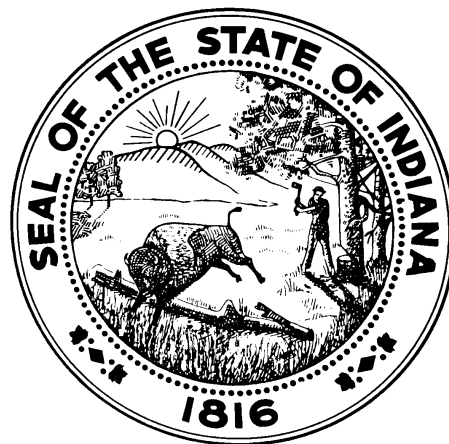


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

EXAMINATION REPORT
OF
CAMPAGNA ACADEMY CHARTER SCHOOL
LAKE COUNTY, INDIANA
July 1, 2005 to June 30, 2007



FILED
05/02/2008

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Chief Financial Officer	Scott Stevens	07-01-05 to 06-30-08
Chief Executive Officer	Bruce Hillman	07-01-05 to 06-30-08
Chairperson of the School Advisory Council	Jeanne Wease Kris Prohl	07-01-05 to 06-30-06 07-01-06 to 06-30-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE CAMPAGNA ACADEMY CHARTER SCHOOL, LAKE COUNTY, INDIANA

We have examined the financial information presented herein of the Campagna Academy Charter School (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 present 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 Combining Schedules, 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 a required part of the basic financial information. The Combining Schedules, as listed in the Table of Contents, have been subjected to examination procedures applied in the examination of the basic financial information and in our opinion, are fairly stated in all material respects in relation to the basic financial information taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt 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

January 24, 2008

CAMPAGNA ACADEMY CHARTER SCHOOL
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2006

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 519,647	\$ -	\$ 3,743	\$ (515,904)
Support services	424,834	5,391	19,052	(400,391)
Community services	2,451	-	-	(2,451)
Nonprogrammed charges	<u>2,068</u>	<u>-</u>	<u>-</u>	<u>(2,068)</u>
Total governmental activities	<u>\$ 949,000</u>	<u>\$ 5,391</u>	<u>\$ 22,795</u>	<u>(920,814)</u>
General receipts:				
Property taxes				206,786
Other local sources				21,534
State aid				470,650
Bonds and loans				211,369
Grants and contributions not restricted to specific programs				70,920
Sale of property, adjustments, and refunds				1,825
Investment earnings				<u>5,345</u>
Total general receipts				<u>988,429</u>
Change in net assets				67,615
Net assets - beginning				<u>142,593</u>
Net assets - ending				<u>\$ 210,208</u>
<u>Assets</u>				
Cash and investments				<u>\$ 210,208</u>
<u>Net Assets</u>				
Unrestricted				<u>\$ 210,208</u>

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

CAMPAGNA ACADEMY CHARTER SCHOOL
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2007

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 524,230	\$ -	\$ 19,589	\$ (504,641)
Support services	652,831	6,098	20,000	(626,733)
Community services	7,307	-	-	(7,307)
Debt service	53,968	-	-	(53,968)
Total governmental activities	\$ 1,238,336	\$ 6,098	\$ 39,589	(1,192,649)
General receipts:				
Property taxes				302,933
Other local sources				6,730
State aid				714,962
Grants and contributions not restricted to specific programs				154,485
Sale of property, adjustments, and refunds				666
Investment earnings				11,019
Total general receipts				1,190,795
Change in net assets				(1,854)
Net assets - beginning				210,208
Net assets - ending				\$ 208,354
<u>Assets</u>				
Cash and investments				\$ 208,355
<u>Net Assets</u>				
Unrestricted				\$ 208,355

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

CAMPAGNA ACADEMY CHARTER SCHOOL
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, 2006

	<u>General</u>	<u>Other</u>	<u>Totals</u>
Receipts:			
Local sources	\$ 233,665	\$ 5,391	\$ 239,056
State sources	474,393	37,353	511,746
Federal sources	-	52,619	52,619
Bonds and loans	211,369	-	211,369
Sale of property, adjustments and refunds	<u>1,270</u>	<u>555</u>	<u>1,825</u>
 Total receipts	 <u>920,697</u>	 <u>95,918</u>	 <u>1,016,615</u>
Disbursements:			
Current:			
Instruction	450,619	69,028	519,647
Support services	369,444	55,390	424,834
Community services	-	2,451	2,451
Nonprogrammed charges	<u>2,068</u>	<u>-</u>	<u>2,068</u>
 Total disbursements	 <u>822,131</u>	 <u>126,869</u>	 <u>949,000</u>
 Excess (deficiency) of receipts over disbursements	 <u>98,566</u>	 <u>(30,951)</u>	 <u>67,615</u>
Other financing sources (uses):			
Transfers in	2,050	7,235	9,285
Transfers out	<u>-</u>	<u>(9,285)</u>	<u>(9,285)</u>
 Total other financing sources (uses)	 <u>2,050</u>	 <u>(2,050)</u>	 <u>-</u>
 Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	 100,616	 (33,001)	 67,615
 Cash and investments - beginning	 <u>116,904</u>	 <u>25,689</u>	 <u>142,593</u>
 Cash and investments - ending	 <u>\$ 217,520</u>	 <u>\$ (7,312)</u>	 <u>\$ 210,208</u>
 <u>Cash and Investment Assets - Ending</u>			
 Cash and investments	 <u>\$ 217,520</u>	 <u>\$ (7,312)</u>	 <u>\$ 210,208</u>
 <u>Cash and Investment Fund Balance - Ending</u>			
 Unrestricted	 <u>\$ 217,520</u>	 <u>\$ (7,312)</u>	 <u>\$ 210,208</u>

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

CAMPAGNA ACADEMY CHARTER SCHOOL
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

	<u>General</u>	<u>Other</u>	<u>Totals</u>
Receipts:			
Local sources	\$ 320,682	\$ 6,098	\$ 326,780
State sources	734,551	72,564	807,115
Federal sources	-	101,921	101,921
Sale of property, adjustments and refunds	666	-	666
	<u>1,055,899</u>	<u>180,583</u>	<u>1,236,482</u>
Total receipts			
Disbursements:			
Current:			
Instruction	399,190	125,040	524,230
Support services	637,445	15,386	652,831
Community services	1,086	6,221	7,307
Debt services	53,968	-	53,968
	<u>1,091,689</u>	<u>146,647</u>	<u>1,238,336</u>
Total disbursements			
Excess (deficiency) of receipts over disbursements	<u>(35,790)</u>	<u>33,936</u>	<u>(1,854)</u>
Other financing sources (uses):			
Transfers in	-	4,442	4,442
Transfers out	-	(4,442)	(4,442)
	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)			
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(35,790)	33,936	(1,854)
Cash and investments - beginning	<u>217,520</u>	<u>(7,312)</u>	<u>210,208</u>
Cash and investments - ending	<u>\$ 181,730</u>	<u>\$ 26,624</u>	<u>\$ 208,354</u>
<u>Cash and Investment Assets - Ending</u>			
Cash and investments	<u>\$ 181,730</u>	<u>\$ 26,625</u>	<u>\$ 208,355</u>
<u>Cash and Investment Fund Balance - Ending</u>			
Unrestricted	<u>\$ 181,730</u>	<u>\$ 26,625</u>	<u>\$ 208,355</u>

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

CAMPAGNA ACADEMY CHARTER SCHOOL
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 Schedules

Government-Wide Financial Schedules

The Schedules 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 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. Major individual governmental funds are reported as separate columns in the fund financial schedules.

The School Corporation reports the following major governmental fund:

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.

B. Measurement Focus and Basis of Accounting

The government-wide and governmental 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. 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 schedules.

CAMPAGNA ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL INFORMATION
(Continued)

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.

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

Charter schools are not required to adopt a calendar year operating budget.

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.

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:

CAMPAGNA ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL INFORMATION
(Continued)

<u>Transfer From</u>	<u>Transfer To</u>	<u>2006</u>	<u>2007</u>
Other governmental funds	General Fund	\$ 2,050	\$ -
Other governmental funds	Other governmental funds	<u>7,235</u>	<u>4,442</u>
Totals		<u>\$ 9,285</u>	<u>\$ 4,442</u>

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

Note 7. Pension Plan

Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

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

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.

CAMPAGNA ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 8. Subsequent Event

Property tax rates and levies were not established by the Indiana Department of Local Government Finance as of February 15, 2006, as required by statute, due to problems and issues related to the trending reassessment. The 2006 pay 2007 property tax bills were mailed out as of December 26, 2007, with a due date of January 31, 2008.

CAMPAGNA ACADEMY CHARTER SCHOOL
 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	Alternative Education	Donations	Child Development Grant	Title I 2003-2004
Receipts:						
Local sources	\$ 2,702	\$ 2,689	\$ -	\$ -	\$ -	\$ -
State sources	-	4,662	32,691	-	-	-
Federal sources	14,390	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	555
Total receipts	17,092	7,351	32,691	-	-	555
Disbursements:						
Current:						
Instruction	-	9,717	30,262	1,325	3,200	-
Support services	24,028	206	2,429	-	-	-
Community services	-	-	-	-	-	-
Total disbursements	24,028	9,923	32,691	1,325	3,200	-
Excess (deficiency) of receipts over disbursements	(6,936)	(2,572)	-	(1,325)	(3,200)	555
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(1,315)
Total other financing sources (uses)	-	-	-	-	-	(1,315)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(6,936)	(2,572)	-	(1,325)	(3,200)	(760)
Cash and investments - beginning	(8,844)	(2,042)	-	1,325	3,200	760
Cash and investments - ending	\$ (15,780)	\$ (4,614)	\$ -	\$ -	\$ -	\$ -
Cash and Investment Assets - Ending						
Cash and investments	\$ (15,780)	\$ (4,614)	\$ -	\$ -	\$ -	\$ (1)
Cash and Investment Fund Balance - Ending						
Unrestricted	\$ (15,780)	\$ (4,614)	\$ -	\$ -	\$ -	\$ (1)

CAMPAGNA ACADEMY CHARTER SCHOOL
 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
 (Continued)

	Title I 2004-2005	Title I 2005-2006	Improving Teacher Quality	ESEA Title V Charter School	Totals
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 5,391
State sources	-	-	-	-	37,353
Federal sources	3,600	34,629	-	-	52,619
Sale of property, adjustments and refunds	-	-	-	-	555
Total receipts	3,600	34,629	-	-	95,918
Disbursements:					
Current:					
Instruction	4,116	15,183	-	5,225	69,028
Support services	1,350	14,084	237	13,056	55,390
Community services	-	2,451	-	-	2,451
Total disbursements	5,466	31,718	237	18,281	126,869
Excess (deficiency) of receipts over disbursements	(1,866)	2,911	(237)	(18,281)	(30,951)
Other financing sources (uses):					
Transfers in	1,315	5,920	-	-	7,235
Transfers out	(5,920)	-	-	(2,050)	(9,285)
Total other financing sources (uses)	(4,605)	5,920	-	(2,050)	(2,050)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(6,471)	8,831	(237)	(20,331)	(33,001)
Cash and investments - beginning	6,471	-	237	24,582	25,689
Cash and investments - ending	<u>\$ -</u>	<u>\$ 8,831</u>	<u>\$ -</u>	<u>\$ 4,251</u>	<u>\$ (7,312)</u>
Cash and Investment Assets - Ending					
Cash and investments	<u>\$ -</u>	<u>\$ 8,831</u>	<u>\$ -</u>	<u>\$ 4,251</u>	<u>\$ (7,313)</u>
Cash and Investment Fund Balance - Ending					
Unrestricted	<u>\$ -</u>	<u>\$ 8,831</u>	<u>\$ -</u>	<u>\$ 4,251</u>	<u>\$ (7,313)</u>

CAMPAGNA ACADEMY CHARTER SCHOOL
 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	Alternative Education	Title I 2005-2006	Title I 2006-2007
Receipts:					
Local sources	\$ 3,898	\$ 2,200	\$ -	\$ -	\$ -
State sources	-	1,273	71,291	-	-
Federal sources	18,727	-	-	-	81,103
Total receipts	22,625	3,473	71,291	-	81,103
Disbursements:					
Current:					
Instruction	-	-	71,291	3,940	48,216
Support services	60	-	-	449	14,602
Community services	-	-	-	-	6,221
Total disbursements	60	-	71,291	4,389	69,039
Excess (deficiency) of receipts over disbursements	22,565	3,473	-	(4,389)	12,064
Other financing sources (uses):					
Transfers in	-	-	-	-	4,442
Transfers out	-	-	-	(4,442)	-
Total other financing sources (uses)	-	-	-	(4,442)	4,442
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	22,565	3,473	-	(8,831)	16,506
Cash and investments - beginning	(15,780)	(4,614)	-	8,831	-
Cash and investments - ending	<u>\$ 6,785</u>	<u>\$ (1,141)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,506</u>
Cash and Investment Assets - Ending					
Cash and investments	<u>\$ 6,785</u>	<u>\$ (1,141)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,506</u>
Cash and Investment Fund Balance - Ending					
Unrestricted	<u>\$ 6,785</u>	<u>\$ (1,141)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,506</u>

CAMPAGNA ACADEMY CHARTER SCHOOL
 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
 (Continued)

	State Grants For Innovative Programs	Safe and Drug Free Schools	Improving Teacher Quality	ESEA Title V Charter School	Totals
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 6,098
State sources	-	-	-	-	72,564
Federal sources	167	1,426	498	-	101,921
Total receipts	167	1,426	498	-	180,583
Disbursements:					
Current:					
Instruction	167	1,426	-	-	125,040
Support services	-	-	275	-	15,386
Community services	-	-	-	-	6,221
Total disbursements	167	1,426	275	-	146,647
Excess (deficiency) of receipts over disbursements	-	-	223	-	33,936
Other financing sources (uses):					
Transfers in	-	-	-	-	4,442
Transfers out	-	-	-	-	(4,442)
Total other financing sources (uses)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	223	-	33,936
Cash and investments - beginning	-	-	-	4,251	(7,312)
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 223</u>	<u>\$ 4,251</u>	<u>\$ 26,624</u>
Cash and Investment Assets - Ending					
Cash and investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 223</u>	<u>\$ 4,251</u>	<u>\$ 26,624</u>
Cash and Investment Fund Balance - Ending					
Unrestricted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 223</u>	<u>\$ 4,251</u>	<u>\$ 26,624</u>

CAMPAGNA ACADEMY CHARTER SCHOOL
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

For The Year Ended 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:	
Machinery and equipment	<u>\$ 50,775</u>

CAMPAGNA ACADEMY CHARTER SCHOOL
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2007

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	\$ 412,567	\$ 85,686

CAMPAGNA ACADEMY CHARTER SCHOOL
EXAMINATION RESULTS AND COMMENTS

SCHOOL LUNCH CLAIMS

Claims for reimbursement are submitted by School Corporation staff to the Indiana Department of Education for the National School Lunch Program. The reimbursement received for the claims submitted is based upon number and type of meal served. The total and type of meal claimed did not agree to the School Corporation's supporting documentation. The number of meals served according to the School Corporation's documentation was greater than the number claimed.

Applications for Free and Reduced Price meals were reviewed. Eight applications reviewed for the 2006-2007 school year did not have the eligibility determination section completed; two lacked the signature and date of the determining official. Some applications used an older version of the application instead of the prescribed form 521; the prescribed form authorizes the release of information for textbook rental assistance.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

AVERAGE DAILY MEMBERSHIP (ADM) - LACK OF WRITTEN CERTIFICATION

Records were presented for examination to support the ADM claimed by the School Corporation. However, there were no written certifications of ADM by the Principal to document responsibility for the September 2005 and 2006 ADM counts.

Officials should 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.) 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. (The School Administrator and Uniform Compliance Guidelines, Volume 163, September 2003)

CAMPAGNA ACADEMY CHARTER SCHOOL
EXAMINATION RESULTS AND COMMENTS
(Continued)

RECEIPTS AND DEPOSITS

Receipts in numerous instances were deposited later than the next business day. Some deposits were deposited seven days after the receipt was issued.

Voided receipts (including textbook rental receipts) were not adequately documented. Voided receipts (which use a triplicate form) contained only one of the three copies of the form - the other two copies were not retained.

Indiana Code 5-13-6-1(c) states in part: ". . . all local officers . . . who collect public funds of their respective political subdivisions shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance. . ."

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 Indiana Public School Corporations, Chapter 9)

INVESTMENTS NOT AUTHORIZED BY STATUTE

The School Corporation invested through a sweep account, in a money market mutual fund, whose investment portfolio included commercial paper and bank obligations.

Investments should only be made in accordance with statute. Expenses related to any unauthorized investments may be the personal obligation of the responsible official or employee.

Losses related to investments and investment procedures which are not authorized by statute may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

CAMPAGNA ACADEMY CHARTER SCHOOL
EXIT CONFERENCE

The contents of this report were discussed on February 4, 2008, with Bruce Hillman, Chief Executive Officer; William Dwyer, Chief Operating Officer; Kris Prohl, Chairperson of School Advisory Council; James L. Wieser, Board Director; Scott Stevens, Chief Financial Officer; and Margaret Pruzin, Staff Accountant. The official response has been made a part of this report and may be found on pages 21 and 22.

02/14/08

Bruce Hartman, State Examiner
302 West Washington Street, Room E418
Indianapolis, IN 46204

Dear Bruce,

Below is our response to the Campagna Academy Charter School Audit for School Years ending June 30th, 2006 and 2007.

Free and Reduced Meals

During the 2008-2009 school year, Campagna Academy is considering using Power Lunch software to record and document the number of free/reduced and paid lunches served per day. This should minimize the errors and costs of under reporting the number of lunches served. In the mean time, The Director of Agency Integrity will audit the daily lunch data collected by utilizing daily production reports and monitoring our student check off system to maintain and assure accurate meal counts.

In order to reduce errors in the application process the Director of Agency Integrity will provide over site and audit the applications to make certain all applications are signed and the appropriate forms are used.

Average Daily Membership

We have printed out a list of students enrolled on ADM day for September 2007. The principal has signed and dated the sheet to verify enrollment. Now that we are aware of the need for this documentation we will comply and have it available in the future.

Receipts and Deposits

Some of the previous years deposits were delayed for several reasons. Limited staff and a labor intensive processing for posting lunches and receipts delayed deposits. Receiving in one building and processing in another building also caused delays. Currently, Campagna Academy does not charge students for lunches due to the cost of tracking and collecting fees. Most of our students fall under free and reduced program. This eliminates daily deposits for small amounts of cash. All payments from the Department of Education are electronically transferred. Checks and cash received are now deposited within one day of receipt except unavoidable circumstances where staff is not available. Cash and checks on site are kept in a locked cash box. Voided receipts are now kept in triplicate in the cash receipts book.

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www.campagnaacademy.org

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Restoring Hope Building Dreams

Investments not Authorized by Statute

As a result of a local bank buyout (Bank Calumet by First Midwest) our investment account was transferred to a sweep money market account that includes commercial paper and bank obligations. We are in the process of transferring this account to one that includes only U.S. Government backed Securities.

Sincerely,



Scott Stevens
CFO, Campagna Academy