

MOSCOW CHARTER SCHOOL, INC.

Moscow, Idaho

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

MOSCOW CHARTER SCHOOL, INC.

Moscow, Idaho

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



MOSCOW CHARTER SCHOOL, INC.

Moscow, Idaho

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Moscow Charter School, Inc.
Moscow, Idaho 83843

Report on the Financial Statements

We have audited the accompanying financial statements of Moscow Charter School, Inc. (an Idaho non-profit 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 the 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 Moscow Charter School, 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 October 11, 2016, on our consideration of Moscow Charter School, 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 Moscow Charter School, Inc.'s internal control over financial reporting and compliance.

Hayden Ross, PLLC

Moscow, Idaho
October 11, 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
Moscow Charter School, Inc.
Moscow, Idaho 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 Moscow Charter School, 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 October 11, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Moscow Charter School, 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 Moscow Charter School, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Moscow Charter School, 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 for 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 Moscow Charter School, 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
October 11, 2016

FINANCIAL STATEMENTS



MOSCOW CHARTER SCHOOL, INC.
Moscow, Idaho

STATEMENTS OF FINANCIAL POSITION
June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Current Assets:		
Cash	24,604	46,612
Investments	454,830	371,379
State support receivable	43,782	29,880
Other receivables	260	1,326
Prepaid expenses	6,662	6,662
Total Current Assets	<u>530,138</u>	<u>455,859</u>
Property and Equipment:		
Land	140,121	140,121
Buildings and improvements	1,077,771	1,043,713
Furniture and equipment	109,272	111,780
Construction in progress	5,511	-
Less: accumulated depreciation	<u>(488,321)</u>	<u>(452,042)</u>
Net Property and Equipment	<u>844,354</u>	<u>843,572</u>
Other Assets:		
Loan fees	4,916	29,558
Less: accumulated amortization	<u>(492)</u>	<u>(28,082)</u>
Net Other Assets	<u>4,424</u>	<u>1,476</u>
Total Assets	<u>\$ 1,378,916</u>	<u>\$ 1,300,907</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	5,542	9,732
Accrued interest payable	716	633
Salaries and benefits payable	48,903	43,381
Deferred revenue	1,307	1,247
Current portion of long-term debt	37,135	448,856
Total Current Liabilities	<u>93,603</u>	<u>503,849</u>
Long-term liabilities, less current portion	<u>372,912</u>	<u>-</u>
Net Assets:		
Unrestricted	912,401	797,058
Total Net Assets	<u>912,401</u>	<u>797,058</u>
Total Liabilities and Net Assets	<u>\$ 1,378,916</u>	<u>\$ 1,300,907</u>

MOSCOW CHARTER SCHOOL, INC.
Moscow, Idaho

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

	<u>2016</u>	<u>2015</u>
Revenue, Grants, and Other Support		
Contributions	27,323	25,025
Federal support	65,651	44,160
State support	1,032,897	935,250
Interest	1,937	663
Other	46,058	62,092
	<hr/>	<hr/>
Total Revenue, Grants and Other Support	<u>1,173,866</u>	<u>1,067,190</u>
Expense		
Program (instructional)	610,288	539,341
Administrative (support)	340,920	280,303
Non-instructional	52,039	47,950
Interest on long term debt	17,029	16,670
Depreciation and amortization	38,247	36,177
	<hr/>	<hr/>
Total Expense	<u>1,058,523</u>	<u>920,441</u>
Change in net assets	115,343	146,749
Net assets - beginning of year	<u>797,058</u>	<u>650,309</u>
Net assets - end of year	<u><u>\$ 912,401</u></u>	<u><u>\$ 797,058</u></u>

MOSCOW CHARTER SCHOOL, INC.
Moscow, Idaho

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

	2016	2015
Cash Flows from Operating Activities		
Cash received from contributors	27,323	26,272
Cash received from state support	1,018,995	947,761
Cash received from federal support	65,651	44,160
Cash received from interest	1,937	663
Other cash received	47,184	59,971
Cash paid for interest	(16,946)	(16,754)
Cash paid to suppliers and employees	<u>(1,001,915)</u>	<u>(866,183)</u>
 Net Cash Provided By Operating Activities	 <u>142,229</u>	 <u>195,890</u>
 Cash Flows from Investing Activities		
Cash paid for property and equipment	<u>(37,061)</u>	<u>(49,457)</u>
 Cash Flows from Financing Activities		
Cash paid on long-term debt and fees	<u>(43,725)</u>	<u>(42,700)</u>
 Net Increase in Cash	 61,443	 103,733
 Cash and Investments - Beginning of Year	 <u>417,991</u>	 <u>314,258</u>
 Cash and Investments- End of Year	 <u><u>\$ 479,434</u></u>	 <u><u>\$ 417,991</u></u>
 Reconciliation of Change in Net Assets to Net Cash Provided By Operating Activities:		
Change in net assets	115,343	146,749
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	38,247	36,177
Decrease (increase) in state support receivable	(13,902)	12,511
Decrease (increase) in other receivables	1,066	4,541
Decrease (increase) in prepaid expenses	-	(6,662)
Increase (decrease) in accounts payable	(4,190)	2,185
Increase (decrease) in deferred revenue	60	1,247
Increase (decrease) in interest payable	83	(84)
Increase (decrease) in salaries and benefits payable	<u>5,522</u>	<u>(774)</u>
 Net Cash Provided by Operating Activities	 <u><u>\$ 142,229</u></u>	 <u><u>\$ 195,890</u></u>

MOSCOW CHARTER SCHOOL, INC.

Moscow, Idaho

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016 and 2015

NOTE 1 Organization

The Moscow Charter School (the School) is a non-profit state-funded public school. The School serves elementary school aged children (K-8th) in the Latah County area. The School was approved in August 1998 by the Moscow Board of Education. The purpose of the school is to create innovative educational curriculums that can be studied and used in public education.

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. Revenues are recognized as earned, and expenses are 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 is calculated by the School since 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.

Property and Equipment - The cost of property and equipment is depreciated over the estimated useful lives of the assets. Major expenditures costing at least \$1,000 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.

NOTE 2 Summary of Significant Accounting Policies (Continued)

Depreciation expense for the years ending June 30, 2016 and 2015 was \$36,279 and \$33,221, respectively.

Intangible Assets - The School capitalizes the cost of loan origination fees which are amortized over the term of the loan. Amortization expense for the year ended June 30, 2016 and 2015 was \$1,968 and \$2,956, respectively. During 2015 the School refinanced its outstanding loan that was due to mature in December 2015. The remaining unamortized loan fees were expensed in 2016.

Use of Estimates - The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America 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 report the unrestricted activity. The General Fund accounts for activities for general operations. The Special Revenue Funds account for the activities from the grants the School received. The School Bond Redemption & Interest Fund accounts for activities related to the School debt. The School Plant Facility Fund accounts for activities related to the building facilities used by the School. 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. See note 7 for additional information.

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 \$454,830 and \$371,379, respectively.

NOTE 4 Long-Term Debt

Long-term debt for the School as of June 30, 2016 and 2015 consists of the following:

	<u>2016</u>	<u>2015</u>
Loan payable to US Bank, monthly installments of \$4,955 with interest of 3.5%, matured on December 15, 2015. Secured by real property.	-	448,856
Loan payable to US Bank, monthly installments of \$4,424 with interest at a fixed rate of 4.25% until December 15, 2018 when the rate maybe reset, matures December 15, 2020. Secured by real property.	410,047	-
Less Current Portion	<u>(37,135)</u>	<u>(448,856)</u>
Net Long-term Debt	<u>\$ 372,912</u>	<u>\$ -</u>

Maturities of principal amounts of long-term debt at June 30, 2016 are as follows:

Fiscal Year	
<u>Ended June 30,</u>	
2017	37,135
2018	37,978
2019	39,625
2020	41,341
2021	253,968
Thereafter	-
Total	<u>\$ 410,047</u>

The School's commercial loan with U.S. Bank required a balloon payment in December of 2015 to pay off the loan. The School refinanced the loan with US Bank during December of 2015 for a period of five more years.

NOTE 5 Minimum Future Rental Payments

Minimum future rental payments under a noncancelable operation lease have remaining terms within two years of June 30, 2016, for the next year:

NOTE 5 Minimum Future Rental Payments (Continued)

Future rental payments are as follows:

Fiscal Year	
<u>Ended June 30,</u>	
2017	15,180
2018	15,180
Total	<u>\$ 30,360</u>

NOTE 6 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	\$1,032,897	88.0%
	<u>2015</u>	<u>% of Total Revenue</u>
Idaho Department of Education	\$935,250	87.6%

NOTE 7 Employee's Retirement System

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.

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 \$59,491, \$51,595, and \$43,814, 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, 2015. The statement

NOTE 7 Employee's Retirement System (Continued)

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 .0162724% and the estimated net pension liability was \$214,281.

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
Moscow Charter School, Inc.
Moscow, Idaho 83843

We have audited the financial statements of Moscow Charter School, Inc. as of and for the years ended June 30, 2016 and 2015, and have issued our report thereon dated October 11, 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 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 basic financial statements taken as a whole.

Hayden Ross, PLLC

Moscow, Idaho
October 11, 2016

MOSCOW CHARTER SCHOOL, 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- Instructional</u>	<u>Total</u>
Salaries	445,549	155,664	13,337	614,550
Benefits	135,335	32,511	2,568	170,414
Purchased services	8,533	118,996	27,396	154,925
Supplies-materials	20,871	27,395	8,738	57,004
Insurance	-	6,354	-	6,354
Interest	-	-	17,029	17,029
Depreciation and amortization	-	-	38,247	38,247
Total Expense	<u>\$ 610,288</u>	<u>\$ 340,920</u>	<u>\$ 107,315</u>	<u>\$ 1,058,523</u>

MOSCOW CHARTER SCHOOL, INC.

Moscow, Idaho

SCHEDULE I - STATEMENT OF FUNCTIONAL EXPENSE

For the Year Ended June 30, 2015

	<u>Program (Instructional)</u>	<u>Administrative (Support)</u>	<u>Non- Instructional</u>	<u>Total</u>
Salaries	392,366	122,785	12,400	527,551
Benefits	118,447	27,072	1,960	147,479
Purchased services	14,418	102,597	25,576	142,591
Supplies-materials	14,110	21,253	8,014	43,377
Insurance	-	6,596	-	6,596
Interest	-	-	16,670	16,670
Depreciation and amortization	-	-	36,177	36,177
Total Expense	<u>\$ 539,341</u>	<u>\$ 280,303</u>	<u>\$ 100,797</u>	<u>\$ 920,441</u>

Moscow Charter School, Inc.
Moscow, Idaho

SCHEDULE II - STATEMENT OF NET POSITION
June 30, 2016

ASSETS

Current Assets:

Cash	24,604
Investments	454,830
State support receivable	43,782
Other receivables	260
Prepaid expenses	6,662
Total current assets	<u>530,138</u>

Noncurrent Assets:

Land	140,121
Construction in progress	5,511
Capital assets being depreciated	1,187,043
Less: accumulated depreciation	(488,321)
Loan fees	4,916
Less: accumulated amortization	(492)
Total noncurrent assets	<u>848,778</u>

Total assets 1,378,916

DEFERRED OUTFLOWS OF RESOURCES

Pension related items 146,021

LIABILITIES

Current Liabilities:

Accounts payable and other current liabilities	55,161
Unearned revenue	1,307
Current portion of long-term debt	37,135
Total current liabilities	<u>93,603</u>

Noncurrent Liabilities:

Noncurrent portion of long-term debt	372,912
Net pension liability	214,281
Total noncurrent liabilities	<u>587,193</u>

Total liabilities 680,796

DEFERRED INFLOWS OF RESOURCES

Pension related items 138,215

NET POSITION

Net investment in capital assets	438,731
Unrestricted	<u>267,195</u>

Total net position \$ 705,926

Adjustments to conform with GAAP:

Pension related items	
Deferred outflow of resources	(146,021)
Deferred inflow of resources	138,215
Net pension liability	<u>214,281</u>
	<u>206,475</u>

Net Assets - End of year (GAAP) \$ 912,401

MOSCOW CHARTER SCHOOL, INC.

Moscow, Idaho

SCHEDULE III - BALANCE SHEET

June 30, 2016

	<u>General</u>	<u>Special Revenue</u>	<u>Totals</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Assets:			
Cash	24,604	-	24,604
Investments	454,830	-	454,830
State support program receivable	43,782	-	43,782
Other receivables	260	-	260
Prepaid expenses	6,662	-	6,662
Total assets	<u>530,138</u>	-	<u>530,138</u>
Deferred outflows of resources	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 530,138</u>	<u>\$ -</u>	<u>\$ 530,138</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE			
Liabilities:			
Accounts payable	5,542	-	5,542
Accrued payroll and benefits	48,903	-	48,903
Unearned revenue	1,307	-	1,307
Accrued interest payable	716	-	716
Total liabilities	<u>56,468</u>	-	<u>56,468</u>
Deferred inflows of resources:	-	-	-
Fund Balance			
Nonspendable	6,662	-	6,662
Unrestricted	467,008	-	467,008
Total fund balance	<u>473,670</u>	-	<u>473,670</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 530,138</u>	<u>\$ -</u>	<u>\$ 530,138</u>

Moscow Charter School, Inc.
Moscow, Idaho

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

Total Fund Balances - Governmental Funds 473,670

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	1,332,675
Accumulated depreciation	(488,321)
Cost of loan fees	4,916
Accumulated amortization	(492)

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	146,021
Deferred inflow of resources	(138,215)

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:

Note payable	(410,047)
Net pension liability	(214,281)

Total Net Position - Governmental Activities \$ 705,926

MOSCOW CHARTER SCHOOL, 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

	Actual	Budget	Variance Favorable (Unfavorable)
REVENUES			
Local:			
Earnings on Investments	1,937	1,237	700
Contributions/donations	27,323	30,000	(2,677)
Other	34,502	29,150	5,352
Total local	63,762	60,387	3,375
State:			
Base support	812,907	800,990	11,917
Benefit support	107,618	106,127	1,491
Lottery	10,788	10,788	-
Other state support	82,771	77,497	5,274
Total state	1,014,084	995,402	18,682
Total revenues	1,077,846	1,055,789	22,057
EXPENDITURES			
Instruction:			
Salaries	413,386	404,903	(8,483)
Benefits	123,909	123,675	(234)
Purchased services	8,533	37,400	28,867
Supplies-materials	20,871	18,200	(2,671)
Total instruction	566,699	584,178	17,479
Support:			
Salaries	150,705	150,761	56
Benefits	32,470	31,844	(626)
Purchased services	118,348	154,116	35,768
Supplies-materials	19,741	25,100	5,359
Insurance	6,354	6,700	346
Total support	327,618	368,521	40,903
Non-instruction:			
Salaries	8,197	8,569	372
Benefits	1,650	1,725	75
Supplies-materials	8,277	6,000	(2,277)
Total non-instruction	18,124	16,294	(1,830)
Total expenditures	912,441	968,993	56,552
Excess (deficiency) of revenues over (under) expenditures	165,405	86,796	78,609
Other financing uses:			
Transfer out	(92,601)	(97,656)	5,055
Change in fund balance	72,804	\$ (10,860)	\$ 83,664
Fund balance - beginning of year	400,866		
Fund balance - end of year	473,670		
Adjustments to conform with GAAP:			
Capitalize capital objects	86,231		
Accumulated depreciation	(73,652)		
Net Assets - End of year (GAAP)	\$ 486,249		

MOSCOW CHARTER SCHOOL, 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>
INSTRUCTION:			
Elementary School Program			
Salaries	299,101	296,747	(2,354)
Benefits	87,595	84,906	(2,689)
Purchased services	8,041	32,800	24,759
Supplies-materials	14,344	12,700	(1,644)
Total Elementary School Program	<u>409,081</u>	<u>427,153</u>	<u>18,072</u>
Secondary School Program			
Salaries	85,107	82,532	(2,575)
Benefits	29,583	28,612	(971)
Purchased services	332	4,100	3,768
Supplies-materials	4,506	3,000	(1,506)
Total Secondary School Program	<u>119,528</u>	<u>118,244</u>	<u>(1,284)</u>
Special Education Program			
Salaries	27,262	23,708	(3,554)
Benefits	6,345	9,771	3,426
Purchased services	160	-	(160)
Supplies-materials	1,577	2,000	423
Total Special Education Program	<u>35,344</u>	<u>35,479</u>	<u>135</u>
Gifted & Talented Program			
Salaries	1,916	1,916	-
Benefits	386	386	-
Supplies-materials	444	500	56
Total Gifted & Talented Program	<u>2,746</u>	<u>2,802</u>	<u>56</u>
School Activity Program			
Purchased services	<u>-</u>	<u>500</u>	<u>500</u>
TOTAL INSTRUCTION:			
Salaries	413,386	404,903	(8,483)
Benefits	123,909	123,675	(234)
Purchased services	8,533	37,400	28,867
Supplies-materials	20,871	18,200	(2,671)
Total Instruction	<u>\$ 566,699</u>	<u>\$ 584,178</u>	<u>\$ 17,479</u>

MOSCOW CHARTER SCHOOL, 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>
SUPPORT:			
Attendance-Guidance-Health Program			
Salaries	26,640	26,640	-
Benefits	2,038	2,038	-
Purchased services	1,239	1,500	261
Total Attendance-Guidance-Health Program	<u>29,917</u>	<u>30,178</u>	<u>261</u>
Special Education Support Services Program			
Purchased services	<u>5,600</u>	<u>5,600</u>	<u>-</u>
Instruction Improvement Program			
Salaries	1,700	-	(1,700)
Benefits	130	-	(130)
Purchased services	13,327	29,000	15,673
Total Instruction Improvement Program	<u>15,157</u>	<u>29,000</u>	<u>13,843</u>
Instruction-Related Technology Program			
Salaries	9,370	9,370	-
Benefits	717	717	-
Purchased services	521	1,000	479
Supplies-materials	6,000	6,000	-
Total Instruction-Related Technology Program	<u>16,608</u>	<u>17,087</u>	<u>479</u>
District Administration Program			
Purchased services	<u>-</u>	<u>4,000</u>	<u>4,000</u>
School Administration Program			
Salaries	65,000	65,000	-
Benefits	19,291	19,084	(207)
Purchased services	-	300	300
Total School Administration Program	<u>84,291</u>	<u>84,384</u>	<u>93</u>
Business Operation Program			
Salaries	47,995	46,600	(1,395)
Benefits	9,956	9,381	(575)
Purchased services	16,998	24,916	7,918
Supplies-materials	6,025	8,000	1,975
Total Business Operation Program	<u>80,974</u>	<u>88,897</u>	<u>7,923</u>
Administrative Technology Services Program			
Salaries	-	3,151	3,151
Benefits	338	624	286
Purchased services	-	500	500
Supplies-materials	111	500	389
Total Administrative Technology Services Program	<u>449</u>	<u>4,775</u>	<u>4,326</u>

MOSCOW CHARTER SCHOOL, 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>
Building Care Program (Custodial)			
Purchased services	45,999	47,000	1,001
Supplies-materials	3,021	3,500	479
Insurance	6,354	6,700	346
Total Building Care Program (Custodial)	<u>55,374</u>	<u>57,200</u>	<u>1,826</u>
Maintenance - Non-Student Occupied			
Purchased services	<u>3,005</u>	<u>3,300</u>	<u>295</u>
Maintenance - Student Occupied			
Purchased services	12,362	10,000	(2,362)
Supplies-materials	3,231	5,100	1,869
Total Maintenance - Student Occupied	<u>15,593</u>	<u>15,100</u>	<u>(493)</u>
Maintenance - Grounds			
Purchased services	2,257	8,000	5,743
Supplies-materials	1,106	2,000	894
Total Maintenance - Grounds	<u>3,363</u>	<u>10,000</u>	<u>6,637</u>
Security program			
Purchased services	243	1,500	1,257
Supplies-materials	247	-	(247)
Total security program	<u>490</u>	<u>1,500</u>	<u>1,010</u>
Pupil - To School Trans. Program			
Purchased services	<u>13,827</u>	<u>12,500</u>	<u>(1,327)</u>
Pupil Activity Trans. Program			
Purchased services	<u>2,970</u>	<u>5,000</u>	<u>2,030</u>
TOTAL SUPPORT:			
Salaries	150,705	150,761	56
Benefits	32,470	31,844	(626)
Purchased services	118,348	154,116	35,768
Supplies-materials	19,741	25,100	5,359
Insurance	6,354	6,700	346
Total Support	<u>\$ 327,618</u>	<u>\$ 368,521</u>	<u>\$ 40,903</u>
NON-INSTRUCTION:			
Community services			
Salaries	8,197	8,569	372
Benefits	1,650	1,725	75
Supplies-materials	8,277	6,000	(2,277)
Total community services	<u>\$ 18,124</u>	<u>\$ 16,294</u>	<u>\$ (1,830)</u>

MOSCOW CHARTER SCHOOL, INC.
Moscow, Idaho

SPECIAL REVENUE FUNDS
SCHEDULE VII -COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2016

	<u>Technology State</u>	<u>Substance Abuse State</u>	<u>IDEA Part B School Age</u>	<u>Child Nutrition</u>	<u>Charter School Grant</u>	<u>Total</u>
REVENUES						
Local:						
Lunch sales	-	-	-	11,556	-	11,556
State:						
Other state support	14,505	4,308	-	-	-	18,813
Federal:						
Restricted	-	-	43,589	22,062	-	65,651
Total revenues	14,505	4,308	43,589	33,618	-	96,020
EXPENDITURES						
Instruction:						
Salaries	-	-	32,163	-	-	32,163
Benefits	-	-	11,426	-	-	11,426
Total instruction	-	-	43,589	-	-	43,589
Support:						
Salaries	4,959	-	-	-	-	4,959
Benefits	41	-	-	-	-	41
Purchased services	1,840	4,308	-	-	-	6,148
Supplies-materials	7,665	-	-	-	-	7,665
Total support	14,505	4,308	-	-	-	18,813
Non-instruction:						
Salaries	-	-	-	5,140	-	5,140
Benefits	-	-	-	918	-	918
Purchased services	-	-	-	27,396	-	27,396
Supplies	-	-	-	461	-	461
Total non-instruction	-	-	-	33,915	-	33,915
Total expenditures	14,505	4,308	43,589	33,915	-	96,317
Excess (deficiency) of revenues over (under) expenditures	-	-	-	(297)	-	(297)
Other financing sources (uses):						
Operating transfer in	-	-	-	297	-	297
Total other financing sources (uses)	-	-	-	297	-	297
Change in fund balance	-	-	-	-	-	-
Fund balance - beginning of year	-	-	-	-	-	-
Fund balance - end of year	-	-	-	-	-	-
Adjustments to conform with GAAP:						
Capitalize capital objects	-	-	-	-	28,119	28,119
Accumulated depreciation	-	-	-	-	(25,122)	(25,122)
Net Assets - End of year (GAAP)	\$ -	\$ -	\$ -	\$ -	\$ 2,997	\$ 2,997

MOSCOW CHARTER SCHOOL, INC.

Moscow, Idaho

TECHNOLOGY STATE FUND
SCHEDULE VIII - 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>
REVENUES			
State:			
Other state support	<u>14,505</u>	<u>14,441</u>	<u>64</u>
Total revenues	<u>14,505</u>	<u>14,441</u>	<u>64</u>
EXPENDITURES			
Support:			
Salaries	4,959	5,000	41
Benefits	41	-	(41)
Purchased services	1,840	1,771	(69)
Supplies-materials	<u>7,665</u>	<u>7,670</u>	<u>5</u>
Total support	<u>14,505</u>	<u>14,441</u>	<u>(64)</u>
Total expenditures	<u>14,505</u>	<u>14,441</u>	<u>(64)</u>
Change in fund balance	-	<u>\$ -</u>	<u>\$ -</u>
Fund balance - beginning of year	<u>-</u>		
Fund balance - end of year	<u>\$ -</u>		

MOSCOW CHARTER SCHOOL, INC.
Moscow, Idaho

SUBSTANCE ABUSE STATE FUND
SCHEDULE IX - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE
For the Year Ended June 30, 2016

	Actual	Budget	Variance Favorable (Unfavorable)
REVENUES			
State:			
Other support	4,308	4,214	94
Total revenues	4,308	4,214	94
EXPENDITURES			
Support:			
Purchased services	4,308	4,214	(94)
Total expenditures	4,308	4,214	(94)
Change in fund balance	-	\$ -	\$ -
Fund balance - beginning of year	-		
Fund balance - end of year	\$ -		

MOSCOW CHARTER SCHOOL, INC.
Moscow, Idaho

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

	Actual	Budget	Variance Favorable (Unfavorable)
REVENUES			
Federal:			
Restricted	43,589	43,589	-
Total revenues	43,589	43,589	-
EXPENDITURES			
Instruction:			
Salaries	32,163	36,395	4,232
Benefits	11,426	7,194	(4,232)
Total instruction	43,589	43,589	-
Total expenditures	43,589	43,589	-
Change in fund balance	-	\$ -	\$ -
Fund balance - beginning of year	-		
Fund balance - end of year	\$ -		

MOSCOW CHARTER SCHOOL, INC.
Moscow, Idaho

CHILD NUTRITION FUND
SCHEDULE XI - 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>
REVENUES			
Local:			
Lunch sales	11,556	9,946	1,610
Federal:			
Restricted	22,062	20,000	2,062
Total revenues	33,618	29,946	3,672
EXPENDITURES			
Non-instruction:			
Salaries	5,140	5,078	(62)
Benefits	918	718	(200)
Purchased services	27,396	28,500	1,104
Supplies	461	650	189
Total non-instruction	33,915	34,946	1,031
Total expenditures	33,915	34,946	1,031
Excess (deficiency) of revenues over (under) expenditures	(297)	(5,000)	2,641
Other financing sources (uses):			
Operating transfer in	297	5,000	(4,703)
Total other financing sources (uses)	297	5,000	(4,703)
Change in fund balance	-	\$ -	\$ -
Fund balance - beginning of year	-		
Fund balance - end of year	\$ -		

MOSCOW CHARTER SCHOOL, INC.
Moscow, Idaho

BOND REDEMPTION & INTEREST FUND
SCHEDULE XII - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Year Ended June 30, 2016

	Actual	Budget	Variance Favorable (Unfavorable)
REVENUES			
Total revenues	-	-	-
EXPENDITURES			
Purchased services	4,916	-	(4,916)
Debt service principal	469,461	38,476	(430,985)
Debt service interest	17,029	17,280	251
Total expenditures	491,406	55,756	(435,650)
Excess (deficiency) of revenues over expenditures	(491,406)	(55,756)	(435,650)
Other financing sources:			
Debt proceeds	430,652	-	430,652
Transfer in	60,754	-	60,754
Total other financing sources	491,406	-	491,406
Change in fund balance	-	\$ (55,756)	\$ 55,756
Fund balance - beginning of year	-		
Fund balance - end of year	-		
Adjustments to conform with GAAP:			
Capitalized loan fees	4,916		
Accumulated amortization	(492)		
Debt proceeds	(1,182,652)		
Debt principal payments	772,605		
Net Assets - End of year (GAAP)	\$ (405,623)		

MOSCOW CHARTER SCHOOL, 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, 2016

	Actual	Budget	Variance Favorable (Unfavorable)
REVENUES			
Total revenues	-	-	-
EXPENDITURES			
Capital objects	31,550	36,900	5,350
Excess (deficiency) of revenues over expenditures	(31,550)	(36,900)	5,350
Other financing sources:			
Transfer in	31,550	-	31,550
Change in fund balance	-	<u>\$ (36,900)</u>	<u>\$ 36,900</u>
Fund balance - beginning of year	-		
Fund balance - end of year	-		
Adjustments to conform with GAAP:			
Capitalized capital objects	1,218,325		
Accumulated depreciation	(389,547)		
Net Assets - End of year (GAAP)	\$ 828,778		