b>			<b>\$ <u>813,569</u></b>	<b>\$ <u>-</u></b>

**ODYSSEY CHARTER SCHOOL OF NEVADA  
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017**

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**1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (schedule) includes Odyssey Charter School of Nevada federal grant activity for the year ended June 30, 2017. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

**2. INDIRECT COST**

Odyssey Charter School of Nevada has not elected to use the ten percent de minimus indirect cost rate as allowed in the Uniform Guidance, Section 414.

**ODYSSEY CHARTER SCHOOL OF NEVADA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR YEAR ENDED JUNE 30, 2017,**

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**SUMMARY OF AUDITORS' RESULTS**

- The auditors' report expresses an unmodified opinion on the financial statements of Odyssey Charter School of Nevada for the fiscal year ended June 30, 2017.
- No material weaknesses or significant deficiencies related to internal control over financial reporting are reported.
- No instances of noncompliance, material to the financial statements of Odyssey Charter School of Nevada, which would be required to be reported in accordance with *Governmental Accounting Standards*, were disclosed during the audit.
- The auditors' report on compliance for the major federal award programs for Odyssey Charter School of Nevada expresses an unmodified opinion on all major federal programs.
- No material weaknesses or significant deficiencies relating to the audit of the major federal award programs are reported.
- No audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a).
- The program tested as a major program was the Title I Grants to local educational agencies, CFDA 84.010.
- The threshold for distinguishing Type A from Type B programs was \$750,000.
- Odyssey Charter School of Nevada did not qualify as a low risk auditee.

**FINDINGS RELATED TO FINANCIAL STATEMENTS**

- None.

**FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

- None.