

SHERIDAN ALLPREP

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SHERIDAN ALLPREP ACADEMY Sheridan, Oregon

ANNUAL FINANCIAL REPORT

June 30, 2012



Accuity, LLC

CERTIFIED PUBLIC ACCOUNTANTS

330 Washington Street SW | PO Box 1072

Albany, Oregon 97321 | (541) 223-5555

SHERIDAN ALLPREP ACADEMY
Sheridan, Oregon

BOARD OF DIRECTORS

June 30, 2012

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(March 2012 – June 2012)

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Sheridan, Oregon
(July 2011 – March 2012)

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(Resigned September 2011)

BUSINESS MANAGER

Christine Caponi
Sheridan, Oregon

SHERIDAN ALLPREP ACADEMY
Sheridan, Oregon

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FINANCIAL SECTION



Accuity, LLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Sheridan AllPrep Academy
Sheridan, Oregon 97378

We have audited the accompanying financial statements of the governmental activities and the major fund of Sheridan AllPrep Academy, Sheridan, Oregon, a component unit of Sheridan School District No. 48J, as of and for the year ended June 30, 2012, which collectively comprise the Academy's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Sheridan AllPrep Academy's management. Our responsibility is to express opinions on these financial statements based on our audit.

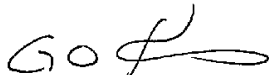
We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Sheridan AllPrep Academy, Sheridan, Oregon as of June 30, 2012, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 7 and 19, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the management's discussion and analysis because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sheridan AllPrep Academy's basic financial statements as a whole. The budgetary comparison 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 financial statements 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.

Accuity, LLC

By:  _____
Glen O. Kearns, CPA

Albany, Oregon
November 18, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

SHERIDAN ALLPREP ACADEMY
Sheridan, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

As management of Sheridan AllPrep Academy, Sheridan, Oregon, we offer readers this narrative overview and analysis of the financial activities of the Academy for the fiscal year ended June 30, 2012. It should be read in conjunction with the Academy's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- At June 30, 2012, total net assets of Sheridan AllPrep Academy amounted to \$206,124.
- The Academy's total net assets increased by \$14,503 for the year ended June 30, 2012.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Sheridan AllPrep Academy's basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Academy's finances in a manner similar to a private-sector business.

The statement of net assets presents information on all the Academy's assets and liabilities with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Academy is improving or deteriorating.

The statement of activities presents information showing how the Academy's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be found on pages 8 through 9 of this report.

Fund Financial Statements

The fund financial statements are designed to demonstrate compliance with finance-related legal requirements overseeing the use of fund accounting. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. The only fund of the Academy is a governmental fund.

SHERIDAN ALLPREP ACADEMY
Sheridan, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

□ **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements; however, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of available resources, as well as on balances of available resources at the end of the fiscal year. Such information may be useful in evaluating the Academy's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Academy's near-term financing decisions.

The Academy maintains one governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund, which is considered to be a major governmental fund.

Sheridan AllPrep Academy adopts an annual appropriated budget for the General Fund. A budgetary comparison statement has been provided to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 10 through 11 of this report.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 12 through 18 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which includes budgetary comparison information for the General Fund. This required supplementary information can be found on page 19 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of the Academy's financial position. At June 30, 2012, the Academy's assets exceeded its liabilities by \$206,124.

SHERIDAN ALLPREP ACADEMY
Sheridan, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

Academy's Net Assets

Condensed statement of net assets information is shown below.

Condensed Statement of Net Assets

	Governmental Activities	
	<u>2012</u>	<u>2011</u>
Assets		
Current and other assets	\$ 261,087	\$ 224,277
Liabilities		
Current liabilities	<u>54,963</u>	<u>32,656</u>
Net assets		
Unrestricted	<u>\$ 206,124</u>	<u>\$ 191,621</u>

Academy's Changes in Net Assets

The Academy's net assets increased by \$14,503 during the current fiscal year. The key elements of the change in the Academy's net assets for the year ended June 30, 2012 are as follows:

- State school fund revenue increased by \$30,194.
- Unrestricted grants and contributions decreased by \$59,618.

The condensed statement of activities information shown on the following page explains changes in net assets.

SHERIDAN ALLPREP ACADEMY
Sheridan, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

Changes in Net Assets

	Governmental Activities	
	2012	2011
Program revenues		
Regular programs	\$ 7,786	\$ 7,650
General revenues		
State school fund – general support	510,000	479,806
Unrestricted grants and contributions	12,606	72,224
Miscellaneous	1,631	-
Total general revenues	524,237	552,030
Total revenues	532,023	559,680
Program expenses		
Regular programs	304,653	207,282
Special programs	717	-
Student support services	1,681	19,890
Instructional staff support	4,840	78,232
General administrative support	3,204	25,421
School administrative support	92,512	50,532
Business support services	108,583	46,734
Central activities support	1,269	-
Enterprise and community services	61	-
Total program expenses	517,520	428,091
Change in net assets	14,503	131,589
Net assets - beginning of year	191,621	60,032
Net assets - end of year	\$ 206,124	\$ 191,621

FINANCIAL ANALYSIS OF THE ACADEMY'S FUND

As noted earlier, the Academy uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

SHERIDAN ALLPREP ACADEMY
Sheridan, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Fund

The focus of the Academy's governmental fund is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the Academy's financing requirements. In particular, unassigned fund balance may serve as a useful measurement of the Academy's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the Academy's governmental fund had a fund balance of \$206,124. This total amount constitutes unassigned fund balance, which is available for spending at the Academy's discretion.

BUDGETARY HIGHLIGHTS

Budget amounts shown in the financial statements reflect the original budget.

KEY ECONOMIC FACTORS AND BUDGET INFORMATION FOR THE FUTURE

At the time these financial statements were prepared and audited, the Academy was aware of the following circumstances that could affect its future health:

- It is anticipated that the costs of providing medical insurance coverage to employees will continue to rise.
- State general fund revenue is expected to decrease statewide due to state revenues being lower than anticipated.
- Members of the Oregon Public Employees Retirement System are expected to be faced with increases in retirement contributions.

All of these factors were considered in preparing the Academy's budget for fiscal year 2012-2013.

The unassigned ending General Fund balance of \$204,925 will be available for program resources in fiscal year 2012-2013.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Sheridan AllPrep Academy's finances for all those with an interest. Questions concerning any of the information provided in the report or requests for additional information should be addressed to the Business Manager, Christine Caponi, Sheridan AllPrep Academy, P.O. Box 583, Sheridan, Oregon 97378.

BASIC FINANCIAL STATEMENTS

SHERIDAN ALLPREP ACADEMY
Sheridan, Oregon

STATEMENT OF NET ASSETS

June 30, 2012

	<u>Governmental Activities</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 254,816
Accounts receivable	1,551
Prepaid expenses	<u>4,720</u>
Total current assets	<u>261,087</u>
LIABILITIES	
Current liabilities	
Accounts payable	111
Accrued payroll	30,646
Accrued payroll liabilities	<u>24,206</u>
Total current liabilities	<u>54,963</u>
NET ASSETS	
Unrestricted	<u><u>\$ 206,124</u></u>

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

SHERIDAN ALLPREP ACADEMY
Sheridan, Oregon

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2012

<u>Functions/Programs</u>	<u>Expenses</u>	Program Revenues		<u>Net (Expense) Revenue and Changes in Net Assets</u>	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<u>Governmental activities</u>				<u>Governmental Activities</u>	
Regular programs	\$ 304,653	\$ -	\$ 7,786	\$ -	\$ (296,867)
Special programs	717	-	-	-	(717)
Student support services	1,681	-	-	-	(1,681)
Instructional staff support	4,840	-	-	-	(4,840)
General administrative support	3,204	-	-	-	(3,204)
School administrative support	92,512	-	-	-	(92,512)
Business support services	108,583	-	-	-	(108,583)
Central activities support	1,269	-	-	-	(1,269)
Enterprise and community services	61	-	-	-	(61)
Total governmental activities	\$ 517,520	\$ -	\$ 7,786	\$ -	(509,734)
General revenues					
State school fund - general support					510,000
Unrestricted grants and contributions					12,606
Miscellaneous					1,631
Total general revenues					524,237
Change in net assets					14,503
Net assets - beginning					191,621
Net assets - ending					\$ 206,124

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

SHERIDAN ALLPREP ACADEMY
Sheridan, Oregon

BALANCE SHEET

GOVERNMENTAL FUND

June 30, 2012

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 254,816
Accounts receivable	1,551
Prepaid expenses	<u>4,720</u>
Total assets	<u>\$ 261,087</u>
LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts payable	\$ 111
Accrued liabilities	<u>54,852</u>
Total liabilities	54,963
Fund balance	
Unassigned	<u>206,124</u>
Total liabilities and fund balance	<u>\$ 261,087</u>

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

SHERIDAN ALLPREP ACADEMY
Sheridan, Oregon

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUND

For the Year Ended June 30, 2012

	<u>General Fund</u>
REVENUES	
Local revenue	\$ 9,417
State revenue	510,000
Federal revenue	<u>12,606</u>
Total revenues	<u>532,023</u>
EXPENDITURES	
Current	
Instruction	305,370
Support services	212,089
Enterprise and community services	<u>61</u>
Total expenditures	<u>517,520</u>
Excess (deficiency) of revenues over (under) expenditures	14,503
Fund balance - beginning	<u>191,621</u>
Fund balance - ending	<u><u>\$ 206,124</u></u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

SHERIDAN ALLPREP ACADEMY
Sheridan, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Sheridan AllPrep Academy have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Academy's accounting policies are described below.

A. Reporting Entity

Sheridan AllPrep Academy operates under the authority of Sheridan School District No. 48J who grants a charter to the Academy and exercises oversight, as required by Oregon law. The Academy began operations in 2009, serving the community of Sheridan, Oregon. The Academy is subject to ORS 338 in connection with the operation of public charter schools. In accordance with ORS 338, the Academy is organized as a not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code.

B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on the activities of the Academy.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges for goods and services provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Items not properly included among program revenues are reported instead as general revenues.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

SHERIDAN ALLPREP ACADEMY
Sheridan, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Academy considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

Investment earnings and charges for services associated with the current fiscal period are all considered to be susceptible to accrual and have therefore been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Academy.

The Academy reports the following major governmental fund:

General Fund – The General Fund is the general operating fund of the Academy. It accounts for all financial resources of the Academy. The primary source of revenue is state revenues.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions.

When both restricted and unrestricted resources are available for use, it is the Academy's policy to use restricted resources first, then unrestricted resources as they are needed. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used. The Academy has not formally adopted a policy for commitment or assignment of fund balance.

D. Assets, Liabilities, and Equity

1. Deposits

The Academy's cash and cash equivalents are considered to be cash on hand and demand deposits.

SHERIDAN ALLPREP ACADEMY
Sheridan, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Equity (Continued)

1. Deposits (Continued)

State statutes authorize the Academy to invest in legally issued general obligations of the United States, the agencies and instrumentalities of the United States and the states of Oregon, Washington, Idaho, or California, certain interest-bearing bonds, time deposit open accounts, certificates of deposit, and savings accounts in banks, mutual savings banks, and savings and loan associations that maintain a head office or a branch in this state in the capacity of a bank, mutual savings bank, or savings and loan association, and share accounts and savings accounts in credit unions in the name of, or for the benefit of, a member of the credit union pursuant to a plan of deferred compensation.

2. Retirement Plan

Most of the Academy's employees participate in Oregon's Public Employees Retirement System (PERS). Contributions are made on a current basis as required by the plan and are recorded as expenses or expenditures.

3. Fund Equity

The Academy reports fund equity in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance - amounts that are in nonspendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance - amounts constrained to specific purposes by the Academy itself, using its highest level of decision-making authority (i.e., board of directors). To be reported as committed, amounts cannot be used for any other purpose unless the Academy takes the same highest level action to remove or change the constraint.
- Assigned fund balance - amounts the Academy intends to use for a specific purpose. Intent can be expressed by the board of directors or by an official or body to which the board of directors delegates the authority.

SHERIDAN ALLPREP ACADEMY
Sheridan, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Equity (Continued)

3. Fund Equity (Continued)

- Unassigned fund balance – amounts that are available for any purpose.

The Academy has not formally adopted a policy for commitment or assignment of fund balance.

The Academy has not formally adopted a minimum fund balance policy.

E. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

The Academy is not subject to Oregon Budget Law. The Academy does prepare an annual budget for management purposes and for submission to its sponsor district as required under the terms of its charter. A budgetary comparison schedule is included in this report for analysis.

III. DETAILED NOTES ON THE FUND AND ALL ACCOUNT GROUPS

A. Deposits

Custodial Credit Risk

The Academy holds noninterest-bearing accounts at US Bank, for which deposits are fully insured by the FDIC temporary liquidity guarantee program. At June 30, 2012, the Academy's total deposits of \$254,867 were fully insured by the FDIC.

SHERIDAN ALLPREP ACADEMY
Sheridan, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

III. DETAILED NOTES ON THE FUND AND ALL ACCOUNT GROUPS (Continued)

A. Deposits (Continued)

Deposits

The Academy's deposits at June 30, 2012 are as follows:

Checking accounts	\$ 254,798
Petty cash	<u>18</u>
Total deposits and investments	<u>\$ 254,816</u>

IV. OTHER INFORMATION

A. Risk Management

The Academy is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Academy carries commercial insurance. In addition, the Academy maintains an Unemployment Insurance Fund for the payment of future unemployment claims. No liability for unpaid unemployment claims has been recorded, as management is unable to reasonably estimate the amount or timing of future claims.

B. Retirement Plans

1. Oregon Public Employees Retirement System

Plan Description

The Academy contributes to two pension plans administered by the Oregon Public Employees Retirement System (PERS). The Oregon Public Employees Retirement Fund (OPERF) applies to the Academy's contribution for qualifying employees who were hired before August 29, 2003, and is a cost-sharing, multiple-employer, defined benefit pension plan. The Oregon Public Service Retirement Plan (OPSRP) is a hybrid successor plan to the OPERF and consists of two programs: the pension program and the defined benefit portion of the plan. OPSRP applies to qualifying Academy employees hired after August 29, 2003. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service. Beginning January 1, 2004, all PERS member contributions go into the Individual Account Program (IAP), the defined contribution portion of the plan. PERS members retain their existing PERS accounts, but any future member contributions are deposited into the member's IAP, not the member's PERS account.

SHERIDAN ALLPREP ACADEMY
Sheridan, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

IV. OTHER INFORMATION (Continued)

B. Retirement Plans (Continued)

1. Oregon Public Employees Retirement System (Continued)

Plan Description (Continued)

Both PERS plans provide retirement and disability benefits, post-employment healthcare benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS is administered under Oregon Revised Statute (ORS) Chapter 238, which establishes the Public Employees Retirement Board as the governing body of PERS. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERS, P.O. Box 23700, Tigard, Oregon 97281-3700, by calling (503) 598-7377, or by accessing the PERS website at <http://oregon.gov/PERS/>.

Funding Policy

The Academy is required by ORS 238.225 to contribute at an actuarially determined rate for the qualifying employees under the OPERF plan and a general service rate for the qualifying employees under the OPSRP plan. The OPERF and OPSRP rates in effect for the year ended June 30, 2012 were 14.22% and 14.74%, respectively. The contribution requirements for plan members are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature. Covered employees are required by state statute to contribute 6% of their annual salary to the system, but the employer is allowed to pay any or all of the employees' contributions in addition to the required employer's contribution. The Academy has elected to pay the required employee contribution of 6% of covered payroll.

Annual Pension Cost

The Academy's contributions to PERS for the three years ended June 30, 2010, 2011, and 2012 were equal to the required contribution for each year.

Annual pension expenses/expenditures are summarized as follows:

Fiscal Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed
2010	\$ -	100%
2011	\$ 29,543	100%
2012	\$ 48,207	100%

SHERIDAN ALLPREP ACADEMY
Sheridan, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

IV. OTHER INFORMATION (Continued)

C. New Pronouncements

The Governmental Accounting Standards Board (GASB) has issued the following pronouncements that have future effective dates that will impact future financial presentations. Management has not currently determined what impact implementation of the following statements will have on future financial statements.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, will be effective for the Academy beginning with its fiscal year ending June 30, 2013, though earlier application is encouraged. This statement incorporates into the GASB's authoritative literature, certain accounting and financial reporting guidance that is included in the Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure, issued on or before November 30, 1989 that does not conflict with or contradict GASB pronouncements.

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, will be effective for the Academy beginning with its fiscal year ending June 30, 2013. This statement modifies certain requirements for inclusion of component units in the financial reporting entity and amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances.

D. Subsequent Events

Management has evaluated subsequent events through November 18, 2012, which was the date that the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

SHERIDAN ALLPREP ACADEMY
Sheridan, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended June 30, 2012

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual
REVENUES			
Local revenue	\$ 2,400	\$ 7,017	\$ 9,417
State revenue	428,559	81,441	510,000
Federal revenue	10,714	1,892	12,606
Total revenues	441,673	90,350	532,023
EXPENDITURES			
Current			
Instruction	260,660	44,710	305,370
Support services	164,725	47,364	212,089
Enterprise and community services	-	61	61
Total expenditures	425,385	92,135	517,520
Excess (deficiency) of revenues over (under) expenditures	16,288	(1,785)	14,503
Fund balance - beginning	-	191,621	191,621
Fund balance - ending	\$ 16,288	\$ 189,836	\$ 206,124

**AUDIT COMMENTS AND DISCLOSURES REQUIRED BY
STATE REGULATIONS**



Accuity, LLC
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS**

Board of Directors
Sheridan AllPrep Academy
Sheridan, Oregon 97378

We have audited the financial statements of Sheridan AllPrep Academy as of and for the year ended June 30, 2012, and have issued our report thereon dated November 18, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether Sheridan AllPrep Academy's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes, as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures, which included, but were not limited to, the following:

Insurance and fidelity bonds in force or required by law

Programs funded from outside sources

Public contracts and purchasing (ORS Chapters 279A, 279B, 279C)

In connection with our testing, nothing came to our attention that caused us to believe the Academy was not in substantial compliance with certain provisions of laws, contracts, and grants, including the provisions of Oregon Revised Statutes, as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-010-0230 Internal Control

In planning and performing our audit, we considered the Academy's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Academy's internal control over financial reporting. However, we noted certain matters that we have reported to management of the Academy in a separate letter dated November 18, 2012.

This report is intended solely for the information and use of the board of directors and management of Sheridan AllPrep Academy, Sheridan School District No. 48J, and the Oregon Secretary of State, and is not intended to be, and should not be used by anyone other than these parties.


Accuity, LLC

November 18, 2012