

**PALOUSE PRAIRIE EDUCATIONAL
ORGANIZATION, INC.**

Moscow, Idaho

**Audited Financial Statements
For the Years Ended June 30, 2017 and 2016**

**PALOUSE PRAIRIE EDUCATIONAL
ORGANIZATION, INC.**

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For the Years Ended June 30, 2017 and 2016**



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, 2017 and 2016 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, 2017 and 2016, 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 25, 2017, 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 25, 2017

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, 2017 and 2016, 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 25, 2017.

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 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 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 25, 2017

FINANCIAL STATEMENTS



PALOUSE PRAIRIE EDUCATIONAL ORGANIZATION, INC.

Moscow, Idaho

STATEMENTS OF FINANCIAL POSITION

June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Current Assets		
Cash	374,191	325,438
Investments	201,646	150,339
State and federal support receivable	28,995	17,577
Other receivables	7,124	1,227
Supplies on hand	174	338
Prepaid expenses	10,855	11,678
Total Current Assets	<u>622,985</u>	<u>506,597</u>
Property and Equipment		
Buildings and improvements	327,682	322,554
Furniture and equipment	18,869	18,869
Construction in progress	18,492	-
Less: accumulated depreciation	<u>(70,532)</u>	<u>(59,785)</u>
Net Property and Equipment	<u>294,511</u>	<u>281,638</u>
Total Assets	<u>\$ 917,496</u>	<u>\$ 788,235</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	27,224	34,347
Salaries and benefits payable	123,819	115,018
Total Current Liabilities	<u>151,043</u>	<u>149,365</u>
Net Assets		
Unrestricted	<u>766,453</u>	<u>638,870</u>
Total Liabilities and Net Assets	<u>\$ 917,496</u>	<u>\$ 788,235</u>

PALOUSE PRAIRIE EDUCATIONAL ORGANIZATION, INC.
Moscow, Idaho

STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Revenue, Grants, and Other Support		
Contributions	45,015	15,662
Federal support	89,265	91,009
State support	1,096,400	970,279
Interest	2,032	1,169
Other local	66,047	106,650
	<hr/>	<hr/>
Total Revenue, Grants and Other Support	1,298,759	1,184,769
	<hr/>	<hr/>
Expense		
Program (instructional)	745,872	738,939
Administrative (support)	377,628	319,415
Non-instruction	36,929	35,351
Depreciation	10,747	10,637
	<hr/>	<hr/>
Total Expense	1,171,176	1,104,342
	<hr/>	<hr/>
Change in net assets	127,583	80,427
	<hr/>	<hr/>
Net assets - beginning of year	638,870	558,443
	<hr/>	<hr/>
Net assets - end of year	<u>\$ 766,453</u>	<u>\$ 638,870</u>

PALOUSE PRAIRIE EDUCATIONAL ORGANIZATION, INC.

Moscow, Idaho

STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash Flows from Operating Activities		
Cash received from contributors	45,015	15,662
Cash received from state support	1,084,982	972,873
Cash received from federal support	89,265	91,009
Cash received from interest	2,032	1,169
Other cash received	60,150	108,967
Cash paid to suppliers and employees	<u>(1,157,764)</u>	<u>(1,059,008)</u>
Net Cash Provided By Operating Activities	<u>123,680</u>	<u>130,672</u>
Cash Flows from Investing Activities		
Cash paid for property and equipment	<u>(23,620)</u>	<u>-</u>
Cash Flows from Financing Activities	<u>-</u>	<u>-</u>
Net Increase in Cash	100,060	130,672
Cash and Cash Equivalents - Beginning of Year	<u>475,777</u>	<u>345,105</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 575,837</u></u>	<u><u>\$ 475,777</u></u>
Reconciliation of Change in Net Assets to Net Cash Provided By Operating Activities:		
Change in net assets	127,583	80,427
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	10,747	10,637
Decrease (increase) in prepaid expenses	823	(2,178)
Decrease (increase) in federal and state support receivable	(11,418)	2,594
Decrease (increase) in other receivables	(5,897)	2,317
Decrease (increase) in supplies on hand	164	(307)
Increase (decrease) in accounts payable	(7,123)	27,741
Increase (decrease) in salaries and benefits payable	<u>8,801</u>	<u>9,441</u>
Net Cash Provided by Operating Activities	<u><u>\$ 123,680</u></u>	<u><u>\$ 130,672</u></u>

PALOUSE PRAIRIE EDUCATIONAL ORGANIZATION, INC.
Moscow, Idaho

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017 and 2016

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. 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 2015, 2016, and 2017 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, 2017 and 2016 was \$10,747 and \$10,637 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 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, 2017 and 2016, the balance was \$201,646 and \$150,339, respectively.

NOTE 4 Major Funding Source

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

	<u>2017</u>	<u>% of Total Revenue</u>
Idaho Department of Education	\$1,096,400	84.42%
	<u>2016</u>	<u>% of Total Revenue</u>
Idaho Department of Education	970,279	81.9%

NOTE 5 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:

Fiscal Year	
<u>Ended June 30,</u>	
2018	67,200
2019	<u>67,200</u>
Total	<u><u>\$ 134,400</u></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, 2017, 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 \$70,867, \$65,702, and \$59,798, for the three years ended June 30, 2017, 2016, and 2015, 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, 2016, the most recent available audited financial statement of PERSI at the time of issuance, the Plan was reported to be 87.26% 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, 2016 the School's proportion was .0197236% and the estimated net pension liability was \$399,828.

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.

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, 2017 and 2016, and have issued our report thereon dated September 25, 2017, 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 13 through 27 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 XIII have been presented for this purpose. Our opinion is not modified with respect to this matter.

Hayden Ross, PLLC

Moscow, Idaho
September 25, 2017

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 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	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

SCHEDULE II - STATEMENT OF NET POSITION
June 30, 2017

ASSETS

Current Assets:

Cash	374,191
Investments	201,646
State and federal support receivable	28,380
Other receivables	7,739
Supplies on hand	174
Prepaid expenses	10,855
Total current assets	<u>622,985</u>

Noncurrent Assets:

Non-depreciable capital assets	18,492
Depreciable capital assets	346,551
Less: accumulated depreciation	<u>(70,532)</u>
Total noncurrent assets	<u>294,511</u>

Total assets 917,496

DEFERRED OUTFLOWS OF RESOURCES

Pension related items 281,227

LIABILITIES

Current Liabilities:

Accounts payable and other current liabilities	27,224
Salaries and benefits payable	<u>123,819</u>
Total current liabilities	<u>151,043</u>

Noncurrent Liabilities:

Net pension liability	<u>399,828</u>
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Total liabilities 550,871

DEFERRED INFLOWS OF RESOURCES

Pension related items 130,768

NET POSITION

Net investment in capital assets	294,511
Unrestricted	<u>222,573</u>

Total net position \$ 517,084

Adjustments to conform with GAAP:

Pension related items	
Deferred outflow of resources	(281,227)
Deferred inflow of resources	130,768
Net pension liability	<u>399,828</u>

Total adjustments to confirm with GAAP 249,369

Net Assets - End of year (GAAP) \$ 766,453

PALOUSE PRAIRIE EDUCATIONAL ORGANIZATION, INC.
Moscow, Idaho

SCHEDULE III - BALANCE SHEET
June 30, 2017

	General	Child Nutrition	Title I-A, ESEA Improving Basic Programs	IDEA Part B School Age	Title VI-B, ESEA Rural Education Achieve Prog	Totals
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
Assets:						
Cash	374,191	-	-	-	-	374,191
Investments	201,646	-	-	-	-	201,646
State and federal support receivable	28,380	-	-	-	-	28,380
Other receivables	7,124	-	-	615	-	7,739
Supplies on hand	174	-	-	-	-	174
Prepaid expenses	10,855	-	-	-	-	10,855
Due from other funds	615	-	-	-	-	615
Total assets	622,985	-	-	615	-	623,600
Deferred outflows of resources	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 622,985	\$ -	\$ -	\$ 615	\$ -	\$ 623,600
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE						
Liabilities:						
Accounts payable	27,224	-	-	-	-	27,224
Accrued payroll and benefits	123,819	-	-	-	-	123,819
Due to other funds	-	-	-	615	-	615
Total liabilities	151,043	-	-	615	-	151,658
Deferred inflows of resources	-	-	-	-	-	-
Fund balance:						
Nonspendable	10,855	-	-	-	-	10,855
Unrestricted	461,087	-	-	-	-	461,087
Total Fund balance	471,942	-	-	-	-	471,942
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 622,985	\$ -	\$ -	\$ 615	\$ -	\$ 623,600

PALOUSE PRAIRIE EDUCATIONAL ORGANIZATION, INC.
Moscow, Idaho

**SCHEDULE IV - RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
June 30, 2017**

Total Fund Balances - Governmental Funds 471,942

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	365,043
Accumulated depreciation	(70,532)

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	281,227
Deferred inflow of resources	(130,768)

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>(399,828)</u>
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Total Net Position - Governmental Activities \$ 517,084

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, 2017

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Local:			
Interest	2,032	1,900	132
School fees and charges	9,314	9,000	314
Contributions/donations	45,015	41,000	4,015
Other local	41,645	34,750	6,895
Total local	<u>98,006</u>	<u>86,650</u>	<u>11,356</u>
State:			
Base support	818,760	804,654	14,106
Benefit apportionment	102,722	101,948	774
Other state support	125,597	121,000	4,597
Lottery/additional state maintenance	10,289	10,000	289
Other state revenue	39,032	39,500	(468)
Total state	<u>1,096,400</u>	<u>1,077,102</u>	<u>19,298</u>
Total revenues	<u>1,194,406</u>	<u>1,163,752</u>	<u>30,654</u>
EXPENDITURES			
Instruction:			
Salaries	449,355	446,735	(2,620)
Benefits	134,642	137,758	3,116
Purchased services	63,790	66,625	2,835
Supplies-materials	41,416	38,357	(3,059)
Total instruction	<u>689,203</u>	<u>689,475</u>	<u>272</u>
Support:			
Salaries	149,315	146,820	(2,495)
Benefits	39,723	39,236	(487)
Purchased services	162,099	164,199	2,100
Supplies-materials	13,276	9,850	(3,426)
Total support	<u>364,413</u>	<u>360,105</u>	<u>(4,308)</u>
Non-instruction:			
Benefits	494	-	(494)
Contingency Budget	-	51,774	51,774
Total expenditures	<u>1,054,110</u>	<u>1,049,580</u>	<u>(4,530)</u>
Excess (deficiency) of revenues over expenditures	140,296	114,172	26,124
Other financing uses:			
Transfer out	(25,586)	-	(25,586)
Change in fund balance	114,710	<u>\$ 114,172</u>	<u>\$ 538</u>
Fund Balance - Beginning of year	<u>357,232</u>		
Fund Balance - End of year (Budget Basis)	471,942		
Adjustments to conform with GAAP:			
Capitalize capital objects	12,656		
Accumulated depreciation	<u>(6,025)</u>		
Net Assets - End of year (GAAP)	<u>\$ 478,573</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, 2017**

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
INSTRUCTION:			
Kindergarten/elementary			
Salaries	405,710	402,575	(3,135)
Benefits	121,756	124,866	3,110
Purchased services	60,090	63,125	3,035
Supplies-materials	40,800	37,507	(3,293)
Total kindergarten/elementary	<u>628,356</u>	<u>628,073</u>	<u>(283)</u>
Special education			
Salaries	43,225	43,600	375
Benefits	12,793	12,892	99
Purchased services	3,700	3,500	(200)
Supplies-materials	117	350	233
Total special education	<u>59,835</u>	<u>60,342</u>	<u>507</u>
School activity program			
Supplies-materials	<u>499</u>	<u>500</u>	<u>1</u>
Summer school program			
Salaries	420	560	140
Benefits	93	113	20
Total summer school program	<u>513</u>	<u>673</u>	<u>160</u>
TOTAL INSTRUCTION:			
Salaries	449,355	446,735	(2,620)
Benefits	134,642	137,758	3,116
Purchased services	63,790	66,625	2,835
Supplies-materials	41,416	38,357	(3,059)
Total Instruction	<u>\$ 689,203</u>	<u>\$ 689,475</u>	<u>\$ 272</u>
SUPPORT:			
Board of education			
Purchased services	<u>450</u>	<u>500</u>	<u>50</u>
School administration			
Salaries	94,065	92,715	(1,350)
Benefits	25,283	24,967	(316)
Total school administration	<u>119,348</u>	<u>117,682</u>	<u>(1,666)</u>
Business operation			
Salaries	39,473	38,920	(553)
Benefits	11,956	11,622	(334)
Purchased services	111,783	109,599	(2,184)
Supplies-materials	6,476	6,700	224
Total business operation	<u>169,688</u>	<u>166,841</u>	<u>(2,847)</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, 2017

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
SUPPORT (Continued):			
Custodial			
Salaries	14,186	13,941	(245)
Benefits	2,381	2,552	171
Purchased services	1,365	2,000	635
Supplies-materials	2,337	2,800	463
Total custodial	<u>20,269</u>	<u>21,293</u>	<u>1,024</u>
 Maintenance - student occupied			
Salaries	1,591	1,244	(347)
Benefits	103	95	(8)
Purchased services	28,269	31,900	3,631
Supplies-materials	4,110	-	(4,110)
Total maintenance - student occupied	<u>34,073</u>	<u>33,239</u>	<u>(834)</u>
 Maintenance - grounds			
Purchased services	2,020	2,200	180
Supplies-materials	353	350	(3)
Total maintenance - grounds	<u>2,373</u>	<u>2,550</u>	<u>177</u>
 Pupil transportation			
Purchased services	<u>18,212</u>	<u>18,000</u>	<u>(212)</u>
 TOTAL SUPPORT:			
Salaries	149,315	146,820	(2,495)
Benefits	39,723	39,236	(487)
Purchased services	162,099	164,199	2,100
Supplies-materials	13,276	9,850	(3,426)
Total Support	<u>\$ 364,413</u>	<u>\$ 360,105</u>	<u>\$ (4,308)</u>
 NON-INSTRUCTION			
Benefits	<u>\$ 494</u>	<u>\$ -</u>	<u>\$ (494)</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, 2017

	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
REVENUES							
Local:							
Lunch sales	11,838	-	-	-	-	-	11,838
Other local	3,250	-	-	-	-	-	3,250
Total local	<u>15,088</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,088</u>
Federal:							
Restricted	19,381	12,867	-	29,666	3,625	23,726	89,265
Total revenues	<u>34,469</u>	<u>12,867</u>	<u>-</u>	<u>29,666</u>	<u>3,625</u>	<u>23,726</u>	<u>104,353</u>
EXPENDITURES							
Instruction:							
Salaries	-	-	-	21,155	-	8,280	29,435
Benefits	-	-	-	3,241	-	-	3,241
Purchased services	-	12,313	-	1,981	-	8,995	23,289
Supplies-materials	-	554	-	150	-	-	704
Total instruction	<u>-</u>	<u>12,867</u>	<u>-</u>	<u>26,527</u>	<u>-</u>	<u>17,275</u>	<u>56,669</u>
Support:							
Salaries	-	-	-	2,950	3,625	4,300	10,875
Purchased services	-	-	-	189	-	2,151	2,340
Total support	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,139</u>	<u>3,625</u>	<u>6,451</u>	<u>13,215</u>
Non-instruction:							
Salaries	6,454	-	-	-	-	-	6,454
Benefits	954	-	-	-	-	-	954
Purchased services	25,546	-	-	-	-	-	25,546
Supplies-materials	3,481	-	-	-	-	-	3,481
Total non-instruction	<u>36,435</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,435</u>
Total expenditures	<u>36,435</u>	<u>12,867</u>	<u>-</u>	<u>29,666</u>	<u>3,625</u>	<u>23,726</u>	<u>106,319</u>
Excess (deficiency) of revenues over expenditures	<u>(1,966)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,966)</u>
Other financing sources:							
Transfer in	1,966	-	-	-	-	-	1,966
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	-	-	(23,128)	-	-	-	(23,128)
Net Assets - End of year (GAAP)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 89,819</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 89,819</u>

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, 2017

	Actual	Budget	Variance Favorable (Unfavorable)
REVENUES			
Local:			
Lunch sales	11,838	12,000	(162)
Other local	3,250	3,250	-
Total local	15,088	15,250	(162)
Federal:			
Restricted	19,381	18,000	1,381
Total revenues	34,469	33,250	1,219
EXPENDITURES			
Non-instruction:			
Salaries	6,454	6,078	(376)
Benefits	954	1,454	500
Purchased services	25,546	25,360	(186)
Supplies-materials	3,481	3,400	(81)
Total expenditures	36,435	36,292	(143)
Excess (deficiency) of revenues over expenditures	(1,966)	(3,042)	1,076
Other financing sources:			
Transfer in	1,966	3,042	(1,076)
Change in fund balance	-	\$ -	\$ -
Fund Balance - Beginning of year	-		
Fund Balance - End of year	\$ -		

PALOUSE PRAIRIE EDUCATIONAL ORGANIZATION, INC.
Moscow, Idaho

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, 2017

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Federal:			
Restricted	12,867	20,403	(7,536)
EXPENDITURES			
Instruction:			
Purchased Services	12,313	20,403	8,090
Supplies-materials	554	-	(554)
Total expenditures	12,867	20,403	7,536
Change in fund balance	-	\$ -	\$ -
Fund Balance - Beginning of year	-		
Fund Balance - End of year	\$ -		

PALOUSE PRAIRIE EDUCATIONAL ORGANIZATION, INC.

Moscow, Idaho

**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, 2017**

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Federal:			
Restricted	<u>29,666</u>	<u>29,863</u>	<u>(197)</u>
Total revenues	<u>29,666</u>	<u>29,863</u>	<u>(197)</u>
EXPENDITURES			
Instruction:			
Salaries	21,155	20,960	(195)
Benefits	3,241	3,175	(66)
Purchased services	1,981	2,085	104
Supplies-materials	<u>150</u>	<u>743</u>	<u>593</u>
Total instruction	<u>26,527</u>	<u>26,963</u>	<u>436</u>
Support:			
Salaries	2,950	2,900	(50)
Purchased services	<u>189</u>	<u>-</u>	<u>(189)</u>
Total support	<u>3,139</u>	<u>2,900</u>	<u>(239)</u>
Total expenditures	<u>29,666</u>	<u>29,863</u>	<u>197</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 - IMPROVING TEACHER QUALITY FUND
SCHEDULE XI - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2017**

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Federal:			
Restricted	<u>3,625</u>	<u>3,625</u>	<u>-</u>
Total revenues	<u>3,625</u>	<u>3,625</u>	<u>-</u>
EXPENDITURES			
Support			
Salaries	<u>3,625</u>	<u>3,625</u>	<u>-</u>
Total expenditures	<u>3,625</u>	<u>3,625</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 VI-B, ESEA - RURAL EDUCATION ACHIEVEMENT PROGRAMS FUND
SCHEDULE XII - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2017**

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Federal:			
Restricted	<u>23,726</u>	<u>23,726</u>	<u>-</u>
EXPENDITURES			
Instruction:			
Salaries	8,280	8,280	-
Purchased services	<u>8,995</u>	<u>8,995</u>	<u>-</u>
Total instruction	<u>17,275</u>	<u>17,275</u>	<u>-</u>
Support:			
Salaries	4,300	4,300	-
Purchased services	<u>2,151</u>	<u>2,151</u>	<u>-</u>
Total support	<u>6,451</u>	<u>6,451</u>	<u>-</u>
Total expenditures	<u>23,726</u>	<u>23,726</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

PLANT FACILITY FUND
SCHEDULE XIII - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2017

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Purchased services	18,492	-	(18,492)
Capital objects	<u>5,128</u>	<u>-</u>	<u>(5,128)</u>
Total expenditures	<u>23,620</u>	<u>-</u>	<u>(23,620)</u>
Excess (deficiency) of revenues over expenditures	<u>(23,620)</u>	<u>-</u>	<u>(23,620)</u>
Other financing sources:			
Transfer in	<u>23,620</u>	<u>-</u>	<u>23,620</u>
Change in fund balance	-	<u>\$ -</u>	<u>\$ -</u>
Fund balance - beginning of year	<u>-</u>		
Fund balance - end of year	-		
Adjustments to conform with GAAP:			
Capitalized capital objects	239,440		
Accumulated depreciation	<u>(41,379)</u>		
Net Assets - End of year (GAAP)	<u>\$ 198,061</u>		