

# SHERIDAN ALLPREP

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**SHERIDAN ALLPREP ACADEMY**  
**(A Component Unit of Sheridan School District No. 48J)**  
**Sheridan, Oregon**

ANNUAL FINANCIAL REPORT

June 30, 2014



**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, 2014

**OFFICERS**

Stephanie Teahn, Chair  
Sheridan, Oregon

Debra Whiting, Vice Chair  
McMinnville, Oregon

**MEMBERS**

Andy Monroe  
Sheridan, Oregon

Becky Stern-Doll  
Sheridan, Oregon

Darlene Taylor  
Sheridan, Oregon  
*(Appointed November 2013)*

Pam Wertz  
Sheridan, Oregon

Bryanna Sarnowski  
Sheridan, Oregon  
*(Resigned September 2013)*

**BUSINESS MANAGER**

Christine Caponi  
Sheridan, Oregon

**SHERIDAN ALLPREP ACADEMY**  
**Sheridan, Oregon**

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**FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Sheridan AllPrep Academy  
Sheridan, Oregon 97378

### Report on the Financial Statements

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, 2014, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

### 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 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 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 opinions.

## **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, 2014, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 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 required supplementary information 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 information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*


Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sheridan AllPrep Academy's basic financial statements. The budgetary comparison information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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. Such 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated October 17, 2014, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance

Accuity, LLC

By:   
\_\_\_\_\_  
Glen O. Kearns, CPA

Albany, Oregon  
October 17, 2014

## **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, 2014. It should be read in conjunction with the Academy's financial statements, which follow this section.

#### **FINANCIAL HIGHLIGHTS**

- At June 30, 2014, total net position of Sheridan AllPrep Academy amounted to \$438,603.
- The Academy's total net position increased by \$247,258 for the year ended June 30, 2014.

#### **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 position presents information on all the Academy's assets and liabilities with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 9 through 10 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 11 through 12 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 13 through 19 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 20 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of the Academy's financial position. At June 30, 2014, the Academy's assets exceeded its liabilities by \$438,603.

**SHERIDAN ALLPREP ACADEMY**  
**Sheridan, Oregon**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Academy's Net Position**

Condensed statement of net position information is shown below.

**Condensed Statement of Net Position**

	<b>Governmental Activities</b>	
	<u>2014</u>	<u>2013</u>
<b>Assets</b>		
Current and other assets	\$ 460,512	\$ 226,880
<b>Liabilities</b>		
Current liabilities	<u>21,909</u>	<u>35,535</u>
<b>Net position</b>		
Unrestricted	<u>\$ 438,603</u>	<u>\$ 191,345</u>

**Academy's Changes in Net Position**

The Academy's net position increased by \$247,258 during the current fiscal year. The key elements of the change in the Academy's net position for the year ended June 30, 2014 are as follows:

- State school fund revenue increased by \$295,331.
- Expenses increased by \$32,639.

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

**SHERIDAN ALLPREP ACADEMY**  
**Sheridan, Oregon**

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Changes in Net Position**

	<b>Governmental Activities</b>	
	<u>2014</u>	<u>2013</u>
<b>Program revenues</b>		
Regular programs	\$ 1,600	\$ 2,207
<b>General revenues</b>		
State school fund – general support	616,720	321,389
Miscellaneous	<u>1,381</u>	<u>1,429</u>
Total general revenues	<u>618,101</u>	<u>322,818</u>
Total revenues	<u>619,701</u>	<u>325,025</u>
<b>Program expenses</b>		
Regular programs	205,631	177,414
Special programs	512	725
Student support services	12,073	8,531
Instructional staff support	-	125
General administrative support	9,955	16,285
School administrative support	72,795	72,017
Business support services	69,503	62,598
Central activities support	<u>1,974</u>	<u>2,109</u>
Total program expenses	<u>372,443</u>	<u>339,804</u>
<b>Change in net position</b>	247,258	(14,779)
<b>Net position - beginning of year</b>	<u>191,345</u>	<u>206,124</u>
<b>Net position - end of year</b>	<u>\$ 438,603</u>	<u>\$ 191,345</u>

**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 \$438,603. 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 and one budgetary change.

**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:

- Health insurance is set for the next three years at the composite rate with OEBB. There will most likely be a minimal increase but the only other factor affecting health insurance expense will be the addition of employees.
- State general fund revenue is expected to increase statewide by approximately \$43,000,000. This will have a positive impact on the Academy's state school fund revenue.
- Employer contribution rates for the Oregon Public Employees Retirement System are expected to decrease approximately 2.61% during the 2015-2017 biennium.

All of these factors were considered in preparing the Academy's budget for fiscal year 2014-2015.

The unassigned ending General Fund balance of \$438,603 will be available for program resources in fiscal year 2014-2015.

**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 POSITION**

June 30, 2014

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 365,675
Accounts receivable	94,634
Prepaid expenses	<u>203</u>
Total current assets	<u>460,512</u>
<b>LIABILITIES</b>	
Current liabilities	
Accrued payroll liabilities	<u>21,909</u>
Total current liabilities	<u>21,909</u>
<b>NET POSITION</b>	
Unrestricted	<u><u>\$ 438,603</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, 2014

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense)</b>
		<b>Charges for</b>	<b>Operating</b>	<b>Capital</b>	<b>Revenue and</b>
		<b>Services</b>	<b>Grants and</b>	<b>Grants and</b>	<b>Changes in</b>
			<b>Contributions</b>	<b>Contributions</b>	<b>Net Position</b>
					<b>Governmental</b>
					<b>Activities</b>
Governmental activities					
Regular programs	\$ 205,631	\$ -	\$ 1,600	\$ -	\$ (204,031)
Special programs	512	-	-	-	(512)
Student support services	12,073	-	-	-	(12,073)
General administrative support	9,955	-	-	-	(9,955)
School administrative services	72,795	-	-	-	(72,795)
Business support services	69,503	-	-	-	(69,503)
Central activities support	<u>1,974</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,974)</u>
Total governmental activities	<u>\$ 372,443</u>	<u>\$ -</u>	<u>\$ 1,600</u>	<u>\$ -</u>	<u>(370,843)</u>
General revenues					
State school fund - general support					616,720
Miscellaneous					<u>1,381</u>
Total general revenues					<u>618,101</u>
Change in net position					247,258
Net position - beginning					<u>191,345</u>
Net position - ending					<u>\$ 438,603</u>

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



**SHERIDAN ALLPREP ACADEMY**  
**Sheridan, Oregon**

BALANCE SHEET

GOVERNMENTAL FUND

June 30, 2014

	<u>General Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 365,675
Accounts receivable	94,634
Prepaid expenses	<u>203</u>
 Total assets	 \$ 460,512
 <b>LIABILITIES AND FUND BALANCE</b>	
Liabilities	
Accrued liabilities	<u>\$ 21,909</u>
 Fund balance	
Unassigned	<u>438,603</u>
 Total liabilities and fund balance	 <u>\$ 460,512</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, 2014

	<u>General Fund</u>
<b>REVENUES</b>	
Local revenue	\$ 2,981
State revenue	<u>616,720</u>
Total revenues	<u>619,701</u>
<b>EXPENDITURES</b>	
Current	
Instruction	206,143
Support services	<u>166,300</u>
Total expenditures	<u>372,443</u>
Excess (deficiency) of revenues over (under) expenditures	247,258
Fund balance - beginning	<u>191,345</u>
Fund balance - ending	<u><u>\$ 438,603</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, 2014

**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 greater 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 position 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, 2014

**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 Net Position/Fund Balance**

**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, 2014

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities, and Net Position/Fund Balance (Continued)**

**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 Balance**

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.
- 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.

**SHERIDAN ALLPREP ACADEMY**  
**Sheridan, Oregon**

**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2014

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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

This is the risk that, in the event of a bank failure, the Foundation's deposits may not be returned. All Foundation deposits not covered by Federal Depositary Insurance Corporation (FDIC) insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon, organized in accordance with ORS 295. The PFCP is a shared liability structure for participating bank depositories. Barring any exceptions, a bank depository is required to pledge collateral valued at a minimum of 10% of their quarter-end public fund deposits if they are considered well capitalized, 25% of their quarter-end public fund deposits if they are considered adequately capitalized, or 110% of their quarter-end public fund deposits if they are considered undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities.

The Academy does not have a formal policy that places a limit on the amount that may be deposited with any one institution. The Academy holds noninterest-bearing accounts at US Bank, for which deposits are insured by the FDIC up to \$250,000. At June 30, 2014, the Academy's total deposits of \$250,000 insured by the FDIC and \$115,675 collateralized under the PFCP.

**SHERIDAN ALLPREP ACADEMY**  
**Sheridan, Oregon**

**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2014

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

**A. Deposits (Continued)**

Deposits

The Academy's deposits at June 30, 2014 are as follows:

Petty cash	\$ 100
Checking accounts	<u>365,575</u>
Total deposits and investments	<u>\$ 365,575</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, 2014

**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, 2014 were 22.29% and 20.29%, 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, 2012, 2013, and 2014 were equal to the required contribution for each year.

Annual pension expenses/expenditures are summarized as follows:

<u>Fiscal Year Ended June 30</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>
2012	\$ 48,207	100%
2013	\$ 39,702	100%
2014	\$ 53,793	100%

**SHERIDAN ALLPREP ACADEMY**  
**Sheridan, Oregon**

**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2014

**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. 68, *Accounting and Financial Reporting for Pensions*, will be effective for the District beginning with its fiscal year ending June 30, 2015. Statement 68 replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* and Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pension plans administered as trusts or similar arrangements that meet certain criteria. Statement 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI).

**D. Subsequent Events**

Management has evaluated subsequent events through October 17, 2014, which was the date that the financial statements were available to be issued.

## **OTHER 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, 2014

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Actual
<b>REVENUES</b>				
Local revenue	\$ -	\$ -	\$ 2,981	\$ 2,981
State revenue	<u>509,878</u>	<u>509,878</u>	<u>106,842</u>	<u>616,720</u>
Total revenues	<u>509,878</u>	<u>509,878</u>	<u>109,823</u>	<u>619,701</u>
<b>EXPENDITURES</b>				
Current				
Instruction	269,679	271,879	(65,736)	206,143
Support services	188,745	188,745	(22,445)	166,300
Contingency	<u>129,783</u>	<u>127,583</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>588,207</u>	<u>588,207</u>	<u>(215,764)</u>	<u>372,443</u>
Excess (deficiency) of revenues over (under) expenditures	(78,329)	(78,329)	325,587	247,258
Fund balance - beginning	<u>138,329</u>	<u>138,329</u>	<u>53,016</u>	<u>191,345</u>
Fund balance - ending	<u>\$ 60,000</u>	<u>\$ 60,000</u>	<u>\$ 378,603</u>	<u>\$ 438,603</u>

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



**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, 2014, and have issued our report thereon dated October 17, 2014. 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)**

**Public charter school requirements**

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 October 17, 2014.

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.

A handwritten signature in blue ink that reads "Accuity, LLC". The signature is stylized, with the "A" being a large loop and the "LLC" being written in a cursive-like font.

Accuity, LLC

October 17, 2014