

**PALOUSE PRAIRIE EDUCATIONAL  
ORGANIZATION, INC.**

Moscow, Idaho

**Audited Financial Statements  
For the Years Ended June 30, 2016 and 2015**

**PALOUSE PRAIRIE EDUCATIONAL  
ORGANIZATION, INC.**

Moscow, Idaho

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For the Years Ended June 30, 2016 and 2015**



**PALOUSE PRAIRIE EDUCATIONAL ORGANIZATION, INC.**  
**Moscow, Idaho**

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## 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, 2016 and 2015 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 *Governmental 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, 2016 and 2015, 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 26, 2016, 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 Governmental Auditing standards in considering Palouse Prairie Educational Organization, Inc.'s internal control over financial reporting and compliance.

*Hayden Ross, PLLC*

Moscow, Idaho  
September 26, 2016

**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, 2016 and 2015, 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 26, 2016.

**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 26, 2016



## **FINANCIAL STATEMENTS**



**PALOUSE PRAIRIE EDUCATIONAL ORGANIZATION, INC.**  
**Moscow, Idaho**

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**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Current Assets		
Cash	325,438	345,105
Investments	150,339	-
State and federal support receivable	17,577	20,171
Other receivables	1,227	3,544
Supplies on hand	338	31
Prepaid expenses	11,678	9,500
Total Current Assets	<u>506,597</u>	<u>378,351</u>
Property and Equipment		
Buildings and improvements	322,554	322,553
Furniture and equipment	18,869	18,869
Less: accumulated depreciation	<u>(59,785)</u>	<u>(49,148)</u>
Net Property and Equipment	<u>281,638</u>	<u>292,274</u>
Total Assets	<u><u>\$ 788,235</u></u>	<u><u>\$ 670,625</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable	34,347	6,606
Salaries and benefits payable	115,018	105,576
Total Current Liabilities	<u>149,365</u>	<u>112,182</u>
Net Assets		
Unrestricted	<u>638,870</u>	<u>558,443</u>
Total Liabilities and Net Assets	<u><u>\$ 788,235</u></u>	<u><u>\$ 670,625</u></u>

**PALOUSE PRAIRIE EDUCATIONAL ORGANIZATION, INC.**  
**Moscow, Idaho**

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**STATEMENTS OF ACTIVITIES**  
**For the Years Ended June 30, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Revenue, Grants, and Other Support</b>		
Contributions	15,662	19,576
Federal support	91,009	95,099
State support	970,279	871,713
Interest	1,169	858
Other local	<u>106,650</u>	<u>70,937</u>
Total Revenue, Grants and Other Support	<u>1,184,769</u>	<u>1,058,183</u>
<b>Expense</b>		
Program (instructional)	738,939	668,055
Administrative (support)	319,415	302,787
Non-instruction	35,351	38,899
Depreciation	<u>10,637</u>	<u>10,420</u>
Total Expense	<u>1,104,342</u>	<u>1,020,161</u>
Change in net assets	80,427	38,022
Net assets - beginning of year	<u>558,443</u>	<u>520,421</u>
Net assets - end of year	<u>\$ 638,870</u>	<u>\$ 558,443</u>

**PALOUSE PRAIRIE EDUCATIONAL ORGANIZATION, INC.**  
**Moscow, Idaho**

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**STATEMENTS OF CASH FLOWS**  
**For the Years Ended June 30, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b>Cash Flows from Operating Activities</b>		
Cash received from contributors	15,662	19,576
Cash received from state support	972,873	886,567
Cash received from federal support	91,009	95,099
Cash received from interest	1,169	858
Other cash received	108,967	89,824
Cash paid to suppliers and employees	(1,059,008)	(1,000,178)
Net Cash Provided By Operating Activities	130,672	91,746
<b>Cash Flows from Investing Activities</b>		
Cash paid for capital outlay	-	(28,436)
<b>Cash Flows from Financing Activities</b>	-	-
<b>Net Increase in Cash</b>	130,672	63,310
<b>Cash and Investments - Beginning of Year</b>	345,105	281,795
<b>Cash and Investments- End of Year</b>	\$ 475,777	\$ 345,105
Reconciliation of Change in Net Assets to Net Cash Provided By Operating Activities:		
Change in net assets	80,427	38,022
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	10,637	10,420
Decrease (increase) in prepaid expenses	(2,178)	1,795
Decrease (increase) in federal and state support receivable	2,594	14,854
Decrease (increase) in other receivables	2,317	18,887
Decrease (increase) in supplies on hand	(307)	371
Increase (decrease) in accounts payable	27,741	555
Increase (decrease) in salaries and benefits payable	9,441	6,842
Net Cash Provided by Operating Activities	\$ 130,672	\$ 91,746

**PALOUSE PRAIRIE EDUCATIONAL ORGANIZATION, INC.**  
**Moscow, Idaho**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016 and 2015**

**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-8<sup>th</sup>) 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. All deposits during the year were under the federally insured limit.

**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 2014, 2015, and 2016 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, 2016 and 2015 was \$10,637 and \$10,420 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 all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

**Reports Required by the State** - The income statements required by the State included in the supplemental information breaks out the unrestricted activity. The General Fund accounts for activities for general operations. The Special Revenue funds account for the activities from grants the School received.

**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 determined that no material subsequent events have occurred.

## **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, 2016 and 2015, the balance was \$150,339 and \$0, respectively.

#### **NOTE 4 Major Funding Source**

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

	<u>2016</u>	<u>% of Total Revenue</u>
Idaho Department of Education	\$970,279	81.9%

	<u>2015</u>	<u>% of Total Revenue</u>
Idaho Department of Education	871,713	82.37%

#### **NOTE 5 Building Leases**

The School entered into a lease agreement with Timothy W. Brown 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>	
2017	67,200
2018	67,200
2019	67,200
Total	<u>\$ 201,600</u>

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

#### **NOTE 6 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 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.

## **NOTE 6 Pension Plan (Continued)**

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, 2016, 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 \$65,702, \$59,798, and \$53,661, for the three years ended June 30, 2016, 2015, and 2014, 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, 2015, the most recent available audited financial statement of PERSI at the time of issuance, the Plan was reported to be 91.38% 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, 2015 the School's proportion was .0186569% and the estimated net pension liability was \$245,681.

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](http://www.persi.idaho.gov).



## **SUPPLEMENTARY INFORMATION**



**INDEPENDENT AUDITOR'S REPORT ON  
ADDITIONAL 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, 2016 and 2015, and have issued our report thereon dated September 26, 2016, 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 other additional information presented on pages 13 through 26 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.

*Hayden Ross, PLLC*

Moscow, Idaho  
September 26, 2016

**PALOUSE PRAIRIE EDUCATIONAL ORGANIZATION, INC.**  
**Moscow, Idaho**

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**SCHEDULE I - STATEMENT OF FUNCTIONAL EXPENSE**  
**For the Year Ended June 30, 2016**

	<u>Program (Instructional)</u>	<u>Administrative (Support)</u>	<u>Non- Instruction</u>	<u>Total</u>
Salaries	464,458	127,938	5,071	597,467
Benefits	133,095	33,350	1,030	167,475
Purchased services	80,429	152,221	28,787	261,437
Supplies-materials	60,957	5,906	463	67,326
Depreciation and amortization	10,637	-	-	10,637
Total Expense	<u>\$ 749,576</u>	<u>\$ 319,415</u>	<u>\$ 35,351</u>	<u>\$ 1,104,342</u>

**PALOUSE PRAIRIE EDUCATIONAL ORGANIZATION, INC.**  
**Moscow, Idaho**

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**SCHEDULE I - STATEMENT OF FUNCTIONAL EXPENSE**  
**For the Year Ended June 30, 2015**

	<u>Program (Instructional)</u>	<u>Administrative (Support)</u>	<u>Non- Instruction</u>	<u>Total</u>
Salaries	416,115	122,529	4,876	543,520
Benefits	121,947	33,570	1,386	156,903
Purchased services	84,358	140,932	28,634	253,924
Supplies-materials	45,635	5,756	4,003	55,394
Depreciation and amortization	10,420	-	-	10,420
Total Expense	<u>\$ 678,475</u>	<u>\$ 302,787</u>	<u>\$ 38,899</u>	<u>\$ 1,020,161</u>

Palouse Prairie Educational Organization, Inc.

Moscow, Idaho

SCHEDULE II - STATEMENT OF NET POSITION

June 30, 2016

**ASSETS**

Current Assets:

Cash	325,438
Investments	150,339
State and federal support receivable	17,577
Other receivables	1,227
Supplies on hand	338
Prepaid expenses	11,678
Total current assets	<u>506,597</u>

Noncurrent Assets:

Depreciable capital assets	341,423
Less: accumulated depreciation	<u>(59,785)</u>
Total noncurrent assets	<u>281,638</u>

Total assets 788,235

**DEFERRED OUTFLOWS OF RESOURCES**

Pension related items 171,516

**LIABILITIES**

Current Liabilities:

Accounts payable and other current liabilities	34,347
Salaries and benefits payable	<u>115,018</u>
Total current liabilities	<u>149,365</u>

Noncurrent Liabilities:

Net pension liability	<u>245,681</u>
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Total liabilities 395,046

**DEFERRED INFLOWS OF RESOURCES**

Pension related items 158,468

**NET POSITION**

Net investment in capital assets	281,638
Unrestricted	<u>124,599</u>

Total net position \$ 406,237

Adjustments to conform with GAAP:

Pension related items	
Deferred outflow of resources	(171,516)
Deferred inflow of resources	158,468
Net pension liability	<u>245,681</u>

Total adjustments to confirm with GAAP 232,633

Net Assets - End of year (GAAP) \$ 638,870

**PALOUSE PRAIRIE EDUCATIONAL ORGANIZATION, INC.**  
Moscow, Idaho

**SCHEDULE III - BALANCE SHEET**  
June 30, 2016

	General	Child Nutrition	Title I-A, ESEA Improving Basic Programs	IDEA Part B School Age	Title VI-B, ESEA Rural Education Achieve Prog	Totals
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>						
Assets:						
Cash	325,438	-	-	-	-	325,438
Investments	150,339	-	-	-	-	150,339
State and federal support receivable	9,716	-	-	-	2,963	12,679
Other receivables	1,227	-	4,898	-	-	6,125
Supplies on hand	338	-	-	-	-	338
Prepaid expenses	11,678	-	-	-	-	11,678
Due from other funds	7,861	-	-	-	-	7,861
Total assets	<u>506,597</u>	<u>-</u>	<u>4,898</u>	<u>-</u>	<u>2,963</u>	<u>514,458</u>
Deferred outflows of resources	-	-	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 506,597</u>	<u>\$ -</u>	<u>\$ 4,898</u>	<u>\$ -</u>	<u>\$ 2,963</u>	<u>\$ 514,458</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>						
Liabilities:						
Accounts payable	34,347	-	-	-	-	34,347
Accrued payroll and benefits	115,018	-	-	-	-	115,018
Due to other funds	-	-	4,898	-	2,963	7,861
Total liabilities	<u>149,365</u>	<u>-</u>	<u>4,898</u>	<u>-</u>	<u>2,963</u>	<u>157,226</u>
Deferred inflows of resources	-	-	-	-	-	-
Fund balance:						
Unassigned	<u>357,232</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>357,232</u>
Total Fund balance	<u>357,232</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>357,232</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<u>\$ 506,597</u>	<u>\$ -</u>	<u>\$ 4,898</u>	<u>\$ -</u>	<u>\$ 2,963</u>	<u>\$ 514,458</u>

**Palouse Prairie Educational Organization, Inc.**  
**Moscow, Idaho**

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**SCHEDULE IV - RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES  
TO NET POSITION OF GOVERNMENTAL ACTIVITIES  
June 30, 2016**

Total Fund Balances - Governmental Funds 357,232

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	341,423
Accumulated depreciation	(59,785)

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	171,516
Deferred inflow of resources	(158,468)

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>(245,681)</u>
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Total Net Position - Governmental Activities	<u>\$ 406,237</u>
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**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, 2016**

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Local:			
Interest	1,169	1,000	169
School fees and charges	33,424	33,000	424
Contributions/donations	15,662	15,000	662
Other local	56,844	54,000	2,844
Total local	<u>107,099</u>	<u>103,000</u>	<u>4,099</u>
State:			
Base support	755,930	751,395	4,535
Benefit apportionment	97,851	97,850	1
Other state support	90,132	89,000	1,132
Lottery/additional state maintenance	9,908	9,900	8
Other state revenue	16,458	16,500	(42)
Total state	<u>970,279</u>	<u>964,645</u>	<u>5,634</u>
Total revenues	<u>1,077,378</u>	<u>1,067,645</u>	<u>9,733</u>
<b>EXPENDITURES</b>			
Instruction:			
Salaries	432,175	431,282	(893)
Benefits	127,744	129,098	1,354
Purchased services	52,965	54,800	1,835
Supplies-materials	53,617	52,000	(1,617)
Total instruction	<u>666,501</u>	<u>667,180</u>	<u>679</u>
Support:			
Salaries	127,938	128,060	122
Benefits	33,350	33,757	407
Purchased services	152,222	156,600	4,378
Supplies-materials	5,906	5,850	(56)
Total support	<u>319,416</u>	<u>324,267</u>	<u>4,851</u>
Non-instruction:			
Benefits	388	-	(388)
Contingency Budget	-	46,847	46,847
Total expenditures	<u>986,305</u>	<u>991,447</u>	<u>5,142</u>
Excess (deficiency) of revenues over expenditures	91,073	76,198	14,875
Other financing uses:			
Transfer out	(10)	-	10
Change in fund balance	91,063	<u>\$ 76,198</u>	<u>\$ 14,875</u>
Fund Balance - Beginning of year	<u>266,169</u>		
Fund Balance - End of year (Budget Basis)	357,232		
Adjustments to conform with GAAP:			
Capitalize capital objects	228,476		
Accumulated depreciation	<u>(39,808)</u>		
Net Assets - End of year (GAAP)	<u>\$ 545,900</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, 2016

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
<b>INSTRUCTION:</b>			
Kindergarten/elementary			
Salaries	395,134	395,282	148
Benefits	116,040	118,493	2,453
Purchased services	42,898	43,300	402
Supplies-materials	53,438	51,900	(1,538)
Total kindergarten/elementary	<u>607,510</u>	<u>608,975</u>	<u>1,465</u>
Special education			
Salaries	36,401	36,000	(401)
Benefits	11,704	10,605	(1,099)
Purchased services	10,067	11,500	1,433
Supplies-materials	179	100	(79)
Total special education	<u>58,351</u>	<u>58,205</u>	<u>(146)</u>
Summer school program			
Salaries	640	-	(640)
<b>TOTAL INSTRUCTION:</b>			
Salaries	432,175	431,282	(893)
Benefits	127,744	129,098	1,354
Purchased services	52,965	54,800	1,835
Supplies-materials	53,617	52,000	(1,617)
Total Instruction	<u>\$ 666,501</u>	<u>\$ 667,180</u>	<u>\$ 679</u>
<b>SUPPORT:</b>			
Board of education			
Purchased services	3,750	3,800	50
School administration			
Salaries	85,435	85,379	(56)
Benefits	21,181	21,395	214
Total school administration	<u>106,616</u>	<u>106,774</u>	<u>158</u>
Business operation			
Salaries	34,150	34,000	(150)
Benefits	10,521	10,647	126
Purchased services	99,549	99,400	(149)
Supplies-materials	2,898	3,100	202
Total business operation	<u>147,118</u>	<u>147,147</u>	<u>29</u>

**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, 2016

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
<b>SUPPORT (Continued):</b>			
Custodial			
Salaries	8,353	8,681	328
Benefits	1,648	1,715	67
Purchased services	1,882	2,000	118
Supplies-materials	2,725	2,500	(225)
Total custodial	<u>14,608</u>	<u>14,896</u>	<u>288</u>
 Maintenance - student occupied			
Purchased services	<u>26,757</u>	<u>30,800</u>	<u>4,043</u>
 Maintenance - grounds			
Purchased services	616	900	284
Supplies-materials	283	250	(33)
Total maintenance - grounds	<u>899</u>	<u>1,150</u>	<u>251</u>
 Pupil transportation			
Purchased services	<u>19,668</u>	<u>19,700</u>	<u>32</u>
 <b>TOTAL SUPPORT:</b>			
Salaries	127,938	128,060	122
Benefits	33,350	33,757	407
Purchased services	152,222	156,600	4,378
Supplies-materials	5,906	5,850	(56)
Total Support	<u>\$ 319,416</u>	<u>\$ 324,267</u>	<u>\$ 4,851</u>
 <b>NON-INSTRUCTION</b>			
Benefits	<u>\$ 388</u>	<u>\$ -</u>	<u>\$ (388)</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, 2016

	Child Nutrition	IDEA Part B School Age	Charter School Grant	Title I-A, ESEA Improving Basic Programs	Title II-A, ESEA Improving Teacher Quality	Title VI-B, ESEA Rural Education Achieve Prog	Total
<b>REVENUES</b>							
Local:							
Lunch sales	16,382	-	-	-	-	-	16,382
Federal:							
Restricted	18,571	20,072	-	31,215	3,683	17,468	91,009
Total revenues	34,953	20,072	-	31,215	3,683	17,468	107,391
<b>EXPENDITURES</b>							
Instruction:							
Salaries	-	2,999	-	18,441	3,683	7,160	32,283
Benefits	-	841	-	4,458	-	52	5,351
Purchased services	-	15,874	-	6,697	-	4,893	27,464
Supplies-materials	-	358	-	1,619	-	5,363	7,340
Total instruction	-	20,072	-	31,215	3,683	17,468	72,438
Non-instruction:							
Salaries	5,071	-	-	-	-	-	5,071
Benefits	642	-	-	-	-	-	642
Purchased services	28,787	-	-	-	-	-	28,787
Supplies-materials	463	-	-	-	-	-	463
Total non-instruction	34,963	-	-	-	-	-	34,963
Total expenditures	34,963	20,072	-	31,215	3,683	17,468	107,401
Excess (deficiency) of revenues over expenditures	(10)	-	-	-	-	-	(10)
Other financing sources:							
Transfer in	10	-	-	-	-	-	10
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	-	-	(19,977)	-	-	-	(19,977)
Net Assets - End of year (GAAP)	\$ -	\$ -	\$ 92,970	\$ -	\$ -	\$ -	\$ 92,970

**PALOUSE PRAIRIE EDUCATIONAL ORGANIZATION, INC.**  
**Moscow, Idaho**

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**CHILD NUTRITION FUND**  
**SCHEDULE VIII - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2016**

	<b>Actual</b>	<b>Budget</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES</b>			
Local:			
Lunch sales	16,382	15,000	1,382
Federal:			
Restricted	18,571	18,000	571
Total revenues	34,953	33,000	1,953
<b>EXPENDITURES</b>			
Non-instruction:			
Salaries	5,071	4,801	(270)
Benefits	642	967	325
Purchased services	28,787	29,000	213
Supplies-materials	463	250	(213)
Total expenditures	34,963	35,018	55
Excess (deficiency) of revenues over expenditures	(10)	(2,018)	2,008
Other financing sources:			
Transfer in	10	2,018	(2,008)
Change in fund balance	-	\$ -	\$ -
Fund Balance - Beginning of year	-		
Fund Balance - End of year	\$ -		

**PALOUSE PRAIRIE EDUCATIONAL ORGANIZATION, INC.**  
**Moscow, Idaho**

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**IDEA PART B SCHOOL-AGE FUND**  
**SCHEDULE IX - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2016**

	<b>Actual</b>	<b>Budget</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES</b>			
Federal:			
Restricted	20,072	20,072	-
<b>EXPENDITURES</b>			
Instruction:			
Salaries	2,999	4,000	1,001
Benefits	841	1,175	334
Purchased Services	15,874	14,456	(1,418)
Supplies-materials	358	441	83
Total expenditures	20,072	20,072	-
Change in fund balance	-	\$ -	\$ -
Fund Balance - Beginning of year	-		
Fund Balance - End of year	\$ -		

**PALOUSE PRAIRIE EDUCATIONAL ORGANIZATION, INC.**  
**Moscow, Idaho**

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**TITLE I-A, ESEA - IMPROVING BASIC PROGRAMS FUND**  
**SCHEDULE X - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2016**

	<b>Actual</b>	<b>Budget</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES</b>			
Federal:			
Restricted	31,215	31,215	-
Total revenues	31,215	31,215	-
<b>EXPENDITURES</b>			
Instruction:			
Salaries	18,441	18,355	(86)
Benefits	4,458	4,456	(2)
Purchased services	6,697	6,700	3
Supplies-materials	1,619	1,704	85
Total expenditures	31,215	31,215	-
Change in fund balance	-	\$ -	\$ -
Fund Balance - Beginning of year	-		
Fund Balance - End of year	\$ -		

**PALOUSE PRAIRIE EDUCATIONAL ORGANIZATION, INC.**  
**Moscow, Idaho**

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**TITLE II-A, ESEA - IMPROVING TEACHER QUALITY FUND**  
**SCHEDULE XI - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2016**

	Actual	Budget	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Federal:			
Restricted	3,683	3,698	(15)
Total revenues	3,683	3,698	(15)
<b>EXPENDITURES</b>			
Instruction:			
Salaries	3,683	3,698	15
Total expenditures	3,683	3,698	15
Change in fund balance	-	\$ -	\$ -
Fund Balance - Beginning of year	-		
Fund Balance - End of year	\$ -		

**PALOUSE PRAIRIE EDUCATIONAL ORGANIZATION, INC.**  
**Moscow, Idaho**

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**TITLE VI-B, ESEA - RURAL EDUCATION ACHIEVEMENT PROGRAMS FUND**  
**SCHEDULE XII - REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2016**

	<b>Actual</b>	<b>Budget</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES</b>			
Federal:			
Restricted	17,468	17,478	(10)
<b>EXPENDITURES</b>			
Instruction:			
Salaries	7,160	7,160	-
Benefits	52	52	-
Purchased Services	4,893	4,903	10
Supplies	5,363	5,363	-
Total expenditures	17,468	17,478	10
Change in fund balance	-	\$ -	\$ -
Fund Balance - Beginning of year	-		
Fund Balance - End of year	\$ -		