



Washington State Auditor's Office

Troy Kelley

Integrity • Respect • Independence

**Financial Statements and Federal Single Audit
Report**

Oak Harbor School District No. 201

Island County

For the period September 1, 2013 through August 31, 2014

Published April 23, 2015

Report No. 1014046





Washington State Auditor
Troy Kelley

April 23, 2015

Board of Directors
Oak Harbor School District No. 201
Oak Harbor, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on Oak Harbor School District No. 201's financial statements and compliance with federal laws and regulations.

We are issuing this report in order to provide information on the District's financial condition.

Sincerely,

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

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FEDERAL SUMMARY

Oak Harbor School District No. 201 Island County September 1, 2013 through August 31, 2014

The results of our audit of Oak Harbor School District No. 201 are summarized below in accordance with U.S. Office of Management and Budget Circular A-133.

Financial Statements

An unmodified opinion was issued on the financial statements.

Internal Control Over Financial Reporting:

- *Significant Deficiencies:* We identified no deficiencies in the design or operation of internal control over financial reporting that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We noted no instances of noncompliance that were material to the financial statements of the District.

Federal Awards

Internal Control Over Major Programs:

- *Significant Deficiencies:* We identified deficiencies in the design or operation of internal control over major federal programs that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We issued an unmodified opinion on the District's compliance with requirements applicable to each of its major federal programs.

We reported findings that are required to be disclosed under section 510(a) of OMB Circular A-133.

Identification of Major Programs:

The following were major programs during the period under audit:

<u>CFDA No.</u>	<u>Program Title</u>
12.558	Department of Defense Impact Aid
84.010	Title I, Part A Cluster - Title I Grants to Local Educational Agencies
84.027	Special Education Cluster (IDEA) - Special Education - Grants to States (IDEA, Part B)
84.173	Special Education Cluster (IDEA) - Special Education - Preschool Grants (IDEA Preschool)

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by OMB Circular A-133, was \$300,000.

The District qualified as a low-risk auditee under OMB Circular A-133.

SCHEDULE OF FEDERAL AUDIT FINDINGS AND QUESTIONED COSTS

Oak Harbor School District No. 201 Island County September 1, 2013 through August 31, 2014

2014-001 The Oak Harbor School District did not have adequate internal controls to ensure compliance with federal grant requirements for its Special Education and Title I programs.

CFDA Number and Title:	84.027/173 Special Education Grant Cluster 84.010 Title I Grants to Local Educational Agencies
Federal Grantor Name:	Department of Education
Federal Award/Contract Number:	NA
Pass-through Entity Name:	Office of the Superintendent of Public Instruction
Pass-through Award/Contract Number:	2440-IDEA B #304647 2441-Preschool #36467 5100-TIA #201582 5150-T1A#224463
Questioned Cost Amount:	\$0

Description of Condition

The District spent \$1,191,870 in federal funds for its Special Education program and \$872,093 for its Title I program in fiscal year 2014. Employee salaries and benefits make up 95 percent of the Special Education expenditures and more than 80 percent of Title I expenditures. Program regulations state that salaries and benefits charged to the grant have to be supported by the appropriate time and effort documentation. Depending upon the number and type of activities employees work, time and effort documentation can be in the form of a semi-annual certification or monthly personnel activity report such as a timesheet.

The District has a process to track and obtain the appropriate time and effort documentation from employees that have been assigned to the federal Special Education and Title I programs during the budgeting process. However, this process alone was not effective because it did not include accounting for employee assignment changes that happen throughout the school year.

We consider this deficiency in internal controls to be a significant deficiency.

Cause of Condition

The District did not ensure that all personnel changes that happened throughout the year were being communicated to the employee responsible for collecting time and effort documentation.

Effect of Condition and Questioned Costs

The District did not obtain semi-annual certifications for nine employees that were paid a total of \$103,543 of federal Special Education grant funds and three employees that were paid \$56,656 from Title I.

Without proper time and effort documentation, the District is unable to substantiate the accuracy of payroll costs charged to the federal grants, as required by the grantor. Noncompliance with grant requirements may jeopardize the District's ability to obtain future funding if the issue is not addressed.

We were able to obtain adequate alternative forms of documentation; therefore, we did not question these costs.

Recommendation

We recommend the District improve its communications and oversight over federal grants to ensure all required time and effort documents are being collected.

District's Response

The Oak Harbor School District agrees with the State Auditors that there were no questionable costs in our Federal programs. The district was able to document that all expenditures were appropriate. However, the district recognizes that certain paperwork was not filed. This led the auditors to determine there was a lack of internal controls necessary for compliance with time and effort documentation requirements for our special education and Title I grant programs.

In response to the State Auditor's non-material findings, the Special Programs Office has implemented changes to better track and obtain documentation for employees assigned to Special Education and Title I. In addition to practices already in place, the following measures are being employed.

The Special Programs Office is creating monthly reports detailing employees assigned to Special Education and Title I. Monthly employee documentation is compared with these reports. If there is a discrepancy, the Special Programs Office confirms any changes with the Business Office. If the discrepancy remains,

the Special Programs Office requests updated documentation from the employee's supervisor.

The Special Programs Office receives copies of new hire letters for employees assigned to Special Education and Title I. The employee's information is added to the applicable school's Time & Effort binder and either Semi-Annual Certifications or monthly documentation is collected.

Additionally, the Special Programs Office is receiving copies of reassignment, retirement and resignation confirmation letters from the Human Resource Department of employees assigned to Special Education and Title I.

If an employee is reassigned or retiring, the Special Programs Office receives the final monthly documentation; or creates a Semi-Annual Certification for the dates of employment during that half of the year, and obtains signatures from both the employee and the applicable supervisor.

If an employee resigns, the Special Programs Office receives the final monthly documentation; or creates a Semi-Annual Certification for the dates of employment (whichever is appropriate). In the case of a Semi-Annual Certification, the Special Programs Office obtains the employee's address from the Human Resources Department and sends the employee a letter and Semi-Annual Certification. When the employee returns the signed Semi-Annual Certification, the Special Programs Office gets the supervisor's signature. If the employee does not return the signed Semi-Annual Certification, the Special Programs Office alerts the Business Services Department who will remove the employee retroactively from Special Education or Title I.

With the addition of monthly reporting and copies of documentation from Human Resources, the Special Programs Department is confident the deficiencies noted in the State Auditor's non-material findings will not be repeated in future years.

Auditor's Remarks

We appreciate the District's commitment to resolve this finding and thank the District for its cooperation and assistance during the audit. We will review the corrective action taken during our next regular audit.

Applicable Laws and Regulations

Government Auditing Standards, December 2011 Revision, paragraph 4.23 states:

4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial

reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its *Codification of Statements on Auditing Standards*, section 935, as follows:

.11 For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

Deficiency in internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A deficiency in *design* exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in *operation* exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively. ...

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of the event is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Remote. The chance of the future event or events occurring is slight.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, Section 300 – Auditee Responsibilities, states, in part:

The auditee shall:

(b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

(c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

U.S. Office of Management and Budget Circular A-87, Cost Principles for State, Local and Indian Tribal Governments (2 CFR Part 225), Attachment B, Section 8(h), states, in part:

(1) Charges to Federal awards for salaries and wages, whether treated as direct or indirect costs, will be based on payrolls documented in accordance with generally accepted practice of the governmental unit and approved by a responsible official(s) of the governmental unit.

(4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:

(a) More than one Federal award,

(b) A Federal award and a non Federal award,

(c) An indirect cost activity and a direct cost activity,

(d) Two or more indirect activities which are allocated using different allocation bases, or

(e) An unallowable activity and a direct or indirect cost activity.

(5) Personnel activity reports or equivalent documentation must meet the following standards:

(a) They must reflect an after the fact distribution of the actual activity of each employee,

(b) They must account for the total activity for which each employee is compensated,

(c) They must be prepared at least monthly and must coincide with one or more pay periods, and

(d) They must be signed by the employee.

(e) Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards but may be used for interim accounting purposes.

**INDEPENDENT AUDITOR'S 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**

**Oak Harbor School District No. 201
Island County
September 1, 2013 through August 31, 2014**

Board of Directors
Oak Harbor School District No. 201
Oak Harbor, Washington

We have audited, 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, the financial statements of Oak Harbor School District No. 201, Island County, Washington, as of and for the year ended August 31, 2014, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated March 26, 2015. As discussed in Note 1 to the financial statements, during the year ended August 31, 2014, the District implemented Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

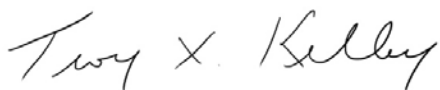
COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of the District's 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*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.



TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

March 26, 2015

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB
CIRCULAR A-133**

**Oak Harbor School District No. 201
Island County
September 1, 2013 through August 31, 2014**

Board of Directors
Oak Harbor School District No. 201
Oak Harbor, Washington

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM**

We have audited the compliance of Oak Harbor School District No. 201, Island County, Washington, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2014. The District's major federal programs are identified in the accompanying Federal Summary.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. 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 District'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 on compliance for each major federal program. Our audit does not provide a legal determination on the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2014.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Federal Audit Findings and Questioned Costs as Finding 2014-001. Our opinion on each major federal program is not modified with respect to these matters.

District's Response to Findings

The District's response to the findings identified in our audit is described in the accompanying Schedule of Federal Audit Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB

Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Federal Audit Findings and Questioned Costs as Finding 2014-001 that we consider to be significant deficiencies.

District's Response to Findings

The District's response to the internal control over compliance findings identified in our audit is described in the accompanying Schedule of Federal Audit Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

PURPOSE OF THIS REPORT

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It

also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in cursive script that reads "Troy X. Kelley".

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

March 26, 2015

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Oak Harbor School District No. 201 Island County September 1, 2013 through August 31, 2014

Board of Directors
Oak Harbor School District No. 201
Oak Harbor, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Oak Harbor School District No. 201, Island County, Washington, as of and for the year ended August 31, 2014, and the related notes to the financial statements, which collectively comprise the District's financial statements, as listed on page 23.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Washington State statutes and the *Accounting Manual for Public School Districts in the State of Washington* (Accounting Manual) described in Note 1. This includes determining that the basis of accounting is acceptable for the presentation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's

judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant account estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Unmodified Opinion on Regulatory Basis of Accounting (Accounting Manual)

As described in Note 1, the District has prepared these financial statements to meet the financial reporting requirements of Washington State statutes using accounting practices prescribed by the Accounting Manual. Those accounting practices differ from accounting principles generally accepted in the United States of America (GAAP). The difference in these accounting practices is also described in Note 1.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Oak Harbor School District No. 201, as of August 31, 2014, and the changes in financial position thereof for the year then ended in accordance with the basis of accounting described in Note 1.

Unmodified Opinions on the Governmental and Fiduciary Funds Based on U.S. GAAP

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the General, ASB, Debt Service, Capital Project, Transportation Vehicle and Fiduciary funds as of August 31, 2014, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As discussed in Note 1 to the financial statements, the District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

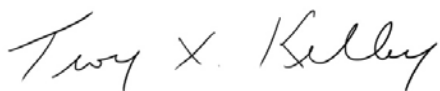
Other Matters

Supplementary and Other Information

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The accompanying Schedules of Long-Term Liabilities are also presented for purposes of additional analysis, as required by the prescribed Accounting Manual. These schedules are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2015 on our consideration of the District'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* in considering the District's internal control over financial reporting and compliance.



TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

March 26, 2015

FINANCIAL SECTION

**Oak Harbor School District No. 201
Island County
September 1, 2013 through August 31, 2014**

FINANCIAL STATEMENTS

Balance Sheet – Governmental Funds – 2014
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental
Funds – 2014
Statement of Net Position – Fiduciary Funds – 2014
Statement of Changes in Fiduciary Net Position – Fiduciary Funds – 2014
Notes to Financial Statements – 2014

SUPPLEMENTARY AND OTHER INFORMATION

Schedules of Long-Term Liabilities – 2014
Schedule of Expenditures of Federal Awards – 2014
Notes to the Schedule of Expenditures of Federal Awards – 2014

Oak Harbor School District No. 201

Balance Sheet

Governmental Funds

August 31, 2014

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
ASSETS:							
Cash and Cash Equivalents	3,153,267.09	17,626.87	37,076.19	66,277.66	348.59	0.00	3,274,596.40
Minus Warrants Outstanding	-3,087,303.91	-9,863.64	0.00	-65,904.64	0.00	0.00	-3,163,072.19
Taxes Receivable	3,477,322.52		3,021,465.93	0.00	0.00	0.00	6,498,788.45
Due From Other Funds	2,037.23	0.00	0.00	0.00	0.00	0.00	2,037.23
Due From Other Governmental Units	272,852.61	0.00	0.00	0.00	0.00	0.00	272,852.61
Accounts Receivable	7,341.18	0.00	0.00	0.00	0.00	0.00	7,341.18
Interfund Loans Receivable	0.00			0.00			0.00
Accrued Interest Receivable	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Inventory	78,109.57	0.00					78,109.57
Prepaid Items	0.00	0.00		0.00	0.00	0.00	0.00
Investments	4,039,000.00	570,000.00	2,923,000.00	1,831,000.00	274,000.00	0.00	9,637,000.00
Investments/Cash With Trustee	0.00		0.00	0.00	0.00	0.00	0.00
Investments-Deferred Compensation	0.00			0.00			0.00
Self-Insurance Security Deposit	0.00						0.00
TOTAL ASSETS	7,942,626.29	577,763.23	5,981,542.12	1,831,373.02	274,348.59	0.00	16,607,653.25
LIABILITIES:							
Accounts Payable	478,810.87	21,957.59	0.00	987,471.60	0.00	0.00	1,488,240.06
Contracts Payable Current	0.00	0.00		0.00	0.00	0.00	0.00
Accrued Interest Payable			0.00				0.00
Accrued Salaries	77,128.99	0.00		0.00			77,128.99
Anticipation Notes Payable	0.00		0.00	0.00	0.00		0.00
Payroll Deductions and Taxes Payable	54,353.35	0.00		0.00			54,353.35
Due To Other Governmental Units	0.00	0.00		0.00	0.00	0.00	0.00
Deferred Compensation Payable	0.00			0.00			0.00
Estimated Employee Benefits Payable	0.00						0.00
Due To Other Funds	0.00	2,037.23	0.00	0.00	0.00	0.00	2,037.23

The accompanying notes are an integral part of this financial statement.

Oak Harbor School District No. 201

Balance Sheet

Governmental Funds

August 31, 2014

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
LIABILITIES:							
Interfund Loans Payable	0.00		0.00	0.00	0.00		0.00
Deposits	0.00	0.00		0.00			0.00
Unearned Revenue	0.00	0.00	0.00	0.00	0.00		0.00
Matured Bonds Payable			0.00				0.00
Matured Bond Interest Payable			0.00				0.00
Arbitrage Rebate Payable	0.00		0.00		0.00		0.00
TOTAL LIABILITIES	610,293.21	23,994.82	0.00	987,471.60	0.00	0.00	1,621,759.63
DEFERRED INFLOWS OF RESOURCES:							
Unavailable Revenue	99,690.70	0.00	0.00	0.00	0.00	0.00	99,690.70
Unavailable Revenue - Taxes Receivable	3,477,322.52		3,021,465.93	0.00	0.00		6,498,788.45
TOTAL DEFERRED INFLOWS OF RESOURCES	3,577,013.22	0.00	3,021,465.93	0.00	0.00	0.00	6,598,479.15
FUND BALANCE:							
Nonspendable Fund Balance	78,109.57	0.00	0.00	0.00	0.00	0.00	78,109.57
Restricted Fund Balance	46,297.76	553,768.41	2,960,076.19	0.00	274,348.59	0.00	3,834,490.95
Committed Fund Balance	2,877,988.10	0.00	0.00	0.00	0.00	0.00	2,877,988.10
Assigned Fund Balance	752,924.43	0.00	0.00	843,901.42	0.00	0.00	1,596,825.85
Unassigned Fund Balance	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL FUND BALANCE	3,755,319.86	553,768.41	2,960,076.19	843,901.42	274,348.59	0.00	8,387,414.47
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE	7,942,626.29	577,763.23	5,981,542.12	1,831,373.02	274,348.59	0.00	16,607,653.25

The accompanying notes are an integral part of this financial statement.

Oak Harbor School District No. 201
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds

For the Year Ended August 31, 2014

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
REVENUES:							
Local	6,929,883.89	489,576.08	6,345,303.69	717.67	104.06		13,765,585.39
State	36,872,312.11		0.00	0.00	211,995.75		37,084,307.86
Federal	8,371,699.66		0.00	0.00	0.00		8,371,699.66
Federal Stimulus	0.00						0.00
Other	336,320.71			0.00	0.00	0.00	336,320.71
TOTAL REVENUES	52,510,216.37	489,576.08	6,345,303.69	717.67	212,099.81	0.00	59,557,913.62
EXPENDITURES:							
CURRENT:							
Regular Instruction	28,906,109.57						28,906,109.57
Federal Stimulus	0.00						0.00
Special Education	7,051,857.80						7,051,857.80
Vocational Education	1,648,449.30						1,648,449.30
Skill Center	0.00						0.00
Compensatory Programs	2,228,396.68						2,228,396.68
Other Instructional Programs	1,239,042.20						1,239,042.20
Community Services	161,735.87						161,735.87
Support Services	11,178,739.05						11,178,739.05
Student Activities/Other		492,738.36				0.00	492,738.36
CAPITAL OUTLAY:							
Sites				192,226.59			192,226.59
Building				1,028,887.37			1,028,887.37
Equipment				22,580.47			22,580.47
Instructional Technology				0.00			0.00
Energy				0.00			0.00
Transportation Equipment					318,560.55		318,560.55
Sales and Lease				0.00			0.00
Other	552,215.49						552,215.49
DEBT SERVICE:							
Principal	0.00		4,093,505.12	0.00	0.00		4,093,505.12
Interest and Other Charges	0.00		2,284,509.76	0.00	0.00		2,284,509.76
Bond/Levy Issuance				0.00	2,338.52		2,338.52
TOTAL EXPENDITURES	52,966,545.96	492,738.36	6,378,014.88	1,243,694.43	320,899.07	0.00	61,401,892.70

The accompanying notes are an integral part of this financial statement.

Oak Harbor School District No. 201

Statement of Revenues, Expenditures, and Changes in Fund Balance

Governmental Funds

For the Year Ended August 31, 2014

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
DEBT SERVICE:							
REVENUES OVER (UNDER) EXPENDITURES	-456,329.59	-3,162.28	-32,711.19	-1,242,976.76	-108,799.26	0.00	-1,843,979.08
OTHER FINANCING SOURCES (USES):							
Bond Sales & Refunding Bond Sales	0.00		3,515,151.55	0.00	245,138.16		3,760,289.71
Long-Term Financing	0.00			0.00	0.00		0.00
Transfers In	0.00		206,371.34	1,577,252.53	80,000.00		1,863,623.87
Transfers Out (GL 536)	-1,657,252.53		0.00	0.00	-206,371.34	0.00	-1,863,623.87
Other Financing Uses (GL 535)	0.00		-3,450,985.54	0.00	0.00		-3,450,985.54
Other	0.00		0.00	0.00	0.00		0.00
TOTAL OTHER FINANCING SOURCES (USES)	-1,657,252.53		270,537.35	1,577,252.53	118,766.82	0.00	309,304.17
EXCESS OF REVENUES/OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	-2,113,582.12	-3,162.28	237,826.16	334,275.77	9,967.56	0.00	-1,534,674.91
BEGINNING TOTAL FUND BALANCE	5,868,901.98	556,930.69	2,722,250.03	509,625.65	264,381.03	0.00	9,922,089.38
Prior Year(s) Corrections or Restatements	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ENDING TOTAL FUND BALANCE	3,755,319.86	553,768.41	2,960,076.19	843,901.42	274,348.59	0.00	8,387,414.47

The accompanying notes are an integral part of this financial statement.

Oak Harbor School District No. 201
Statement Of Fiduciary Net Position
Fiduciary Funds
August 31, 2014

	Private Purpose Trust	Other Trust
ASSETS:		
Imprest Cash	0.00	0.00
Cash On Hand	0.00	0.00
Cash On Deposit with Cty Treas	3,695.37	0.00
Minus Warrants Outstanding	0.00	0.00
Due From Other Funds	0.00	0.00
Accounts Receivable	0.00	0.00
Accrued Interest Receivable	0.00	0.00
Investments	0.00	0.00
Investments/Cash With Trustee	0.00	0.00
Other Assets	0.00	
Capital Assets, Land	0.00	
Capital Assets, Buildings	0.00	
Capital Assets, Equipment	0.00	0.00
Accum Depreciation, Buildings	0.00	
Accum Depreciation, Equipment	0.00	0.00
TOTAL ASSETS	3,695.37	0.00
LIABILITIES:		
Accounts Payable	12.00	0.00
Due To Other Funds	0.00	0.00
TOTAL LIABILITIES	12.00	0.00
NET POSITION:		
Held in trust for:		
Restricted for Other Items	0.00	0.00
Restricted for Self Insurance		0.00
Restricted for Uninsured Risks		0.00
Nonspendable -- Trust Principal	0.00	0.00
Committed to Other Purposes	0.00	0.00
Held In Trust For Private Purposes	3,683.37	
Assigned to Fund Purposes	0.00	0.00
Held In Trust For Pension And Other Employee Benefits		0.00
Unassigned Fund Balance	0.00	0.00
TOTAL NET POSITION	3,683.37	0.00

The accompanying notes are an integral part of this financial statement.

Oak Harbor School District No. 201

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Year Ended August 31, 2014

	Private Purpose Trust	Other Trust
ADDITIONS:		
Contributions:		
Private Donations	6,050.00	0.00
Employer		0.00
Members		0.00
Other	0.00	0.00
TOTAL CONTRIBUTIONS	6,050.00	0.00
Investment Income:		
Net Appreciation (Depreciation) in Fair Value	0.00	0.00
Interest and Dividends	0.00	0.00
Less Investment Expenses	0.00	0.00
Net Investment Income	0.00	0.00
Other Additions:		
Rent or Lease Revenue	0.00	0.00
Total Other Additions	0.00	0.00
TOTAL ADDITIONS	6,050.00	0.00
DEDUCTIONS:		
Benefits		0.00
Refund of Contributions	0.00	0.00
Administrative Expenses	0.00	0.00
Scholarships	4,165.63	
Other	0.00	0.00
TOTAL DEDUCTIONS	4,165.63	0.00
Net Increase (Decrease)	1,884.37	0.00
Net Position--Beginning	1,799.00	0.00
Prior Year(s) Corrections or Restatements	0.00	0.00
NET POSITION--ENDING	3,683.37	0.00

The accompanying notes are an integral part of this financial statement.

Oak Harbor School District 201
Notes to the Financial Statements
September 1, 2013 Through August 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Oak Harbor School District (District) is a municipal corporation organized pursuant to Title 28A of the Revised Code of Washington (RCW) for the purposes of providing public school services to students in grades K–12. Oversight responsibility for the District's operations is vested with the independently elected board of directors. Management of the District is appointed by and is accountable to the board of directors. Fiscal responsibility, including budget authority and the power to set fees, levy property taxes, and issue debt consistent with provisions of state statutes, also rests with the board of directors.

The District presents governmental fund financial statements and related notes on the modified accrual basis of accounting in accordance with the *Accounting Manual for Public School Districts in the State of Washington*, issued jointly by the State Auditor's Office and the Superintendent of Public Instruction by the authority of RCW 43.09.200, RCW 28A.505.140, RCW 28A.505.010(1) and RCW 28A.505.020. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- (1) Districtwide statements, as defined in GAAP, are not presented.
- (2) A Schedule of Long-Term Liabilities is presented as supplementary information.
- (3) Supplementary information required by GAAP is not presented.

Fund Accounting

Financial transactions of the District are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures (or expenses) as appropriate. All funds are considered major funds. The various funds in the report are grouped into governmental (and fiduciary) funds as follows:

Governmental Funds

General Fund

This fund is used to account for all expendable financial resources, except for those that are required to be accounted for in another fund. In keeping with the principle of having as few funds as are necessary, activities such as food services, maintenance, data processing, printing, and student transportation are included in the General Fund.

Capital Projects Funds

These funds account for financial resources that are to be used for the construction or acquisition of major capital assets. There are two funds that are considered to be of the capital projects fund type: the Capital Projects Fund and the Transportation Vehicle Fund.

Capital Projects Fund. This fund is used to account for resources set aside for the acquisition and construction of major capital assets such as land and buildings.

Transportation Vehicle Fund. This fund is used to account for the purchase, major repair, rebuilding, and debt service expenditures that relate to pupil transportation equipment.

Debt Service Fund

This fund is used to account for the accumulation of resources for and the payment of matured general long-term debt principle and interest.

Special Revenue Fund

In Washington State, the only allowable special revenue fund for school districts is the Associated Student Body (ASB) Fund. This fund is accounted for in the District's financial statements as the financial resources legally belong to the District. As a special revenue fund, amounts within the ASB Fund may only be used for those purposes that relate to the operation of the Associated Student Body of the District.

Permanent Funds

These funds are used to report resources that are legally restricted such that only earnings, and not principal, may be expended. Amounts in the Permanent Fund may only be spent in support of the District's programs and may not be used to the benefit of any individual.

Fiduciary Funds

Fiduciary funds include pension and other employee benefit trust funds, private-purpose trust funds, and agency funds, and are used to account for assets that are held in trust by the District in a trustee and agency capacity.

Private-Purpose Trust Fund

This fund is used to account for resources that are legally held in trust by the District. The trust agreement details whether principal and interest may both be spent, or whether only interest may be spent. Money from a Private-Purpose Trust Fund may not be used to support the District's programs, and may be used to benefit individuals, private organizations, or other governments.

Measurement focus, basis of accounting and fund financial statement presentation

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are measurable and available. Revenues are considered "measurable" if the amount of the transaction can be readily determined. Revenues are considered "available" when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after year-end. Property taxes receivable are measurable but not available and are, therefore, not accrued. Categorical program claims and interdistrict billings are measurable and available and are, therefore, accrued.

Expenditures are recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for unmatured principal and interest on long-term debt which are recorded when due. Purchases of capital assets are expensed during the year of acquisition. For federal grants, the recognition of expenditures is dependent on the obligation date. (Obligation means a purchase order has been issued, contracts have been awarded, or goods and/or services have been received.)

Budgets

Chapter 28A.505 RCW and Chapter 392-123 Washington Administrative Code (WAC) mandate school district budget policies and procedures. The board adopts annual appropriated budgets for all governmental funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Appropriations lapse at the end of the fiscal period.

Budgets are adopted on the same modified accrual basis as used for financial reporting. Fund balance is budgeted as available resources and, under statute, may not be negative, unless the District enters into binding conditions with state oversight pursuant to RCW 28A.505.110.

The government's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

The District receives state funding for specific categorical education-related programs. Amounts that are received for these programs that are not used in the current fiscal year may be carried forward into the subsequent fiscal year, where they may be used only for the same purpose as they were originally received. When the District has such carryover, those funds are expended before any amounts received in the current year are expended.

Additionally, the District has other restrictions placed on its financial resources. When expenditures are recorded for purposes for which a restriction or commitment of fund balance is available, those funds that are restricted or committed to that purpose are considered first before any unrestricted or unassigned amounts are expended.

The government's fund balance classifications policies and procedures.

The District classifies ending fund balance for its governmental funds into five categories.

Nonspendable Fund Balance. The amounts reported as Nonspendable are resources of the District that are not in spendable format. They are either non-liquid resources such as inventory or prepaid items, or the resources are legally or contractually required to be maintained intact.

Restricted Fund Balance. Amounts that are reported as Restricted are those resources of the District that have had a legal restriction placed on their use either from statute, WAC, or other legal requirements that are beyond the control of the board of directors. Restricted fund balance includes anticipated recovery of revenues that have been received but are restricted as to their usage.

Committed Fund Balance. Amounts that are reported as Committed are those resources of the District that have had a limitation placed upon their usage by formal action of the District's board of directors. Commitments are made either through a formal adopted board resolution or are related to a school board policy. Commitments may only be changed when the resources are used for the intended purpose or the limitation is removed by a subsequent formal action of the board of directors.

Assigned Fund Balance. In the General Fund, amounts that are reported as Assigned are those resources that the District has set aside for specific purposes. These accounts reflect tentative management plans for future financial resource use such as the replacement of equipment or the assignment of resources for contingencies. Assignments reduce the amount reported as Unassigned Fund Balance, but may not reduce that balance below zero.

In other governmental funds, Assigned fund balance represents a positive ending spendable fund balance once all restrictions and commitments are considered. These resources are only available for expenditure in that fund and may not be used in any other fund without formal action by the District's board of directors and as allowed by statute.

The Superintendent or Director of Business Services are the only persons who have the authority to create Assignments of fund balance.

Unassigned Fund Balance. In the General Fund, amounts that are reported as Unassigned are those net spendable resources of the District that are not otherwise Restricted, Committed, or Assigned, and may be used for any purpose within the General Fund.

In other governmental funds, Unassigned fund balance represents a deficit ending spendable fund balance once all restrictions and commitments are considered.

A negative Unassigned fund balance means that the legal restrictions and formal commitments of the District exceed its currently available resources.

Cash and Cash Equivalents

All of the District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Inventory

Inventory is valued at cost using the first-in, first-out (FIFO) method. The consumption method of inventory is used, which charges inventory as an expenditure when it is consumed. A portion of fund balance, representing inventory, is considered Nonspendable. *(Such reserves for inventory indicate that a portion of net current assets is set aside to replace or increase the inventory.)* USDA commodity inventory consists of food donated by the United States Department of Agriculture. It is valued at the prices paid by the USDA for the commodities.

Accounting and Reporting Changes

Effective for the 2013-2014 school year, the district implemented provisions of GASB Statement No. 65 Items Previously Reported as Assets and Liabilities. As a result, deferred property taxes were reclassified from liabilities to deferred inflows of resources.

NOTE 2: CASH DEPOSITS WITH FINANCIAL INSTITUTIONS

The Island County Treasurer is the *ex officio* treasurer for the District and holds all accounts of the District. The District directs the County Treasurer to invest those financial resources of the District that the District has determined are not needed to meet the current financial obligations of the District.

All of the District's investments (except for investments of deferred compensation plans) during the year and at year-end were insured or registered and held by the District or its agent in the District's name.

The District's investments as of August 31, 2014, are as follows:

	Number of Securities	Carrying Amount	Market Value
Certificates of Deposit or Other Time Deposits			
Repurchase Agreements			
Bankers' Acceptance			
Obligations of the U.S. Government or Its Subsidiary Corporations			
Investments Held by Broker-Dealers Under Reverse Repurchase Agreements: U.S. Government Securities U.S. Instrumentality Securities			
State Treasurer's Investment Pool			
County Treasurer's Investment Pool		\$9,637,000	\$9,637,000
Total Investments		\$9,637,000	\$9,637,000

NOTE 3: SIGNIFICANT CONTINGENT LIABILITIES

There were no contingent liabilities as of August 31, 2014.

Litigation

The District has a pending tort claim but it would not materially impact the financial position of the District.

NOTE 4: SIGNIFICANT EFFECTS OF SUBSEQUENT EVENTS

There were no events after the balance sheet date that would have a material impact on the next or future fiscal years.

NOTE 5: ANNUAL PENSION COST AND NET PENSION OBLIGATIONS

A. General Information

Substantially all District full-time and qualifying part-time employees participate in one of the following three contributory, multi-employer, cost-sharing statewide retirement systems managed by the Washington State Department of Retirement Systems (DRS): Teachers' Retirement System (TRS), Public Employees' Retirement System (PERS) and School Employees' Retirement System (SERS). Participation in the programs was as follows:

Membership by retirement system program as of June 30, 2012:

<u>Program</u>	<u>Active Members</u>	<u>Inactive Vested Members</u>	<u>Retired Members</u>
TRS	65,357	9,545	42,918
PERS	150,590	30,515	82,242
SERS	51,558	10,920	7,651

Membership by retirement system program as of June 30, 2013:

<u>Program</u>	<u>Active Members</u>	<u>Inactive Vested Members</u>	<u>Retired Members</u>
TRS	65,935	9,823	44,220
PERS	150,706	31,047	85,328
SERS	52,295	11,588	9,079

Data is as of last actuarial valuation date of June 30, 2013.

Certificated public employees are members of TRS. Noncertificated public employees are members of PERS (if Plan 1) or SERS.

Plan 1 under the TRS and PERS programs are defined benefit pension plans whose members joined the system on or before September 30, 1977. Plan 1 members are eligible to retire with full benefits after five years of credited service and attainment of age 60, after 25 years of credited service and attainment of age 55, or after 30 years of credited service.

Plan 2 under the TRS or SERS programs are defined benefit pension plans whose members joined on or after October 1, 1977, but before June 30, 1996 or August 31, 2000, for TRS or SERS programs, respectively. Members of TRS and SERS are eligible to retire with full benefits after five years of credited service and attainment of age 65, after 20 years of credited service and attainment of age 55 with the benefit actuarially reduced from age 65, or 30 years of credited service and receive either a reduced benefit or stricter return-to-work rules.

Plan 3 under the TRS and SERS programs are defined benefit, defined contribution pension plans whose members joined on or after July 1, 1996, or September 1, 2000, for TRS and SERS, respectively. Members are eligible to retire with full benefits at age 65, or they may retire

at age 55 with at least ten service years with a reduced benefit amount, or they may retire at age 55 with at least 30 service years and receive either a reduced benefit or stricter return-to-work rules.

Average final compensation (AFC) of Plan 1 TRS and PERS members is the highest average salary during any two consecutive years. For Plan 2 and Plan 3 TRS and SERS members, it is the highest average salary during any five consecutive years.

The retirement allowance of Plan 1 TRS and PERS members is the AFC multiplied by 2 percent per year of service capped at 60 percent with a cost-of-living adjustment. For Plan 2 TRS and SERS members, it is the AFC multiplied by 2 percent per year of service with provision for a cost-of-living adjustment. For the defined benefit portion of Plan 3 TRS and SERS it is the AFC multiplied by 1 percent per year of service with a cost-of-living adjustment.

The employer contribution rates for PERS, TRS, and SERS (Plans 1, 2, and 3) and the TRS and SERS Plan 2 employee contribution rates are established by the Pension Funding Council based upon the rates set by the Legislature. The employee contribution rate for Plan 1 in PERS and TRS is set by statute at 6 percent and does not vary from year to year. The employer rate is the same for all plans in a system. The methods used to determine the contribution requirements are established under chapters 41.40, 41.32, and 41.35 RCW for PERS, TRS and SERS respectively.

The district contribution represents its full liability under both systems, except that future rates may be adjusted to meet the system needs.

B. Contributions

Employee contribution rates effective September 1, 2013 through August 31, 2014:

Plan 1 TRS	6.00%	Plan 1 PERS	6.00%
Plan 2 TRS	4.96%	Plan 2 SERS	4.64%
Plan 3 TRS and SERS	5.00% (minimum),	15.00% (maximum)	

For Plan 3 TRS and SERS, rates adjusted based upon age may be chosen. The optional rates range begins at 5 percent and increase to a maximum of 15 percent.

Employer contribution rates effective September 1, 2013 through August 31, 2014:

Plan 1 TRS	10.39%	Plan 1 PERS	9.21%
Plan 2 TRS	10.39%	Plan 2 SERS	9.82%
Plan 3 TRS	10.39%	Plan 3 SERS	9.82%

Under current law the employer must contribute 100 percent of the employer-required contribution. Employer required contributions in dollars (Participant information for all plans is as of August 31):

<u>Plan</u>	<u>FY 13-14</u>	<u>FY 12-13</u>	<u>FY 11-12</u>
Plan 1 TRS	\$ 26,363	\$ 24,543	\$ 34,722
Plan 2 TRS	389,561	229,722	194,887
Plan 3 TRS	1,870,266	1,374,303	1,384,000
Plan 1 PERS	9,541	8,966	15,675
Plan 2 SERS	291,575	195,739	191,570
Plan 3 SERS	495,520	337,870	332,762

Historical trend information showing TRS, PERS and SERS progress in accumulating sufficient assets to pay benefits when due is presented in the state of Washington's June 30, 2014, comprehensive annual financial report. Refer to this report for detailed trend information. It is available from:

State of Washington
Office of Financial Management
300 Insurance Building
PO BOX 43113
Olympia, WA 98504-3113

NOTE 6: ANNUAL OTHER POST-EMPLOYMENT BENEFIT COST AND NET OPEB OBLIGATIONS

The State, through the Health Care Authority (HCA), administers an agent multi-employer Other Post-Employment Benefit plan. The Public Employees Benefits Board (PEBB), created within the HCA, is authorized to design benefits and determine the terms and conditions of employee and retired employee participation and coverage, including establishment of eligibility criteria for both active and retired employees. Programs include medical, dental, life insurance and long-term disability insurance.

Employers participating in the plan include the State of Washington (which includes general government agencies and higher education institutions), 57 of the state's K-12 school districts and educational service districts (ESDs), and 206 political subdivisions and tribal governments. Additionally, the PEBB plan is available to the retirees of the remaining 247 K-12 school districts and ESDs. The District's retirees are eligible to participate in the PEBB plan under this arrangement.

According to state law, the Washington State Treasurer collects a fee from all school district entities which have employees that are not current active members of the state Health Care Authority but participate in the state retirement system. The purpose of this fee is to cover the impact of the subsidized rate of health care benefits for school retirees that elect to purchase their health care benefits through the state Health Care Authority. For the fiscal year 2013-14, the District was required to pay the HCA \$64.40 per month per full-time equivalent employee to support the program, for a total payment of \$463,718. This assessment to the District is set forth in the State's operating budget and is subject to change on an annual basis. This amount is not actuarially determined and is not placed in a trust to pay the obligations for post-employment health care benefits.

The District has no control over the benefits offered to retirees, the rates charged to retirees, nor the fee paid to the Health Care Authority. The District does not determine its Annual Required Contribution nor the Net Other Post-Employment Benefit obligation associated with this plan. Accordingly, these amounts are not shown on the financial statements. This is a departure from GAAP.

NOTE 7: COMMITMENTS UNDER NONCAPITALIZED (OPERATING) LEASES

The district enters into five (5) year operating leases for copiers. The current lease began September 1, 2010 and will end August 31, 2015. Copiers covered under this lease are located at Oak Harbor Elementary, Crescent Harbor Elementary, Broad View Elementary, Olympic View Elementary, Hillcrest Elementary, Oak Harbor Middle School, North Whidbey Middle School, Administrative Service Center and three (3) at Oak Harbor High School.

Annual lease payments total \$42,008 with a five year total of \$210,038.

NOTE 8: CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS, INCLUDING ENCUMBRANCES, IF APPROPRIATE

Construction in progress is composed of:

Project	Project Authorization Amount	Expended as of 8/31/14	Additional Local Funds Committed	Additional State Funds Committed
OHHS Lockers	\$ 40,000	\$ 0		
Portables	765,000	730,089		
HCE Boilers	270,750	223,433		
BVE Asphalt	70,000	0		
OHMS Office Renovation	25,000	0		
Total	\$1,170,750	\$953,522		

Encumbrances

Encumbrance accounting is employed in governmental funds. Purchase orders, contracts, and other commitments for the expenditure of moneys are recorded in order to reserve a portion of the applicable appropriation. Encumbrances lapse at the end of the fiscal year and may be re-encumbered the following year. The following encumbrance amounts were re-encumbered by fund on September 1, 2014:

Fund	Amount
General	\$114,439
ASB Fund	17,688
Capital Projects Fund	167,230

NOTE 9: REQUIRED DISCLOSURES ABOUT CAPITAL ASSETS

The District's capital assets are insured in the amount of \$169,042,027 for fiscal year 2013-14. In the opinion of the District's insurance consultant, the amount is sufficient to adequately fund replacement of the District's assets.

NOTE 10: REQUIRED DISCLOSURES ABOUT LONG-TERM LIABILITIES

Long-Term Debt

Bonds payable at August 31, 2014, are comprised of the following individual issues:

Issue Name	Amount Authorized	Annual Installments	Final Maturity	Interest Rate(s)	Amount Outstanding
General Obligation Bonds					
December 2005 Issue Refunded June 2014	\$ 965,000	\$ 460,000	2015	4.00%	\$ 965,000
August 2006 Issue Refunded February 2013	6,535,000	1,695,000	2016	4.50%	6,535,000
February 2008 Issue	16,000,000	1,875,000	2021	3.50%	11,410,000
February 2012 Partial Refunding of August 2006 Issue	8,965,000	100,000	2022	2.00%	8,770,000
February 2013 Partial Refunding of August 2006 Issue	22,875,000	0	2022	3.00%	22,605,000
June 2014 Partial Refunding of December 2005 Issue	3,265,000	15,000	2020	2.00%	3,265,000
Total General Obligation Bonds	\$58,605,000	\$4,145,000			\$53,550,000
Limited General Obligation Bonds					
November 2010 Issue	\$ 223,339	\$ 46,064	2015	4.00%	\$ 93,970
March 2012 Issue	232,041	46,389	2017	1.1273%	141,999
March 2013 Issue	160,266	30,623	2018	1.0037%	130,401
March 2014 Issue	215,652	38,928	2019	1.1786%	215,653
Total Limited General Obligation Bonds	\$ 831,298	\$ 162,004			\$ 582,023

The following is a summary of general obligation long-term debt transactions of the District for the fiscal year ended August 31, 2014:

Long-Term Debt Payable at 9/1/2013	\$58,004,876
New Issues	3,480,652
Debt Retired	7,353,505
Long-Term Debt Payable at 8/31/2014	\$54,132,023

The following is a schedule of annual requirements to amortize debt at August 31, 2014:

Years Ending August 31	Principal	Interest	Total
2015	\$ 4,307,004	\$ 2,039,707	\$ 6,346,711
2016	4,667,874	1,860,553	6,528,427
2017	5,009,486	1,651,909	6,661,395
2018	5,460,111	1,430,352	6,890,463
2019	5,862,549	1,185,452	7,048,001
2020-2023	28,825,000	2,138,156	30,963,156
Total	\$54,132,024	\$10,306,129	\$64,438,153

At August 31, 2014, the District had \$2,960,076 available in the Debt Service Fund to service the general obligation bonds.

Refunded Debt

On June 18, 2014, the District issued \$3.265 million in general obligation bonds with an average interest rate of 1.32% percent to advance refund \$3.26 million of outstanding 2005 series bonds with an average interest rate of 4.07% percent. The net proceeds of \$3,450,985.54 after payment of \$64,166.01 in underwriting fees, other issuance costs and contingency were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on part of the 2005 series bonds.

The District advance refunded the 2005 series bonds to reduce its total debt service payments over the next 6.5 years by \$155,571.25 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$151,106.25.

Cash Flows Difference	\$155,571.25
Old Debt Service Cash Flows	\$3,876,997.50
New Debt Service Cash Flows	\$3,721,426.25
Economic Gain	\$151,106.25
Present Value of Old Debt Service Cash Flows	\$3,663,771.79
Present Value of New Debt Service Cash Flows	\$3,512,665.54

Prior-Year Defeasance of Debt

In prior years, the District defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At August 31, 2013, \$33.91 million of bonds outstanding were considered defeased.

NOTE 11: ENTITY RISK MANAGEMENT ACTIVITIES

The district is a member of the Washington Schools Risk Management Pool (Pool). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The Pool was formed in 1986 when educational service districts and school districts in the state of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. Over 80 school and educational service districts have joined the Pool.

The Pool allows members to jointly purchase insurance coverage, establish a plan of self-insurance, and provide related services, such as risk management. The Pool provides the following coverages for its members: property, liability, vehicle, public official liability, crime, employment practices, machinery breakdown and network security.

Members make an annual contribution to fund the Pool. The Pool acquires reinsurance from unrelated underwriters that are subject to a per-occurrence self-insured retention of \$1 million. Members are responsible for varied deductibles for both liability and property claims. Insurance carriers cover losses over \$1 million to the maximum limits of each policy. Since the Pool is a cooperative program, there is a joint liability among the participating members.

Members contract to remain in the Pool for a minimum of three years and must give notice two and one half years before terminating participation. The Interlocal Governmental Agreement is renewed automatically each year after the initial three-year period. Even after termination, a member is still responsible for contributions to the Pool for any unresolved, unreported, and in-process claims for the period they were a signatory to the Interlocal Governmental Agreement if the assets of the Pool were exhausted.

The Pool is fully funded by its member participants.

The Pool is governed by a board of directors which is comprised of one designated representative from each participating member. An executive board is elected at the annual meeting, and is responsible for overseeing the business affairs of the Pool.

NOTE 12: PROPERTY TAXES

Property tax revenues are collected as the result of special levies passed by the voters in the District. Taxes are levied on January 1. The taxpayer has the obligation of paying all taxes on April 30 or one-half then and one-half on October 31. Typically, slightly more than half of the collections are made on the April 30 date. The October 31 collection is not available in time to cover liabilities for the fiscal period ended August 31. Therefore, the fall portion of property taxes is not accrued as revenue. Instead, the property taxes due on October 31 are recorded as deferred revenue.

NOTE 13: JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS

The District is a member of the King County Director's Association (KCDA). KCDA is a purchasing cooperative designed to pool the member districts' purchasing power. The board authorized joining the association in June 1974, and has remained in the joint venture ever since. The District's current equity of \$64,457 is the accumulation of the annual assignment of KCDA's operating surplus based upon the percentage derived from KCDA's total sales to the District compared to all other districts applied against paid administrative fees. The District may withdraw from the joint venture and will receive its equity in ten annual allocations of merchandise or 15 annual payments.

NOTE 14: FUND BALANCE CLASSIFICATION DETAILS

The District's financial statements include the following amounts presented in the aggregate.

	General Fund	ASB Fund	Capital Projects Fund	Debt Service Fund	Transportation Vehicle Fund
Nonspendable Fund Balance					
Inventory and Prepaid Items	\$78,110				
Restricted Fund Balance					
Carryover of Restricted Revenues	\$46,298				
Debt Service				\$2,960,076	
Arbitrage Rebate					
Uninsured Risks					
Fund Purposes		\$553,768			\$274,349
Other Items					
Committed Fund Balance					
Minimum Fund Balance Policy	\$2,648,327				
Other Commitments	\$229,661				
Assigned Fund Balance					
Contingencies					
Other Capital Projects					
Other Purposes	\$752,924				
Fund Purposes			\$843,901		
Unassigned Fund Balance					
Total Fund Balance	\$3,755,320	\$553,768	\$843,901	\$2,960,076	\$274,349

The board of directors has established a minimum fund balance policy for the general fund to provide for financial stability and contingencies within the District. The policy is that the District shall maintain a balance between 3-5 percent of the current year's expenditures. Portions of fund balance that are set aside for the purpose of meeting this policy are recorded on the financial statements as a part of Committed fund balance.

NOTE 15: POST-EMPLOYMENT BENEFIT PLANS OTHER THAN PENSION PLANS—BOTH IN SEPARATELY ISSUED PLAN FINANCIAL STATEMENTS AND EMPLOYER STATEMENTS

457 Plan – Deferred Compensation Plan

District employees have the option of participating in a deferred compensation plan as defined in §457 of the Internal Revenue Code that is administered by the state deferred compensation plan, or the District.

403(b) Plan – Tax Sheltered Annuity (TSA)

The District offers a tax deferred annuity plan for its employees. The plan permits participants to defer a portion of their salary until future years under elective deferrals (employee contribution).

The District complies with IRS regulations that require school districts to have a written plan to include participating investment companies, types of investments, loans, transfers, and various requirements. The plan is administered by The Omni Group. The plan assets are assets of the District employees, not the school district, and are therefore not reflected on these financial statements.

NOTE 16: TERMINATION BENEFITS

Compensated Absences

Employees earn sick leave at a rate of 12 days per year up to a maximum of one contract year.

Under the provisions of RCW 28A.400.210, sick leave accumulated by District employees is reimbursed at death or retirement at the rate of one day for each four days of accrued leave, limited to 180 accrued days. This chapter also provides for an annual buy out of an amount up to the maximum annual accumulation of 12 days. For buyout purposes, employees may accumulate such leave to a maximum of 192 days, including the annual accumulation, as of December 31 of each year.

These expenditures are recorded when paid, except termination sick leave that is accrued upon death, retirement, or upon termination provided the employee is at least 55 years of age and has sufficient years of service. Vested sick leave was computed using the termination payment method.

Oak Harbor School District No. 201
Schedule of Long-Term Liabilities: GENERAL FUND
For the Year Ended August 31, 2014

Description	Beginning Outstanding Debt September 1, 2013	Amount Issued / Increased	Amount Redeemed / Decreased	Ending Outstanding Debt August 31, 2014	Amount Due Within One Year
Non-Voted Debt and Liabilities					
Capital Leases	0.00	0.00	0.00	0.00	0.00
Contracts Payable	0.00	0.00	0.00	0.00	0.00
Non-Cancellable Operating Leases	0.00	0.00	0.00	0.00	0.00
Claims & Judgements	0.00	0.00	0.00	0.00	0.00
Compensated Absences	842,990.94	163,995.92	0.00	1,006,986.86	94,940.89
Long-Term Notes	0.00	0.00	0.00	0.00	0.00
Anticipation Notes Payable	0.00	0.00	0.00	0.00	0.00
Lines of Credit	0.00	0.00	0.00	0.00	0.00
Other Non-Voted Debt	0.00	0.00	0.00	0.00	0.00
Other Liabilities					
Non-Voted Notes Not Recorded as Debt	0.00	0.00	0.00	0.00	0.00
Total Long-Term Liabilities	842,990.94	163,995.92	0.00	1,006,986.86	94,940.89

The accompanying notes are an integral part of this financial statement.

Oak Harbor School District No. 201
Schedule of Long-Term Liabilities: DEBT SERVICE FUND
For the Year Ended August 31, 2014

Description	Beginning Outstanding Debt September 1, 2013	Amount Issued / Increased	Amount Redeemed / Decreased	Ending Outstanding Debt August 31, 2014	Amount Due Within One Year
Voted Debt					
Voted Bonds	57,450,000.00	3,265,000.00	7,165,000.00	53,550,000.00	4,145,000.00
LOCAL Program Proceeds Issued in Lieu of Bonds	0.00	0.00	0.00	0.00	0.00
Non-Voted Debt					
Non-Voted Bonds	0.00	0.00	0.00	0.00	0.00
LOCAL Program Proceeds	554,875.48	215,652.47	188,505.12	582,022.83	162,003.88
Total Long-Term Liabilities	58,004,875.48	3,480,652.47	7,353,505.12	54,132,022.83	4,307,003.88

The accompanying notes are an integral part of this financial statement.

OAK HARBOR SCHOOL DISTRICT #201
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ending August 31, 2014

1	2	3	4	5	6	7	8	9
					Expenditures			
Federal Agency Name	Pass Through Agency	Federal Program Title	CFDA Number	Other Identification Number	From Direct Awards	From Pass Through Awards	Total	Footnote
US Dept of	WA OSPI	School Breakfast Program	10.553	9800-61		200,568.00	200,568.00	
Agriculture	WA OSPI	National School Lunch Program (Cash Assistance)	10.555	9800-61		875,758.00	875,758.00	
	WA OSPI	Nat'l School Lunch (Non Cash Assistance-Food Commodities)	10.555	9800-69		76,314.00	76,314.00	3
	WA OSPI	Summer Food Service Program for Children	10.559	9800-61-0003		1,327.00	1,327.00	
		Subtotal US Dept of Agriculture			0.00	1,153,967.00	1,153,967.00	
US Dept of	-	Dept of Defense Impact Aid	12.558	0000-52	434,415.00		434,415.00	
Defense	-	NJROTC	12.N96682	7997-62	71,433.00		71,433.00	
	-	Competitive Grants: Promoting K-12 Student Achievement at Military-Connected Schools	12.556	7692-62-DoDEA	518,118.00		518,118.00	2
	-	Competitive Grants: Promoting K-12 Student Achievement at Military-Connected Schools	12.556	7693-62-DoDEA	570,440.00		570,440.00	2
		Subtotal US Dept of Defense			1,594,406.00	0.00	1,594,406.00	
US Dept of	WA OSPI	Title I Grants to Local Educational Agencies	84.010	5100-T1A #201582		859,236.00	859,236.00	4
	WA OSPI	Title I Grants to Local Educational Agencies	84.010	5150-T1A Reallocation #224463		12,857.00	12,857.00	4,5
Education	WA OSPI	Special Education-Grants to States	84.027	2440-IDEA B #304647		1,128,181.00	1,128,181.00	
	-	Impact Aid	84.041	0000-5300	3,347,954.00		3,347,954.00	
	WA OSPI	Career & Technical Education-Basic Grants to States	84.048	3800-Perkins #173147		38,910.00	38,910.00	
	WA OSPI	Special Education Preschool Grants	84.173	2441-Preschool #364647		63,689.00	63,689.00	5
	WA OSPI	English Language Acquisition State Grants	84.365	6400-T3 LEP #401819		21,799.00	21,799.00	
	WA OSPI	Improving Teacher Quality State Grants	84.367	5220-T2A TPQ #523308		147,619.00	147,619.00	
		Subtotal US Dept of Education			3,347,954.00	2,272,291.00	5,620,245.00	
		TOTAL FEDERAL AWARDS EXPENDED			4,942,360.00	3,426,258.00	8,368,618.00	

OAK HARBOR SCHOOL DISTRICT #201
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ending August 31, 2014

NOTE 1—BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards is prepared on the same basis of accounting as the Oak Harbor School District's financial statements. The Oak Harbor School District uses the *modified* accrual basis of accounting. Expenditures represent only the federally funded portions of the program. District records should be consulted to determine amounts expended or matched from non-federal sources.

NOTE 2—PROGRAM COSTS/MATCHING CONTRIBUTIONS

The amounts shown as current year expenses represent only the *federal* grant portion of the program costs. Entire program costs, including the Oak Harbor School District's portion, may be more than shown.

NOTE 3—NONCASH AWARDS

The amount of *commodities* reported on the schedule is the value of commodities distributed by the Oak Harbor School District during the current year and priced as prescribed by USDA.

NOTE 4—SCHOOLWIDE PROGRAMS

The Oak Harbor School District operates a "schoolwide program" in three elementary buildings. Using federal funding, schoolwide programs are designed to upgrade an entire educational program within a school for all students, rather than limit services to certain targeted students. The following federal program amounts were expended by the Oak Harbor School District in its schoolwide program.

Title I (84.010) (\$556,317.38).

NOTE 5—FEDERAL INDIRECT RATE

The Oak Harbor School District used the federal *restricted* rate of 5.13 percent for this program.

CORRECTIVE ACTION PLAN FOR FINDINGS REPORTED UNDER OMB CIRCULAR A-133

Oak Harbor School District No. 201

Island County

September 1, 2013 through August 31, 2014

This schedule presents the corrective action planned by the auditee for findings reported in this report in accordance with OMB Circular A-133. The information in this schedule is the representation of the Oak Harbor School District No. 201.

Finding ref number: 2014-001	Finding caption: The Oak Harbor School District did not have adequate internal controls to ensure compliance with federal grant requirements for its Special Education and Title I programs.
Name, address, and telephone of auditee contact person: Vicki Williams, Director of Business Services Oak Harbor Public Schools 350 S. Oak Harbor Street Oak Harbor, WA 98277 360-279-5009	
Corrective action the auditee plans to take in response to the finding: <i>In response to the State Auditor's non-material findings, the Special Programs Office has implemented changes to better track and obtain documentation for employees assigned to Special Education and Title I. In addition to practices already in place, the following measures are being employed.</i> <i>The Special Programs Office is creating monthly reports detailing employees assigned to Special Education and Title I. Monthly employee documentation is compared with these reports. If there is a discrepancy, the Special Programs Office confirms any changes with the Business Office. If the discrepancy remains, the Special Programs Office requests updated documentation from the employee's supervisor.</i> <i>The Special Programs Office receives copies of new hire letters for employees assigned to Special Education and Title I. The employee's information is added to the applicable school's Time & Effort binder and either Semi-Annual Certifications or monthly documentation is collected.</i> <i>Additionally, the Special Programs Office is receiving copies of reassignment, retirement and resignation confirmation letters from the Human Resource Department of employees assigned to Special Education and Title I.</i>	

If an employee is reassigned or retiring, the Special Programs Office receives the final monthly documentation; or creates a Semi-Annual Certification for the dates of employment during that half of the year, and obtains signatures from both the employee and the applicable supervisor.

If an employee resigns, the Special Programs Office receives the final monthly documentation; or creates a Semi-Annual Certification for the dates of employment (whichever is appropriate). In the case of a Semi-Annual Certification, the Special Programs Office obtains the employee's address from the Human Resources Department and sends the employee a letter and Semi-Annual Certification. When the employee returns the signed Semi-Annual Certification, the Special Programs Office gets the supervisor's signature. If the employee does not return the signed Semi-Annual Certification, the Special Programs Office alerts the Business Services Department who will remove the employee retroactively from Special Education or Title I.

With the addition of monthly reporting and copies of documentation from Human Resources, the Special Programs Department is confident the deficiencies noted in the State Auditor's non-material findings will not be repeated in future years.

Anticipated date to complete the corrective action: March 13, 2015

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

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In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

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