

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

EXAMINATION REPORT

OF

JOSHUA ACADEMY, INC.

VANDERBURGH COUNTY, INDIANA

July 1, 2005 to June 30, 2007



FILED

02/20/2008

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report.....	3
Financial Information:	
Government-Wide Financial Information:	
Schedules of Activities and Net Assets - Cash and Investment Basis	4-5
Fund Financial Information:	
Governmental Funds:	
Schedules of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances - Cash and Investment Basis - Governmental Funds	6-7
Fiduciary Funds:	
Schedules of Additions, Deductions, and Changes in Cash and Investment Balances - Fiduciary Funds	8-9
Notes to Financial Information	10-14
Supplementary Information:	
Combining Schedule of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances - Cash and Investment Basis - Other Governmental Funds	15-16
Schedule of Capital Assets.....	17
Schedule of Long-Term Debt	18
Examination Results and Comments:	
Average Daily Membership (ADM).....	19
Overdrawn Cash Balances.....	19
Use of Form SA-5, Financial Report.....	19
Exit Conference.....	20

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Jolene M. Ferris	07-01-05 to 03-30-07
	Vacant	03-31-07 to 04-01-07
	Sandy Byers	04-02-07 to 06-30-08
Executive Director	Pamela J. Decker	07-01-05 to 06-30-08
President of the School Board	Linda Bennett	07-01-05 to 06-30-06
	Reginald P. Gibson	07-01-06 to 06-30-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF JOSHUA ACADEMY, INC., VANDERBURGH COUNTY, INDIANA

We have examined the financial information presented herein of Joshua Academy, Inc. (School Corporation), for the period of July 1, 2005 to June 30, 2007. The School Corporation's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the School Corporation for the years ended June 30, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Supplementary Information, as listed in the Table of Contents, was presented for additional analysis and is not a required part of the basic financial information. The Supplementary Information has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on the Supplementary Information.

STATE BOARD OF ACCOUNTS

October 23, 2007

JOSHUA ACADEMY, INC.
SCHEDULE OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2006

Functions/Programs	Disbursements	Program Receipts		Net (Disbursement) Receipts and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Totals
Governmental activities:				
Instruction	\$ 627,100	\$ -	\$ 4,200	\$ (622,900)
Support services	934,952	47,310	77,062	(810,580)
Community services	1,304	-	-	(1,304)
Nonprogrammed charges	1,023	-	-	(1,023)
Debt service	49,739	-	-	(49,739)
Total governmental activities	\$ 1,614,118	\$ 47,310	\$ 81,262	(1,485,546)
General receipts:				
Property taxes				354,180
Other local sources				97,713
State aid				721,317
Grants and contributions not restricted to specific programs				184,495
Sale of property, adjustments, and refunds				263
Total general receipts				1,357,968
Change in net assets				(127,578)
Net assets - beginning				203,620
Net assets - ending				\$ 76,042
<u>Assets</u>				
Cash and investments				\$ 76,042
<u>Net Assets</u>				
Unrestricted				\$ 76,042

The accompanying notes are an integral part of the financial information.

JOSHUA ACADEMY, INC.
SCHEDULE OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2007

Functions/Programs	Disbursements	Program Receipts		Net (Disbursement) Receipts and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Totals
Governmental activities:				
Instruction	\$ 609,088	\$ -	\$ 3,770	\$ (605,318)
Support services	1,000,995	33,950	119,382	(847,663)
Community services	17,466	-	-	(17,466)
Debt service	178,398	-	-	(178,398)
Total governmental activities	<u>\$ 1,805,947</u>	<u>\$ 33,950</u>	<u>\$ 123,152</u>	<u>(1,648,845)</u>
General receipts:				
Property taxes				383,464
Other local sources				152,802
State aid				844,439
Bonds and loans				75,000
Grants and contributions not restricted to specific programs				222,294
Sale of property, adjustments, and refunds				88,179
Total general receipts				<u>1,766,178</u>
Change in net assets				117,333
Net assets - beginning				<u>76,042</u>
Net assets - ending				<u>\$ 193,375</u>
<u>Assets</u>				
Cash and investments				<u>\$ 193,375</u>
<u>Net Assets</u>				
Unrestricted				<u>\$ 193,375</u>

The accompanying notes are an integral part of the financial information.

JOSHUA ACADEMY, INC.
SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2006

	General	Welborn Grant	Implementation Grant	Other	Totals
Receipts:					
Local sources	\$ 446,695	\$ -	\$ -	\$ 52,509	\$ 499,204
State sources	725,517	-	-	9,724	735,241
Federal sources	-	-	145,250	106,582	251,832
Sale of property, adjustments and refunds	-	263	-	-	263
Total receipts	<u>1,172,212</u>	<u>263</u>	<u>145,250</u>	<u>168,815</u>	<u>1,486,540</u>
Disbursements:					
Current:					
Instruction	521,767	-	30,494	74,839	627,100
Support services	740,269	250	69,434	124,999	934,952
Community services	1,304	-	-	-	1,304
Nonprogrammed charges	1,023	-	-	-	1,023
Debt services	49,739	-	-	-	49,739
Total disbursements	<u>1,314,102</u>	<u>250</u>	<u>99,928</u>	<u>199,838</u>	<u>1,614,118</u>
Excess (deficiency) of receipts over disbursements	<u>(141,890)</u>	<u>13</u>	<u>45,322</u>	<u>(31,023)</u>	<u>(127,578)</u>
Other financing sources (uses):					
Transfers in	-	-	-	11,495	11,495
Transfers out	-	-	-	(11,495)	(11,495)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(141,890)</u>	<u>13</u>	<u>45,322</u>	<u>(31,023)</u>	<u>(127,578)</u>
Cash and investments - beginning	<u>207,730</u>	<u>51,263</u>	<u>16,700</u>	<u>(72,073)</u>	<u>203,620</u>
Cash and investments - ending	<u>\$ 65,840</u>	<u>\$ 51,276</u>	<u>\$ 62,022</u>	<u>\$ (103,096)</u>	<u>\$ 76,042</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	<u>\$ 65,840</u>	<u>\$ 51,276</u>	<u>\$ 62,022</u>	<u>\$ (103,096)</u>	<u>\$ 76,042</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Unrestricted	<u>\$ 65,840</u>	<u>\$ 51,276</u>	<u>\$ 62,022</u>	<u>\$ (103,096)</u>	<u>\$ 76,042</u>

The accompanying notes are an integral part of the financial information.

JOSHUA ACADEMY, INC.
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2007

	General	Welborn Grant	Title I	Implementation Grant	Other	Totals
Receipts:						
Local sources	\$ 515,050	\$ -	\$ -	\$ -	\$ 55,166	\$ 570,216
State sources	848,208	-	-	-	11,506	859,714
Federal sources	-	-	75,138	141,000	114,032	330,170
Bonds and loans	75,000	-	-	-	-	75,000
Sale of property, adjustments and refunds	43,577	-	-	-	44,603	88,180
Total receipts	1,481,835	-	75,138	141,000	225,307	1,923,280
Disbursements:						
Current:						
Instruction	492,972	-	40,024	66,197	9,895	609,088
Support services	784,631	-	5,535	77,146	133,683	1,000,995
Community services	1,053	-	-	-	16,413	17,466
Debt services	178,398	-	-	-	-	178,398
Total disbursements	1,457,054	-	45,559	143,343	159,991	1,805,947
Excess (deficiency) of receipts over disbursements	24,781	-	29,579	(2,343)	65,316	117,333
Other financing sources (uses):						
Transfers in	-	-	4,311	-	-	4,311
Transfers out	-	-	-	-	(4,311)	(4,311)
Total other financing sources (uses)	-	-	4,311	-	(4,311)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	24,781	-	33,890	(2,343)	61,005	117,333
Cash and investments - beginning	65,840	51,276	-	62,022	(103,097)	76,042
Cash and investments - ending	<u>\$ 90,621</u>	<u>\$ 51,276</u>	<u>\$ 33,890</u>	<u>\$ 59,679</u>	<u>\$ (42,092)</u>	<u>\$ 193,375</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ 90,621</u>	<u>\$ 51,276</u>	<u>\$ 33,890</u>	<u>\$ 59,679</u>	<u>\$ (42,091)</u>	<u>\$ 193,375</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ 90,621</u>	<u>\$ 51,276</u>	<u>\$ 33,890</u>	<u>\$ 59,679</u>	<u>\$ (42,091)</u>	<u>\$ 193,375</u>

The accompanying notes are an integral part of the financial information.

JOSHUA ACADEMY, INC.
 STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 FIDUCIARY FUNDS
 For the Year Ended June 30, 2006

	Private-Purpose Trust Funds
Additions:	
Contributions:	
Other	\$ 1,717
Excess of total additions over total deductions	1,717
Cash and investment fund balance - beginning	-
Cash and investment fund balance - ending	\$ 1,717
Net Assets:	
Cash and investments	\$ 1,717

The accompanying notes are an integral part of the financial information.

JOSHUA ACADEMY, INC.
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2007

	Private-Purpose Trust Funds
Additions:	
Contributions:	
Other	\$ 474
Deductions:	
Other	2,994
Deficiency of total additions over total deductions	(2,520)
Cash and investment fund balance - beginning	1,717
Cash and investment fund balance - ending	\$ (803)
Net Assets:	
Cash and investments	\$ (803)

The accompanying notes are an integral part of the financial information.

JOSHUA ACADEMY, INC.
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

School Corporation, as used herein, shall include, but is not limited to, school townships, school towns, school cities, consolidated school corporations, joint schools, metropolitan school districts, township school districts, county schools, united schools, school districts, cooperatives, educational service centers, community schools, community school corporations, and charter schools.

The School Corporation was established under the laws of the State of Indiana. The School Corporation operates under a Board of School Trustees form of government and provides educational services.

Note 2. Fund Accounting

A. Government-Wide and Fund Financial Information

Government-Wide Financial Schedules

The Schedule of Activities and Net Assets - Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, inter-governmental revenues, and other nonexchange revenues.

Fund Financial Schedules

Fund financial schedules of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, receipts, and disbursements. Separate financial schedules are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial schedules. Major individual governmental funds are reported as separate columns in the fund financial schedules.

The School Corporation reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The wellborn grant fund is used to account for receipts and disbursements for the Closing the Gap Program.

The title I fund is used to account for receipts and disbursements that assist disadvantaged children to meet high standards.

The implementation grant fund provides support for planning, program design, and initial implementation of charter schools.

Additionally, the School Corporation reports the following fund type:

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the charter school.

JOSHUA ACADEMY, INC.
NOTES TO FINANCIAL INFORMATION
(Continued)

B. Measurement Focus and Basis of Accounting

The government-wide, governmental fund and fiduciary fund financial schedules are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial schedules.

If the School Corporation utilized the basis of accounting recognized as generally accepted, the fund financial schedules for governmental funds would use the modified accrual basis of accounting, while the fund financial schedules for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund schedules to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The School Corporation has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial schedules. Exceptions to this general rule are payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

When both restricted and unrestricted resources are available for use, the School Corporation's policy is to use restricted resources first, then unrestricted resources as they are needed.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Normally property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February

JOSHUA ACADEMY, INC.
NOTES TO FINANCIAL INFORMATION
(Continued)

15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which may become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the School Corporation on or prior to June 30 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the School Corporation to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 6. Interfund Transfers

Interfund transfers for the years ended June 30, 2006 and 2007, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>2005-2006</u>	<u>2006-2007</u>
Other governmental	Title I	\$ -	\$ 4,311
Other governmental	Other governmental	<u>11,495</u>	<u>-</u>
Totals		<u>\$ 11,495</u>	<u>\$ 4,311</u>

The School Corporation typically uses transfers for cash flow purposes as provided by various statutory provisions.

Note 7. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries.

JOSHUA ACADEMY, INC.
NOTES TO FINANCIAL INFORMATION
(Continued)

All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

B. Teachers' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Teachers' Retirement Fund (TRF), a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the TRF Board, most requirements of the system, and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

TRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Teachers' Retirement Fund
150 West Market Street
Indianapolis, IN 46204
Ph. (317) 232-3860

JOSHUA ACADEMY, INC.
NOTES TO FINANCIAL INFORMATION
(Continued)

Funding Policy and Annual Pension Cost

The School Corporation contributes the employer's share to TRF for certified employees employed under a federally funded program and all the certified employees hired after July 1, 1995. The School Corporation currently receives partial funding, through the school funding formula, from the State of Indiana for this contribution. The employer's share of contributions for certified personnel who are not employed under a federally funded program and were hired before July 1, 1995, is considered to be an obligation of, and is paid by, the State of Indiana.

JOSHUA ACADEMY, INC.
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2006

	School Lunch	Textbook Rental	SINE Grant	Donations, Gifts and Trusts	PL 97-35 ECIA Title I	Title I 2004-05 SY	Title V Innovative Education Program	Improving Teacher Quality, Title II	Totals
Receipts:									
Local sources	\$ 34,259	\$ 13,050	\$ -	\$ 5,200	\$ -	\$ -	\$ -	\$ -	\$ 52,509
State sources	1,022	8,702	-	-	-	-	-	-	9,724
Federal sources	67,337	-	-	-	7,866	26,486	833	4,060	106,582
Total receipts	102,618	21,752	-	5,200	7,866	26,486	833	4,060	168,815
Disbursements:									
Current:									
Instruction	-	36,837	-	-	10,952	23,986	-	3,064	74,839
Support services	114,186	2,067	-	1,350	3,369	2,501	530	996	124,999
Total disbursements	114,186	38,904	-	1,350	14,321	26,487	530	4,060	199,838
Excess (deficiency) of receipts over disbursements	(11,568)	(17,152)	-	3,850	(6,455)	(1)	303	-	(31,023)
Other financing sources (uses):									
Transfers in	-	-	-	-	-	11,495	-	-	11,495
Transfers out	-	-	-	-	(11,495)	-	-	-	(11,495)
Total other financing sources (uses)	-	-	-	-	(11,495)	11,495	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(11,568)	(17,152)	-	3,850	(17,950)	11,494	303	-	(31,023)
Cash and investments - beginning	(21,804)	(69,221)	1,002	-	17,950	-	-	-	(72,073)
Cash and investments - ending	<u>\$ (33,372)</u>	<u>\$ (86,373)</u>	<u>\$ 1,002</u>	<u>\$ 3,850</u>	<u>\$ -</u>	<u>\$ 11,494</u>	<u>\$ 303</u>	<u>\$ -</u>	<u>\$ (103,096)</u>
Cash and Investment Assets - Ending									
Cash and investments	<u>\$ (33,372)</u>	<u>\$ (86,373)</u>	<u>\$ 1,002</u>	<u>\$ 3,850</u>	<u>\$ -</u>	<u>\$ 11,494</u>	<u>\$ 303</u>	<u>\$ -</u>	<u>\$ (103,096)</u>
Cash and Investment Fund Balance - Ending									
Unrestricted	<u>\$ (33,372)</u>	<u>\$ (86,373)</u>	<u>\$ 1,002</u>	<u>\$ 3,850</u>	<u>\$ -</u>	<u>\$ 11,494</u>	<u>\$ 303</u>	<u>\$ -</u>	<u>\$ (103,096)</u>

JOSHUA ACADEMY, INC.
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007

	School Lunch	Textbook Rental	SINE Grant	Donations, Gifts and Trusts	Donations, Gifts and Trusts II	Instruction Support Fund	Title I 2004-05 SY	Title V Innovative Education Program	Title II, Part A	Totals
Receipts:										
Local sources	\$ 26,056	\$ 7,895	\$ -	\$ 11,693	\$ 9,424	\$ 98	\$ -	\$ -	\$ -	\$ 55,166
State sources	913	10,593	-	-	-	-	-	-	-	11,506
Federal sources	107,876	-	-	-	-	-	-	-	6,156	114,032
Sale of property, adjustments and refunds	44,603	-	-	-	-	-	-	-	-	44,603
Total receipts	179,448	18,488	-	11,693	9,424	98	-	-	6,156	225,307
Disbursements:										
Current:										
Instruction	-	-	-	-	2,124	1,593	6,178	-	-	9,895
Support services	130,516	-	-	336	918	340	1,005	-	568	133,683
Community services	-	-	-	11,357	5,056	-	-	-	-	16,413
Total disbursements	130,516	-	-	11,693	8,098	1,933	7,183	-	568	159,991
Excess (deficiency) of receipts over disbursements	48,932	18,488	-	-	1,326	(1,835)	(7,183)	-	5,588	65,316
Other financing sources (uses):										
Transfers out	-	-	-	-	-	-	(4,311)	-	-	(4,311)
Total other financing sources (uses)	-	-	-	-	-	-	(4,311)	-	-	(4,311)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	48,932	18,488	-	-	1,326	(1,835)	(11,494)	-	5,588	61,005
Cash and investments - beginning	(33,372)	(86,373)	1,002	-	3,850	-	11,494	303	-	(103,096)
Cash and investments - ending	\$ 15,560	\$ (67,885)	\$ 1,002	\$ -	\$ 5,176	\$ (1,835)	\$ -	\$ 303	\$ 5,588	\$ (42,091)
Cash and Investment Assets - Ending										
Cash and investments	\$ 15,560	\$ (67,885)	\$ 1,002	\$ -	\$ 5,176	\$ (1,835)	\$ -	\$ 303	\$ 5,588	\$ (42,091)
Cash and Investment Fund Balance - Ending										
Unrestricted	\$ 15,560	\$ (67,885)	\$ 1,002	\$ -	\$ 5,176	\$ (1,835)	\$ -	\$ 303	\$ 5,588	\$ (42,091)

JOSHUA ACADEMY, INC.
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2007

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Buildings	\$ 27,534
Machinery and equipment	<u>168,743</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 196,277</u>

JOSHUA ACADEMY, INC.
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2007

The School has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Common School Loan	\$ 479,593	\$ 22,914
Fifth Third Bank Loan	<u>242,506</u>	<u>25,000</u>
Total governmental activities debt	<u>\$ 722,099</u>	<u>\$ 47,914</u>

JOSHUA ACADEMY, INC.
EXAMINATION RESULTS AND COMMENTS

AVERAGE DAILY MEMBERSHIP (ADM)

The Executive Director was not certifying the Average Daily Membership (ADM) counts reported to the School Central Office.

Officials shall maintain records (enrollment cards, rosters, reporting forms, etc.) which substantiate the number of students claimed for ADM.

The building level official (Principal, Assistant Principal, etc.) who is responsible for reporting ADM to the School Corporation Central Office should provide a written certification of ADM to properly document responsibility. The certification should at a minimum include a statement detailing the names and location of the records used (these records must be retained for public inspection and audit) to substantiate ADM claimed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

OVERDRAWN CASH BALANCES

The cash balances of the Textbook Rental Fund and School Lunch Fund were overdrawn in 2005-2006. The cash balances of the Textbook Rental Fund, Instruction Support Fund and Private School-Old Debt Fund were overdrawn in 2006-2007.

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

USE OF FORM SA-5, FINANCIAL REPORT (Applies to Joshua Academy School)

Financial Reports (Form SA-5) were not presented for examination.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

JOSHUA ACADEMY, INC.
EXIT CONFERENCE

The contents of this report were discussed on November 20, 2007, with Pamela J. Decker, Executive Director; Reginald P. Gibson, President of the School Board; and Sandy Byers, Treasurer. The officials concurred with our findings.