

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

CAMPAGNA ACADEMY CHARTER SCHOOL

LAKE COUNTY, INDIANA

July 1, 2009 to June 30, 2011



FILED

04/24/2012

TABLE OF CONTENTS

| <u>Description</u> | <u>Page</u> |
|---|-------------|
| Officials | 2 |
| Independent Accountant's Report..... | 3 |
| Financial Statement: | |
| Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis..... | 7 |
| Notes to Financial Statement..... | 8-11 |
| Supplementary Information: | |
| Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis..... | 14-17 |
| Schedule of Long-Term Debt | 19 |
| Examination Result and Comment: | |
| Discontinuance of Operations | 20 |
| Exit Conference..... | 21 |

OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|---|--|--|
| Treasurer | Scott Stevens (Vacant) Jeanne Wease, Interim | 07-01-09 to 03-02-12 03-03-12 to 03-04-12 03-05-12 to 06-30-12 |
| Chief Executive Officer | Bruce Hillman Elena Dwyre | 07-01-09 to 04-25-11 04-26-11 to 06-30-12 |
| Chairperson of the School Advisory Council | Kathryn Malone Rosanna Fowler | 07-01-09 to 05-31-10 06-01-10 to 06-30-12 |



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 CAMPAGNA ACADEMY CHARTER SCHOOL, LAKE COUNTY, INDIANA

We have examined the financial statement of Campagna Academy Charter School (School Corporation), for the period of July 1, 2009 to June 30, 2011. The School Corporation's management is responsible for the financial statement. 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 statement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis noted above is a different basis than that used in the prior year.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the years ended June 30, 2010 and 2011, on the basis of accounting described in Note 1.

The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis 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 financial statement. They have not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the School Corporation's management, School Advisory Council, and others within the entity, and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

March 14, 2012

(This page intentionally left blank.)

FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the School Corporation. The financial statement and notes are presented as intended by the School Corporation.

φ

(This page intentionally left blank.)

CAMPAGNA ACADEMY CHARTER SCHOOL
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2010 and 2011

| | Cash and Investments | | Other Financing | | Cash and Investments | | Other Financing | | Cash and Investments | |
|---|-------------------------|---------------------|---------------------|----------------|-------------------------|---------------------|---------------------|-------------------|-------------------------|--|
| | 07-01-09 | Receipts | Disbursements | Sources (Uses) | 06-30-10 | Receipts | Disbursements | Sources (Uses) | 06-30-11 | |
| General | \$ 268,822 | \$ 1,078,690 | \$ 1,174,169 | \$ (8,044) | \$ 165,299 | \$ 1,264,875 | \$ 1,353,918 | \$ 158,134 | \$ 234,390 | |
| School Lunch | 8,347 | 15,736 | 24,083 | - | - | 33,224 | 33,224 | - | - | |
| Alternative Education | - | 52,616 | 52,616 | - | - | 63,404 | 63,404 | - | - | |
| School Technology | - | - | - | - | - | 1,200 | 500 | - | 700 | |
| Title I 08-09 | 12,046 | - | 5,729 | (6,317) | - | - | - | - | - | |
| School Improvement 08-09 | 16,110 | - | 16,110 | - | - | - | - | - | - | |
| Title I 09-10 | - | 97,321 | 85,709 | 6,317 | 17,929 | - | 17,929 | - | - | |
| School Improvement 09-10 | - | 110,900 | 16,987 | - | 93,913 | 41,448 | 137,420 | - | (2,059) | |
| Title I 10-11 | - | - | - | - | - | 57,260 | 62,283 | - | (5,023) | |
| IDEA | - | 26,723 | 4,335 | - | 22,388 | - | 25,129 | - | (2,741) | |
| Improving Teaching Quality, No Child Left, Title II, Part A | 8,966 | 9,990 | 8,966 | - | 9,990 | - | 9,990 | - | - | |
| Fiscal Stabilization - Education | 87,824 | 27,600 | 115,424 | - | - | - | - | - | - | |
| Title I - Grants to LEAs | - | 34,880 | 42,245 | 7,365 | - | 32,000 | 24,635 | (7,365) | - | |
| Special Education - Part B | - | 24,597 | 25,276 | 679 | - | 16,000 | 15,321 | (679) | - | |
| Education Jobs | - | - | - | - | - | 29,729 | 29,729 | - | - | |
| Totals | <u>\$ 402,115</u> | <u>\$ 1,479,053</u> | <u>\$ 1,571,649</u> | <u>\$ -</u> | <u>\$ 309,519</u> | <u>\$ 1,539,140</u> | <u>\$ 1,773,482</u> | <u>\$ 150,090</u> | <u>\$ 225,267</u> | |

The notes to the financial statement are an integral part of this statement.

CAMPAGNA ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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.

The accompanying financial statement presents the financial information for the School Corporation (primary government).

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The regulatory 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.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Local sources which include taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, school corporation activities, revenue from community services activities, and other revenue from local sources.

Intermediate sources which include distributions from the County for fees collected for or on behalf of the School Corporation including educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

State sources which include distributions from the State of Indiana to be used by the School Corporation for various purposes. Included in state sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

CAMPAGNA ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENT
(Continued)

Federal sources which include distributions from the federal government to be used by the School Corporation for various purposes. Included in federal sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Other receipts which include amounts received from various sources which include return of petty cash, return of cash change, insurance claims for losses, sale of securities, and other receipts not listed in another category above.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Instruction which includes outflows for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

Support services which include outflows for support services related to students, instruction, general administration, and school administration. It also includes outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services which include outflows for food service operations and community service operations.

Facilities acquisition and construction which includes outflows for the acquisition, development, construction, and improvement of new and existing facilities.

Debt services which include fixed obligations resulting from financial transactions previously entered into by the School Corporation. It includes all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

F. Other financing sources and uses

Other financing sources and uses are presented in the aggregate on the face of the financial statement. The aggregate other financing sources and uses include the following:

Proceeds of long-term debt which includes money received in relation to the issuance of bonds or other long-term debt issues.

Transfers in which includes money received by one fund as a result of transferring money from another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

Transfers out which includes money paid by one fund to another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

CAMPAGNA ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENT
(Continued)

G. Fund Accounting

Separate funds are established, maintained, and reported by the School Corporation. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the School Corporation. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the School Corporation in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be 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 statutes authorize 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 3. Risk Management

The School Corporation may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the School Corporation to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the School Corporation by recording as a disbursement and replacement items purchased.

Note 4. Pension Plan

Teachers' Retirement Fund

Plan Description

The Indiana Teachers' Retirement Fund (TRF) is 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 Indiana Public Retirement System (INPRS) Board, most requirements of the system, and gives the School Corporation authority to contribute to the plan.

CAMPAGNA ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENT
(Continued)

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 percent 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.

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

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 286-3544

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.

Note 5. Subsequent Event

In September 2011, Campagna Academy, Inc., the managing company of the School Corporation, approved to not renew its charter agreement with Ball State University due to decreased enrollment. Campagna Academy Charter School will discontinue operations at the conclusion of the 2011-2012 school year. It is unknown at this time if the School Corporation's cash balance will be ample to repay the State of Indiana the outstanding common school loans of \$202,789 plus interest or the \$200,000 outstanding loan from Campagna Academy, Inc. The School Corporation has contacted the Indiana Department of Education about the discontinuance of the charter school and the repayment of the loans.

(This page intentionally left blank.)

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://mustang.doe.state.in.us/TRENDS/fin.cfm>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's office.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Financial Reports of the School Corporation which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The supplementary information presented was approved by management of the School Corporation. It is presented as intended by the School Corporation.

CAMPAGNA ACADEMY CHARTER SCHOOL
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010

| | General | School Lunch | Alternative Education | School Technology | Title I 08-09 | School Improvement 08-09 | Title I 09-10 | School Improvement 09-10 |
|---|-------------------|-----------------|--------------------------|----------------------|------------------|--------------------------------|------------------|--------------------------------|
| Cash and investments - beginning | \$ 268,822 | \$ 8,347 | \$ - | \$ - | \$ 12,046 | \$ 16,110 | \$ - | \$ - |
| Receipts: | | | | | | | | |
| Local sources | 102,056 | 54 | - | - | - | - | - | - |
| Intermediate sources | 38 | - | - | - | - | - | - | - |
| State sources | 976,449 | - | 52,616 | - | - | - | - | - |
| Federal sources | - | 15,682 | - | - | - | - | 97,321 | 110,900 |
| Other | 147 | - | - | - | - | - | - | - |
| Total receipts | <u>1,078,690</u> | <u>15,736</u> | <u>52,616</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>97,321</u> | <u>110,900</u> |
| Disbursements: | | | | | | | | |
| Current: | | | | | | | | |
| Instruction | 512,399 | - | 52,616 | - | - | 8,790 | 80,476 | - |
| Support services | 538,236 | - | - | - | 5,729 | 1,189 | 5,233 | 16,987 |
| Noninstructional services | 16,010 | 24,083 | - | - | - | 6,131 | - | - |
| Facilities acquisition and construction | 101,580 | - | - | - | - | - | - | - |
| Debt services | 5,944 | - | - | - | - | - | - | - |
| Total disbursements | <u>1,174,169</u> | <u>24,083</u> | <u>52,616</u> | <u>-</u> | <u>5,729</u> | <u>16,110</u> | <u>85,709</u> | <u>16,987</u> |
| Excess (deficiency) of receipts over disbursements | <u>(95,479)</u> | <u>(8,347)</u> | <u>-</u> | <u>-</u> | <u>(5,729)</u> | <u>(16,110)</u> | <u>11,612</u> | <u>93,913</u> |
| Other financing sources (uses): | | | | | | | | |
| Proceeds of long-term debt | - | - | - | - | - | - | - | - |
| Transfers in | - | - | - | - | - | - | 6,317 | - |
| Transfers out | (8,044) | - | - | - | (6,317) | - | - | - |
| Total other financing sources (uses) | <u>(8,044)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(6,317)</u> | <u>-</u> | <u>6,317</u> | <u>-</u> |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | <u>(103,523)</u> | <u>(8,347)</u> | <u>-</u> | <u>-</u> | <u>(12,046)</u> | <u>(16,110)</u> | <u>17,929</u> | <u>93,913</u> |
| Cash and investments - ending | <u>\$ 165,299</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 17,929</u> | <u>\$ 93,913</u> |

CAMPAGNA ACADEMY CHARTER SCHOOL
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

| | Title I 10-11 | IDEA | Improving Teaching Quality No Child Left Title II, Part A | Fiscal Stabilization Education | Title I Grants to LEAs | Special Education Part B | Education Jobs | Totals |
|---|------------------|-----------|--|--------------------------------------|------------------------------|--------------------------------|-------------------|------------|
| Cash and investments - beginning | \$ - | \$ - | \$ 8,966 | \$ 87,824 | \$ - | \$ - | \$ - | \$ 402,115 |
| Receipts: | | | | | | | | |
| Local sources | - | - | - | - | - | - | - | 102,110 |
| Intermediate sources | - | - | - | - | - | - | - | 38 |
| State sources | - | - | - | - | - | - | - | 1,029,065 |
| Federal sources | - | 26,723 | 9,990 | 27,600 | 34,880 | 24,597 | - | 347,693 |
| Other | - | - | - | - | - | - | - | 147 |
| Total receipts | - | 26,723 | 9,990 | 27,600 | 34,880 | 24,597 | - | 1,479,053 |
| Disbursements: | | | | | | | | |
| Current: | | | | | | | | |
| Instruction | - | - | 8,966 | 68,697 | 14,744 | 25,276 | - | 771,964 |
| Support services | - | 4,335 | - | 41,825 | - | - | - | 613,534 |
| Noninstructional services | - | - | - | - | 27,501 | - | - | 73,725 |
| Facilities acquisition and construction | - | - | - | 4,902 | - | - | - | 106,482 |
| Debt services | - | - | - | - | - | - | - | 5,944 |
| Total disbursements | - | 4,335 | 8,966 | 115,424 | 42,245 | 25,276 | - | 1,571,649 |
| Excess (deficiency) of receipts over disbursements | - | 22,388 | 1,024 | (87,824) | (7,365) | (679) | - | (92,596) |
| Other financing sources (uses): | | | | | | | | |
| Proceeds of long-term debt | - | - | - | - | - | - | - | - |
| Transfers in | - | - | - | - | 7,365 | 679 | - | 14,361 |
| Transfers out | - | - | - | - | - | - | - | (14,361) |
| Total other financing sources (uses) | - | - | - | - | 7,365 | 679 | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | - | 22,388 | 1,024 | (87,824) | - | - | - | (92,596) |
| Cash and investments - ending | \$ - | \$ 22,388 | \$ 9,990 | \$ - | \$ - | \$ - | \$ - | \$ 309,519 |

CAMPAGNA ACADEMY CHARTER SCHOOL
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011

| | General | School Lunch | Alternative Education | School Technology | Title I 08-09 | School Improvement 08-09 | Title I 09-10 | School Improvement 09-10 |
|---|-------------------|-----------------|--------------------------|----------------------|------------------|--------------------------------|------------------|--------------------------------|
| Cash and investments - beginning | \$ 165,299 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 17,929 | \$ 93,913 |
| Receipts: | | | | | | | | |
| Local sources | 194,698 | 3,378 | - | - | - | - | - | - |
| Intermediate sources | 38 | - | - | - | - | - | - | - |
| State sources | 1,070,139 | - | 63,404 | 1,200 | - | - | - | - |
| Federal sources | - | 29,846 | - | - | - | - | - | 41,448 |
| Other | - | - | - | - | - | - | - | - |
| Total receipts | <u>1,264,875</u> | <u>33,224</u> | <u>63,404</u> | <u>1,200</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>41,448</u> |
| Disbursements: | | | | | | | | |
| Current: | | | | | | | | |
| Instruction | 729,587 | - | 63,404 | - | - | - | 14,086 | 60,186 |
| Support services | 540,963 | - | - | 500 | - | - | 3,843 | 77,234 |
| Noninstructional services | 1,780 | 33,224 | - | - | - | - | - | - |
| Facilities acquisition and construction | 81,588 | - | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - | - | - |
| Total disbursements | <u>1,353,918</u> | <u>33,224</u> | <u>63,404</u> | <u>500</u> | <u>-</u> | <u>-</u> | <u>17,929</u> | <u>137,420</u> |
| Excess (deficiency) of receipts over disbursements | <u>(89,043)</u> | <u>-</u> | <u>-</u> | <u>700</u> | <u>-</u> | <u>-</u> | <u>(17,929)</u> | <u>(95,972)</u> |
| Other financing sources (uses): | | | | | | | | |
| Proceeds of long-term debt | 150,090 | - | - | - | - | - | - | - |
| Transfers in | 8,044 | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | <u>158,134</u> | <u>-</u> | <u>-</u> | <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>69,091</u> | <u>-</u> | <u>-</u> | <u>700</u> | <u>-</u> | <u>-</u> | <u>(17,929)</u> | <u>(95,972)</u> |
| Cash and investments - ending | <u>\$ 234,390</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 700</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (2,059)</u> |

CAMPAGNA ACADEMY CHARTER SCHOOL
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

| | Title I 10-11 | IDEA | Improving Teaching Quality No Child Left Title II, Part A | Fiscal Stabilization Education | Title I Grants to LEAs | Special Education Part B | Education Jobs | Totals |
|---|------------------|------------|--|--------------------------------------|------------------------------|--------------------------------|-------------------|------------|
| Cash and investments - beginning | \$ - | \$ 22,388 | \$ 9,990 | \$ - | \$ - | \$ - | \$ - | \$ 309,519 |
| Receipts: | | | | | | | | |
| Local sources | - | - | - | - | - | - | - | 198,076 |
| Intermediate sources | - | - | - | - | - | - | - | 38 |
| State sources | - | - | - | - | - | - | - | 1,134,743 |
| Federal sources | 57,260 | - | - | - | 32,000 | 16,000 | 29,729 | 206,283 |
| Other | - | - | - | - | - | - | - | - |
| Total receipts | 57,260 | - | - | - | 32,000 | 16,000 | 29,729 | 1,539,140 |
| Disbursements: | | | | | | | | |
| Current: | | | | | | | | |
| Instruction | 56,618 | 14,168 | 9,344 | - | 5,385 | 15,312 | 11,249 | 979,339 |
| Support services | 5,665 | 10,961 | 646 | - | 16,000 | 9 | 18,480 | 674,301 |
| Noninstructional services | - | - | - | - | 3,250 | - | - | 38,254 |
| Facilities acquisition and construction | - | - | - | - | - | - | - | 81,588 |
| Debt services | - | - | - | - | - | - | - | - |
| Total disbursements | 62,283 | 25,129 | 9,990 | - | 24,635 | 15,321 | 29,729 | 1,773,482 |
| Excess (deficiency) of receipts over disbursements | (5,023) | (25,129) | (9,990) | - | 7,365 | 679 | - | (234,342) |
| Other financing sources (uses): | | | | | | | | |
| Proceeds of long-term debt | - | - | - | - | - | - | - | 150,090 |
| Transfers in | - | - | - | - | - | - | - | 8,044 |
| Transfers out | - | - | - | - | (7,365) | (679) | - | (8,044) |
| Total other financing sources (uses) | - | - | - | - | (7,365) | (679) | - | 150,090 |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | (5,023) | (25,129) | (9,990) | - | - | - | - | (84,252) |
| Cash and investments - ending | \$ (5,023) | \$ (2,741) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 225,267 |

(This page intentionally left blank.)

CAMPAGNA ACADEMY CHARTER SCHOOL
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2011

| Description of Debt | Ending Principal Balance | Principal and Interest Due Within One Year | Fund/ Department |
|----------------------------------|--------------------------------|---|---------------------|
| Notes and loans payable: | | | |
| Common school loans:* | | | |
| Operational costs loan A024 | \$ 17,756 | \$ - | General |
| Operational costs loan A051 | 34,943 | - | General |
| Operational costs loan A0182 | 150,090 | - | General |
| Loan from Campagna Academy, Inc. | <u>200,000</u> | - | General |
| Total debt | <u><u>\$ 402,789</u></u> | <u><u>\$ -</u></u> | |

*In accordance with Section 363 of Indiana Code 20-49-7-21, the School Corporation chose to defer the loan payments for two years. Repayment was deferred until July 1, 2013.

CAMPAGNA ACADEMY CHARTER SCHOOL
EXAMINATION RESULT AND COMMENT

DISCONTINUANCE OF OPERATIONS

In September 2011, Campagna Academy, Inc., the managing company of the School Corporation, approved to not renew its charter agreement with Ball State University due to decreased enrollment. Campagna Academy Charter School will discontinue operations at the conclusion of the 2011-2012 school year. It is unknown at this time if the School Corporation's cash balance will be ample to repay the State of Indiana the outstanding common school loans of \$202,789 plus interest or the \$200,000 outstanding loan from Campagna Academy, Inc. The School Corporation has contacted the Indiana Department of Education about the discontinuance of the school and the repayment of the loans.

CAMPAGNA ACADEMY CHARTER SCHOOL
EXIT CONFERENCE

The contents of this report were discussed on March 14, 2012, with Jeanne Wease, Interim Treasurer; Elena Dwyre, Chief Executive Officer; Rosanna Fowler, Chairperson of the School Advisory Council; Margaret Pruzin, Staff Accountant; and Dawn Greene, Education Director.