

**PALOUSE PRAIRIE EDUCATIONAL
ORGANIZATION, INC.**

Moscow, Idaho

**Audited Financial Statements
For the Years Ended June 30, 2018 and 2017**

**PALOUSE PRAIRIE EDUCATIONAL
ORGANIZATION, INC.**

Moscow, Idaho

**Audited Financial Statements
For the Years Ended June 30, 2018 and 2017**



PALOUSE PRAIRIE EDUCATIONAL ORGANIZATION, INC.
Moscow, Idaho

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor’s Report	1-2
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	3-4
 FINANCIAL STATEMENTS	
Statements of Financial Position	5
Statements of Activities	6
Statements of Cash Flows.....	7
Notes to the Financial Statements	8-12
 SUPPLEMENTARY INFORMATION	
Independent Auditor’s Report on Supplementary Information	13
Schedule I – Statements of Functional Expense	14–15
Schedule II – Statement of Net Position	16
Schedule III – Balance Sheet	17
Schedule IV – Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	18
 GENERAL FUND	
Schedule V – Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....	19
Schedule VI – Statement of Expenditures By Function – Budget and Actual.....	20-21

ALL SPECIAL REVENUE FUNDS

Schedule VII – Combining Statements of Revenues, Expenditures
and Changes in Fund Balance – All Special Revenue Funds 22

Child Nutrition Fund

Schedule VIII – Statement of Revenues, Expenditures
and Changes in Fund Balance – Budget and Actual..... 23

IDEA Part B (611 School Age 3-21) Fund

Schedule IX – Statement of Revenues, Expenditures
and Changes in Fund Balance– Budget and Actual..... 24

Title I-A, ESSA – Improving Basic Programs Fund

Schedule X – Statement of Revenues, Expenditures
and Changes in Fund Balance– Budget and Actual..... 25

Title II-A, ESEA – Supporting Effective Instruction Fund

Schedule XI – Statement of Revenues, Expenditures
and Changes in Fund Balance – Budget and Actual..... 26

Title IV-A, ESSA – Student Support and Academic Enrichment

Schedule XII – Statement of Revenues, Expenditures
and Changes in Fund Balance – Budget and Actual..... 27

Title V-B, ESSA – Rural Education Initiative Fund

Schedule XIII – Statement of Revenues, Expenditures
and Changes in Fund Balance – Budget and Actual..... 28

Plant Facility Fund

Schedule XIV – Statement of Revenues, Expenditures
and Changes in Fund Balance – Budget and Actual..... 29

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Palouse Prairie Educational Organization, Inc.
Moscow, Idaho 83843

Report on the Financial Statements

We have audited the accompanying financial statements of Palouse Prairie Education Organization, Inc. (an Idaho nonprofit corporation) which comprise the statements of financial position as of June 30, 2018 and 2017 and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion 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.

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

significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Palouse Prairie Education Organization, Inc. as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2018, on our consideration of Palouse Prairie Educational Organization, Inc.'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 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 Palouse Prairie Educational Organization, Inc.'s internal control over financial reporting and compliance.

Hayden Ross, PLLC

Moscow, Idaho
September 21, 2018

**INDEPENDENT AUDITOR’S 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
Palouse Prairie Educational Organization, Inc.
Moscow, ID 83843

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 Palouse Prairie Educational Organization, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated September 21, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Palouse Prairie Educational Organization, Inc.’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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Palouse Prairie Educational Organization, Inc.’s internal control. Accordingly, we do not express an opinion on the effectiveness of Palouse Prairie Educational Organization, Inc.’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 financials 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 the section and was not designed to identify all deficiencies in the internal control that might be material weakness 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 Palouse Prairie Educational Organization, Inc.'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 your 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 the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, the communication is not suitable for any other purpose.

Hayden Ross, PLLC

Moscow, Idaho
September 21, 2018

FINANCIAL STATEMENTS



PALOUSE PRAIRIE EDUCATIONAL ORGANIZATION, INC.

Moscow, Idaho

STATEMENTS OF FINANCIAL POSITION

June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Current Assets		
Cash	273,542	374,191
Investments	53,587	201,646
State support receivable	25,451	28,380
Federal support receivable	5,943	615
Other receivables	2,860	7,124
Supplies on hand	113	174
Prepaid expenses	13,262	10,855
Total Current Assets	<u>374,758</u>	<u>622,985</u>
Property and Equipment		
Buildings and improvements	327,682	327,682
Furniture and equipment	24,869	18,869
Construction in progress	131,988	18,492
Land	392,265	-
Less: accumulated depreciation	<u>(81,800)</u>	<u>(70,532)</u>
Net Property and Equipment	<u>795,004</u>	<u>294,511</u>
Total Assets	<u>\$ 1,169,762</u>	<u>\$ 917,496</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	10,558	27,224
Salaries and benefits payable	135,905	123,819
Total Current Liabilities	<u>146,463</u>	<u>151,043</u>
Net Assets		
Unrestricted	<u>1,023,299</u>	<u>766,453</u>
Total Liabilities and Net Assets	<u>\$ 1,169,762</u>	<u>\$ 917,496</u>

PALOUSE PRAIRIE EDUCATIONAL ORGANIZATION, INC.
Moscow, Idaho

STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Revenue, Grants, and Other Support		
Contributions	140,096	45,015
State support	1,245,034	1,096,400
Federal support	85,569	89,265
Interest	2,567	2,032
Other local	89,011	66,047
	<hr/>	<hr/>
Total Revenue, Grants and Other Support	1,562,277	1,298,759
	<hr/>	<hr/>
Expense		
Program (instructional)	855,483	745,872
Administrative (support)	402,985	377,628
Non-instruction	35,695	36,929
Depreciation	11,268	10,747
	<hr/>	<hr/>
Total Expense	1,305,431	1,171,176
	<hr/>	<hr/>
Change in net assets	256,846	127,583
	<hr/>	<hr/>
Net assets - beginning of year	766,453	638,870
	<hr/>	<hr/>
Net assets - end of year	<u>\$ 1,023,299</u>	<u>\$ 766,453</u>

PALOUSE PRAIRIE EDUCATIONAL ORGANIZATION, INC.
Moscow, Idaho

STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2018 and 2017

	2018	2017
Cash Flows from Operating Activities		
Cash received from contributors	140,096	45,015
Cash received from state support	1,247,963	1,077,736
Cash received from federal support	80,241	96,511
Cash received from interest	2,567	2,032
Other cash received	93,275	60,150
Cash paid to suppliers and employees	(1,301,089)	(1,157,764)
Net Cash Provided By Operating Activities	263,053	123,680
Cash Flows from Investing Activities		
Cash paid for property and equipment	(511,761)	(23,620)
Cash Flows from Financing Activities	-	-
Net Increase (Decrease) In Cash	(248,708)	100,060
Cash and Cash Equivalents - Beginning of Year	575,837	475,777
Cash and Cash Equivalents - End of Year	\$ 327,129	\$ 575,837
Reconciliation of Change in Net Assets to Net		
Cash Provided By Operating Activities:		
Change in net assets	256,846	127,583
Adjustments to reconcile change in net assets		
to net cash provided by operating activities:		
Depreciation	11,268	10,747
Decrease (increase) in state support receivable	2,929	(18,664)
Decrease (increase) in federal support receivable	(5,328)	7,246
Decrease (increase) in other receivables	4,264	(5,897)
Decrease (increase) in supplies on hand	61	164
Decrease (increase) in prepaid expenses	(2,407)	823
Increase (decrease) in accounts payable	(16,666)	(7,123)
Increase (decrease) in salaries and benefits payable	12,086	8,801
Net Cash Provided by Operating Activities	\$ 263,053	\$ 123,680

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

PALOUSE PRAIRIE EDUCATIONAL ORGANIZATION, INC.
Moscow, Idaho

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 1 Organization

The Palouse Prairie Educational Organization, Inc. (the School) is a nonprofit and nonsectarian public educational organization dedicated to the cultivation of student knowledge, skills, awareness and understanding necessary for success in the 21st century. Our vision is to develop students who can acquire, analyze, apply information, think creatively and solve problems. In accordance with our mission, the key goal of the educational program at the School is to academically challenge each child commensurate with his or her abilities and to prepare each child for success in today's and tomorrow's world. The charter serves elementary school aged children (K-8th) in the Latah County area. The School was approved in 2008 by the Idaho Charter School Commission. The School is a center for Expeditionary Learning (EL): Expeditionary Learning is a comprehensive school reform and school development model for elementary, middle and high schools.

NOTE 2 Summary of Significant Accounting Policies

Restricted Support - The School reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, either when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The School reports gifts of land, buildings and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used.

Basis of Accounting - The School uses the accrual basis of accounting. Revenue from grants is recognized as it is earned, and expense is recognized when incurred.

Cash - The School has no requirement to hold cash in separate accounts.

Accounts Receivable - No allowance for uncollectible accounts was calculated by the School, all receivables were deemed to be collectible.

Income Tax Status - The School is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code except for income, if any, derived from unrelated business. The School's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending 2016, 2017, and 2018 are subject to examination by the IRS, generally for three years after the returns are filed.

NOTE 2 Summary of Significant Accounting Policies (Continued)

Property and Equipment - The cost of property and equipment is depreciated over the estimated useful lives of the assets. Major expenditures costing at least \$3,000 which substantially increase useful lives are capitalized. Maintenance, repairs, and minor renewals are expensed as incurred. Depreciation is computed on the straight-line method for financial reporting purposes. The useful lives of property and equipment for purposes of computing depreciation are 5 to 7 years for office furniture and equipment and 39 years for buildings. Depreciation expense for the years ending June 30, 2018 and 2017 was \$11,268 and \$10,747 respectively.

Inventory - The School does not follow the practice of capitalizing expendable supplies at year-end in the General Fund. All supplies are recorded as expenditures in the period in which they were sold.

Use of Estimates - The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses, and actual results may differ from estimated amounts.

Statement of Cash Flows - For purposes of the Statement of Cash Flows, the School considers its investment in the Local Government Investment Pool and all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

Reports Required by the State - Idaho Department of Education requires the School to submit financial information in accordance with accounting principles generally accepted in the United States of America for governmental entities. This information is included as supplemental information to the basic financial statements. The General Fund accounts for activities for general operations and the other funds presented are used to account for activities related to restricted funds and grants the School received. The effects of GASB 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement 27*, have been recorded in the Statement of Net Position.

Subsequent Events - Subsequent events have been evaluated through the date of the auditor's report. This is the date the financial statements were available to be issued. The School has concluded that a material subsequent event has occurred. See note 9 for further details.

NOTE 3 Investments

The School has an account with the Local Government Investment Pool sponsored by the Idaho Legislature. The School carries the balance at fair market value, which also represents cost. The investment account is subject to market risk and is uninsured. At June 30, 2018 and 2017, the balance was \$53,587 and \$201,646, respectively.

NOTE 4 Major Funding Source

The School received a majority of its revenue from the Idaho Department of Education.

Idaho Department of Education	<u>2018</u> \$1,245,034	<u>% of Total Revenue</u> 79.69%
Idaho Department of Education	<u>2017</u> 1,096,400	<u>% of Total Revenue</u> 84.42%

NOTE 5 Operating Line of Credit

On July 5, 2017 the School entered into an agreement with Zions First National Bank for the granting of a revolving line of credit. The School may borrow up to a maximum of \$150,000 with interest at 5.05% at June 30, 2018. The note is due on December 31, 2018 and is collateralized by a lien on all inventory, accounts receivable and equipment. There was no outstanding line of credit balance on June 30, 2018.

NOTE 6 Building Leases

The School entered into a lease agreement on March 2, 2009. The lease commenced on July 1, 2009 and originally expired on June 30, 2012. Prior to the June 30, 2012 expiration the lease was renewed through June 30, 2016. Under the terms of the renewed lease the School was required to pay monthly installments of \$5,000 in addition to taxes and assessments during the lease term. On June 27, 2016 the lease was renewed for an additional three years requiring monthly installments of \$5,600 beginning July 1, 2016.

Future minimum lease payments by fiscal year are as follows:

<u>Fiscal Year</u> <u>Ended June 30,</u>	
2019	67,200

In addition, the School will be required to pay taxes and assessments during the lease term.

NOTE 7 Pension Plan

Public Employee Retirement System of Idaho (PERSI), The PERSI Base Plan, a cost sharing multiple-employer public retirement system, was created by the Idaho State Legislature. It is a defined benefit plan requiring that both the member and the employer contribute. The Plan provides benefits based on members' years of service, age, and compensation. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries. The authority to establish and amend benefit provisions is established in Idaho Code. Designed as a mandatory system for eligible state and school district employees, the legislation provided for other political subdivisions to participate by contractual agreement with PERSI. After 5 years of credited service, members become fully vested in retirement benefits earned to date. Members

NOTE 7 Pension Plan (Continued)

are eligible for retirement benefits upon attainment of the ages specified for their employment classification. For each month of credited service, the annual service retirement allowance is 2.0% of the average monthly salary for the highest consecutive 42 months.

The actuarially determined contribution requirements of the School and its employees are established and may be amended by the PERSI Board of Trustees. For the year ended June 30, 2018, the required contribution rate as a percentage of covered payroll for members was 6.79%. The employer rate as a percentage of covered payroll was 11.32%. The School's contributions required and paid were \$77,193, \$70,867, and \$65,702, for the three years ended June 30, 2018, 2017, and 2016, respectively.

PERSI is subject to pronouncement issued by the Governmental Accounting Standards Board (GASB) and was required to implement GASB 67, *Financial Reporting for Pension Plan-an amendment of GASB Statement No. 25*, effective as of June 30, 2014. The statement established standards and specified the required approach for measuring the pension liability of contributing entities for benefits provided through the pension plan (the net pension liability). As of June 30, 2017, the most recent available audited financial statement of PERSI at the time of issuance, the Plan was reported to be 90.68% funded. The School's proportion of the net pension liability was based on the School's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2017 the School's proportion was 0.0200688% and the estimated net pension liability was \$315,447.

PERSI issues publicly available stand-alone financial reports that include audited financial statements and required supplementary information. These reports may be obtained from PERSI's website www.persi.idaho.gov.

NOTE 8 Concentration of Credit Risk

The Organization maintains bank accounts at three financial institutions. Accounts at an Institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Cash at these institutions exceeded federally insured limits at various times throughout the year.

NOTE 9 Subsequent Event

During the current fiscal year the Organization purchased land and incurred architectural and other planning costs for the construction of a new School facility. On August 20, 2018 the Organization entered into a construction contract to be funded by a construction loan from Potlatch No. 1 Federal Credit Union. The construction is anticipated to be completed within the next fiscal year. Under the terms of the loan the Organization may borrow up to \$2,328,000 for the construction of the facility. Interest on the loan is at a variable rate of prime plus 1.5%. The current rate at the date of the note was 6.5%. The loan is due on demand by the lender. If no demand is made the Organization will repay the lender outstanding principal plus accrued unpaid interest on September 28, 2019 (the date the loan matures). Beginning October 28, 2018 the Organization will pay accrued interest each month to the lender.

NOTE 10 Reclassifications

Certain prior year amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of operations.

SUPPLEMENTARY INFORMATION



INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors
Palouse Prairie Educational Organization, Inc.
Moscow, Idaho 83843

We have audited the financial statements of Palouse Prairie Educational Organization, Inc. as of and for the years ended June 30, 2018 and 2017, and have issued our report thereon dated September 21, 2018, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The supplementary information presented on pages 14 through 29 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financials or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Emphasis of Matter

We draw your attention to Note 2 which requires Palouse Prairie Educational Organization, Inc. to submit to the Idaho State Department of Education financial statements in accordance with accounting principles generally accepted in the United States of America for governmental entities. Schedules II through XIV have been presented for this purpose. Our opinion is not modified with respect to this matter.

Hayden Ross, PLLC

Moscow, Idaho
September 21, 2018

PALOUSE PRAIRIE EDUCATIONAL ORGANIZATION, INC.

Moscow, Idaho

SCHEDULE I - STATEMENT OF FUNCTIONAL EXPENSE

For the Year Ended June 30, 2018

	<u>Program (Instructional)</u>	<u>Administrative (Support)</u>	<u>Non- Instruction</u>	<u>Total</u>
Salaries	517,000	178,702	5,655	701,357
Benefits	156,804	51,978	939	209,721
Purchased services	130,918	163,337	28,656	322,911
Supplies-materials	50,761	8,968	445	60,174
Depreciation	11,268	-	-	11,268
Total Expense	<u>\$ 866,751</u>	<u>\$ 402,985</u>	<u>\$ 35,695</u>	<u>\$ 1,305,431</u>

PALOUSE PRAIRIE EDUCATIONAL ORGANIZATION, INC.

Moscow, Idaho

SCHEDULE I - STATEMENT OF FUNCTIONAL EXPENSE

For the Year Ended June 30, 2017

	<u>Program (Instructional)</u>	<u>Administrative (Support)</u>	<u>Non- Instruction</u>	<u>Total</u>
Salaries	478,790	160,190	6,454	645,434
Benefits	137,883	39,723	1,448	179,054
Purchased services	87,079	164,439	25,546	277,064
Supplies-materials	42,120	13,276	3,481	58,877
Depreciation	10,747	-	-	10,747
Total Expense	<u>\$ 756,619</u>	<u>\$ 377,628</u>	<u>\$ 36,929</u>	<u>\$ 1,171,176</u>

PALOUSE PRAIRIE EDUCATIONAL ORGANIZATION, INC.
 Moscow, Idaho

SCHEDULE II - STATEMENT OF NET POSITION
 June 30, 2018

ASSETS

Current Assets:

Cash	273,542
Investments	53,587
State support receivable	25,451
Federal support receivable	5,943
Other receivables	2,860
Supplies on hand	113
Prepaid expenses	13,262
Total current assets	<u>374,758</u>

Noncurrent Assets:

Non-depreciable capital assets	524,253
Depreciable capital assets	352,551
Less: accumulated depreciation	<u>(81,800)</u>
Total noncurrent assets	<u>795,004</u>

Total assets 1,169,762

DEFERRED OUTFLOWS OF RESOURCES

Pension related items 138,680

LIABILITIES

Current Liabilities:

Accounts payable	10,558
Salaries and benefits payable	<u>135,905</u>
Total current liabilities	<u>146,463</u>

Noncurrent Liabilities:

Net pension liability	<u>315,447</u>
-----------------------	----------------

Total liabilities 461,910

DEFERRED INFLOWS OF RESOURCES

Pension related items 47,319

NET POSITION

Net investment in capital assets	795,004
Unrestricted	<u>4,209</u>

Total net position \$ 799,213

Adjustments to conform with GAAP:

Pension related items	
Deferred outflow of resources	(138,680)
Deferred inflow of resources	47,319
Net pension liability	<u>315,447</u>

Total adjustments to confirm with GAAP 224,086

Net Assets - End of year (GAAP) \$ 1,023,299

PALOUSE PRAIRIE EDUCATIONAL ORGANIZATION, INC.
Moscow, Idaho

SCHEDULE III - BALANCE SHEET
June 30, 2018

	General	Child Nutrition	Title I-A, ESSA Improving Basic Programs	IDEA Part B (611 School Age 3-21)	Title II-A, ESEA - Supporting Effective Instruction	Title IV-A, ESSA - Student Support and Academic Enrichment	Title V-B, ESSA Rural Education Initiative	Totals
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES								
Assets:								
Cash	273,542	-	-	-	-	-	-	273,542
Investments	53,587	-	-	-	-	-	-	53,587
State support receivable	25,451	-	-	-	-	-	-	25,451
Federal support receivable	-	-	5,337	555	51	-	-	5,943
Other receivables	2,860	-	-	-	-	-	-	2,860
Supplies on hand	113	-	-	-	-	-	-	113
Prepaid expenses	13,262	-	-	-	-	-	-	13,262
Due from other funds	5,943	-	-	-	-	-	-	5,943
Total assets	<u>374,758</u>	<u>-</u>	<u>5,337</u>	<u>555</u>	<u>51</u>	<u>-</u>	<u>-</u>	<u>380,701</u>
Deferred outflows of resources	-	-	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 374,758</u>	<u>\$ -</u>	<u>\$ 5,337</u>	<u>\$ 555</u>	<u>\$ 51</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 380,701</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE								
Liabilities:								
Accounts payable	10,558	-	-	-	-	-	-	10,558
Accrued payroll and benefits	135,905	-	-	-	-	-	-	135,905
Due to other funds	-	-	5,337	555	51	-	-	5,943
Total liabilities	<u>146,463</u>	<u>-</u>	<u>5,337</u>	<u>555</u>	<u>51</u>	<u>-</u>	<u>-</u>	<u>152,406</u>
Deferred inflows of resources	-	-	-	-	-	-	-	-
Fund balance:								
Nonspendable	13,262	-	-	-	-	-	-	13,262
Unrestricted	215,033	-	-	-	-	-	-	215,033
Total Fund balance	<u>228,295</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>228,295</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 374,758</u>	<u>\$ -</u>	<u>\$ 5,337</u>	<u>\$ 555</u>	<u>\$ 51</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 380,701</u>

PALOUSE PRAIRIE EDUCATIONAL ORGANIZATION, INC.
Moscow, Idaho

**SCHEDULE IV - RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
June 30, 2018**

Total Fund Balances - Governmental Funds 228,295

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 as assets in governmental funds.

Cost of capital assets	876,804
Accumulated depreciation	(81,800)

Certain pension related items are recorded as a deferred outflow or inflow of resources and recognized in future periods for governmental activities:

Deferred outflow of resources	138,680
Deferred inflow of resources	(47,319)

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of the following:

Net pension liability	<u>(315,447)</u>
-----------------------	------------------

Total Net Position - Governmental Activities	<u><u>\$ 799,213</u></u>
----------------------------------------------	--------------------------

PALOUSE PRAIRIE EDUCATIONAL ORGANIZATION, INC.
Moscow, Idaho

GENERAL FUND
SCHEDULE V - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2018

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Local:			
Interest	2,567	2,500	67
School fees and charges	13,289	12,700	589
Contributions/donations	140,096	140,000	96
Other local	61,450	59,000	2,450
Total local	<u>217,402</u>	<u>214,200</u>	<u>3,202</u>
State:			
Base support	916,550	916,818	(268)
Benefit apportionment	117,598	117,598	-
Other state support	145,805	142,000	3,805
Lottery/additional state maintenance	10,732	10,750	(18)
Other state revenue	54,349	55,500	(1,151)
Total state	<u>1,245,034</u>	<u>1,242,666</u>	<u>2,368</u>
Total revenues	<u>1,462,436</u>	<u>1,456,866</u>	<u>5,570</u>
EXPENDITURES			
Instruction:			
Salaries	496,770	503,028	6,258
Benefits	152,483	162,255	9,772
Purchased services	96,645	97,515	870
Supplies-materials	50,196	53,950	3,754
Total instruction	<u>796,094</u>	<u>816,748</u>	<u>20,654</u>
Support:			
Salaries	172,838	170,654	(2,184)
Benefits	51,978	52,187	209
Purchased services	163,337	165,200	1,863
Supplies-materials	8,968	11,800	2,832
Total support	<u>397,121</u>	<u>399,841</u>	<u>2,720</u>
Non-instruction:			
Benefits	433	-	(433)
Capital outlay	6,000	502,265	496,265
Contingency Budget	-	70,929	70,929
Total expenditures	<u>1,199,648</u>	<u>1,789,783</u>	<u>590,135</u>
Excess (deficiency) of revenues over expenditures	262,788	(332,917)	595,705
Other financing uses:			
Transfer out	(506,435)	(2,330)	(504,105)
Change in fund balance	(243,647)	<u>\$ (335,247)</u>	<u>\$ 91,600</u>
Fund Balance - Beginning of year	<u>471,942</u>		
Fund Balance - End of year (Budget Basis)	228,295		
Adjustments to conform with GAAP:			
Capitalize capital objects	18,656		
Accumulated depreciation	(7,706)		
Net Assets - End of year (GAAP)	<u>\$ 239,245</u>		

PALOUSE PRAIRIE EDUCATIONAL ORGANIZATION, INC.
Moscow, Idaho

GENERAL FUND
SCHEDULE VI - STATEMENT OF EXPENDITURES BY FUNCTION - BUDGET AND ACTUAL
For the Year Ended June 30, 2018

	Actual	Budget	Variance Favorable (Unfavorable)
INSTRUCTION:			
Kindergarten/elementary			
Salaries	453,502	459,381	5,879
Benefits	138,026	148,436	10,410
Purchased services	94,380	95,500	1,120
Supplies-materials	48,541	52,600	4,059
Total kindergarten/elementary	734,449	755,917	21,468
Special education			
Salaries	42,720	43,070	350
Benefits	14,347	13,703	(644)
Purchased services	2,265	2,000	(265)
Supplies-materials	103	150	47
Total special education	59,435	58,923	(512)
School activity program			
Supplies-materials	1,552	1,200	(352)
Summer school program			
Salaries	548	577	29
Benefits	110	116	6
Purchased services	-	15	15
Total summer school program	658	708	50
TOTAL INSTRUCTION:			
Salaries	496,770	503,028	6,258
Benefits	152,483	162,255	9,772
Purchased services	96,645	97,515	870
Supplies-materials	50,196	53,950	3,754
Total Instruction	\$ 796,094	\$ 816,748	\$ 20,654
SUPPORT:			
Board of education			
Purchased services	465	500	35
School administration			
Salaries	111,213	110,514	(699)
Benefits	29,456	29,134	(322)
Total school administration	140,669	139,648	(1,021)
Business operation			
Salaries	38,694	38,694	-
Benefits	13,028	13,235	207
Purchased services	113,969	115,300	1,331
Supplies-materials	1,966	2,100	134
Total business operation	167,657	169,329	1,672

PALOUSE PRAIRIE EDUCATIONAL ORGANIZATION, INC.

Moscow, Idaho

GENERAL FUND

SCHEDULE VI - STATEMENT OF EXPENDITURES BY FUNCTION - BUDGET AND ACTUAL (CONTINUED)

For the Year Ended June 30, 2018

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
SUPPORT (Continued):			
Custodial			
Salaries	18,919	17,812	(1,107)
Benefits	8,678	9,086	408
Purchased services	576	600	24
Supplies-materials	2,417	2,400	(17)
Total custodial	<u>30,590</u>	<u>29,898</u>	<u>(692)</u>
 Maintenance - student occupied			
Salaries	4,012	3,634	(378)
Benefits	816	732	(84)
Purchased services	25,134	25,500	366
Supplies-materials	1,850	4,600	2,750
Total maintenance - student occupied	<u>31,812</u>	<u>34,466</u>	<u>2,654</u>
 Maintenance - grounds			
Purchased services	1,073	1,100	27
Supplies-materials	2,735	2,700	(35)
Total maintenance - grounds	<u>3,808</u>	<u>3,800</u>	<u>(8)</u>
 Pupil transportation			
Purchased services	22,120	22,200	80
 TOTAL SUPPORT:			
Salaries	172,838	170,654	(2,184)
Benefits	51,978	52,187	209
Purchased services	163,337	165,200	1,863
Supplies-materials	8,968	11,800	2,832
Total Support	<u>\$ 397,121</u>	<u>\$ 399,841</u>	<u>\$ 2,720</u>
 NON-INSTRUCTION			
Benefits	<u>\$ 433</u>	<u>\$ -</u>	<u>\$ (433)</u>
 CAPITAL ASSET PROGRAM	<u>\$ 6,000</u>	<u>\$ 502,265</u>	<u>\$ 496,265</u>

PALOUSE PRAIRIE EDUCATIONAL ORGANIZATION, INC.
 Moscow, Idaho

ALL SPECIAL REVENUE FUNDS
SCHEDULE VII - COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 For the Year Ended June 30, 2018

	Child Nutrition	IDEA Part B (611 School Age 3-21)	Charter School Grant	Title I-A, ESSA Improving Basic Programs	Title II-A, ESEA - Supporting Effective Instruction	Title IV-A, ESSA - Student Support and Academic Enrichment	Title V-B, ESSA Rural Education Initiative	Total
REVENUES								
Local:								
Lunch sales	14,272	-	-	-	-	-	-	14,272
Federal:								
Restricted	20,316	24,782	-	24,759	4,336	10,000	1,376	85,569
Total revenues	34,588	24,782	-	24,759	4,336	10,000	1,376	99,841
EXPENDITURES								
Instruction:								
Salaries	-	6,130	-	14,100	-	-	-	20,230
Benefits	-	1,455	-	2,866	-	-	-	4,321
Purchased services	-	16,632	-	6,265	-	10,000	1,376	34,273
Supplies-materials	-	565	-	-	-	-	-	565
Total instruction	-	24,782	-	23,231	-	10,000	1,376	59,389
Support:								
Salaries	-	-	-	1,528	4,336	-	-	5,864
Non-instruction:								
Salaries	5,655	-	-	-	-	-	-	5,655
Benefits	506	-	-	-	-	-	-	506
Purchased services	28,656	-	-	-	-	-	-	28,656
Supplies-materials	445	-	-	-	-	-	-	445
Total non-instruction	35,262	-	-	-	-	-	-	35,262
Total expenditures	35,262	24,782	-	24,759	4,336	10,000	1,376	100,515
Excess (deficiency) of revenues over expenditures	(674)	-	-	-	-	-	-	(674)
Other financing sources:								
Transfer in	674	-	-	-	-	-	-	674
Change in fund balance	-	-	-	-	-	-	-	-
Fund Balance - Beginning of year	-	-	-	-	-	-	-	-
Fund Balance - End of year	-	-	-	-	-	-	-	-
Adjustments to conform with GAAP:								
Capitalize capital objects	-	-	112,947	-	-	-	-	112,947
Depreciation expense	-	-	(26,279)	-	-	-	-	(26,279)
Net Assets - End of year (GAAP)	\$ -	\$ -	\$ 86,668	\$ -	\$ -	\$ -	\$ -	\$ 86,668

PALOUSE PRAIRIE EDUCATIONAL ORGANIZATION, INC.
Moscow, Idaho

CHILD NUTRITION FUND
SCHEDULE VIII - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2018

	Actual	Budget	Variance Favorable (Unfavorable)
REVENUES			
Local:			
Lunch sales	14,272	13,500	772
Total local	14,272	13,500	772
Federal:			
Restricted	20,316	19,000	1,316
Total revenues	34,588	32,500	2,088
EXPENDITURES			
Non-instruction:			
Salaries	5,655	6,114	459
Benefits	506	906	400
Purchased services	28,656	27,360	(1,296)
Supplies-materials	445	450	5
Total expenditures	35,262	34,830	(432)
Excess (deficiency) of revenues over expenditures	(674)	(2,330)	1,656
Other financing sources:			
Transfer in	674	2,330	(1,656)
Change in fund balance	-	\$ -	\$ -
Fund Balance - Beginning of year	-		
Fund Balance - End of year	\$ -		

PALOUSE PRAIRIE EDUCATIONAL ORGANIZATION, INC.
Moscow, Idaho

IDEA PART B (611 SCHOOL AGE 3-21) FUND
SCHEDULE IX - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2018

	Actual	Budget	Variance Favorable (Unfavorable)
REVENUES			
Federal:			
Restricted	24,782	28,449	(3,667)
EXPENDITURES			
Instruction:			
Salaries	6,130	6,553	423
Benefits	1,455	1,508	53
Purchased Services	16,632	19,888	3,256
Supplies-materials	565	500	(65)
Total expenditures	24,782	28,449	3,667
Change in fund balance	-	\$ -	\$ -
Fund Balance - Beginning of year	-		
Fund Balance - End of year	\$ -		

PALOUSE PRAIRIE EDUCATIONAL ORGANIZATION, INC.

Moscow, Idaho

TITLE I-A, ESSA - IMPROVING BASIC PROGRAMS FUND
SCHEDULE X - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2018

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Federal:			
Restricted	<u>24,759</u>	<u>24,759</u>	<u>-</u>
EXPENDITURES			
Instruction:			
Salaries	14,100	13,800	(300)
Benefits	2,866	2,951	85
Purchased services	<u>6,265</u>	<u>6,608</u>	<u>343</u>
Total instruction	<u>23,231</u>	<u>23,359</u>	<u>128</u>
Support:			
Salaries	<u>1,528</u>	<u>1,400</u>	<u>(128)</u>
Total expenditures	<u>24,759</u>	<u>24,759</u>	<u>-</u>
Change in fund balance	-	<u>\$ -</u>	<u>\$ -</u>
Fund Balance - Beginning of year	<u>-</u>		
Fund Balance - End of year	<u>\$ -</u>		

PALOUSE PRAIRIE EDUCATIONAL ORGANIZATION, INC.
Moscow, Idaho

TITLE II-A, ESEA - SUPPORTING EFFECTIVE INSTRUCTION FUND
SCHEDULE XI - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2018

	Actual	Budget	Variance Favorable (Unfavorable)
REVENUES			
Federal:			
Restricted	4,336	4,336	-
EXPENDITURES			
Support			
Salaries	4,336	4,336	-
Change in fund balance	-	\$ -	\$ -
Fund Balance - Beginning of year	-		
Fund Balance - End of year	\$ -		

PALOUSE PRAIRIE EDUCATIONAL ORGANIZATION, INC.
Moscow, Idaho

TITLE IV-A, ESSA - STUDENT SUPPORT AND ACADEMIC ENRICHMENT
SCHEDULE XII - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2018

	Actual	Budget	Variance Favorable (Unfavorable)
REVENUES			
Federal:			
Restricted	10,000	10,000	-
EXPENDITURES			
Instruction:			
Purchased services	10,000	10,000	-
Change in fund balance	-	\$ -	\$ -
Fund Balance - Beginning of year	-		
Fund Balance - End of year	\$ -		

PALOUSE PRAIRIE EDUCATIONAL ORGANIZATION, INC.
Moscow, Idaho

TITLE V-B, ESSA - RURAL EDUCATION INITIATIVE FUND
SCHEDULE XIII - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2018

	Actual	Budget	Variance Favorable (Unfavorable)
REVENUES			
Federal:			
Restricted	1,376	1,376	-
EXPENDITURES			
Instruction:			
Purchased services	1,376	1,376	-
Change in fund balance	-	\$ -	\$ -
Fund Balance - Beginning of year	-		
Fund Balance - End of year	\$ -		

PALOUSE PRAIRIE EDUCATIONAL ORGANIZATION, INC.
Moscow, Idaho

PLANT FACILITY FUND
SCHEDULE XIV - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2018

	Actual	Budget	Variance Favorable (Unfavorable)
REVENUES			
Total revenues	-	-	-
EXPENDITURES			
Capital objects	505,761	-	(505,761)
Excess (deficiency) of revenues over expenditures	(505,761)	-	(505,761)
Other financing sources:			
Transfer in	505,761	-	505,761
Change in fund balance	-	<u>\$ -</u>	<u>\$ -</u>
Fund balance - beginning of year	-		
Fund balance - end of year	-		
Adjustments to conform with GAAP:			
Capitalized capital objects	745,201		
Accumulated depreciation	(47,815)		
Net Assets - End of year (GAAP)	<u>\$ 697,386</u>		