

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

IMAGINE MASTER ACADEMY
ALLEN COUNTY, INDIANA

July 1, 2009 to June 30, 2011



FILED

02/14/2012

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Business Manager (Treasurer)	Jody Winterrowd	07-01-09 to 05-06-11
Treasurer	Larysa Thorsteinson	05-07-11 to 06-30-12
Business Manager	Shelley Wisenberg	06-30-11 to 06-30-12
Regional Business Manager	Amy Williams	07-01-09 to 06-30-12
Regional Director	Guy Platter Rachel Cirullo	07-01-09 to 07-31-11 08-01-11 to 06-30-12
Principal	James Huth	07-01-09 to 06-30-12
President of the School Board	Donald Willis Vincent Robinson Pat Sheen	07-01-09 to 02-15-10 02-16-10 to 06-16-10 06-17-10 to 12-31-12



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENT
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE IMAGINE MASTER ACADEMY, ALLEN COUNTY, INDIANA

We have audited the accompanying financial statement of the Imagine Master Academy (School Corporation), for the years ended June 30, 2010 and 2011. This financial statement is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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 of accounting 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.

In accordance with Government Auditing Standards, we have also issued a report dated January 12, 2012, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENT
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of 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 Board, others within the entity, federal awarding agencies, and pass-through entities 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

January 12, 2012



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE IMAGINE MASTER ACADEMY, ALLEN COUNTY, INDIANA

We have audited the financial statement of the Imagine Master Academy (School Corporation), for the years ended June 30, 2010 and 2011, and have issued our report thereon dated January 12, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the School Corporation's management, School Board, others within the entity, federal awarding agencies, and pass-through entities 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

January 12, 2012

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.

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IMAGINE MASTER ACADEMY
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 07-01-09	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11
General	\$ 430,785	\$ 5,055,811	\$ 4,928,705	\$ -	\$ 557,891	\$ 5,250,603	\$ 5,250,392	\$ -	\$ 558,102
School Lunch	-	318,221	310,339	-	7,882	340,034	341,456	-	6,460
Textbook Rental	33,426	75,128	34,980	-	73,574	55,086	69,109	-	59,551
Child Care Program	-	-	-	-	-	105,631	105,631	-	-
Extra Curricular Activities	-	-	-	-	-	3,598	3,598	-	-
School Administration	52,080	166,268	167,341	-	51,007	26,096	40,771	-	36,332
High Ability	-	9,470	1,019	-	8,451	7,500	8,451	-	7,500
Non-English Speaking Program	-	6,072	6,072	-	-	7,517	7,517	-	-
School Technology	-	-	-	-	-	3,288	3,288	-	-
Title I FY 2009	-	14,500	14,500	-	-	-	-	-	-
Title I FY 2010	-	224,806	197,751	-	27,055	-	27,055	-	-
Title I FY 2011	-	-	-	-	-	242,687	245,512	-	(2,825)
IDEA FY 2010	42,216	252,820	305,951	-	(10,915)	10,915	-	-	-
Federal Special Education East FY 2010	-	59,906	-	-	59,906	-	59,906	-	-
Federal Special Education West FY 2010	-	62,755	48,921	-	13,834	10,915	24,749	-	-
Federal Special Education Master FY 2011	-	-	-	-	-	113,672	106,985	-	6,687
Federal Special Education Broadway FY 2011	-	-	-	-	-	91,127	91,127	-	-
Federal Special Education East FY 2011	-	-	-	-	-	21,503	21,503	-	-
Federal Special Education West FY 2011	-	-	-	-	-	61,973	61,973	-	-
Improving Teaching Quality	-	73,935	73,935	-	-	11,000	11,000	-	-
Title II FY 2011	-	-	-	-	-	19,928	32,943	-	(13,015)
Public Charter School Grant	38,084	-	38,084	-	-	482,760	482,760	-	-
Fiscal Stabilization	-	145,548	145,548	-	-	-	-	-	-
ARRA Title I Stimulus	-	143,367	105,983	-	37,384	20,000	54,188	-	3,196
Federal Special Education Stimulus	-	85,000	74,960	-	10,040	121,041	142,158	-	(11,077)
ARRA Kitchen Equipment	-	18,800	18,800	-	-	-	-	-	-
Totals	\$ 596,591	\$ 6,712,407	\$ 6,472,889	\$ -	\$ 836,109	\$ 7,006,874	\$ 7,192,072	\$ -	\$ 650,911

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

IMAGINE MASTER ACADEMY
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.

IMAGINE MASTER ACADEMY
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.

Temporary loans which include money received from a loan obtained to pay current expenses prior to the receipt of revenue from taxes levied for that purpose. These loans, sometimes designated tax anticipation warrants, must be repaid from the next semiannual distribution of local property taxes levied for such fund.

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:

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.

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

IMAGINE MASTER ACADEMY
NOTES TO FINANCIAL STATEMENT
(Continued)

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. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the School Corporation in June and December; however, situations can arise which would delay the distributions. 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 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

Note 3. 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 4. 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.

IMAGINE MASTER ACADEMY
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 5. Pension Plan

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. 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 Indiana Public Retirement System (INPRS) 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 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS 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:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

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

B. 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. 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.

IMAGINE MASTER ACADEMY
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

The School Corporation also contributes to additional pension plan unique to the School Corporation. Information regarding these plans may be obtained from the School Corporation.

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 Report 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 audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

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

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IMAGINE MASTER ACADEMY
 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	Textbook Rental	School Administration	High Ability	Non-English Speaking Program	Title I FY 2009	Title I FY 2010	IDEA FY 2010
Cash and investments - beginning	\$ 430,785	\$ -	\$ 33,426	\$ 52,080	\$ -	\$ -	\$ -	\$ -	\$ 42,216
Receipts:									
Local sources	315,484	44,851	18,838	166,268	-	-	-	-	-
State sources	4,251,464	1,498	56,290	-	-	6,072	-	-	-
Federal sources	-	271,872	-	-	9,470	-	14,500	224,806	252,820
Temporary loans	488,863	-	-	-	-	-	-	-	-
Total receipts	<u>5,055,811</u>	<u>318,221</u>	<u>75,128</u>	<u>166,268</u>	<u>9,470</u>	<u>6,072</u>	<u>14,500</u>	<u>224,806</u>	<u>252,820</u>
Disbursements:									
Current:									
Instruction	1,752,647	-	34,377	20,122	-	5,970	-	150,537	305,241
Support services	1,924,242	119	603	66,386	969	30	-	15,537	651
Noninstructional services	121,067	310,220	-	7,100	50	72	-	1,627	59
Facilities acquisition and construction	804,891	-	-	73,733	-	-	14,500	30,050	-
Debt services	325,858	-	-	-	-	-	-	-	-
Total disbursements	<u>4,928,705</u>	<u>310,339</u>	<u>34,980</u>	<u>167,341</u>	<u>1,019</u>	<u>6,072</u>	<u>14,500</u>	<u>197,751</u>	<u>305,951</u>
Excess (deficiency) of receipts over disbursements	<u>127,106</u>	<u>7,882</u>	<u>40,148</u>	<u>(1,073)</u>	<u>8,451</u>	<u>-</u>	<u>-</u>	<u>27,055</u>	<u>(53,131)</u>
Other financing sources (uses):									
Transfers in	5,092,005	-	-	-	-	-	-	-	-
Transfers out	<u>(5,092,005)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</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>127,106</u>	<u>7,882</u>	<u>40,148</u>	<u>(1,073)</u>	<u>8,451</u>	<u>-</u>	<u>-</u>	<u>27,055</u>	<u>(53,131)</u>
Cash and investments - ending	<u>\$ 557,891</u>	<u>\$ 7,882</u>	<u>\$ 73,574</u>	<u>\$ 51,007</u>	<u>\$ 8,451</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,055</u>	<u>\$ (10,915)</u>

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

	Federal Special Education East FY 2010	Federal Special Education West FY 2010	Improving Teacher Quality	Public Charter School Grant	Fiscal Stabilization	ARRA Title I Stimulus	Federal Special Education Stimulus	ARRA Kitchen Equipment	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 38,084	\$ -	\$ -	\$ -	\$ -	\$ 596,591
Receipts:									
Local sources	-	-	1,200	-	-	-	-	-	546,641
State sources	-	-	-	-	-	-	-	-	4,315,324
Federal sources	59,906	62,755	72,735	-	145,548	143,367	85,000	18,800	1,361,579
Temporary loans	-	-	-	-	-	-	-	-	488,863
Total receipts	59,906	62,755	73,935	-	145,548	143,367	85,000	18,800	6,712,407
Disbursements:									
Current:									
Instruction	-	48,921	23,999	43,807	37,616	56,590	35,360	-	2,515,187
Support services	-	-	49,898	-	84,452	48,383	14,585	-	2,205,855
Noninstructional services	-	-	38	-	-	-	-	18,800	459,033
Facilities acquisition and construction	-	-	-	14,285	6,605	1,010	25,015	-	970,089
Debt services	-	-	-	(20,008)	16,875	-	-	-	322,725
Total disbursements	-	48,921	73,935	38,084	145,548	105,983	74,960	18,800	6,472,889
Excess (deficiency) of receipts over disbursements	59,906	13,834	-	(38,084)	-	37,384	10,040	-	239,518
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	5,092,005
Transfers out	-	-	-	-	-	-	-	-	(5,092,005)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	59,906	13,834	-	(38,084)	-	37,384	10,040	-	239,518
Cash and investments - ending	\$ 59,906	\$ 13,834	\$ -	\$ -	\$ -	\$ 37,384	\$ 10,040	\$ -	\$ 836,109

IMAGINE MASTER ACADEMY
 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	Textbook Rental	Child Care Program	Extra Curricular Activities	School Administration	High Ability	Non-English Speaking Program
Cash and investments - beginning	\$ 557,891	\$ 7,882	\$ 73,574	\$ -	\$ -	\$ 51,007	\$ 8,451	\$ -
Receipts:								
Local sources	446,718	42,612	11,082	105,631	3,598	26,096	-	-
State sources	4,803,885	1,138	44,004	-	-	-	-	7,517
Federal sources	-	296,284	-	-	-	-	7,500	-
Total receipts	<u>5,250,603</u>	<u>340,034</u>	<u>55,086</u>	<u>105,631</u>	<u>3,598</u>	<u>26,096</u>	<u>7,500</u>	<u>7,517</u>
Disbursements:								
Current:								
Instruction	2,047,780	-	46,911	-	181	27,307	1,308	7,517
Support services	2,697,455	965	-	1,246	100	11,704	3,878	-
Noninstructional services	3,150	338,324	-	104,385	3,317	1,760	-	-
Facilities acquisition and construction	347,279	2,167	22,198	-	-	-	3,265	-
Debt services	154,728	-	-	-	-	-	-	-
Total disbursements	<u>5,250,392</u>	<u>341,456</u>	<u>69,109</u>	<u>105,631</u>	<u>3,598</u>	<u>40,771</u>	<u>8,451</u>	<u>7,517</u>
Excess (deficiency) of receipts over disbursements	<u>211</u>	<u>(1,422)</u>	<u>(14,023)</u>	<u>-</u>	<u>-</u>	<u>(14,675)</u>	<u>(951)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 558,102</u>	<u>\$ 6,460</u>	<u>\$ 59,551</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,332</u>	<u>\$ 7,500</u>	<u>\$ -</u>

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

	School Technology	Title I FY 2010	Title I FY 2011	IDEA FY 2010	Federal Special Education East FY 2010	Federal Special Education West FY 2010	Federal Special Education Master FY 2011	Federal Special Education Broadway FY 2011
Cash and investments - beginning	\$ -	\$ 27,055	\$ -	\$ (10,915)	\$ 59,906	\$ 13,834	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
State sources	3,288	-	-	-	-	-	-	-
Federal sources	-	-	242,687	10,915	-	10,915	113,672	91,127
Total receipts	<u>3,288</u>	<u>-</u>	<u>242,687</u>	<u>10,915</u>	<u>-</u>	<u>10,915</u>	<u>113,672</u>	<u>91,127</u>
Disbursements:								
Current:								
Instruction	-	34,974	163,225	180	58,718	19,970	106,899	91,127
Support services	3,288	(7,745)	80,119	(165)	30	106	86	-
Noninstructional services	-	(174)	2,168	(15)	-	15	-	-
Facilities acquisition and construction	-	-	-	-	1,158	4,658	-	-
Debt services	-	-	-	-	-	-	-	-
Total disbursements	<u>3,288</u>	<u>27,055</u>	<u>245,512</u>	<u>-</u>	<u>59,906</u>	<u>24,749</u>	<u>106,985</u>	<u>91,127</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(27,055)</u>	<u>(2,825)</u>	<u>10,915</u>	<u>(59,906)</u>	<u>(13,834)</u>	<u>6,687</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,825)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,687</u>	<u>\$ -</u>

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

	Federal Special Education East FY 2011	Federal Special Education West FY 2011	Improving Teacher Quality	Title II FY 2011	Public Charter School Grant	ARRA Title I Stimulus	Federal Special Education Stimulus	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,384	\$ 10,040	\$ 836,109
Receipts:								
Local sources	-	-	11,000	-	-	-	-	646,737
State sources	-	-	-	-	-	-	-	4,859,832
Federal sources	21,503	61,973	-	19,928	482,760	20,000	121,041	1,500,305
Total receipts	21,503	61,973	11,000	19,928	482,760	20,000	121,041	7,006,874
Disbursements:								
Current:								
Instruction	21,503	61,685	(1,210)	8,969	-	31,946	123,441	2,852,431
Support services	-	275	12,210	23,974	-	22,242	9,497	2,859,265
Noninstructional services	-	13	-	-	-	-	-	452,943
Facilities acquisition and construction	-	-	-	-	482,760	-	9,220	872,705
Debt services	-	-	-	-	-	-	-	154,728
Total disbursements	21,503	61,973	11,000	32,943	482,760	54,188	142,158	7,192,072
Excess (deficiency) of receipts over disbursements	-	-	-	(13,015)	-	(34,188)	(21,117)	(185,198)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (13,015)	\$ -	\$ 3,196	\$ (11,077)	\$ 650,911

IMAGINE MASTER ACADEMY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2011

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:	
Building Improvements	\$ 13,629
Textbooks	320,420
Machinery and equipment	<u>672,071</u>
Total governmental activities, capital assets not being depreciated	<u><u>\$ 1,006,120</u></u>

IMAGINE MASTER ACADEMY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2011

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Common School Fund loans	\$ 2,281,420	\$ -

IMAGINE MASTER ACADEMY
AUDIT RESULT AND COMMENT

BOARD MINUTES

As reported in prior Report B35902, Board minutes presented for audit did not document Board approval of lunch fees charged and textbook rental fees charged.

Indiana Code 5-14-1.5-4(b) states:

"As the meeting progresses, the following memoranda shall be kept:

- (1) The date, time, and place of the meeting.
- (2) The members of the governing body recorded as either present or absent.
- (3) The general substance of all matters proposed, discussed, or decided.
- (4) A record of all votes taken, by individual members if there is a roll call.
- (5) Any additional information required under IC 5-1.5-2-2.5."

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE IMAGINE MASTER ACADEMY, ALLEN COUNTY, INDIANA

Compliance

We have audited the compliance of the Imagine Master Academy (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2010 and 2011. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School Corporation's compliance with those requirements.

In our opinion, the School Corporation complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2010 and 2011.

Internal Control Over Compliance

Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the School Corporation's management, School Board, others within the entity, federal awarding agencies, and pass-through entities 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

January 12, 2012

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the School Corporation. The schedule and notes are presented as intended by the School Corporation.

IMAGINE MASTER ACADEMY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2010 and 2011

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-10	Total Federal Awards Expended 06-30-11
U.S. DEPARTMENT OF AGRICULTURE				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 39,429	\$ 54,739
National School Lunch Program	10.555		232,442	236,021
Summer Food Service Program for Children	10.559		-	5,524
Total for cluster			<u>271,871</u>	<u>296,284</u>
ARRA - Child Nutrition Discretionary Grants Limited Availability, Recovery Act	10.579		18,800	-
Total for federal grantor agency			<u>290,671</u>	<u>296,284</u>
U.S. DEPARTMENT OF EDUCATION				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	84.010			
		09 9695	14,500	-
		10 9695	224,806	-
		11 9695	-	242,687
Total for program			<u>239,306</u>	<u>242,687</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389			
		10 9695	143,367	20,000
Total for cluster			<u>382,673</u>	<u>262,687</u>
Special Education Cluster				
Special Education - Grants to States	84.027			
		14210-202-DN01	51,840	21,830
		14210-202-PN01	323,641	-
		14211-502-PN01	-	288,274
Total for program			<u>375,481</u>	<u>310,104</u>
ARRA - Special Education - Grants to States, Recovery Act	84.391			
		3310-202-SN01	85,000	121,041
Total for cluster			<u>460,481</u>	<u>431,145</u>
State Fiscal Stabilization Fund Cluster				
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394			
		10 9695	145,548	-
Charter Schools	84.282			
		10 9695	-	353,323
Improving Teacher Quality - State Grants	84.367			
		10 9695	72,675	19,929
Total for federal grantor agency			<u>1,061,377</u>	<u>1,067,084</u>
Total federal awards expended			<u>\$ 1,352,048</u>	<u>\$ 1,363,368</u>

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

IMAGINE MASTER ACADEMY
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Imagine Master Academy (School Corporation) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1 et seq.), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

IMAGINE MASTER ACADEMY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiency identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	no

Identification of Major Programs:

Name of Federal Program or Cluster

Child Nutrition Cluster
Title I, Part A Cluster
Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

IMAGINE MASTER ACADEMY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

IMAGINE MASTER ACADEMY
EXIT CONFERENCE

The contents of this report were discussed on January 12, 2012, with Pat Sheen, President of the School Board; James Huth, Principal; Amy Williams, Regional Business Manager; Shelley Wisenberg, Business Manager; and Larysa Thorsteinson, Treasurer.