INTERACTIVE MEDIA AND CONSTRUCTION, INC.
(A Component Unit of Mansfield City School District)
RICHLAND COUNTY, OHIO

BASIC FINANCIAL STATEMENTS
(AUDITED)

FOR THE FISCAL YEAR ENDED
JUNE 30, 2007

Mary Taylor, CPA
Auditor of State

Board of Directors
Interactive Media and Construction, Inc.
124 North Linden Road
Mansfield, Ohio 44902

We have reviewed the *Independent Auditor's Report* of the Interactive Media and Construction, Inc., Richland County, prepared by Julian & Grube, Inc., for the audit period July 1, 2006 through June 30, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Interactive Media and Construction, Inc. is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

February 1, 2008

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Telephone: (614) 466-4514 (800) 282-0370 Fax: (614) 466-4490
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INTERACTIVE MEDIA AND CONSTRUCTION, INC.
(A Component Unit of Mansfield City School District)
RICHLAND COUNTY, OHIO

BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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Julian & Grube, Inc.
Serving Ohio Local Governments
333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report

Board of Directors
Interactive Media and Construction, Inc.
124 N. Linden Road
Mansfield, Ohio 44902

We have audited the accompanying financial statements of Interactive Media and Construction, Inc., Richland County, Ohio, (a component unit of Mansfield City School District), as of and for the fiscal year ended June 30, 2007, which collectively comprise the Interactive Media and Construction's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Academy's management. Our responsibility is to express an opinion on these financial statements 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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Interactive Media and Construction, Inc. as of June 30, 2007, and the changes in financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2007 on our consideration of the Interactive Media and Construction's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Julian & Grube, Inc.

Julian & Grube, Inc.
December 17, 2007

INTERACTIVE MEDIA AND CONSTRUCTION, INC.
(A Component Unit of Mansfield City School District)
RICHLAND COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)

The management's discussion and analysis of the Interactive Media and Construction, Inc. (the "Academy") financial performance provides an overall review of the Academy's financial activities for the fiscal year 2007. The intent of this discussion and analysis is to look at the Academy's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Academy's financial performance.

Financial Highlights

Key financial highlights for 2007 are as follows:

- In total, net assets were $155,353 at June 30, 2007.

- The Academy had operating revenues of $598,220, operating expenses of $797,657 and non-operating revenues of $227,522 for fiscal year 2007. Total change in net assets for the period was an increase of $28,085.

Using these Basic Financial Statements

This annual report consists of a series of financial statements and notes to these statements. These statements are organized so the reader can understand the Academy's financial activities. The *Statement of Net Assets* and *Statement of Revenues, Expenses and Changes in Net Assets* provide information about the activities of the Academy, including all short-term and long-term financial resources and obligations.

Reporting the Academy's Financial Activities

Statement of Net Assets, Statement of Revenues, Expenses, and Changes in Net Assets and the Statement of Cash Flows

These documents look at all financial transactions and ask the question, "How did we do financially during 2007?" The Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Academy's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the Academy as a whole, the *financial position* of the Academy has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. These statements can be found on pages 7 and 8 of this report.

The statement of cash flows provides information about how the Academy finances and meets the cash flow needs of its operations. The statement of cash flows can be found on page 9 of this report.

The table below provides a summary of the Academy's net assets for fiscal year 2007 and the period August 30, 2005 through June 30, 2006.

Net Assets

	2007	2006
Assets		
Current assets	$ 141,736	$ 123,655
Capital assets, net	16,069	17,830
Total assets	157,805	141,485
Liabilities		
Current liabilities	2,452	14,217
Total liabilities	2,452	14,217
Net Assets		
Invested in capital assets	16,069	17,830
Restricted	3,027	-
Unrestricted	136,257	109,438
Total net assets	$ 155,353	$ 127,268

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2007, the Academy's net assets totaled $155,353.

A portion of the Academy's net assets, $3,027, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of $136,257 may be used to meet the Academy's ongoing obligation to the students and creditors.

At year-end, capital assets represented 10.18% of total assets. Capital assets consisted of equipment. There is no debt related to these capital assets. Capital assets are used to provide services to the students and are not available for future spending.

The table below shows the changes in net assets for fiscal year 2007 and the period August 30, 2005 through June 30, 2006.

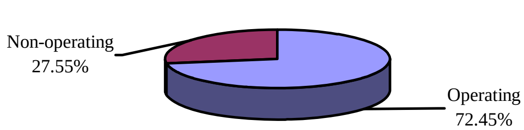
Change in Net Assets

	2007	2006
Operating Revenues:		
State foundation	$ 598,175	$ 797,222
Other	45	-
Total operating revenue	598,220	797,222
Operating Expenses:		
Purchased services	686,351	565,674
Materials and supplies	99,896	259,331
Depreciation	1,761	865
Other	9,649	-
Total operating expenses	797,657	825,870
Non-operating Revenues:		
Federal and State grants	219,058	153,000
Interest income	8,464	2,916
Total non-operating revenues	227,522	155,916
Change in net assets	28,085	127,268
Net assets at beginning of year	127,268	-
Net assets at end of year	$ 155,353	$ 127,268

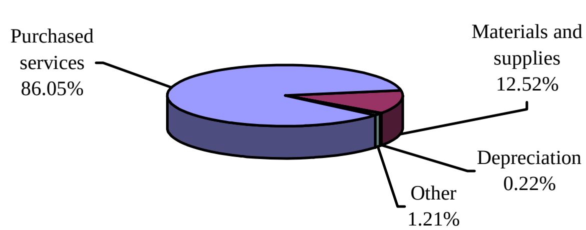
The decrease in State foundation revenue was due to a decrease in enrollment in the Academy.

The chart below illustrates the revenues and expenses for the Academy for fiscal year 2007.

2007 Revenues



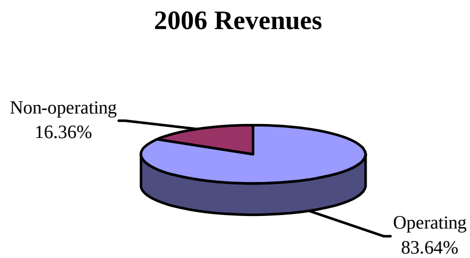
2007 Expenses

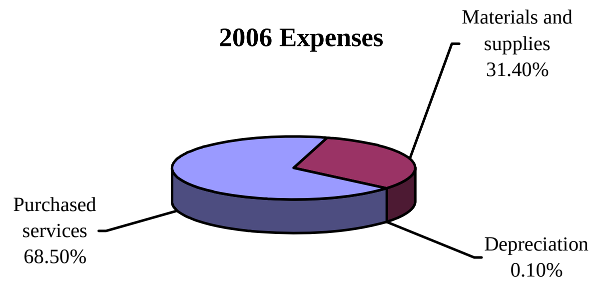


INTERACTIVE MEDIA AND CONSTRUCTION, INC.
(A Component Unit of Mansfield City School District)
RICHLAND COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)

The chart below illustrates the revenues and expenses for the Academy for the period August 30, 2005 through June 30, 2006.





Capital Assets

At June 30, 2007, the Academy had $16,069 invested in equipment. See Note 4 to the basic financial statements for more detail on capital assets.

Current Financial Related Activities

The Academy has entered into a service contract for fiscal year 2008 with its Sponsor, Mansfield City School District. In agreement with this contract, the Academy shall utilize certain resources converted to the Academy's use by the Sponsor, including but not limited to portions of the Sponsor's facilities, staff, equipment, instructional materials, curriculum, and educational strategy, as determined to be appropriate by the Sponsor, in the Sponsor's sole discretion.

In order to continually provide learning opportunities to the Academy's students, the Academy will apply resources to best meet the needs of its students. It is the intent of the Academy to apply for State and Federal funds that are made available to finance its operations.

Contacting the Digital Academy's Financial Management

This financial report is designed to provide our citizens, investors, and creditors with a general overview of the Academy's finances and to show the Academy's accountability for the money it receives. If you have questions about this report or need additional financial information contact Interactive Media and Construction, Inc., 124 N. Linden Road, Mansfield, Ohio 44902 or email mans_treas@ncocc-k12.org.

BASIC
FINANCIAL STATEMENTS

INTERACTIVE MEDIA AND CONSTRUCTION, INC.
(A Component Unit of Mansfield City School District)
RICHLAND COUNTY, OHIO

STATEMENT OF NET ASSETS
JUNE 30, 2007

Assets:		
Current assets:		
Cash and cash equivalents.	$	141,544
Receivables:		
Intergovernmental.		192
Total current assets		141,736
Non-current assets:		
Capital assets, net.		16,069
Total assets		157,805
Liabilities:		
Current liabilities:		
Accounts payable		2,297
Intergovernmental payable		155
Total liabilities		2,452
Net Assets:		
Invested in capital assets		16,069
Restricted for:		
Federally funded programs.		3,027
Unrestricted.		136,257
Total net assets	$	155,353

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

INTERACTIVE MEDIA AND CONSTRUCTION, INC.
(A Component Unit of Mansfield City School District)
RICHLAND COUNTY, OHIO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Operating revenues:		
State foundation.	$	598,175
Other.		45
Total operating revenue		598,220
Operating expenses:		
Purchased services.		686,351
Materials and supplies		99,896
Depreciation		1,761
Other		9,649
Total operating expenses.		797,657
Operating loss		(199,437)
Non-operating revenues:		
Federal and state grants		219,058
Interest income		8,464
Total non-operating revenues		227,522
Change in net assets		28,085
Net assets at beginning of year.		127,268
Net assets at end of year	$	155,353

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

INTERACTIVE MEDIA AND CONSTRUCTION, INC.
(A Component Unit of Mansfield City School District)
RICHLAND COUNTY, OHIO

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Cash flows from operating activities:		
Cash received from State foundation.	$	598,175
Cash received from other operations		45
Cash payments to suppliers for goods and services . .		(698,169)
Cash payments for materials and supplies		(99,843)
Cash payments for other expenses		(9,649)
Net cash used in operating activities		(209,441)
Cash flows from noncapital financing activities:		
Federal and state grants.		218,866
Net cash provided by noncapital financing activities		218,866
Cash flows from investing activities:		
Interest received		8,464
Net cash provided by investing activities		8,464
Net increase in cash and cash equivalents		17,889
Cash and cash equivalents at beginning of year. . . .		123,655
Cash and cash equivalents at end of year.	$	141,544
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss.	$	(199,437)
Adjustments:		
Depreciation.		1,761
Changes in assets and liabilities:		
Decrease in accounts payable.		(11,920)
Increase in intergovernmental payable		155
Net cash used in operating activities	$	(209,441)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

INTERACTIVE MEDIA AND CONSTRUCTION, INC.
(A Component Unit of Mansfield City School District)
RICHLAND COUNTY, OHIO

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 1 - DESCRIPTION OF THE ACADEMY

The Interactive Media and Construction, Inc. (the "Academy") is a non-profit corporation established pursuant to the Ohio Revised Code Chapters 1702 and 3314 to address the needs of students who have met some graduation requirements but have failed to successfully complete all requirements necessary for the attainment of the high school diploma or graduation equivalence diploma. The Academy is nonsectarian in its programs, admission policies, employment practices and all other operations. The Academy may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the Academy. The Academy is considered a component unit of the Mansfield City School District for reporting purposes, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14 as amended by GASB Statement No. 39.

The Academy is an innovative initiative that will be a cooperative effort with Mansfield City School District (the "Sponsor"). It is a conversion community school sponsored by the Mansfield City School District. The Academy will provide educational opportunities for students to obtain their high school diploma through college preparatory curriculum. The Academy will better serve the population by providing a challenging curriculum, community/parental support, motivation through career skills, and pay for work. Enrollment is open to students within the attendance area of the Mansfield City School District and all bordering school districts. The Academy gives first choice to educationally disadvantaged, special education, and economically at risk youth.

The Academy was approved for sponsorship under contract resolution on April 11, 2005, with the Sponsor for a period of five years commencing on the first day of the 2005-2006 academic year. The Sponsor has designated three of its administrative officers to represent the Sponsor in the occupants' official capacities as members of the Academy's Board of Directors. The individuals who hold such office with the Sponsor shall be formally instructed by the Sponsor that, as directors of the Academy, they are to represent the Sponsor and its interests. From time to time in its discretion, the Sponsor may substitute other administrative positions for those previously designated for this purpose.

Pursuant to the Sponsor's authority under section 3314.08(G) of the Ohio Revised Code to provide the Academy with services, the Sponsor shall be the fiscal agent of the Academy and shall direct the Sponsor's treasurer to serve as the Academy's fiscal officer. The Sponsor shall evaluate the performance of the Academy according to the standards set forth in the Assessment and Accountability Plan. The Sponsor is not legally responsible for the final outcome of the community school. Upon dissolution of the Academy, any assets remaining shall be conveyed to the Sponsor.

The service contract for the fiscal year 2007 between the Academy and the Sponsor was also approved. In agreement with the contract, the Academy shall utilize certain resources converted to the Academy's use by the Sponsor, including but not limited to portions of the Sponsor's facilities, staff, equipment, instructional materials, curriculum, and educational strategy, as determined to be appropriate by the Sponsor, in the Sponsor's sole discretion. The price for services rendered by the Sponsor to the Academy is established as the Sponsor's "cost of providing such services including, without limitation, employee salaries and fringe benefits, equipment costs if any, and administrative overhead". All personnel providing services to the Academy on behalf of the Sponsor under the service contract are considered employees of the Sponsor, and the Sponsor shall be solely responsible for all payroll functions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements (BFS) of the Academy have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Academy also applied Financial Accounting Standards Board (FASB) Statements and Interpretations issued prior to November 30, 1989, provided those pronouncements do not conflict with or contradict GASB pronouncements. The Academy had the option to also apply FASB Statements and Interpretations issued after November 30, 1989, subject to this same limitation. The Academy elected not to apply these FASB Statements and Interpretations. The Academy's significant accounting policies are described below.

A. Basis of Presentation

The Academy’s basic financial statements consist of a statement of net assets, a statement of revenues, expenses and changes in net assets, and a statement of cash flows.

Enterprise reporting focuses on the determination of the change in net assets, financial position and cash flows.

B. Measurement Focus

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the statement of net assets. The statements of revenues, expenses and changes in net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Academy’s finances and meets the cash flow needs of its enterprise activities.

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the basic financial statements. The Academy’s basic financial statements are prepared using the accrual basis of accounting.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded upon the accrual basis when the exchange takes place.

Non-exchange transactions, in which the Academy receives value without directly giving equal value in return, include grants, entitlements and donations. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Academy must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Academy on a reimbursement basis.

Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue. Expenses are recognized at the time they are incurred.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. Budgetary Process

Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Revised Code Section 5705, unless specifically provided in the Academy's contract with its Sponsor. The contract between the Academy and its Sponsor requires a detailed school budget for each year of the contract; however, the budget does not have to follow the provisions of Ohio Revised Code Section 5705.

E. Cash

Cash held by the Academy is reflected as "cash and cash equivalents" on the statement of net assets. Investments with an original maturity of three months or less at the time they are purchased are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months are reported as investments. The Academy had no investments. All monies received by the Academy are deposited in a demand deposit account.

F. Capital Assets

All capital assets are capitalized at cost and updated for additions and reductions during the fiscal year. Donated capital assets are recorded at their fair market value on the date donated. The Academy maintains a capitalization threshold of $5,000. The Academy does not have any infrastructure. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All capital assets are depreciated. Depreciation is computed using the straight-line method. Equipment is depreciated over five years.

G. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consist of capital assets, net of accumulated depreciation. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets have been restricted for State and federally funded programs. The Academy first applies restricted resources first when an expense is incurred for which both restricted and unrestricted net assets are available.

H. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity. For the Academy, these revenues are payments from the State Foundation Program. Operating expenses are necessary costs incurred to provide goods or services that are the primary activities of the Academy. All revenues and expenses not meeting this definition are reported as non-operating.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

I. Intergovernmental Revenue

The Academy currently participates in the State Foundation Program through the Ohio Department of Education, the Federal IDEA Part B grant, the Federal Title I-Targeted Assistance grant, the Federal Title V-Innovative Programs grant, the Federal Title IV Drug Free Schools grant, the Title II-D Technology Grant, and the Federal Start-Up grant. Revenues from these programs are recognized in the accounting period in which they are earned, essentially the same as the fiscal year. Federal and State grant revenue for the fiscal year 2007 was $219,058.

J. Estimates

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 3 - DEPOSITS

At June 30, 2007, the carrying amount of the Academy's deposits was $141,544. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2007, $43,211 of the Academy's bank balance of $143,211 was exposed to custodial risk as discussed below, while $100,000 was covered by the Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the Academy's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Academy.

NOTE 4 - CAPITAL ASSETS

	Balance 06/30/06	Additions	Deductions	Balance 06/30/07
Capital assets, being depreciated:				
Equipment	$ 18,695	$ -	$ -	$ 18,695
Less: accumulated depreciation	(865)	(1,761)	-	(2,626)
Capital assets	$ 17,830	$ (1,761)	$ -	$ 16,069

NOTE 5 - PURCHASED SERVICES

For the period ended June 30, 2007, purchased services expenses were as follows:

Professional and technical services	$ 336,850
Property rental	52,348
Instructional services	296,350
Travel and meetings	803
Total	$ 686,351

NOTE 6 - RISK MANAGEMENT

The Academy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to contracted personnel; and natural disasters. For the period July 1, 2006 through June 30, 2007, the Academy maintained comprehensive insurance coverage with a private carrier for property and general liability insurance. The Academy provides employee bond coverage through The Cincinnati Insurance Company in the following amounts: Treasurer $50,000 and Board of Directors $20,000.

Settled claims have not exceeded commercial coverage in the past two years. There was no significant reduction in coverage from the prior fiscal year.

NOTE 7 - CONTINGENCIES

A. Grants

The Academy received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability. However in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Academy at June 30, 2007.

B. Litigation

A lawsuit entitled *Beverly Blount-Hill, et al. v. State of Ohio, et al., Case #: 3:04CV197* was filed in the U.S. District Court, Southern District of Ohio, Western Division in October 2004. The suit alleges that the funding provisions of the Ohio Community Schools Act, O.R.C. Section 3314, violate both the Ohio and Federal constitutions. If the funding scheme is determined to be unconstitutional, it could have financial ramifications for all community/charter schools. The case is currently pending, and the effect of this suit, if any, on the Academy cannot presently be determined.

NOTE 7 - CONTINGENCIES - (Continued)

C. State Foundation Funding

The Ohio Department of Education conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by the schools. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the State, upon which state foundation funding is calculated. The Academy has not been reviewed as of June 30, 2007. The Academy does not anticipate any significant adjustments to State funding for fiscal year 2008, as a result of the reviews which have yet to be completed.

NOTE 8 - SERVICE AGREEMENT

The Academy is contracting with the Sponsor to manage its operations for school years 2006 through 2011. All services are to be provided on a purchased service or reimbursement basis. The Academy paid $637,077 to the Sponsor for educational services during 2007.

NOTE 9 - RELATED PARTY

On April 11, 2005, three administrative employees of Mansfield City School District were appointed to the Board of Directors of the Academy. The Academy is a general population community school sponsored by the Mansfield City School District. The Academy had an enrollment of 72 students.

Julian & Grube, Inc.
Serving Ohio Local Governments
333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Board of Directors
Interactive Media and Construction, Inc.
124 N. Linden Road
Mansfield, Ohio 44902

We have audited the financial statements of Interactive Media and Construction, Inc., Richland County, Ohio, (component unit the of Mansfield City School District), as of and for the fiscal year ended June 30, 2007, which collectively comprise Interactive Media and Construction, Inc.'s basic financial statements and have issued our report thereon dated December 17, 2007. 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 Interactive Media and Construction, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Interactive Media and Construction, Inc.'s internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of Interactive Media and Construction, Inc.'s internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Interactive Media and Construction, Inc.'s ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Interactive Media and Construction, Inc.'s financial statements that is more than inconsequential will not be prevented or detected by Interactive Media and Construction, Inc.'s internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Interactive Media and Construction, Inc.'s internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.

Board of Directors
Interactive Media and Construction, Inc.

<u>Compliance and Other Matters</u>

As part of obtaining reasonable assurance about whether Interactive Media and Construction, Inc.'s financial statements are 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.*

We noted a certain matter that we reported to the management of Interactive Media and Construction, Inc. in a separate letter dated December 17, 2007.

This report is intended solely for the information and use of the management and Board of Directors of Interactive Media and Construction, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Julian & Grube, Inc.

Julian & Grube, Inc.
December 17, 2007

INTERACTIVE MEDIA AND CONSTRUCTION, INC.

RICHLAND COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
FEBRUARY 15, 2008