

B37021

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

EXAMINATION REPORT
OF
TIMOTHY L. JOHNSON ACADEMY
ALLEN COUNTY, INDIANA
July 1, 2007 to June 30, 2009



FILED
05/20/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Ian Rolland	07-01-07 to 06-30-10
School Leader	Steven Bollier	07-01-07 to 06-30-10
President of the School Board	Mike Nickleson	07-01-07 to 06-30-10



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TIMOTHY L. JOHNSON ACADEMY, ALLEN COUNTY, INDIANA

We have examined the financial information presented herein of the Timothy L. Johnson Academy (School Corporation), for the period of July 1, 2007 to June 30, 2009. 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, 2008 and 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

February 3, 2010

TIMOTHY L. JOHNSON ACADEMY
SCHEDULE OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2008

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
Governmental activities:				
Instruction	\$ 576,436	\$ -	\$ 41,991	\$ (534,445)
Support services	875,734	2,550	82,735	(790,449)
Noninstructional services	92,355	-	-	(92,355)
Facilities acquisition and construction	158,070	-	-	(158,070)
Debt service	59,818	-	-	(59,818)
Total governmental activities	<u>\$ 1,762,413</u>	<u>\$ 2,550</u>	<u>\$ 124,726</u>	<u>(1,635,137)</u>
General receipts:				
Property taxes				415,994
Other local sources				5,287
State aid				882,228
Grants and contributions not restricted to specific programs				163,875
Investment earnings				<u>39</u>
Total general receipts				<u>1,467,423</u>
Change in net assets				(167,714)
Net assets - beginning				<u>172,968</u>
Net assets - ending				<u>\$ 5,254</u>
<u>Assets</u>				
Cash and investments				<u>\$ 5,254</u>
<u>Net Assets</u>				
Unrestricted				<u>\$ 5,254</u>

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

TIMOTHY L. JOHNSON ACADEMY
SCHEDULE OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2009

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
Governmental activities:				
Instruction	\$ 711,689	\$ -	\$ 58,099	\$ (653,590)
Support services	954,663	2,318	118,149	(834,196)
Noninstructional services	103,608	-	-	(103,608)
Facilities acquisition and construction	128,955	-	-	(128,955)
Debt service	41,405	-	-	(41,405)
Total governmental activities	<u>\$ 1,940,320</u>	<u>\$ 2,318</u>	<u>\$ 176,248</u>	<u>(1,761,754)</u>
General receipts:				
Property taxes				401,313
Other local sources				19,103
State aid				1,056,585
Grants and contributions not restricted to specific programs				323,111
Investment earnings				13
Total general receipts				<u>1,800,125</u>
Change in net assets				38,371
Net assets - beginning				<u>5,254</u>
Net assets - ending				<u>\$ 43,625</u>
<u>Assets</u>				
Cash and investments				<u>\$ 43,625</u>
<u>Net Assets</u>				
Unrestricted				<u>\$ 43,625</u>

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

TIMOTHY L. JOHNSON ACADEMY
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, 2008

	General	Special Education Preschool	Title I	Drug Free Schools	Public Charter School Grant Program	21st Century Community Learning Centers Program	Other	Totals
Receipts:								
Local sources	\$ 421,320	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,550	\$ 423,870
State sources	919,945	5,507	-	-	-	-	6,520	931,972
Federal sources	-	-	148,135	1,953	-	-	88,769	238,857
Total receipts	1,341,265	5,507	148,135	1,953	-	-	97,839	1,594,699
Disbursements:								
Current:								
Instruction	483,456	-	84,742	1,953	-	4,897	1,388	576,436
Support services	801,577	-	61,267	-	-	900	11,990	875,734
Noninstructional services	9,514	-	-	-	-	-	82,841	92,355
Facilities acquisition and construction	158,070	-	-	-	-	-	-	158,070
Debt services	59,818	-	-	-	-	-	-	59,818
Total disbursements	1,512,435	-	146,009	1,953	-	5,797	96,219	1,762,413
Excess (deficiency) of receipts over disbursements	(171,170)	5,507	2,126	-	-	(5,797)	1,620	(167,714)
Cash and investments - beginning	352,719	4,451	(35,553)	-	39,718	41,707	(230,074)	172,968
Cash and investments - ending	\$ 181,549	\$ 9,958	\$ (33,427)	\$ -	\$ 39,718	\$ 35,910	\$ (228,454)	\$ 5,254
<u>Cash and Investment Assets - Ending</u>								
Cash and investments	\$ 181,549	\$ 9,958	\$ (33,427)	\$ -	\$ 39,718	\$ 35,910	\$ (228,454)	\$ 5,254
<u>Cash and Investment Fund Balance - Ending</u>								
Unrestricted	\$ 181,549	\$ 9,958	\$ (33,427)	\$ -	\$ 39,718	\$ 35,910	\$ (228,454)	\$ 5,254

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

TIMOTHY L. JOHNSON ACADEMY
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, 2009

	General	Special Education Preschool	Title I	Drug Free Schools	Public Charter School Grant Program	21st Century Community Learning Centers Program	Fiscal Stabilization	Other	Totals
Receipts:									
Local sources	\$ 420,429	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,318	\$ 422,747
State sources	1,110,300	4,125	-	-	-	-	-	7,174	1,121,599
Federal sources	-	-	184,372	1,458	-	-	122,155	126,360	434,345
Total receipts	1,530,729	4,125	184,372	1,458	-	-	122,155	135,852	1,978,691
Disbursements:									
Current:									
Instruction	603,547	-	103,306	1,515	-	-	-	3,321	711,689
Support services	838,365	-	72,409	-	-	-	-	43,889	954,663
Noninstructional services	-	-	-	-	-	-	-	103,608	103,608
Facilities acquisition and construction	128,955	-	-	-	-	-	-	-	128,955
Debt services	41,405	-	-	-	-	-	-	-	41,405
Total disbursements	1,612,272	-	175,715	1,515	-	-	-	150,818	1,940,320
Excess (deficiency) of receipts over disbursements	(81,543)	4,125	8,657	(57)	-	-	122,155	(14,966)	38,371
Cash and investments - beginning	181,549	9,958	(33,427)	-	39,718	35,910	-	(228,454)	5,254
Cash and investments - ending	<u>\$ 100,006</u>	<u>\$ 14,083</u>	<u>\$ (24,770)</u>	<u>\$ (57)</u>	<u>\$ 39,718</u>	<u>\$ 35,910</u>	<u>\$ 122,155</u>	<u>\$ (243,420)</u>	<u>\$ 43,625</u>
Cash and Investment Assets - Ending									
Cash and investments	<u>\$ 100,006</u>	<u>\$ 14,083</u>	<u>\$ (24,770)</u>	<u>\$ (57)</u>	<u>\$ 39,718</u>	<u>\$ 35,910</u>	<u>\$ 122,155</u>	<u>\$ (243,420)</u>	<u>\$ 43,625</u>
Cash and Investment Fund Balance - Ending									
Unrestricted	<u>\$ 100,006</u>	<u>\$ 14,083</u>	<u>\$ (24,770)</u>	<u>\$ (57)</u>	<u>\$ 39,718</u>	<u>\$ 35,910</u>	<u>\$ 122,155</u>	<u>\$ (243,420)</u>	<u>\$ 43,625</u>

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

TIMOTHY L. JOHNSON ACADEMY, ALLEN COUNTY
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 provides educational services.

Note 2. Fund Accounting

A. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statements of Activities and Net Assets - Cash and Investment Basis display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

Fund Financial Statements

Fund financial statements 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 statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. However, at this time, the School Corporation has not established any enterprise funds or fiduciary funds.

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 special education preschool fund accounts for receipts and disbursements for the operation of programs and services for special education preschool students.

The Title I fund accounts for grant resources used to educate students who meet the Title I guidelines.

The drug free schools fund accounts for receipts and disbursements for the operation of programs and services for drug free education of students.

The public charter school grant program fund accounts for grant resources used to implement charter school programs.

TIMOTHY L. JOHNSON ACADEMY, ALLEN COUNTY
NOTES TO FINANCIAL INFORMATION
(Continued)

The 21st century community learning centers program fund accounts for grant resources used to implement charter school programs.

The fiscal stabilization fund accounts for receipts and disbursements of cash received from the federal government to be used to supplement funding of local, state and federal programs.

B. Measurement Focus and Basis of Accounting

The government-wide and governmental fund financial statements 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. Receipts are recorded when received and disbursements are recorded when paid.

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 statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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.

Note 4. Property Taxes

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 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 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.

TIMOTHY L. JOHNSON ACADEMY, ALLEN COUNTY
NOTES TO FINANCIAL INFORMATION
(Continued)

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.

TIMOTHY L. JOHNSON ACADEMY
 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, 2008

	Transportation Operating	Student Lunch	Textbook	Professional Development	Title V	Title IIA	Title IID	Totals
Receipts:								
Local sources	\$ -	\$ 2,550	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,550
State sources	-	136	2,111	4,273	-	-	-	6,520
Federal sources	-	80,488	-	-	469	7,812	-	88,769
Total receipts	-	83,174	2,111	4,273	469	7,812	-	97,839
Disbursements:								
Current:								
Instruction	-	-	1,388	-	-	-	-	1,388
Support services	-	-	-	2,795	390	8,805	-	11,990
Noninstructional services	-	82,841	-	-	-	-	-	82,841
Total disbursements	-	82,841	1,388	2,795	390	8,805	-	96,219
Excess (deficiency) of receipts over disbursements	-	333	723	1,478	79	(993)	-	1,620
Cash and investments - beginning	(10,241)	(138,768)	(35,773)	(15,288)	(1,266)	(25,209)	(3,529)	(230,074)
Cash and investments - ending	<u>\$ (10,241)</u>	<u>\$ (138,435)</u>	<u>\$ (35,050)</u>	<u>\$ (13,810)</u>	<u>\$ (1,187)</u>	<u>\$ (26,202)</u>	<u>\$ (3,529)</u>	<u>\$ (228,454)</u>
<u>Cash and Investment Assets - Ending</u>								
Cash and investments	<u>\$ (10,241)</u>	<u>\$ (138,435)</u>	<u>\$ (35,050)</u>	<u>\$ (13,810)</u>	<u>\$ (1,187)</u>	<u>\$ (26,202)</u>	<u>\$ (3,529)</u>	<u>\$ (228,454)</u>
<u>Cash and Investment Fund Balance - Ending</u>								
Unrestricted	<u>\$ (10,241)</u>	<u>\$ (138,435)</u>	<u>\$ (35,050)</u>	<u>\$ (13,810)</u>	<u>\$ (1,187)</u>	<u>\$ (26,202)</u>	<u>\$ (3,529)</u>	<u>\$ (228,454)</u>

TIMOTHY L. JOHNSON ACADEMY
 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, 2009

	Transportation Operating	Student Lunch	Textbook	Professional Development	Title V	Special Education - IDEA	Title IIA	Title IID	Totals
Receipts:									
Local sources	\$ -	\$ 2,318	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,318
State sources	-	88	2,702	4,384	-	-	-	-	7,174
Federal sources	-	115,360	-	-	-	11,000	-	-	126,360
Total receipts	-	117,766	2,702	4,384	-	11,000	-	-	135,852
Disbursements:									
Current:									
Instruction	-	-	-	3,321	-	-	-	-	3,321
Support services	-	-	-	950	-	27,822	12,764	2,353	43,889
Noninstructional services	-	103,608	-	-	-	-	-	-	103,608
Total disbursements	-	103,608	-	4,271	-	27,822	12,764	2,353	150,818
Excess (deficiency) of receipts over disbursements	-	14,158	2,702	113	-	(16,822)	(12,764)	(2,353)	(14,966)
Cash and investments - beginning	(10,241)	(138,435)	(35,050)	(13,810)	(1,187)	-	(26,202)	(3,529)	(228,454)
Cash and investments - ending	<u>\$ (10,241)</u>	<u>\$ (124,277)</u>	<u>\$ (32,348)</u>	<u>\$ (13,697)</u>	<u>\$ (1,187)</u>	<u>\$ (16,822)</u>	<u>\$ (38,966)</u>	<u>\$ (5,882)</u>	<u>\$ (243,420)</u>
<u>Cash and Investment Assets - Ending</u>									
Cash and investments	<u>\$ (10,241)</u>	<u>\$ (124,277)</u>	<u>\$ (32,348)</u>	<u>\$ (13,697)</u>	<u>\$ (1,187)</u>	<u>\$ (16,822)</u>	<u>\$ (38,966)</u>	<u>\$ (5,882)</u>	<u>\$ (243,420)</u>
<u>Cash and Investment Fund Balance - Ending</u>									
Unrestricted	<u>\$ (10,241)</u>	<u>\$ (124,277)</u>	<u>\$ (32,348)</u>	<u>\$ (13,697)</u>	<u>\$ (1,187)</u>	<u>\$ (16,822)</u>	<u>\$ (38,966)</u>	<u>\$ (5,882)</u>	<u>\$ (243,420)</u>

TIMOTHY L. JOHNSON ACADEMY
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
For The Year Ended June 30, 2009

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:	
Machinery and equipment	<u>\$ 78,219</u>

TIMOTHY L. JOHNSON ACADEMY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2009

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Notes and loans payable	\$ 291,180	\$ 49,372

TIMOTHY L. JOHNSON ACADEMY
EXAMINATION RESULT AND COMMENT

OVERDRAWN CASH BALANCES

The Title I Fund, Transportation Operating Fund, Student Lunch Fund, Textbook Fund, Professional Development Fund, Title V Fund, Title IIA Fund, and Title IID Funds were overdrawn as of June 30, 2008 and June 30, 2009. The Special Education - IDEA Fund and Drug Free Schools Funds were overdrawn as of June 30, 2009. A similar comment appeared in prior Report B31789.

The 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)

TIMOTHY L. JOHNSON ACADEMY
EXIT CONFERENCE

The contents of this report were discussed on February 3, 2010, in person with Steven Bollier, School Leader; via telephone with Ian Rolland, Treasurer; and via video conference with Don Ash of the Leona Group. The officials concurred with our finding.