

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

AUDIT REPORT

OF

OAK HILL UNITED SCHOOL CORPORATION

GRANT COUNTY, INDIANA

July 1, 2005 to June 30, 2007



**FILED**

03/31/2008



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Jill S. Morpew Vacant Sandra K. London	07-01-05 to 09-29-06 09-30-06 to 11-28-06 11-29-06 to 06-30-08
Superintendent of Schools	James W. Smith Joel Martin	07-01-05 to 12-31-07 01-01-08 to 06-30-08
President of the School Board	Toby Middlesworth	07-01-05 to 06-30-08



**STATE OF INDIANA**  
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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF OAK HILL UNITED SCHOOL CORPORATION, GRANT COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Oak Hill United School Corporation (School Corporation), as of and for the years ended June 30, 2006 and 2007, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions 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 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 I, the School Corporation prepares its financial statements on the prescribed 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2006 and 2007, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated March 3, 2008, 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 and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the School Corporation taken as a whole. 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

The Schedule of Funding Progress, as listed in the Table of Contents, 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.

The School Corporation has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The 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 basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

March 3, 2008



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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

TO: THE OFFICIALS OF OAK HILL UNITED SCHOOL CORPORATION, GRANT COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Oak Hill United School Corporation (School Corporation), as of and for the years ended June 30, 2006 and 2007, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated March 3, 2008. 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 statements, 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 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 the entity'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 the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity'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 the entity'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 significant deficiencies or material weaknesses, as defined above.

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  
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation'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 certain matters that we reported to management in a separate letter dated March 3, 2008.

This report is intended solely for the information and use of the School Corporation's management, school board, and 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

March 3, 2008

OAK HILL UNITED SCHOOL CORPORATION  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2006

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental activities:				Net (Disbursements) Receipts and Changes in Net Assets
Instruction	\$ 4,508,621	\$ -	\$ 136,295	\$ (4,372,326)
Support services	6,685,016	461,783	117,684	(6,105,549)
Community services	120,792	-	-	(120,792)
Nonprogrammed charges	136,097	-	-	(136,097)
Debt service	<u>5,055,277</u>	<u>-</u>	<u>-</u>	<u>(5,055,277)</u>
Total government activities	<u>\$ 16,505,803</u>	<u>\$ 461,783</u>	<u>\$ 253,979</u>	<u>(15,790,041)</u>
General receipts:				
Property taxes				6,942,142
Other local sources				1,050,842
State aid				6,033,070
Bonds and loans				1,320,026
Grants and contributions not restricted to specific programs				519,778
Sale of property, adjustments, and refunds				7,896
Investment earnings				<u>46,953</u>
Total general receipts				<u>15,920,707</u>
Change in net assets				130,666
Net assets - beginning				<u>973,081</u>
Net assets - ending				<u>\$ 1,103,747</u>
<u>Assets</u>				
Cash and investments				\$ 1,378,508
Restricted assets:				
Cash and investments				<u>(274,761)</u>
Total assets				<u>\$ 1,103,747</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ (274,761)
Unrestricted				<u>1,378,508</u>
Total net assets				<u>\$ 1,103,747</u>

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

OAK HILL UNITED SCHOOL CORPORATION  
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>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental activities:				Net (Disbursements) Receipts and Changes in Net Assets
Instruction	\$ 4,694,656	\$ -	\$ 121,550	\$ (4,573,106)
Support services	9,511,783	406,483	190,788	(8,914,512)
Community services	202,661	-	-	(202,661)
Nonprogrammed charges	146,632	-	-	(146,632)
Debt service	<u>2,513,336</u>	<u>-</u>	<u>-</u>	<u>(2,513,336)</u>
Total government activities	<u>\$ 17,069,068</u>	<u>\$ 406,483</u>	<u>\$ 312,338</u>	<u>(16,350,247)</u>
General receipts:				
Property taxes				3,395,102
Other local sources				618,942
State aid				5,942,766
Bonds and loans				7,401,345
Grants and contributions not restricted to specific programs				615,669
Sale of property, adjustments, and refunds				118,573
Investment earnings				<u>71,477</u>
Total general receipts				<u>18,163,874</u>
Change in net assets				1,813,627
Net assets - beginning				<u>1,103,747</u>
Net assets - ending				<u>\$ 2,917,374</u>
<u>Assets</u>				
Cash and investments				\$ 2,394,666
Restricted assets:				
Cash and investments				<u>522,708</u>
Total assets				<u>\$ 2,917,374</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 522,708
Unrestricted				<u>2,394,666</u>
Total net assets				<u>\$ 2,917,374</u>

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

OAK HILL UNITED SCHOOL CORPORATION  
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

	General	Transportation Operating	Rainy Day	Debt Service	Capital Projects	School Bus Replacement	Construction	Other	Totals
<b>Receipts:</b>									
Local sources	\$ 3,859,288	\$ 737,717	\$ -	\$ 1,705,839	\$ 1,479,005	\$ 246,296	\$ -	\$ 472,792	\$ 8,500,937
Intermediate sources	390	-	-	-	-	-	-	394	784
State sources	6,129,727	-	-	-	-	-	-	92,971	6,222,698
Federal sources	-	-	-	-	-	-	-	584,128	584,128
Bonds and loans	960,026	-	-	-	360,000	-	-	-	1,320,026
Sale of property, adjustments and refunds	7,636	-	-	-	-	-	-	260	7,896
<b>Total receipts</b>	<b>10,957,067</b>	<b>737,717</b>	<b>-</b>	<b>1,705,839</b>	<b>1,839,005</b>	<b>246,296</b>	<b>-</b>	<b>1,150,545</b>	<b>16,636,469</b>
<b>Disbursements:</b>									
<b>Current:</b>									
Instruction	4,154,565	-	-	-	-	-	-	354,056	4,508,621
Support services	4,195,524	639,363	-	8,737	990,938	29,770	3,986	816,698	6,685,016
Community services	119,991	-	-	-	-	-	-	801	120,792
Nonprogrammed charges	135,997	-	-	-	-	-	-	100	136,097
Debt services	2,318,854	320,464	-	1,675,971	622,684	112,456	-	4,848	5,055,277
<b>Total disbursements</b>	<b>10,924,931</b>	<b>959,827</b>	<b>-</b>	<b>1,684,708</b>	<b>1,613,622</b>	<b>142,226</b>	<b>3,986</b>	<b>1,176,503</b>	<b>16,505,803</b>
Excess (deficiency) of receipts over disbursements	32,136	(222,110)	-	21,131	225,383	104,070	(3,986)	(25,958)	130,666
<b>Other financing sources (uses):</b>									
Transfers in	17,782	45,303	400,000	-	-	-	-	18,500	481,585
Transfers out	-	-	-	(445,303)	-	-	-	(36,282)	(481,585)
<b>Total other financing sources (uses)</b>	<b>17,782</b>	<b>45,303</b>	<b>400,000</b>	<b>(445,303)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(17,782)</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	49,918	(176,807)	400,000	(424,172)	225,383	104,070	(3,986)	(43,740)	130,666
Cash and investments - beginning	380,480	228,089	-	149,411	116,542	1,742	-	96,817	973,081
Cash and investments - ending	\$ 430,398	\$ 51,282	\$ 400,000	\$ (274,761)	\$ 341,925	\$ 105,812	\$ (3,986)	\$ 53,077	\$ 1,103,747
<b>Cash and Investment Assets - Ending</b>									
Cash and investments	\$ 430,398	\$ 51,282	\$ 400,000	\$ -	\$ 341,925	\$ 105,812	\$ (3,986)	\$ 53,077	\$ 1,378,508
Restricted assets:									
Cash and investments	-	-	-	(274,761)	-	-	-	-	(274,761)
<b>Total cash and investment assets - ending</b>	<b>\$ 430,398</b>	<b>\$ 51,282</b>	<b>\$ 400,000</b>	<b>\$ (274,761)</b>	<b>\$ 341,925</b>	<b>\$ 105,812</b>	<b>\$ (3,986)</b>	<b>\$ 53,077</b>	<b>\$ 1,103,747</b>
<b>Cash and Investment Fund Balance - Ending</b>									
Restricted for:									
Debt service	\$ -	\$ -	\$ -	\$ (274,761)	\$ -	\$ -	\$ -	\$ -	\$ (274,761)
Unrestricted	430,398	51,282	400,000	-	341,925	105,812	(3,986)	53,077	1,378,508
<b>Total cash and investment fund balance - ending</b>	<b>\$ 430,398</b>	<b>\$ 51,282</b>	<b>\$ 400,000</b>	<b>\$ (274,761)</b>	<b>\$ 341,925</b>	<b>\$ 105,812</b>	<b>\$ (3,986)</b>	<b>\$ 53,077</b>	<b>\$ 1,103,747</b>

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

OAK HILL UNITED SCHOOL CORPORATION  
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

	General	Transportation Operating	Rainy Day	Debt Service	Capital Projects	School Bus Replacement	Construction	Other	Totals
<b>Receipts:</b>									
Local sources	\$ 1,935,224	\$ 372,605	\$ -	\$ 908,608	\$ 716,694	\$ 144,607	\$ -	\$ 412,788	\$ 4,490,526
Intermediate sources	390	-	-	-	-	-	-	1,087	1,477
State sources	6,025,194	-	-	-	-	-	-	205,823	6,231,017
Federal sources	-	-	-	-	-	-	-	639,757	639,757
Bonds and loans	2,514,761	383,646	-	941,446	741,592	100,240	2,719,660	-	7,401,345
Sale of property, adjustments and refunds	6,801	2,517	-	-	-	-	109,036	219	118,573
<b>Total receipts</b>	<b>10,482,370</b>	<b>758,768</b>	<b>-</b>	<b>1,850,054</b>	<b>1,458,286</b>	<b>244,847</b>	<b>2,828,696</b>	<b>1,259,674</b>	<b>18,882,695</b>
<b>Disbursements:</b>									
<b>Current:</b>									
Instruction	4,257,794	-	-	-	-	-	-	436,862	4,694,656
Support services	3,936,250	639,431	268,357	-	945,077	230,423	2,763,873	728,372	9,511,783
Community services	200,844	-	-	-	-	-	-	1,817	202,661
Nonprogrammed charges	141,260	-	-	-	-	-	-	5,372	146,632
Debt services	1,100,751	-	-	1,052,585	360,000	-	-	-	2,513,336
<b>Total disbursements</b>	<b>9,636,899</b>	<b>639,431</b>	<b>268,357</b>	<b>1,052,585</b>	<b>1,305,077</b>	<b>230,423</b>	<b>2,763,873</b>	<b>1,172,423</b>	<b>17,069,068</b>
Excess (deficiency) of receipts over disbursements	845,471	119,337	(268,357)	797,469	153,209	14,424	64,823	87,251	1,813,627
<b>Other financing sources (uses):</b>									
Transfers in	-	-	30,000	-	-	-	-	20,739	50,739
Transfers out	-	-	-	-	-	(30,000)	-	(20,739)	(50,739)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>30,000</b>	<b>-</b>	<b>-</b>	<b>(30,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	845,471	119,337	(238,357)	797,469	153,209	(15,576)	64,823	87,251	1,813,627
Cash and investments - beginning	430,398	51,282	400,000	(274,761)	341,925	105,812	(3,986)	53,077	1,103,747
Cash and investments - ending	<u>\$ 1,275,869</u>	<u>\$ 170,619</u>	<u>\$ 161,643</u>	<u>\$ 522,708</u>	<u>\$ 495,134</u>	<u>\$ 90,236</u>	<u>\$ 60,837</u>	<u>\$ 140,328</u>	<u>\$ 2,917,374</u>
<b>Cash and Investment Assets - Ending</b>									
Cash and investments	\$ 1,275,869	\$ 170,619	\$ 161,643	\$ -	\$ 495,134	\$ 90,236	\$ 60,837	\$ 140,328	\$ 2,394,666
Restricted assets:									
Cash and investments	-	-	-	522,708	-	-	-	-	522,708
<b>Total cash and investment assets - ending</b>	<b><u>\$ 1,275,869</u></b>	<b><u>\$ 170,619</u></b>	<b><u>\$ 161,643</u></b>	<b><u>\$ 522,708</u></b>	<b><u>\$ 495,134</u></b>	<b><u>\$ 90,236</u></b>	<b><u>\$ 60,837</u></b>	<b><u>\$ 140,328</u></b>	<b><u>\$ 2,917,374</u></b>
<b>Cash and Investment Fund Balance - Ending</b>									
Restricted for:									
Debt service	\$ -	\$ -	\$ -	\$ 522,708	\$ -	\$ -	\$ -	\$ -	\$ 522,708
Unrestricted	1,275,869	170,619	161,643	-	495,134	90,236	60,837	140,328	2,394,666
<b>Total cash and investment fund balance - ending</b>	<b><u>\$ 1,275,869</u></b>	<b><u>\$ 170,619</u></b>	<b><u>\$ 161,643</u></b>	<b><u>\$ 522,708</u></b>	<b><u>\$ 495,134</u></b>	<b><u>\$ 90,236</u></b>	<b><u>\$ 60,837</u></b>	<b><u>\$ 140,328</u></b>	<b><u>\$ 2,917,374</u></b>

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

OAK HILL UNITED SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS

I. 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 School Corporation's financial reporting entity is composed of the following:

Primary Government: Oak Hill United School Corporation

In determining the financial reporting entity, the School Corporation complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

Joint Venture

The School Corporation is a participant with Eastbrook Community School Corporation, Marion Community Schools, Mississinewa Community School Corporation, and Madison-Grant United School Corporation in a joint venture to operate the Grant County Special Services Cooperative (Co-op) which was created to provide programs and services for children with special needs. The Co-op's continued existence depends on continued funding by the School Corporations. Complete financial statements for the Co-op can be obtained from cooperative's administrative office at 424 East South A Street, Gas City, Indiana, 46933.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the School Corporation has not established any enterprise funds.

OAK HILL UNITED SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The School Corporation reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The transportation operating fund accounts for financial resources for the transportation of school children to and from school.

The rainy day fund is used to account for funds set aside for unforeseen expenditures, but not for salaries or fringe benefits except severance and retirement obligations.

The debt service fund accounts for debt from funds borrowed or advanced for the purchase or lease of school buildings, school buses, judgments against the corporation, equipment or capital construction, and interest on emergency and temporary loans.

The capital projects fund accounts for planned construction, repair, replacement or remodeling; and the purchase, lease, upgrade, maintenance, or repair of computer equipment.

The school bus replacement fund is used to account for receipts and disbursements concerning the acquisition and disposal of school buses.

The construction fund accounts for planned construction of school buildings and other facilities.

C. Measurement Focus and Basis of Accounting

The government-wide and governmental fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

If the School Corporation utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

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

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to people outside the government (enterprise funds) or other departments or agencies primarily within the government (internal service funds). The School Corporation does not have any proprietary funds.

OAK HILL UNITED SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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.

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the School Corporation on or prior to June 30 of the year collected.

3. Compensated Absences

a. Sick Leave

Employees earn sick leave at rates from 2 days to 10 days per year based on years of service. Unused sick leave may be accumulated to a maximum of 140 days. A portion of accumulated sick leave is paid to employees with at least 15 years of employment through cash payments upon termination.

b. Vacation Leave

Nonteaching or administrative and noncertified School Corporation employees earn vacation leave at rates from 10 days to 15 days per year based upon the number of years of service. Vacation leave does not accumulate from year to year.

c. Personal Leave

School Corporation employees earn personal leave at rates from 2 days to 4 days per year. Unused personal leave may be accumulated to a maximum of 6 days. A portion of accumulated personal leave is paid to employees with at least 15 years of employment through cash payments upon termination.

4. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

OAK HILL UNITED SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

5. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

6. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the School Corporation's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance.

E. Receipts and Disbursements

Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, and (2) operating grants and contributions. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets - Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are reported as reimbursements.

OAK HILL UNITED SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

Internal activities - Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets - Cash and Investment Basis, except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers - Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities and Net Assets - Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the School Corporation submits to the governing board a proposed operating budget for the year commencing the following July 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the School Corporation receives approval of the Indiana Department of Local Government Finance.

The School Corporation's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

B. Cash and Investment Balance Deficits

At June 30, 2006 and 2007, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines and state statute:

OAK HILL UNITED SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Fund	June 30, 2006	June 30, 2007
Debt Service	\$ 274,761	\$ -
Construction	3,986	-
PL 101-476 IDEA 2005-06	52,368	-
Carl Perkins 2005-06	9,096	-
Special Education Preschool	-	30,697
Gifted and Talented 2006-07	-	1,453
Gifted and Talented 2007-08	-	605
Title V Part A 2006-07	-	2,556
PL 105-17 IDEA 2007-08	-	4,607
PL 105-17 IDEA 2006-07	-	61,509
Carl Perkins 2006-07	-	3,406

Cash and investment deficits arose primarily from disbursements exceeding receipts due to the underestimate of current requirements; these deficits are to be repaid from future receipts.

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

2. Investments

Authorization for investment activity is stated in Indiana Code 5-13.

Investment Policies

Indiana Code 5-13-9 authorizes the School Corporation to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the School Corporation to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

OAK HILL UNITED SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the School Corporation and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

Additionally, the School Corporation may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the School Corporation's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The School Corporation does not have a formal investment policy for custodial credit risk for investments.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The School Corporation must follow state statute and limit the stated final maturities of the investments to no more than two years.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School Corporation does not have a policy in regards to concentration of credit risk. United States of America government and United States of America governmental agency securities are exempt from this policy requirement.

Foreign Currency Risk

The School Corporation does not have a formal policy in regards to foreign currency risk.

OAK HILL UNITED SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2006 and 2007, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>July 1, 2005 to June 30, 2006</u>	<u>July 1, 2006 to June 30, 2007</u>
Debt Service Fund	Transportation Operating Fund	\$ 45,303	\$ -
Debt Service Fund	Rainy Day Fund	400,000	-
Other governmental funds	General Fund	17,782	-
Other governmental funds	Other governmental funds	18,500	20,739
School Bus Replacement Fund	Rainy Day Fund	-	30,000
		<u>                    </u>	<u>                    </u>
Totals		<u>\$ 481,585</u>	<u>\$ 50,739</u>

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

IV. Other Information

A. Risk Management

The School Corporation is 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 (excluding postemployment benefits); and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Medical Benefits to Employees

During 1988, the School Corporation joined the School Employees' Benefit Trust, a public entity risk pool currently operating as a common risk management and insurance program for fourteen member governmental entities. This risk pool was formed in 1980. The purpose of the risk pool is to provide a medium for the funding and administration of medical benefits to employees. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$150,000 per insured event. The risk pool obtains independent coverage for insured events in excess of the \$150,000 limit.

B. Holding Corporations

The School Corporation has entered into a capital lease with Oak Hill School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the year ended June 30, 2007, totaled \$819,441.

OAK HILL UNITED SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

C. Postemployment Benefits

In addition to the pension benefits described below, the School Corporation provides postemployment medical insurance benefits, as authorized by Indiana Code 5-10-8, to all employees who retire from the School Corporation on or after attaining age 55 with at least 15 years of service. Currently, 14 retirees meet these eligibility requirements. The School Corporation and retirees provide a portion of these postemployment benefits. The amount provided by the School Corporation is determined by the year in which retirement begins. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. During the year ended June 30, 2007, disbursements of \$37,486 were recognized for postemployment benefits.

D. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Public Employees' Retirement Fund (PERF), 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 the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF 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 member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF 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. The report may be obtained by contacting:

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The School Corporation's annual pension cost and related information, as provided by the actuary, is presented in this note.

OAK HILL UNITED SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 56,826
Interest on net pension obligation	(8,113)
Adjustment to annual required contribution	9,245
Annual pension cost	57,958
Contributions made	60,748
Decrease in net pension obligation	(2,790)
Net pension obligation, beginning of year	(111,900)
Net pension obligation, end of year	\$ (114,690)
Contribution rates:	
School Corporation	6%
Plan members	3%
Actuarial valuation date	07-01-06
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	40 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

Actuarial Assumptions

Investment rate of return	7.25%
Projected future salary increases:	
Total	5%
Attributed to inflation	4%
Attributed to merit/seniority	1%
Cost-of-living adjustments	2%

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-04	\$ 64,772	125%	\$ (98,829)
	06-30-05	57,680	123%	(111,900)
	06-30-06	57,958	105%	(114,690)

OAK HILL UNITED SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

2. 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 member's 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 Costs

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 is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 7% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2007, 2006, and 2005, were \$210,227, \$189,172, and \$174,686, respectively. The School Corporation contributed 100% of the required contribution for each of the fiscal years.

OAK HILL UNITED SCHOOL CORPORATION  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-04	\$ 1,131,897	\$ 1,159,382	\$ (27,485)	98%	\$ 1,078,970	(3%)
07-01-05	1,187,802	1,194,422	(6,620)	99%	1,065,786	(1%)
07-01-06	1,241,461	1,269,261	(27,800)	98%	1,021,399	(3%)

OAK HILL UNITED SCHOOL CORPORATION  
 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

	Special Education Preschool	School Lunch	Textbook Rental	Levy Excess	Education License Plate	Gifted and Talented 2005-06
<b>Receipts:</b>						
Local sources	\$ 10,116	\$ 312,788	\$ 149,888	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	394	-
State sources	46,304	7,029	-	-	-	12,907
Federal sources	16,734	110,654	-	-	-	-
Sale of property, adjustments and refunds	-	-	260	-	-	-
<b>Total receipts</b>	<u>73,154</u>	<u>430,471</u>	<u>150,148</u>	<u>-</u>	<u>394</u>	<u>12,907</u>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	51,381	-	-	-	-	9,352
Support services	14,523	431,620	174,579	-	-	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	4,848	-	-	-	-	-
<b>Total disbursements</b>	<u>70,752</u>	<u>431,620</u>	<u>174,579</u>	<u>-</u>	<u>-</u>	<u>9,352</u>
<b>Excess (deficiency) of receipts over disbursements</b>	<u>2,402</u>	<u>(1,149)</u>	<u>(24,431)</u>	<u>-</u>	<u>394</u>	<u>3,555</u>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(17,782)	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(17,782)</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<u>2,402</u>	<u>(1,149)</u>	<u>(24,431)</u>	<u>(17,782)</u>	<u>394</u>	<u>3,555</u>
<b>Cash and investments - beginning</b>	<u>-</u>	<u>39,835</u>	<u>48,323</u>	<u>17,782</u>	<u>450</u>	<u>-</u>
<b>Cash and investments - ending</b>	<u>\$ 2,402</u>	<u>\$ 38,686</u>	<u>\$ 23,892</u>	<u>\$ -</u>	<u>\$ 844</u>	<u>\$ 3,555</u>
<b><u>Cash and Investment Assets - Ending</u></b>						
<b>Cash and investments</b>	<u>\$ 2,402</u>	<u>\$ 38,686</u>	<u>\$ 23,892</u>	<u>\$ -</u>	<u>\$ 844</u>	<u>\$ 3,555</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
<b>Unrestricted</b>	<u>\$ 2,402</u>	<u>\$ 38,686</u>	<u>\$ 23,892</u>	<u>\$ -</u>	<u>\$ 844</u>	<u>\$ 3,555</u>

OAK HILL UNITED SCHOOL CORPORATION  
 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)

	Statia Langford Scholarship	School Technology Connect 2000	Professional Development 2004-05	Professional Development 2005-06	Program Cape
<b>Receipts:</b>					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-
State sources	-	-	-	26,731	-
Federal sources	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-
<b>Total receipts</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,731</u>	<u>-</u>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	-	-	-	-	-
Support services	-	159	9,318	18,724	3,212
Community services	-	-	-	-	-
Nonprogrammed charges	100	-	-	-	-
Debt services	-	-	-	-	-
<b>Total disbursements</b>	<u>100</u>	<u>159</u>	<u>9,318</u>	<u>18,724</u>	<u>3,212</u>
Excess (deficiency) of receipts over disbursements	<u>(100)</u>	<u>(159)</u>	<u>(9,318)</u>	<u>8,007</u>	<u>(3,212)</u>
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<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>(100)</u>	<u>(159)</u>	<u>(9,318)</u>	<u>8,007</u>	<u>(3,212)</u>
Cash and investments - beginning	<u>345</u>	<u>159</u>	<u>12,376</u>	<u>4,962</u>	<u>3,212</u>
Cash and investments - ending	<u>\$ 245</u>	<u>\$ -</u>	<u>\$ 3,058</u>	<u>\$ 12,969</u>	<u>\$ -</u>
<b>Cash and Investment Assets - Ending</b>					
Cash and investments	<u>\$ 245</u>	<u>\$ -</u>	<u>\$ 3,058</u>	<u>\$ 12,969</u>	<u>\$ -</u>
<b>Cash and Investment Fund Balance - Ending</b>					
Unrestricted	<u>\$ 245</u>	<u>\$ -</u>	<u>\$ 3,058</u>	<u>\$ 12,969</u>	<u>\$ -</u>

OAK HILL UNITED SCHOOL CORPORATION  
 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)

	Cape Family Literacy	Title I 2004-05	Title I 2005-06	Title V 2005-06	PL 101-476 IDEA 2004-05
<b>Receipts:</b>					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-
State sources	-	-	-	-	-
Federal sources	-	11,578	128,123	3,817	63,215
Sale of property, adjustments and refunds	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>11,578</b>	<b>128,123</b>	<b>3,817</b>	<b>63,215</b>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	-	5,544	101,446	10,237	-
Support services	4,528	-	15,836	738	414
Community services	-	-	801	-	-
Nonprogrammed charges	-	-	-	-	-
Debt services	-	-	-	-	-
<b>Total disbursements</b>	<b>4,528</b>	<b>5,544</b>	<b>118,083</b>	<b>10,975</b>	<b>414</b>
Excess (deficiency) of receipts over disbursements	(4,528)	6,034	10,040	(7,158)	62,801
<b>Other financing sources (uses):</b>					
Transfers in	-	-	11,342	7,158	-
Transfers out	-	(11,342)	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(11,342)</b>	<b>11,342</b>	<b>7,158</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(4,528)	(5,308)	21,382	-	62,801
Cash and investments - beginning	4,528	5,308	-	-	(62,801)
Cash and investments - ending	\$ -	\$ -	\$ 21,382	\$ -	\$ -
<b>Cash and Investment Assets - Ending</b>					
Cash and investments	\$ -	\$ -	\$ 21,382	\$ -	\$ -
<b>Cash and Investment Fund Balance - Ending</b>					
Unrestricted	\$ -	\$ -	\$ 21,382	\$ -	\$ -

OAK HILL UNITED SCHOOL CORPORATION  
 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)

	PL 101-476 IDEA 2005-06	Title IV Part A 2004-05	Title IV Part A 2005-06	Carl Perkins 2005-06	Title II Part D 2004-05
<b>Receipts:</b>					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-
State sources	-	-	-	-	-
Federal sources	207,642	-	5,719	6,322	3,364
Sale of property, adjustments and refunds	-	-	-	-	-
<b>Total receipts</b>	<b>207,642</b>	<b>-</b>	<b>5,719</b>	<b>6,322</b>	<b>3,364</b>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	163,607	-	-	12,489	-
Support services	96,403	2,981	270	2,929	1,650
Community services	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-
Debt services	-	-	-	-	-
<b>Total disbursements</b>	<b>260,010</b>	<b>2,981</b>	<b>270</b>	<b>15,418</b>	<b>1,650</b>
Excess (deficiency) of receipts over disbursements	(52,368)	(2,981)	5,449	(9,096)	1,714
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	(2,079)	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(2,079)</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(52,368)	(2,981)	3,370	(9,096)	1,714
Cash and investments - beginning	-	2,981	-	-	(1,714)
Cash and investments - ending	<u>\$ (52,368)</u>	<u>\$ -</u>	<u>\$ 3,370</u>	<u>\$ (9,096)</u>	<u>\$ -</u>
<b>Cash and Investment Assets - Ending</b>					
Cash and investments	<u>\$ (52,368)</u>	<u>\$ -</u>	<u>\$ 3,370</u>	<u>\$ (9,096)</u>	<u>\$ -</u>
<b>Cash and Investment Fund Balance - Ending</b>					
Unrestricted	<u>\$ (52,368)</u>	<u>\$ -</u>	<u>\$ 3,370</u>	<u>\$ (9,096)</u>	<u>\$ -</u>

OAK HILL UNITED SCHOOL CORPORATION  
 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 II Part A 2005-06	Title II Part D 2005-06	Title II Part A 2004-05	Pre- Construction	Totals
<b>Receipts:</b>					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 472,792
Intermediate sources	-	-	-	-	394
State sources	-	-	-	-	92,971
Federal sources	20,000	2,552	4,408	-	584,128
Sale of property, adjustments and refunds	-	-	-	-	260
<b>Total receipts</b>	<b>20,000</b>	<b>2,552</b>	<b>4,408</b>	<b>-</b>	<b>1,150,545</b>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	-	-	-	-	354,056
Support services	13,335	-	14,187	11,292	816,698
Community services	-	-	-	-	801
Nonprogrammed charges	-	-	-	-	100
Debt services	-	-	-	-	4,848
<b>Total disbursements</b>	<b>13,335</b>	<b>-</b>	<b>14,187</b>	<b>11,292</b>	<b>1,176,503</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>6,665</b>	<b>2,552</b>	<b>(9,779)</b>	<b>(11,292)</b>	<b>(25,958)</b>
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	-	18,500
Transfers out	(4,627)	(452)	-	-	(36,282)
<b>Total other financing sources (uses)</b>	<b>(4,627)</b>	<b>(452)</b>	<b>-</b>	<b>-</b>	<b>(17,782)</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>2,038</b>	<b>2,100</b>	<b>(9,779)</b>	<b>(11,292)</b>	<b>(43,740)</b>
Cash and investments - beginning	-	-	9,779	11,292	96,817
Cash and investments - ending	<u>\$ 2,038</u>	<u>\$ 2,100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,077</u>
<b><u>Cash and Investment Assets - Ending</u></b>					
Cash and investments	<u>\$ 2,038</u>	<u>\$ 2,100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,077</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>					
Unrestricted	<u>\$ 2,038</u>	<u>\$ 2,100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,077</u>

OAK HILL UNITED SCHOOL CORPORATION  
 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

	Special Education Preschool	School Lunch	Textbook Rental	Education License Plate	Gifted and Talented 2005-06	Gifted and Talented 2006-07
<b>Receipts:</b>						
Local sources	\$ 5,084	\$ 286,862	\$ 120,842	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	1,087	-	-
State sources	54,477	7,487	31,920	-	-	12,907
Federal sources	-	151,381	-	-	-	-
Sale of property, adjustments and refunds	-	50	-	-	-	-
<b>Total receipts</b>	<u>59,561</u>	<u>445,780</u>	<u>152,762</u>	<u>1,087</u>	<u>-</u>	<u>12,907</u>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	82,725	-	-	-	3,555	14,360
Support services	9,935	469,589	78,815	-	-	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
<b>Total disbursements</b>	<u>92,660</u>	<u>469,589</u>	<u>78,815</u>	<u>-</u>	<u>3,555</u>	<u>14,360</u>
<b>Excess (deficiency) of receipts over disbursements</b>	<u>(33,099)</u>	<u>(23,809)</u>	<u>73,947</u>	<u>1,087</u>	<u>(3,555)</u>	<u>(1,453)</u>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<u>(33,099)</u>	<u>(23,809)</u>	<u>73,947</u>	<u>1,087</u>	<u>(3,555)</u>	<u>(1,453)</u>
<b>Cash and investments - beginning</b>	<u>2,402</u>	<u>38,686</u>	<u>23,892</u>	<u>844</u>	<u>3,555</u>	<u>-</u>
<b>Cash and investments - ending</b>	<u>\$ (30,697)</u>	<u>\$ 14,877</u>	<u>\$ 97,839</u>	<u>\$ 1,931</u>	<u>\$ -</u>	<u>\$ (1,453)</u>
<b>Cash and Investment Assets - Ending</b>						
<b>Cash and investments</b>	<u>\$ (30,697)</u>	<u>\$ 14,877</u>	<u>\$ 97,839</u>	<u>\$ 1,931</u>	<u>\$ -</u>	<u>\$ (1,453)</u>
<b>Cash and Investment Fund Balance - Ending</b>						
<b>Unrestricted</b>	<u>\$ (30,697)</u>	<u>\$ 14,877</u>	<u>\$ 97,839</u>	<u>\$ 1,931</u>	<u>\$ -</u>	<u>\$ (1,453)</u>

OAK HILL UNITED SCHOOL CORPORATION  
 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)

	Gifted and Talented 2007-08	Statia Langford Scholarship	IN Access Grant	Professional Development 2004-05	Professional Development 2005-06	Professional Development 2006-07
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	72,816	-	1,056	25,160
Federal sources	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	169	-
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>72,816</b>	<b>-</b>	<b>1,225</b>	<b>25,160</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	605	-	-	-	-	-
Support services	-	-	-	3,058	13,159	4,647
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	100	-	-	-	-
<b>Total disbursements</b>	<b>605</b>	<b>100</b>	<b>-</b>	<b>3,058</b>	<b>13,159</b>	<b>4,647</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(605)</b>	<b>(100)</b>	<b>72,816</b>	<b>(3,058)</b>	<b>(11,934)</b>	<b>20,513</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(605)</b>	<b>(100)</b>	<b>72,816</b>	<b>(3,058)</b>	<b>(11,934)</b>	<b>20,513</b>
Cash and investments - beginning	-	245	-	3,058	12,969	-
Cash and investments - ending	\$ (605)	\$ 145	\$ 72,816	\$ -	\$ 1,035	\$ 20,513
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ (605)	\$ 145	\$ 72,816	\$ -	\$ 1,035	\$ 20,513
<b>Cash and Investment Fund Balance - Ending</b>						
Unrestricted	\$ (605)	\$ 145	\$ 72,816	\$ -	\$ 1,035	\$ 20,513

OAK HILL UNITED SCHOOL CORPORATION  
 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)

	Title I 2005-06	Title V 2005-06	Title V Part A 2006-07	PL 105-17 IDEA 2007-08	PL 101-476 IDEA 2005-06	PL 105-17 IDEA 2006-07
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	11,401	128,330	2,163	-	52,368	198,961
Sale of property, adjustments and refunds	-	-	-	-	-	-
<b>Total receipts</b>	<u>11,401</u>	<u>128,330</u>	<u>2,163</u>	<u>-</u>	<u>52,368</u>	<u>198,961</u>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	11,923	111,510	11,108	2,260	-	177,613
Support services	6,321	12,514	811	2,347	-	82,857
Community services	1,000	817	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
<b>Total disbursements</b>	<u>19,244</u>	<u>124,841</u>	<u>11,919</u>	<u>4,607</u>	<u>-</u>	<u>260,470</u>
<b>Excess (deficiency) of receipts over disbursements</b>	<u>(7,843)</u>	<u>3,489</u>	<u>(9,756)</u>	<u>(4,607)</u>	<u>52,368</u>	<u>(61,509)</u>
<b>Other financing sources (uses):</b>						
Transfers in	-	13,539	7,200	-	-	-
Transfers out	(13,539)	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>(13,539)</u>	<u>13,539</u>	<u>7,200</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<u>(21,382)</u>	<u>17,028</u>	<u>(2,556)</u>	<u>(4,607)</u>	<u>52,368</u>	<u>(61,509)</u>
<b>Cash and investments - beginning</b>	<u>21,382</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(52,368)</u>	<u>-</u>
<b>Cash and investments - ending</b>	<u>\$ -</u>	<u>\$ 17,028</u>	<u>\$ (2,556)</u>	<u>\$ (4,607)</u>	<u>\$ -</u>	<u>\$ (61,509)</u>
<b>Cash and Investment Assets - Ending</b>						
<b>Cash and investments</b>	<u>\$ -</u>	<u>\$ 17,028</u>	<u>\$ (2,556)</u>	<u>\$ (4,607)</u>	<u>\$ -</u>	<u>\$ (61,509)</u>
<b>Cash and Investment Fund Balance - Ending</b>						
<b>Unrestricted</b>	<u>\$ -</u>	<u>\$ 17,028</u>	<u>\$ (2,556)</u>	<u>\$ (4,607)</u>	<u>\$ -</u>	<u>\$ (61,509)</u>

OAK HILL UNITED SCHOOL CORPORATION  
 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)

	Title IV Part A 2005-06	Title IV Part A 2006-07	Preschool 2006-07	Carl Perkins 2005-06	Carl Perkins 2006-07
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-
State sources	-	-	-	-	-
Federal sources	-	3,428	15,379	9,096	11,013
Sale of property, adjustments and refunds	-	-	-	-	-
	<u>-</u>	<u>3,428</u>	<u>15,379</u>	<u>9,096</u>	<u>11,013</u>
Total receipts					
	-	3,428	15,379	9,096	11,013
Disbursements:					
Current:					
Instruction	-	-	-	-	12,077
Support services	2,699	-	-	-	2,342
Community services	-	-	-	-	-
Nonprogrammed charges	-	-	5,272	-	-
	<u>-</u>	<u>-</u>	<u>5,272</u>	<u>-</u>	<u>-</u>
Total disbursements					
	2,699	-	5,272	-	14,419
Excess (deficiency) of receipts over disbursements					
	<u>(2,699)</u>	<u>3,428</u>	<u>10,107</u>	<u>9,096</u>	<u>(3,406)</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	(2,200)	-	-	-
	<u>-</u>	<u>(2,200)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)					
	-	(2,200)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses					
	(2,699)	1,228	10,107	9,096	(3,406)
Cash and investments - beginning					
	<u>3,370</u>	<u>-</u>	<u>-</u>	<u>(9,096)</u>	<u>-</u>
Cash and investments - ending					
	<u>\$ 671</u>	<u>\$ 1,228</u>	<u>\$ 10,107</u>	<u>\$ -</u>	<u>\$ (3,406)</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	<u>\$ 671</u>	<u>\$ 1,228</u>	<u>\$ 10,107</u>	<u>\$ -</u>	<u>\$ (3,406)</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Unrestricted	<u>\$ 671</u>	<u>\$ 1,228</u>	<u>\$ 10,107</u>	<u>\$ -</u>	<u>\$ (3,406)</u>

OAK HILL UNITED SCHOOL CORPORATION  
 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)

	Team Nutrition Grant	Title II Part A 2005-06	Title II Part D 2005-06	Title II Part A 2006-07	Totals
<b>Receipts:</b>					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 412,788
Intermediate sources	-	-	-	-	1,087
State sources	-	-	-	-	205,823
Federal sources	500	22,737	30,448	2,552	639,757
Sale of property, adjustments and refunds	-	-	-	-	219
<b>Total receipts</b>	<u>500</u>	<u>22,737</u>	<u>30,448</u>	<u>2,552</u>	<u>1,259,674</u>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	500	-	8,626	-	436,862
Support services	-	24,765	13,473	1,040	728,372
Community services	-	-	-	-	1,817
Nonprogrammed charges	-	-	-	-	5,372
<b>Total disbursements</b>	<u>500</u>	<u>24,765</u>	<u>22,099</u>	<u>1,040</u>	<u>1,172,423</u>
Excess (deficiency) of receipts over disbursements	-	(2,028)	8,349	1,512	87,251
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	-	20,739
Transfers out	-	-	(4,548)	(452)	(20,739)
<b>Total other financing sources (uses)</b>	-	-	(4,548)	(452)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(2,028)	3,801	1,060	87,251
Cash and investments - beginning	-	2,038	2,100	-	53,077
Cash and investments - ending	<u>\$ -</u>	<u>\$ 10</u>	<u>\$ 5,901</u>	<u>\$ 1,060</u>	<u>\$ 140,328</u>
<b>Cash and Investment Assets - Ending</b>					
Cash and investments	<u>\$ -</u>	<u>\$ 10</u>	<u>\$ 5,901</u>	<u>\$ 1,060</u>	<u>\$ 140,328</u>
<b>Cash and Investment Fund Balance - Ending</b>					
Unrestricted	<u>\$ -</u>	<u>\$ 10</u>	<u>\$ 5,901</u>	<u>\$ 1,060</u>	<u>\$ 140,328</u>

OAK HILL UNITED SCHOOL CORPORATION  
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:	
Land	\$ 3,000
Buildings	13,007,953
Improvements other than buildings	928,232
Machinery and equipment	4,251,788
Construction in progress	<u>7,526,324</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 25,717,297</u>

OAK HILL UNITED SCHOOL CORPORATION  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 For the Year Ended June 30, 2007

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
Oak Hill School Building Corporation Bonds of 1999	\$ 3,341,275	\$ 465,000
Oak Hill School Building Corporation Bonds of 2006	10,000,000	-
Oak Hill School Building Corporation Bonds of 2007	1,140,000	-
Energy Savings	345,888	96,964
Notes and loans payable:		
Common School Fund Loans	91,268	35,924
Bonds payable:		
General obligation bonds:		
Technology - Series 2003	<u>154,500</u>	<u>103,513</u>
Total governmental activities debt	<u>\$ 15,072,931</u>	<u>\$ 701,401</u>

OAK HILL UNITED SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS

CONDITION OF RECORDS (Applies to Oak Hill Schools Extra-Curricular Account)

Printed copies of the extra-curricular account financial records presented for audit were not necessarily the same as the computerized records. The computer system allowed error corrections to be posted as of the date of the original entry instead of the date of the actual correction.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

FUNDRAISERS AND SALES (Applies to Oak Hill Schools Extra-Curricular Account)

Fundraiser and other sales documentation from extra-curricular activities were not presented for audit. Procedures do not appear to be in place concerning the internal controls and the responsibility of employees or officials for fundraisers.

Governmental units which conduct fund raising events should have the express permission of the governing body for conducting the fund raiser as well as procedures in place concerning the internal controls and the responsibility of employees or officials. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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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 OAK HILL UNITED SCHOOL CORPORATION, GRANT COUNTY, INDIANA

Compliance

We have audited the compliance of Oak Hill United School Corporation (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 its major federal program for the years ended June 30, 2006 and 2007. The School Corporation's major federal program is 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 its major federal program 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 its major federal program for the years ended June 30, 2006 and 2007.

Internal Control Over Compliance

The 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, 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 control deficiency in a School Corporation's 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance 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 compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

This report is intended solely for the information and use of the School Corporation's management, school board, and 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

March 3, 2008

OAK HILL UNITED SCHOOL CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2006 and 2007

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 06-30-06	Total Federal Awards Expended 06-30-07
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 14,455	\$ 18,238
National School Lunch Program	10.555		112,019	141,652
Team Nutrition Grants	10.574	CNTN-05-IN-1	-	500
Total for federal grantor agency			<u>126,474</u>	<u>160,390</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Mississinewa Community School Corporation				
Special Education Cluster				
Special Education - Grants to States	84.027			
		14205-021-PN01	414	-
		14206-021-PN01	260,010	-
		14207-021-PN01	-	260,470
		14208-021-PN01	-	4,607
Total for program			<u>260,424</u>	<u>265,077</u>
Special Education - Preschool Grants	84.173			
		45706-021-PN01	16,734	-
		45707-021-PN01	-	5,272
Total for program			<u>16,734</u>	<u>5,272</u>
Total for cluster			<u>277,158</u>	<u>270,349</u>
Pass-Through Indiana Department of Education				
Title I Grants to Local Educational Agencies	84.010			
		05-5625	5,544	-
		06-5625	118,082	19,244
		07-5625	-	124,841
Total for program			<u>123,626</u>	<u>144,085</u>
Pass-Through Marion Community Schools				
Vocational Education - Basic Grants to States	84.048			
		FY06	15,418	-
		FY07	-	14,419
Total for program			<u>15,418</u>	<u>14,419</u>
Pass-Through Indiana Department of Education				
Safe and Drug Free Schools and Communities - State Grants	84.186			
		04-164	2,981	-
		05-195	270	2,699
Total for program			<u>3,251</u>	<u>2,699</u>
State Grants for Innovative Programs	84.298			
		05-175	10,975	-
		06-5625	-	11,920
Total for program			<u>10,975</u>	<u>11,920</u>
Education Technology State Grants	84.318			
		FY05	1,650	-
		FY06	14,187	1,040
Total for program			<u>15,837</u>	<u>1,040</u>
Improving Teacher Quality State Grants	84.367			
		05-236	13,335	24,765
		06-5625	-	22,099
Total for program			<u>13,335</u>	<u>46,864</u>
Total for federal grantor agency			<u>459,600</u>	<u>491,376</u>
Total federal awards expended			<u>\$ 586,074</u>	<u>\$ 651,766</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

OAK HILL UNITED SCHOOL CORPORATION  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Oak Hill United School Corporation (School Corporation) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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 the 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.

II. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2006 and 2007. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2006	2007
Child Nutrition Cluster:			
Food Commodities:			
School Breakfast Program	10.553	\$ 1,161	\$ 2,384
National School Lunch Program	10.555	10,212	18,380
Totals for cluster		\$ 11,373	\$ 20,764

OAK HILL UNITED SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? no  
Significant deficiencies identified that are not considered to be material weaknesses? none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified? no  
Significant deficiencies identified that are not considered to be material weaknesses? 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 Program:

Name of Federal Program or Cluster

Special Education Cluster

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

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

OAK HILL UNITED SCHOOL CORPORATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

OAK HILL UNITED SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on March 3, 2008, with Sandra K. London, Treasurer; and Joel Martin, Superintendent of Schools.

The contents of this report were discussed on February 28, 2008, with Jill S. Morphew, former Treasurer.