NEW ISSUE – BOOK-ENTRY ONLY **MOODY'S RATING: "Aa3"**
NOT BANK QUALIFIED **Rating with State Guarantee: "Aaa"**
See "OTHER MATTERS—Ratings" and "APPENDIX D—WASHINGTON STATE SCHOOL DISTRICT CREDIT ENHANCEMENT PROGRAM" herein.

In the opinion of Pacifica Law Group LLP, Seattle, Washington, Bond Counsel, under existing law and subject to certain qualifications described herein, the interest on the Bonds is excludable from gross income for federal income tax purposes. In addition, interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, interest on the Bonds may affect the federal alternative minimum tax applicable to certain corporations. See "TAX MATTERS" herein.

PULLMAN SCHOOL DISTRICT NO. 267
WHITMAN COUNTY, WASHINGTON

$35,555,000
UNLIMITED TAX GENERAL OBLIGATION REFUNDING BONDS, 2023

Bonds Dated: Date of Delivery **Due: December 1, as set forth on inside front cover**

Pullman School District No. 267, Whitman County, Washington (the "District") is issuing its Unlimited Tax General Obligation Refunding Bonds, 2023 (the "Bonds") in fully registered form under a book-entry system in denominations of $5,000, or integral multiples thereof within a maturity. The Bonds will be registered in the name of Cede & Co. (the "Registered Owner"), as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Owners of any beneficial interest in the Bonds (the "Beneficial Owners") will not receive certificates representing their interests in the Bonds. See "THE BONDS—Bond Registrar and Registration Features" and Appendix E, "BOOK-ENTRY ONLY SYSTEM" herein.

Interest on the Bonds will be payable semiannually on June 1 and December 1 of each year, commencing December 1, 2023, to maturity, at the interest rates in the maturity schedule set forth on the inside cover. Principal of the Bonds is payable upon their stated maturity dates as set forth in the maturity schedule on the inside cover. Principal of and interest on the Bonds will be payable by the fiscal agent of the State of Washington (the "State"), currently U.S. Bank Trust Company, National Association (the "Bond Registrar"). For so long as the Bonds remain in a "book-entry only" transfer system, the Bond Registrar will make such payments only to DTC, which in turn will remit such principal and interest to its participants for subsequent disbursement to the Beneficial Owners of the Bonds. See "THE BONDS—Bond Registrar and Registration Features" and Appendix E, "BOOK-ENTRY ONLY SYSTEM" herein.

Maturity Dates, Principal Amounts, Interest Rates, Yields, Prices and CUSIP® Numbers on Inside Front Cover

The Bonds are not subject to redemption by the District prior to their stated maturities.

The District will use proceeds of the Bonds to refund the District's callable, outstanding Unlimited Tax General Obligation Bonds, 2013, to pay the administrative costs of the refunding, and to pay the costs of issuing, selling and delivering the Bonds. See "PURPOSE AND APPLICATION OF BOND PROCEEDS" herein.

The Bonds are general obligations of the District. For so long as the Bonds are outstanding, the District has irrevocably pledged to levy taxes annually without limitation as to rate or amount upon all of the taxable property in the District in an amount sufficient, together with other money legally available and to be used therefor, to pay when due the principal of and interest on the Bonds. The District has irrevocably pledged its full faith, credit and resources for the annual levy and collection of those taxes and the prompt payment of that principal and interest. **The Bonds do not constitute a debt or indebtedness of Whitman County, Washington (the "County"), the State, or any political subdivision thereof other than the District.** See "SECURITY FOR THE BONDS" herein.

Payment of principal of and interest on the Bonds when due is guaranteed by the full faith, credit, and taxing power of the

STATE OF WASHINGTON

under the provisions of the Washington State School District Credit Enhancement Program. See Appendix D attached hereto and titled "WASHINGTON STATE SCHOOL DISTRICT CREDIT ENHANCEMENT PROGRAM."

The Bonds are offered for delivery when, as and if issued, subject to the approving legal opinion of Pacifica Law Group LLP, Seattle, Washington, Bond Counsel. The form of Bond Counsel's opinion is attached hereto as Appendix A. It is expected that the Bonds will be available for delivery to the Bond Registrar on behalf of DTC by Fast Automated Securities Transfer on or about April 19, 2023 (the "Date of Delivery").

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire official statement to obtain information essential to making an informed investment decision.

D|A DAVIDSON
FIXED INCOME CAPITAL MARKETS

Official Statement dated: April 4, 2023

PULLMAN SCHOOL DISTRICT NO. 267
WHITMAN COUNTY, WASHINGTON

$35,555,000
UNLIMITED TAX GENERAL OBLIGATION REFUNDING BONDS, 2023

MATURITY SCHEDULE

Due (December 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP* No. (966493)
2023	$3,460,000	5.00%	2.57%	101.474	PF9
2024	3,020,000	5.00	2.55	103.853	PG7
2025	2,810,000	5.00	2.46	106.396	PH5
2026	3,020,000	5.00	2.36	109.097	PJ1
2027	3,240,000	5.00	2.33	111.620	PK8
2028	3,480,000	5.00	2.31	114.091	PL6
2029	3,725,000	5.00	2.34	116.215	PM4
2030	3,990,000	5.00	2.35	118.379	PN2
2031	4,260,000	5.00	2.39	120.213	PP7
2032	4,550,000	5.00	2.44	121.822	PQ5

* CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (“CGS”) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright © 2023 CGS. All rights reserved. CUSIP® data herein is provided by CGS. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP service. CUSIP® numbers are provided for convenience of reference only. None of the District, the Underwriter or their agents or counsel assumes responsibility for the accuracy of such numbers.

PULLMAN SCHOOL DISTRICT NO. 267

240 SE Dexter Street
Pullman, WA 99163
509-332-3581
https://www.pullmanschools.org[1]

Board of Directors

Directors	Title	Term Expiration
Arron Carter	District 1	2023
Allison Munch-Rotolo	District 2	2023
Jim Evermann	District 3	2023
Nathan Roberts	President - District 4	2025
Amanda Tanner	Vice President - District 5	2025

Administration

Dr. Robert Maxwell	Superintendent
Dr. Roberta Kramer	Assistant Superintendent
Diane Hodge	Finance Director

Whitman County Officials

Wraylee Flodin	Assessor
Chris Nelson	Treasurer and *ex officio* Treasurer of the District

Underwriter

D.A. Davidson & Co.
Seattle, Washington

Bond and Disclosure Counsel

Pacifica Law Group LLP
Seattle, Washington

Bond Registrar

Fiscal Agent of the State of Washington, currently
U.S. Bank Trust Company, National Association
Seattle, Washington

[1] Neither the information on the District's website nor any link from that website, is a part of this Official Statement, and such information cannot be relied upon to be accurate as of the date of this Official Statement, nor should any such information be relied upon to make investment decisions regarding the Bonds.

No quotations from or summaries or explanations of the provisions of laws or documents herein purport to be complete. Prospective investors should refer to such laws and documents for full and complete statements of their provisions. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or owners of any of the Bonds. The cover page and inside cover page hereof and appendices attached hereto are part of this Official Statement.

The District has not authorized any dealer, broker, sales representative, or other person to give any information or to make any representations other than as contained in this Official Statement in connection with the offering made hereby. Investors must not rely upon any such unauthorized information or representations. The District makes no representation regarding the accuracy or completeness of Bond Counsel's form of opinion set forth in Appendix A, "FORM OF BOND COUNSEL OPINION"; information in Appendix D, "WASHINGTON STATE SCHOOL DISTRICT CREDIT ENHANCEMENT PROGRAM," which the State has provided; or information provided by the Underwriter of the Bonds regarding reoffering prices; in Appendix E, "BOOK-ENTRY ONLY SYSTEM," which DTC has furnished. The information and expressions of opinions herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the information set forth herein since the date hereof. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall any person sell the Bonds in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

Certain statements contained in this Official Statement reflect not historical facts but forecasts and "forward-looking statements." The words "estimate," "project," "anticipate," "expect," "intend," "believe" and similar expressions are intended to identify forward-looking statements. The achievement of certain results or other expectations contained in forward-looking statements involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such risks and uncertainties include, among others, changes in regional, domestic and international political, social and economic conditions, federal, state and local statutory and regulatory initiatives, litigation, technological change, seismic events, and various other events, conditions and circumstances, many of which are beyond the District's control. All estimates, projections, forecasts, assumptions and other forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth in this Official Statement. These forward-looking statements speak only as of the date they were prepared. The District does not plan to issue any updates or revisions to those forward-looking statements if or when the expectations, events, conditions, or circumstances on which such statements are based occur, and the District specifically disclaims any such obligation.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE BOND RESOLUTION HAS NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

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PULLMAN SCHOOL DISTRICT NO. 267
WHITMAN COUNTY, WASHINGTON

$35,555,000
UNLIMITED TAX GENERAL OBLIGATION REFUNDING BONDS, 2023

INTRODUCTION

This Official Statement, including the cover page, the appendices attached hereto and the documents incorporated herein by reference, is being provided by Pullman School District No. 267, Whitman County, Washington (the "District"), to furnish information in connection with the issuance of $35,555,000 aggregate principal amount of its Unlimited Tax General Obligation Refunding Bonds, 2023 (the "Bonds"). Unless otherwise defined in this Official Statement, capitalized terms used herein will have the meanings or meanings as set forth in the Bond Resolution (as defined herein) authorizing the issuance of the Bonds.

The Bonds are issued pursuant to the laws of the State of Washington (the "State"), including chapters 28A.530, 39.36, 39.46 and 39.53 of the Revised Code of Washington, as amended ("RCW"), and Resolution No. 22-23:07 adopted by the District's Board of Directors (the "Board") on February 22, 2023 (the "Bond Resolution"). This Official Statement is qualified in its entirety by references to the Bond Resolution, a copy of which is available from the District. Unless otherwise defined in this Official Statement, capitalized terms used herein have the meaning or meanings as set forth in the Bond Resolution.

This Official Statement and the appendices hereto include brief descriptions of the Bonds, the District, the Bond Resolution, and certain other documents. Such descriptions do not purport to be comprehensive or definitive. All references herein to such documents and any other documents, statutes, reports, or other instruments described herein are qualified in their entirety by reference to each such document, statute, report, or other instrument. The District has obtained the information contained herein from District officers, employees, records and other sources the District believes to be reliable. The information herein is subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. This Official Statement is not to be construed as a contract or agreement between the District's Board and purchasers or holders of any of the Bonds.

THE BONDS

Principal Amount, Date, Interest Rates and Maturities

The Bonds will be issued in the aggregate principal amount of $35,555,000. The Bonds will be dated and bear interest from the Date of Delivery (expected to be on or around April 19, 2023). The Bonds will mature on the dates and in the principal amounts and will bear interest (payable semiannually on June 1 and December 1, commencing December 1, 2023) until maturity of the Bonds at the respective rates as set forth on the inside cover page of this Official Statement. Interest on the Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months. Principal of and interest on the Bonds will be payable by the Bond Registrar (defined below).

Bond Registrar and Registration Features

Book-Entry System. The Bonds will be issued as fully registered bonds and, when issued, will be registered in the name of Cede & Co. as nominee for The Depository Trust Company ("DTC"). DTC will act as the initial securities depository for the Bonds. Individual purchases and sales of the Bonds may be made in book-entry form only in denominations of $5,000 or integral multiples thereof within a single maturity ("Authorized Denominations"). The owners of any beneficial interest in the Bonds ("Beneficial Owners") will not receive certificates representing their interest in the Bonds. See Appendix E, "BOOK-ENTRY ONLY SYSTEM" attached hereto.

If DTC resigns as the securities depository and the District is unable to retain a qualified successor to DTC, or if the District has determined that it is in the best interest of the Beneficial Owners for the Bonds to be in certificated form, the District will execute, authenticate and deliver at no cost to the Beneficial Owners of the Bonds or their nominees, certificated Bonds in fully registered form, in Authorized Denominations.

Bond Registrar. Principal of and interest on the Bonds will be payable by the fiscal agent of the State, currently U.S. Bank Trust Company, National Association (the "Bond Registrar") or such other registrar as the Whitman County Treasurer, as *ex officio* treasurer of the District (the "Treasurer"), may from time to time designate.

Payment of the Bonds

So long as DTC or its nominee is the registered owner of the Bonds, principal of and interest on the Bonds are payable by wire transfer by the Bond Registrar to DTC, which, in turn, is obligated to remit such principal and interest to its participants for subsequent disbursement to the Beneficial Owners of the Bonds, as further described in Appendix E.

If the Bonds are no longer held in book-entry only form, the principal of the Bonds will be payable upon due presentment and surrender thereof at the designated office of the Bond Registrar; interest on the Bonds will be payable by check or draft mailed to the persons in whose names such Bonds are registered ("Registered Owners"), at the addresses appearing upon the registration books ("Bond Register") on the 15th day of the month preceding an interest payment date (a "Record Date") or, upon the written request of a Registered Owner of more than $1,000,000 of Bonds received by the Bond Registrar no later than the Record Date, by wire transfer to the account within the United States designated by such Registered Owner. The Bond Registrar shall not be obligated to register the transfer of or to exchange any Bond during the period between the applicable Record Date and the next upcoming interest payment. The Bonds will be transferable as provided in the Bond Resolution.

No Redemption

The Bonds are not subject to optional redemption prior to maturity.

Open Market Purchase

The District reserves the right and option to purchase any or all of the Bonds in the open market at any time at any price acceptable to the District.

Failure to Redeem Bonds

If any Bond is not redeemed when properly presented at its maturity or date set for redemption, as applicable, the District will be obligated to pay interest on that Bond at the same rate provided in the Bond from and after its maturity or date set for redemption until that Bond, both principal and interest, is paid in full or until sufficient money for its payment in full is on deposit in the District's Debt Service Fund and the Bond has been called for payment by giving notice of that call to the Registered Owner of each of those unpaid Bonds.

Defeasance

In the event that money and/or "Government Obligations" (as defined below) maturing at such time or times and bearing interest to be earned thereon in amounts (together with such money, if necessary) sufficient to redeem and retire part or all of the Bonds in accordance with their terms, are set aside in a special account of the District to effect such redemption and retirement, and such moneys and the principal of and interest on such Government Obligations are irrevocably set aside and pledged for such purpose, then no further payments need be made into the Debt Service Fund for the payment of the principal of and interest on the Bonds so provided for, and such Bonds shall cease to be entitled to any lien, benefit or security of the Bond Resolution except the right to receive the moneys so set aside and pledged, and such Bonds shall be deemed not to be outstanding.

"Government Obligations" is defined in the Bond Resolution to mean those obligations those obligations now or hereafter defined as such in chapter 39.53 RCW constituting direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, as such chapter may be hereafter amended or restated.

PURPOSE AND APPLICATION OF BOND PROCEEDS

Purpose

The District will use the proceeds of the Bonds to: (i) refund certain outstanding unlimited tax general obligation bonds of the District, as further described below; (ii) pay the administrative costs of the refunding; and (iii) pay the costs of issuing, selling and delivering the Bonds.

Sources and Uses

The following is a brief description of the estimated sources and uses of the proceeds of the Bonds. Figures in the table are rounded to the nearest dollar.

Table 1: Estimated Sources and Uses(1)

Sources		
Par Amount of Bonds	$	35,555,000
Original Issue Premium		4,679,978
Total Sources of Funds	$	40,234,978
Uses		
Escrow Fund Deposit	$	39,986,193
Issuance Costs(2)		247,609
Deposit to Debt Service Fund		1,177
Total Uses	$	40,234,978

(1) Totals may not foot due to rounding.

(2) Includes bond rating fee, underwriter's discount, verification agent fees, Bond Counsel's fees, additional proceeds, costs of distributing the Preliminary and Final Official Statements and other costs incurred in connection with the issuance of the Bonds.

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Refunding Plan

The District will use a portion of the proceeds of the Bonds to refund the following callable maturities of the District's Unlimited Tax General Obligation Bonds, 2013 (the "2013 Bonds") (the "Refunded Bonds"):

Table 2: Refunded Bonds

Maturity Dates (December 1)	Principal	Interest Rate	Call Date	Redemption Price	CUSIP No. (966493)
2023	$ 2,985,000	4.00%	06/01/2023	100.00%	MJ4
2024	3,175,000	4.00	06/01/2023	100.00	MK1
2025	3,370,000	4.00	06/01/2023	100.00	ML9
2026	3,575,000	4.00	06/01/2023	100.00	MM7
2027	3,790,000	4.00	06/01/2023	100.00	MN5
2028	4,015,000	4.00	06/01/2023	100.00	MP0
2029	4,250,000	4.00	06/01/2023	100.00	MQ8
2030	4,495,000	4.00	06/01/2023	100.00	MR6
2031	4,750,000	4.00	06/01/2023	100.00	MS4
2032	5,015,000	4.00	06/01/2023	100.00	MT2

To defease and refund the Refunded Bonds, the District will enter into an escrow deposit agreement with U.S. Bank Trust Company, National Association (the "Escrow Agent"). Pursuant to this escrow agreement, the District will direct proceeds of the Bonds to be deposited with the Escrow Agent. A portion of the proceeds of the Bonds will be placed into an irrevocable trust fund, held by the Escrow Agent, and used for the sole purpose of redeeming the Refunded Bonds. The remaining proceeds will be used to pay Bond issuance costs. The net proceeds of the Bonds deposited with the Escrow Agent to redeem the Refunded Bonds will be held in cash or invested in noncallable direct obligations of the United States of America or obligations the payment of which is unconditionally guaranteed by the United States of America that will mature and bear interest at rates sufficient, together with such cash, to pay the principal of and interest on the Refunded Bonds to the call date.

Verification of Mathematical Calculations

Robert Thomas CPA, LLC, has verified the accuracy of the mathematical computations concerning the adequacy of the maturing principal amounts of and interest earned on the government obligations, to be placed together with other escrowed money in the escrow account to pay when due, pursuant to the call for redemption, the principal of and interest on the Refunded Bonds. The verification has confirmed the mathematical computations supporting the conclusion of Bond Counsel that the Bonds are not "arbitrage bonds" as defined by Section 148 of the Internal Revenue Code of 1986, as amended (the "Code").

SECURITY FOR THE BONDS

Full Faith and Credit Pledge

The Bonds are general obligations of the District and the full faith, credit and resources of the District have been pledged irrevocably for the punctual payment of the principal of and the interest on the Bonds. The Bonds are secured by *ad valorem* taxes to be levied against all taxable property within the District without limitation as to rate or amount. The District will levy on all taxable property located within the District direct annual taxes that, together with all other taxes, will be sufficient in amount to provide for the payment of principal of and interest on the Bonds as the same will become due. The taxes, when collected, are required to be applied solely for the purpose of payment of principal and interest on the Bonds and for no other purpose until the Bonds will have been fully paid, satisfied and discharged.

The District may, subject to applicable laws, apply other funds available to make payments with respect to the Bonds and thereby reduce the amount of future tax levies for such purpose. For a description of the manner in which taxes are levied and collected, see "DISTRICT FUNDING SOURCES—Local Funding" herein.

The Bonds do not constitute a debt or indebtedness of Whitman County (the "County"), the State or any other political subdivision of the State other than the District. Bond owners do not have a perfected security interest in particular revenues or assets of the District. State law provides that the payment of general obligation bonds is enforceable in mandamus against the issuer. There is no express provision in the State Constitution or statutes on the priority of payment of debt service on general obligations incurred by a Washington municipality. In the case of excess taxes levied to pay voter-approved bonds, such as the Bonds, the taxes, when collected, are required to be applied solely for the purpose of payment of principal of and interest on the Bonds and other voter approved bonds of the District and for no other purpose until such obligations have been fully paid, satisfied and discharged. The rights and remedies of anyone seeking enforcement of the Bonds are subject to laws of bankruptcy and insolvency and to other laws affecting the rights and remedies of creditors and to the exercise of judicial discretion. See "INVESTMENT CONSIDERATIONS—Limitations on Remedies."

Washington State School District Credit Enhancement Program

Payment of principal of and interest on the Bonds when due is guaranteed by the full faith, credit and taxing power of the STATE OF WASHINGTON under the provisions of the Washington State School District Credit Enhancement Program, as described in Appendix D, "WASHINGTON STATE SCHOOL DISTRICT CREDIT ENHANCEMENT PROGRAM."

BOND INDEBTEDNESS

Statutory Debt Limitations

State law controls and limits the power of school districts, including the District, to contract debt of any kind. School districts must set forth all debt in accordance with detailed budget procedures, pay debts out of identifiable receipts and revenues, and balance the budget for each fiscal year. It is unlawful for a school district officer or employee to incur liabilities in excess of budgetary appropriations.

Authorization of Total Debt

A school district may incur a total indebtedness, including voter-approved debt, not to exceed five percent of the assessed value of taxable property (the "Bond Assessed Value"), which includes all real and personal property within the school district. See "DISTRICT FUNDING SOURCES—Assessed Value Determination" herein. Following the issuance of the Bonds, the District will have $66,690,000 of voter approved debt plus $0 of non-voter approved debt outstanding, which collectively represents 2.52 percent of the District's 2023 collection year Bond Assessed Value of $2,646,802,950. See "DEBT INFORMATION—Calculation of District's General Obligation Debt Capacity" herein.

Authorization of Non-Voted Debt

Chapter 28A.530 RCW authorizes school districts to incur long-term indebtedness, without a vote of the people, by issuing bonds payable out of the district's ordinary revenues. School districts may issue such bonds to acquire real or personal property, or make structural changes and additions to school facilities, including energy conservation improvements. School districts may also incur debt by purchasing real or personal property pursuant to a conditional sale (installment purchase) contract.

In addition, chapter 39.50 RCW authorizes school districts to borrow money and issue short-term obligations, the proceeds of which the district may use for any lawful purpose. School districts may issue such short-term obligations in anticipation of the receipt of revenues, taxes, grants, or the sale of bonds. Districts must then repay these obligations out of money derived from the source or sources in anticipation of which they were issued, or from any money legally available for this purpose.

In an emergency, school districts may, by action of the board of directors, authorize indebtedness outside the current budget. All expenditures for emergency purposes must be paid by warrants from any available money in the fund properly chargeable with such expenditures. If there is insufficient money on hand in the fund, the warrants become registered interest-bearing warrants. In adopting the budget for any fiscal year, the board of directors must appropriate funds to retire any outstanding registered warrants issued since the adoption of the last proceeding budget.

The amount of all non-voted debt (including limited general obligation bonds, short-term obligations, conditional sales contracts, financing leases and warrants) may not exceed 3/8 of 1 percent (0.375%) of the Bond Assessed Value.

Authorization of Voted General Obligation Bonds

The State Constitution authorizes school districts in Washington to issue unlimited tax general obligation debt with voter approval. Any election to authorize such debt must have a voter turnout of at least 40 percent of those who voted in the last State general election, and, of those voting, 60 percent must vote in favor of the bond issuance. The school district must use the debt proceeds for capital purposes, other than the replacement of equipment, as authorized by the voters.

Refunding bonds (such as the Bonds) do not require additional voter approval. To the extent that the aggregate principal amount of refunding bonds exceeds the aggregate principal amount of the voter-approved bonds to be refunded (for example, the Refunded Bonds), such difference shall be counted as non-voted debt for purposes of the District's debt capacity calculations, and, per the Bond Resolution, shall be allocated to the earliest maturities of the Bonds.

Calculation of District's General Obligation Debt Capacity

The following table sets forth the District's remaining debt capacity for voted and non-voted general obligation debt.

Table 3: General Obligation Debt Capacity

District's Bond Assessed Value (2022 for taxes collected in calendar year 2023)[1]		$ 2,646,802,950
Non-Voted General Obligation Debt Capacity:		
Legal Limit Without Vote (3/8 of 1% of Bond Assessed Value)		$ 9,925,511
Outstanding Non-Voted Debt		(0)
Remaining Non-Voted Debt Capacity		$ 9,925,511
Voted and Non-Voted General Obligation Debt Capacity:		
Legal Limit With Vote (5% of Bond Assessed Value)		$ 132,340,147
Outstanding Voted Bond Debt[2]	$ 31,135,000	
The Bonds	35,555,000	
Outstanding Non-Voted Debt	0	
Outstanding Debt	$ 66,690,000	(66,690,000)
Remaining Debt Capacity		$ 65,650,147

(1) Bond Assessed Value within the District is based on 100% of estimated value, plus Timber Assessed Value, less senior exemptions.

(2) Excludes the Refunded Bonds. See Table 4.

Source: the District and Whitman County Assessor's Office.

Schedule of General Obligation Indebtedness

The following table summarizes the District's outstanding limited tax general obligation and unlimited tax general obligation debt, including the Bonds.

Table 4: Outstanding General Obligation Debt[1]
(as of April 19, 2023)

Unlimited Tax General Obligation Bonds	Date of Issue	Date of Final Maturity	Amount Issued	Amount Outstanding[2]
UTGO Bonds, 2016	06/08/2016	12/01/2032	$ 20,450,000	$ 17,435,000
UTGO Bonds, 2020A	06/02/2020	12/01/2039	9,180,000	9,180,000
UTGO Bonds, 2020B	06/02/2020	12/01/2034	4,960,000	4,520,000
The Bonds	04/19/2023	12/01/2032	35,555,000	35,555,000
UTGO Bond Total			$ 70,145,000	$ 66,690,000
Limited General Obligation Bonds				
None				
Special Lease Obligations				
None				
Total Long-Term Debt Outstanding				**$ 66,690,000**

(1) Table excludes the Refunded Bonds.
(2) Borrowings do not include short-term internal fund borrowings.
Source: the District.

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Projected Unlimited Tax General Obligation Debt Service Requirements

The following table summarizes the debt service requirements for all of the District's outstanding unlimited tax general obligation bonds, including the Bonds.

Table 5: Summary of Unlimited Tax General Obligation Debt Service Requirements for the District

	Outstanding UTGO Bonds[1]			The Bonds		
Calendar Year	Principal	Interest	Total	Principal	Interest	Total Debt Service
2023	$1,520,000	$1,137,165	$2,657,165	$3,460,000	$1,096,279	$7,213,444
2024	1,660,000	1,068,465	2,728,465	3,020,000	1,604,750	7,353,215
2025	1,815,000	993,265	2,808,265	2,810,000	1,453,750	7,072,015
2026	1,980,000	910,915	2,890,915	3,020,000	1,313,250	7,224,165
2027	2,135,000	836,215	2,971,215	3,240,000	1,162,250	7,373,465
2028	2,300,000	755,615	3,055,615	3,480,000	1,000,250	7,535,865
2029	1,930,000	668,715	2,598,715	3,725,000	826,250	7,149,965
2030	2,075,000	591,515	2,666,515	3,990,000	640,000	7,296,515
2031	2,235,000	508,515	2,743,515	4,260,000	440,500	7,444,015
2032	2,400,000	419,115	2,819,115	4,550,000	227,500	7,596,615
2033	1,355,000	323,115	1,678,115	--	--	1,678,115
2034	1,425,000	289,959	1,714,959	--	--	1,714,959
2035	1,495,000	249,150	1,744,150	--	--	1,744,150
2036	1,575,000	204,300	1,779,300	--	--	1,779,300
2037	1,655,000	157,050	1,812,050	--	--	1,812,050
2038	1,745,000	107,400	1,852,400	--	--	1,852,400
2039	1,835,000	55,050	1,890,050	--	--	1,890,050
Total	$31,135,000	$9,275,527	$40,410,527	$35,555,000	$9,764,779	$85,730,303

(1) Excludes the Refunded Bonds.
Note: Numbers rounded to the nearest dollar and may not foot due to rounding.
Source: The District

Debt Payment Record

The District has not been in default in the payment of principal of or interest on any bonds, notes or warrants of the District. Additionally, the District has at no time issued refunding bonds for the purpose of preventing an impending default.

Future Financings

The District does not plan to incur additional general obligation indebtedness in the next 12 months. The District periodically reviews its outstanding bonds for refunding opportunities and may issue bonds for refunding purposes if market conditions warrant.

Direct Debt and Estimated Overlapping General Obligation Debt

A number of other taxing districts are located within all or a portion of the District, including cities and towns, ports and other special purpose districts. Taxable property located within the District is subject to property taxes imposed by these overlapping taxing districts including the District. The following table sets forth the outstanding principal amount of general obligation debt of the District, adjusted to reflect the issuance of the Bonds (the "Direct Debt"), and the outstanding principal amount of general obligation debt incurred by other governmental entities whose taxing jurisdiction includes a part or all of the District and the estimated portion of that debt which is applicable to the property within the District (the "Overlapping Debt"). The District has obtained the information regarding the Overlapping Debt from the overlapping taxing districts, the County and other sources believed to be reliable, but has not independently verified the accuracy or completeness of such information. No person should rely upon such information as being accurate or complete. Furthermore, the amounts described below relate only to general obligation bonds issued by the various taxing districts and may not reflect certain leases or other contracts that may constitute indebtedness under State law. The table below does not reflect any special revenue obligations (e.g., utility revenue bonds) issued by any taxing district. The taxing districts listed may have issued additional general obligation debt since the dates indicated and may have plans for future general obligation debt issuances. See "DISTRICT FUNDING SOURCES—Overlapping Taxing Districts – Taxing Authority" herein.

Table 6: Overlapping Debt Calculation[(1)]

	2023 Assessed Value	G.O. Debt Outstanding[(1)]	Percentage Overlap	Estimated Overlapping Debt
Port of Whitman	$ 4,793,612,325	$ 2,190,545	55.40%	$ 1,213,574
City of Pullman	2,276,666,000	10,325,000	100.00	10,325,000
Whitman County Rural Library District	2,428,594,884	452,031	15.50	70,068
Total Estimated Overlapping Debt		$ 12,967,576		$ 11,608,642

(1) As of February 1, 2023, unless otherwise noted.
Source: Whitman County Assessor and Treasurer's Offices and individual taxing districts.

The following tables summarize information regarding the District's direct debt (including the Bonds) and the estimated portion of the debt of overlapping taxing districts allocated to the District's residents.

Table 7: Debt Ratio Calculations

Bond Assessed Value (2023 Collection Year)	$2,646,802,950
District Population[(1)]	34,924
Debt Information	
Direct Debt[(2)]	$ 66,690,000
Estimated Overlapping Debt	11,608,642
Total Direct and Overlapping Debt[(2)]	$ 78,298,642
Ratios	
Direct Debt to Bond Assessed Value[(2)]	2.52%
Direct & Overlapping Debt to Bond Assessed Value[(2)]	2.96%
Per Capita Bond Assessed Value	$ 75,788
Per Capita Direct Debt[(2)]	$ 1,910
Per Capita Direct and Overlapping Debt[(2)]	$ 2,242

(1) Washington State Office of Financial Management April 1, 2022 estimate.
(2) Includes the Bonds and the District's outstanding unlimited tax general obligation bonds. See "BOND INDEBTEDNESS—Schedule of General Obligation Indebtedness" and Table 4 herein.

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DISTRICT FUNDING SOURCES

Introduction

The District's primary sources of revenue for its General Fund are State funds, local funds and federal funds. In the fiscal year ending August 31, 2022, State funding represented 71.8 percent of the District's operating revenues for the General Fund, local tax receipts represented 13.2 percent and federal funding represented 14.4 percent. In addition, the District receives income from local non-tax sources, including tuition, sales of goods and supplies, food service, investment earnings, fines and damages, rentals and other miscellaneous sources. These additional revenues comprised less than 0.6 percent of total funding.

Federal Funding

The District receives federal money for a variety of programs, including the No Child Left Behind Act, Head Start, Individuals with Disabilities Education Act, American Recovery and Reinvestment Act, Title funding under the Every Student Succeeds Act ("ESEA"), Carl Perkins Career and Technical, and Free and Reduced Lunch Program. In the fiscal year ended August 31, 2022, federal funds comprised 11.6 percent of total general fund, associated student bond fund, capital projects fund and transportation vehicle fund revenues. Principal of and interest on the Bonds are payable from excess property tax levies unlimited as to rate or amount. Consequently, changes in federal funding due to programmatic alterations, loss of funding due to federal sequestration, or any other reason, is not expected to impair the security for the Bonds.

State Funding

General. The Washington Basic Education Act of 1977 provides full funding for "basic education," or the regular program, for vocational education, according to statutory formulas, and for operating costs for transportation, the purchase of transportation equipment, and programs for students with special needs by the State. Legislation passed in 1979 recognized the State's responsibility to fund bilingual and remediation programs. The Washington State Legislature (the "Legislature"), at its discretion, may provide funds for other special programs, including, but not limited to, vocational technical institutes, gifted education and others. State funding for school districts is provided through the general apportionment formula (known as the Basic Education Allocation) and provides funding for basic education as well as a number of non-basic education adjustments. The amount received by each school district varies based on certain characteristics.

At each regular session in an odd-numbered year, the Legislature is required to appropriate money to the Office of the Superintendent of Public Instruction ("OSPI") (i) from the State General Fund for the current use of the common schools during the ensuing biennium, and (ii) from the Education Construction Fund for the support of capital improvements.

Basic Education Allocation. The Basic Education Allocation is reviewed biennially by OSPI and the Governor of the State (the "Governor"). Pursuant to RCW 28A.150.260, the Governor shall, and OSPI may, recommend to the Legislature a formula based on a ratio of students to staff. Once the Legislature adopts a formula it is used for the distribution of a Basic Education Allocation for each annual average full time equivalent student enrolled in a common school. In the event the Legislature rejects the distribution formula recommended by the Governor, and fails to adopt a new distribution formula, the distribution formula for the previous school year will remain in effect. In the event of an unforeseen emergency, in the nature of either an unavoidable cost to a district or unexpected variation in anticipated revenues to a district, OSPI is authorized, for a period of time not to exceed two years, to adjust the allocation of funds. An objective of the Basic Education Allocation is to equalize educational opportunities among the State's public school districts.

In the 2009-2011 biennium, the Legislature enacted two significant bills to redefine basic education and to set K-12 funding formulas. The first was ESHB 2261 (Chapter 548, Laws of 2009) which added programs to the definition of basic education, including the program for highly capable students and phasing in all-day kindergarten. ESHB 2261 also created the framework for a new K-12 funding allocation formula based on prototypical schools. Changes took effect September 1, 2011, and many of the enhancements were scheduled to be phased in by 2018 (subject to subsequent adjustments).

The second bill, SHB 2776 (Chapter 236, Laws of 2010), enacted the funding formulas for the new prototypical schools format at levels that represented what the State was spending on basic education at the time. SHB 2776 set targets for class-size reduction in the lower grades and established a timeline for phasing in certain enhancements to basic education and the new funding levels.

When the funding structure went into effect on September 1, 2011, the general apportionment formula followed the prototypical school model. Prototypes illustrate a level of resources to operate a school of a particular size with particular types and grade levels of students. Allocations to school districts are based on actual full-time equivalent ("FTE") student enrollment in each grade in a district, adjusted for small schools and reflecting other factors in the State's biennial budget.

A number of changes were made to the allocation model in the intervening years. Then in 2017, the Legislature enacted Engrossed House Bill 2242 ("EHB 2242") (Chapter 13, Laws of 2017, 3rd Special Session). EHB 2242 relates to funding fully the State's program of basic education by providing equitable education opportunities and through reform of State and local education funding. EHB 2242 maintains the prototypical school model for the purpose of allocation but requires OSPI to report allocations on a per-pupil basis. Starting in the 2017-18 school year, EHB 2242 increases allocations to categorical programs and to certain other components. Additionally, EHB 2242 revised the salary allocation model to provide minimum statewide salaries adjusted for regional differences beginning in the 2019-2020 school year. EHB 2242 was amended in 2018 by Engrossed Second Substitute Senate Bill 6362 ("E2SSB 6362") (Chapter 266, Laws of 2018, Regular Session) to accelerate implementation of the revised salary allocation model beginning in the 2018-2019 school year.

In addition to the Basic Education Allocation, eligible school districts have received local assistance funds from the State under the Local Effort Assistance Program ("LEA"). Originally implemented in 1989, LEA seeks to equalize the tax burden by providing matching State funds to districts with low property values and high levy rates. Together, EHB 2242 and Engrossed Substitute Senate Bill 5313 ("ESSB 5313") (Chapter 410, Laws of 2019, Regular Session) revise the formula for LEA allocations. Allocation will be provided based on the ratio of a school district's actual enrichment levy rate to the maximum allowable levy rate. In fiscal year ending on August 31, 2023, the District is potentially eligible for $884,539 in LEA funds.

Constitutional Challenge to State Funding of K-12 Education. In 2007, a lawsuit named *McCleary v. State* was filed challenging the State's funding of local school districts under Article IX of the Washington State Constitution, which provides that it is the "paramount duty" of the State to make "ample provision" for the education of all children residing within the State. In 2010, the King County Superior Court ruled that the State was failing to fulfill this constitutional duty and ordered the State to address the issue. On appeal, the Washington State Supreme Court upheld that ruling of the lower court. The Court deferred to the Legislature's chosen means to discharge the State's duty under Article IX, but retained jurisdiction to ensure the State's full implementation of its new statutory program of basic education by September 1, 2018. In addition to prior measures, the Legislature enacted various school funding measures in 2017, 2018 and 2019 (including the 2017-2019 Operating Budget, EHB 2242, E2SSB 6362, the 2018 Supplemental Budget, and ESSB 5313). On June 7, 2018, the Court entered an order declaring that the State had fully implemented its statutory program of basic education and terminated its jurisdiction over the case.

On December 28, 2021, the Wahkiakum School District sued the State, seeking to extend the reasoning in the *McCleary v. Washington* decision to require State funding of school capital expenditures (which currently are funded through the issuance of school district bonds paid from excess property taxes). On June 24, 2022, the Superior Court for Wahkiakum County granted the State's motion to dismiss the lawsuit. The Wahkiakum School District has appealed this decision to the State Supreme Court.

Local Funding

General. Pursuant to Article VII, Section 2 of the State Constitution and chapter 84.52 RCW, Washington school districts may, with voter approval, levy property taxes for various purposes, including educational enrichment, capital projects, transportation vehicle purposes, and the repayment of bonds. The voter approval requirement for school district property tax levies is a simple majority, except that bond levies must receive a 60-percent supermajority. The District may use bond levy revenues only to repay the bonds for which voters authorized the levy and no other purposes. Therefore, a change in other local levies will not affect the District's levy of excess property taxes for the repayment of the Bonds. For further information regarding bond levies, see "BOND INDEBTEDNESS—Authorization of Voted Debt."

Enrichment Levies. The State Constitution allows school districts to impose enrichment levies for up to four years. Since 1977, the State Legislature has periodically modified the maximum allowable amounts that districts may collect through these levies—previously designated as "maintenance and operation" or "M&O" levies—and the uses to which districts may apply the levy funds.

In 2017, the Legislature passed Engrossed House Bill 2242 ("EHB 2242"), which made significant changes to the then-existing laws governing M&O levies. First, the law redesignates M&O levies as "enrichment levies." Second, as of September 1, 2019, EHB 2242 requires that school districts only use such levies to "enrich" or supplement the State-funded program of basic education, described above. Specifically, the law prohibits school districts from using enrichment levies to fund the cost of basic education, and instead requires districts to allocate such local funds to "enrichment" activities such as extracurricular activities, extended school days, extended school years, and additional course offerings beyond the minimal instructional program established in the State's statutory program of basic education. Relatedly, EHB 2242 requires that schools districts establish a sub-fund within their general fund to account for enrichment levy funds and expenditures, subject to State audit and potential penalties for non-enrichment uses of funds. School districts must now also receive OSPI approval prior to submitting a ballot proposition to voters for collection of an enrichment levy.

EHB 2242 also introduced new maximum limits on the amounts that school districts may collect through enrichment levies. Beginning with taxes levied for collection in 2019, the law limited a district's enrichment levy to the lesser of $1.50 per $1,000 of assessed property value or $2,500 per pupil (adjusted for inflation). In 2019, Engrossed Substitute Senate Bill 5313 amended these limits to establish the current levy limit: Beginning with taxes levied for collection in 2020, the enrichment levy for a school district with fewer than 40,000 students, such as the District, may not exceed the lesser of $2.50 per $1,000 of assessed property value, or $2,500 per pupil (adjusted for inflation).

By law, taxes levied to pay principal of and interest on unlimited tax general obligation bonds, such as the Bonds, are not available for any other use. Thus, changes affecting the District's Enrichment Levy would not impair the security of the Bonds. In the fiscal year ended August 31, 2022, local enrichment taxes comprised 13.2% of total general fund, associated student body fund, capital projects fund and transportation vehicle fund revenues.

The District voters approved a four-year Replacement School Support Levy for Educational Enrichment Programs and Operations at the February 11, 2020 election. The levy was approved by 77.15% of the electors voting in the election. The remaining amounts scheduled for collection under the levy are as follows:

Table 8: Anticipated Replacement Educational Programs Levy Collections

Collection Year	Levy Amount
2024	$ 5,300,000

Source: The District.

Capital Projects Levies and Transportation Vehicle Levies. Capital Projects Levies (two-year through six-year levies) and Transportation Vehicle Levies (two-year levies) may also be authorized by a school district's voters. These types of levies also require a simple majority vote of approval by the District's voters. The levy lid described previously does not apply to Capital Projects Levies or Transportation Vehicle Levies.

The District voters approved a four-year Replacement Technology Capital Projects Levy at the February 11, 2020 election. The levy was approved by 80.55% of the electors voting in the election. The remaining Technology Levy amounts scheduled for collection are as follows:

Table 9: Anticipated Technology Capital Projects Levy Collections

Collection Year	Levy Amount
2024	$ 200,000

Source: The District.

The District anticipates asking for voter approval to increase the current Capital Projects Levy and the current Educational Programs (Enrichment) Levy beginning in 2025, but the levy amounts have not yet been determined. The District has no plans to seek voter approval for Transportation Vehicle Levies.

The following tables show the District's excess property tax levy rates and dollar amounts levied for the last five years.

Table 10: *Ad Valorem* Levy Amounts of the District

	Levy Amount				
Collection Year	Enrichment	Capital Projects	Transportation	Bond	Total
2023	$5,300,000	$200,000	--	$7,219,000	$12,719,000
2022	5,300,000	200,000	--	7,079,000	12,579,000
2021	5,300,000	200,000	--	6,934,000	12,434,000
2020	5,500,000	--	--	6,300,000	11,800,000
2019	3,402,951	--	--	6,300,000	9,702,951

Source: Whitman County Assessor's Office.

Table 11: *Ad Valorem* Levy Rates of the District

	Levy Rate (per $1,000 of assessed value)				
Collection Year	Enrichment	Capital Projects	Transportation	Bond	Total
2023	$2.0023	$0.0756	--	$2.7273	$4.8051
2022	2.0471	0.0772	--	2.7342	4.8585
2021	2.0914	0.0789	--	2.7362	4.9065
2020	2.2483	--	--	2.5754	4.8237
2019	1.5000	--	--	2.7770	4.2770

Source: Whitman County Assessor's Office.

Valuations and Assessments for Property Tax Purposes

Whitman County's Assessor (the "Assessor") determines the value of all real and personal property throughout the County (including the District) which is subject to ad valorem taxation. The Assessor is an elected official whose duties and methods of determining value are prescribed and controlled by statute and by detailed regulations promulgated by the State Department of Revenue.

For tax purposes, the assessed value of property is 100% of its actual value. The Assessor's determinations are subject to revision by the County Board of Equalization and, for certain property, subject to further revisions by the State Board of Equalization. After all administrative procedures are completed, the District's Board receives the Assessor's final certificates of assessed value of property within the school district.

The Assessor's determinations are subject to revision by the County Board of Equalization and, for certain property, subject to further revision by the State Board of Equalization. After all administrative procedures are completed, the County receives the Assessor's final certificate of assessed value of property within the County. After all administrative procedures are completed, the District's Board receives the Assessor's final certificates of assessed value of property within the school district.

Trends in Assessed Valuation

Set forth in the following table are the historical and current assessed valuations of taxable property located within the District for bond purposes. Assessed valuation within the District is based upon 100% of estimated actual valuation, excluding senior citizens tax base, and including timber assessed value ("TAV"), which totals $0 for tax collection year 2023.

Table 12: Bond Assessed Value Trends

Tax Collection Year	Adjusted District Assessed Valuation	Percent Change
2023	$ 2,646,802,950	2.23%
2022	2,589,025,160	2.16
2021	2,534,176,782	3.60
2020	2,446,249,414	7.83
2019	2,268,633,826	5.79[(1)]

(1) Based on a 2018 assessed value of $2,144,477,173.
Source: Whitman County Assessor's Office.

Property Tax Collection Procedures

Property taxes are levied in specific amounts and the rates for all taxes levied for all taxing districts in Cowlitz County and Clark County are determined, calculated and fixed by the Assessor for each respective county based upon the assessed valuation of the property within the various taxing districts. The Assessor extends the taxes to be levied within each taxing district upon a tax roll which contains the total amount of taxes to be so levied and collected. By January 15 of each year, the tax roll is delivered to the county treasurer who creates a tax account for each taxpayer and is responsible for the collection of taxes due to each account. All such taxes are due and payable on the 30th of April of each year, but if the amount due from a taxpayer exceeds $50, one-half may be paid then and the balance no later than October 31 of that year.

Delinquent tax payments are subject to interest and penalties. Interest is charged at a rate of one percent per month on the full amount due from the month of delinquency until the delinquency is paid in full. In addition, a three-percent penalty is imposed on the unpaid amount of current taxes on June 1, with an additional eight-percent penalty imposed on the unpaid amount of current taxes as of December 1. In 2021, the Legislature enacted Engrossed Substitute House Bill 1410, which eliminated tax penalties for delinquent property taxes in 2022, unless such penalty was assessed prior to January 1, 2022. Effective January 1, 2023, the law also reduced the interest rate on delinquent taxes for residential properties with four or fewer units to nine percent per annum and eliminates late penalties for such properties. Penalties are credited to the account of the taxing district; interest on delinquent taxes is credited to the county's current expense fund.

During a state of emergency declared under RCW 43.06.010(12), county treasurers, on their own motion or at the request of any taxpayer affected by the emergency, may grant extensions of the due date of any such taxes as the treasurer deems proper. Further, the Governor may, among other actions, waive or suspend the application of tax due dates and penalties relating to collection of taxes.

On February 29, 2020, Washington State Governor Jay Inslee signed a proclamation declaring a State of Emergency in all counties in the State due to the spread of the novel coronavirus ("COVID-19"). The proclamation also ordered implementation of the plans and procedures of the Washington State Comprehensive Emergency Management Plan. In response to the COVID-19 pandemic, many counties in the State issued orders allowing an extension of the April 30 deadline and waiving penalties for property taxes for certain taxpayers. Within the County, the County Treasurer permitted certain taxpayers to apply for an extension to the April 30 deadline. These relief options did not apply to taxpayers who paid their property taxes through a mortgage lender. The ability to apply for an extension to the property tax due date did not have a material adverse impact on the District's finances or operations. See "INVESTMENT CONSIDERATIONS—Infectious Disease Outbreak."

Tax Liens and Foreclosure

Property taxes and all charges and expenses relating to the taxes constitute a statutory lien on the property taxed. The lien attaches to the property from and including January 1 in the year in which the tax is levied, and is discharged only when the taxes are paid. The lien for *ad valorem* property taxes on personal property, which have been levied prior to the filing of federal tax liens, is prior to such federal tax liens. In addition, a federal civil judgment lien (but not a federal tax lien) is senior to real property taxes that are incurred after the judgment lien has been recorded. In other respects, and subject to the "Homestead Exemption," the lien for delinquent property taxes is prior to all other liens or encumbrances of any kind on real or personal property subject to taxation. By law the Treasurer may not commence foreclosure of a tax lien on real property until three years have passed since the first delinquency. The State's courts have not decided whether the Homestead Law (chapter 6.13 RCW) may give the occupying homeowner a right in the forced sale of the family residence for delinquent general property taxes to retain the first $125,000 of proceeds of the sale (see *Algona v. Sharp*, 30 Wn. App. 837, 638 P.2d 627 (1982), holding the homestead right superior to liens for local improvement district assessments). The United States Bankruptcy Court for the Western District of Washington has held that the Homestead Exemption applies to the lien for property taxes, while the State Attorney General has taken the position that it does not.

Tax Collections

The following table shows the tax collection record of the District for the last five full years and the year in progress.

Table 13: Tax Collection Record

Collection Year	Enrichment Levy	Bond Levy	Capital Projects Levy	Total Levy	Percent Collected Year of Levy	Percent Collected as of 01/31/2023
2023	$5,305,221.15	$7,226,111.60	$200,197.03	$12,731,529.78	(1)	(1)
2022	5,299,958.76	7,078,944.93	199,977.19	12,578,880.88	95.12%	96.28%
2021	5,300,000.00	6,933,999.97	199,998.45	12,433,998.42	96.11	97.19
2020	5,500,000.04	6,300,000.04	--	11,800,000.08	97.91	98.86
2019	3,402,951.14	6,300,000.74	--	9,702,951.88	97.96	99.76

(1) In process of collection. See “Property Tax Collection Procedures” above.
Source: Whitman County Treasurer’s Office.

Overlapping Taxing Districts – Taxing Authority

Generally, most Washington municipalities (or “taxing districts”) have the authority to impose two types of property tax levies, regular levies and excess levies, subject to the limitations provided by chapter 84.55 RCW. Regular property tax levies are imposed *without* a vote of the people and may be used to pay principal of and interest on non-voted general obligations, for costs of maintenance and operation, or for any other lawful purpose. ***Washington school districts, however, do not have authority to impose regular property tax levies. All school district levies are special excess property tax levies, which may be imposed only upon voter approval***.

The 2023 combined representative regular and excess property levy rates for tax code area 55 of the County for the District and the various taxing districts that overlap the District in tax code area 55 of the County, as well as the statutory levy authority of each type of potential overlapping taxing district in tax code area 55 of the County, are listed in the following table. Tax code area 55 does not include all of the property within the District; as a result, additional taxing districts, not listed below, levy taxes within the District.

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Table 14: Summary of District Tax Code Area 55

	Representative Regular and Excess Levy Rates Per $1,000 of Assessed Value	Statutory Regular Levy Authority Per $1,000 of Assessed Value
Whitman County	$ 1.4555	$ 1.8000 (1)
County (Road Levy)	2.1768	2.2500
Rural Library District	0.4667	0.5000
Fire Protection District No. 11	0.9529	1.5000
Port of Whitman	0.3221	0.4500
City	n/a (2)	3.3750
Cities and Towns	n/a (2)	0.2250 (3)
Hospital Districts	n/a (2)	0.7500
State Schools	3.4750	3.6000 (4)
The District	4.8051	--
Total for Whitman County tax code area 55:	$ 13.6541(5)	

(1) Pursuant to RCW 84.52.043(1), a county may increase its levy from $1.80 per $1,000 to a rate not to exceed $2.475 per $1,000 for general county purposes if (i) the total levies for both the county and any road district within the county do not exceed $4.05 per $1,000 and (ii) no other taxing district has its levy reduced as a result of the increased county levy.

(2) Whitman County levy code 55 is included within the unincorporated portion of the County and therefore does not have a city levy. Likewise, it does not contain a hospital district.

(3) RCW 41.16.060. To be used for pension funding purposes, if required; otherwise this tax may be levied and used for any other municipal purpose.

(4) RCW 84.52.043(1). The levy by the State shall not exceed $3.60 per $1,000 assessed value adjusted to the State equalized value in accordance with the indicated ratio fixed by the State Department of Revenue to be used exclusively for the support of the common schools.

(5) Numbers might not foot due to rounding.

Source: Figures provided by Whitman County Assessor's Office.

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Principal Taxpayers. The following table lists the top taxpayers within the District and the assessed value of their property for the purpose of the 2023 tax roll year.

Table 15: Major Taxpayers

Taxpayer	Type of Business	Assessed Value[(1)]	Percent of District's 2023 Bond Assessed Value
Schweitzer Engineering	Electrical Power Systems	$ 82,317,235	3.11%
The Hills Propco LLC	Washington State University Student Housing	53,718,838	2.03
Breckenridge Group Pullman WA LLC	Apartment Complex	48,865,971	1.85
SEL Development LLC	Transformer Manufacturers	47,235,580	1.78
2045 NE Merman Drive LLC c/o Blackstone Real Estate	Washington State University Off-campus Student Housing	46,207,876	1.75
Campus Crest at Pullman, LLC	Apartment Complex	41,128,383	1.55
NB Commons, LLC	Apartment Complex	34,332,466	1.30
Avista Corp-Electric	Utility	30,788,691	1.16
Pimlico Apartments, LLC	Apartment Complex	27,285,180	1.03
Birch Hills Phase 1, LLC	Apartment Complex	21,611,228	0.82
Subtotal – District's Ten Largest Taxpayers		$ 433,491,448	16.38%
All Other District Taxpayers		$2,213,311,502	83.62%
Total District Taxpayers		$2,646,802,950	100.00%

(1) Total value includes real property and personal property.
Source: Whitman County Assessor's Office.

Limitations on Regular Property Tax Levies of Overlapping Taxing Districts

General. Regular property tax levies are subject to statutory and constitutional limitations as to rate and amount. The information in this section only pertains to the tax burden imposed on District taxpayers by overlapping taxing districts, and is not a comprehensive list of all possible overlapping levies or limitations. Other factors may affect aggregate property tax rates imposed upon District taxpayers, including maximum rates that vary by individual taxing district and the ability of those taxing districts to impose additional regular and excess property taxes pursuant to voter approval.

Aggregate Levy Rate Limitations. The State Constitution limits the aggregate *regular* property tax levy by the State and all overlapping taxing authorities (other than ports and public utility districts) to $10 per $1,000 of assessed value. Within that limitation, aggregate regular property taxes levied by entities other than the State may not exceed $5.90 per $1,000. If aggregate regular property tax levies exceed either limitation, the relevant county assessor must reduce or eliminate junior taxing district levies within the affected area according to priority established by statute.

Constitutional Uniformity. Property taxes generally are subject to a "uniformity" requirement under the State Constitution, which specifies that similarly classified property throughout a taxing district must be taxed at a uniform rate. Aggregate property tax rates may vary within a taxing district because of the different overlapping districts. Under the uniformity requirement, if the maximum permissible levy rate varies within a district, then the rate for the entire district will be uniformly lowered to the lowest of the permissible rates under the aggregate rate limitations, in accordance with priority defined by statute.

Regular Levy Amount Increase Limitation. State law also limits regular property tax levies to 100 percent of the highest property tax levy of the three most recent years multiplied by a "limit factor," plus a full value adjustment for new construction. Substantively, this means that the regular property tax levy must be set so that the property taxes payable in a given year (excluding new construction, improvements and State-assessed property) will not exceed the amount levied in the highest of the three most recent years multiplied by the limit factor. The limit factor is defined as (i) the lesser of 101 percent or 100 percent plus inflation (measured by the implicit price deflator), or (ii) a factor not to exceed 101 percent, as approved by the legislative authority of the taxing district upon a finding of substantial need and by the voters at an election (regardless of inflation). A taxing district may exceed the amount limitations upon a simple majority voter approval of a ballot proposition describing the proposed increase. Such voter approval does not permit the taxing district to exceed the rate limitations described above.

Other Sources of Funding

In the fiscal year ended August 31, 2022, revenues from local non-tax sources, other districts and grants and student activities comprised 0.54 percent of total General Fund (which includes state apportionment), Associated Student Body Fund, Capital Projects Fund and Transportation Vehicle Fund revenues.

DISTRICT PROFILE

Description

The District is located in eastern Washington and encompasses the City of Pullman (the "City"), which is located approximately 76 miles south of the City of Spokane and nine miles west of the Washington/Idaho border. The District encompasses approximately 220 square miles. The District provides instruction to approximately 2,699 full-time equivalent students in grades kindergarten through twelve. The District operates four elementary schools (Franklin Elementary School, Jefferson Elementary School, Sunnyside Elementary School and Kamiak Elementary School), Lincoln Middle School and Pullman High School.

An elected Board of Directors has oversight for the District. The Board appoints management, sets the budget and holds other financial responsibilities. The District is currently operating on a $43.4 million annual budget, with a staff of approximately 377 employees (including substitutes and temporary employees).

Organization

The District is a municipal corporation governed by a five-member Board and operates under the constitution and laws of the State. The Board is the executive, legislative, and policy-making body of the District. Each director represents one of five areas within the District but is elected "at large" by the voters of the District. Members of the Board are elected to serve overlapping four-year terms. The Board holds regular meetings twice a month and special meetings as needed. All meetings are open to the public as provided by law, and agenda items are prepared in advance.

The Board appoints a chief executive of the District, entitled the Superintendent, who serves at the discretion of the Board. The Superintendent is responsible to the Board for the administration of all schools and departments of the District and serves as the secretary to the Board. The Superintendent recommends District department heads, managers and legal and bond counsel; maintains a permanent journal of Board proceedings, records and certifies appropriate policies and resolutions and serves as custodian of official District records.

Board of Directors

The policies of the District are established by the Board. The District's current members are listed below.

Table 16: Current Members of the Board

Name	Position	Term Expires
Arron Carter	District 1	2023
Allison Munch-Rotolo	District 2	2023
Jim Evermann	District 3	2023
Nathan Roberts	President - District 4	2025
Amanda Tanner	Vice President - District 5	2025

Key Administrative Officials

Dr. Robert Maxwell, Superintendent. Dr. Maxwell started in education in 1991. He came to Pullman in 2013 to serve as the Assistant Superintendent and moved into the Superintendent position in 2016. He is the chief administrative officer of the District and oversees the daily operations and the long-range planning of the District. He provides leadership in developing and maintaining educational programs, works with Board members, and oversees the fiscal operation of the District.

Dr. Roberta Kramer, Assistant Superintendent. Dr. Kramer began her career in education in 1984. She has served in an administrative role for over 27 years including the last six years as Assistant Superintendent with the District. She works with Board members, coordinators, principals, and building staff to set priorities and develop focused plans for achieving District goals. She oversees the budget and spending of the District's special programs, the coordination of curriculum and instructional support, and professional development for District staff.

Diane Hodge, Finance Director. Ms. Hodge has played a major role in the fiscal operations of the District for 29 years. Ms. Hodge specializes in payroll, benefits, State reporting, grants, budgets, fiscal operations, internal federal and State auditing and compliance, staffing and fiscal year end reconciliations.

Staff and Labor Relations

The District employs 377 full-time and part-time employees, which includes 222 certificated and 155 classified employees. Labor organizations represent a majority of District employees. The District and these organizations' bargaining units have negotiated collective bargaining agreements, containing provisions pertaining to salaries, vacation, sick leave, medical and dental insurance, working conditions and grievance procedures.

The District strives to complete agreements with all groups in a timely manner, consistent with applicable state law, and to promote labor relation policies mutually beneficial to management, employees, and the educational program. The District has followed a collaborative bargaining model with its teachers that focuses on ongoing communication to enhance issue resolution. The District also engages in periodic labor management or meet and confer meetings with its employee groups to further continued communication between the parties overall. Employees of the District are presented by the following bargaining units. The expiration dates of the current negotiated agreements with the unions and the respective employees they represent are shown in the following table.

Table 17: Bargaining Units

Bargaining Unit	Number of Employees Covered	Expiration Date of Contract
Pullman Education Association (Teachers)	206	08/31/2023
Pullman Education Association (Secretaries)	10	08/31/2023
Education Support Personnel (Custodians)	21	08/31/2023
Pullman Paraprofessional Association (Parapros)	57	08/31/2023
Total	294	

Source: the District.

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Annual Enrollment

The enrollment figures in the following table are based on historical Annual Average Full-Time Equivalent ("AAFTE") and projected full-time equivalent ("FTE") student enrollment, excluding preschool. The District currently expects that enrollment will stabilize and largely remain consistent for the near term.

Table 18: FTE Enrollment

Historical		Projected	
Oct. 1	**Enrollment**	**Oct. 1**	**Enrollment**
2018	2,817	2023	2,650
2019	2,771	2024	2,650
2020	2,704	2025	2,650
2021	2,512	2026	2,650
2022	2,564	2027	2,650

Source: the District.

Facilities Master Plan and Capital Improvement Program

The District currently is operating from a Facilities Improvement Plan, which scheduled capital improvement projects throughout the District over five years (2020-2024). The revenue sources in the Facilities Improvement Plan include bonds, state construction match moneys, and impact fees.

Transportation

The District operates its own transportation system and the operational budget for the 2022-2023 school year is $1,513,033. These funds provide drivers and maintenance support for a fleet of 25 buses which transport district students to and from school. The District also has a Transportation Vehicle Fund which the District may only use to purchase school buses, conduct major repairs or rebuild school buses. In the fiscal year ended August 31, 2022, the District spent $522,292 to purchase two new buses. The District has spent $283,995 to purchase two new buses for the current school year.

Lead Testing

Prior to 2021, the District used testing protocols developed by the Washington State Department of Health ("DOH") to test water in all of its buildings for the presence of lead. The District replaced all fixtures that did not meet DOH's then-existing requirements.

In 2021, the Legislature enacted Engrossed Second Substitute House Bill 1139 ("ESHB 1139"), which directs DOH to test for lead in drinking water in public schools built, or with all plumbing replaced, before 2016. DOH must complete this testing by June 30, 2026, and every five years thereafter. Per ESHB 1139, schools with fixtures with lead results greater than 5 parts per billion ("ppb") must develop an action plan in consultation with DOH or a local health agency. This plan must describe mitigation measures since the lead results were received, include a schedule for remediation activities, and include post-remediation retesting to confirm remediation activities have reduced lead levels at the fixtures below 5 ppb. If testing reveals that the infrastructure of a public water system that is not a school water system is a documented significant contributor to lead contamination in school drinking water, the school: (1) is not financially responsible for infrastructure remediation; (2) must request from the public water system a plan for reducing the lead contamination; and (3) may defer its remediation activities until after the public water system's infrastructure is remediated.

Currently, DOH is developing a two-year testing plan that will include a list of schools scheduled for sampling and testing. Until DOH implements their testing plan, the District will continue to perform its own testing at all school sites.

COVID-19 Pandemic

As noted above, in February 2020, Governor Inslee declared a state of emergency in response to the spread of a deadly new virus. In the weeks following the declaration, precautionary measures to slow the spread of the virus were ordered. These measures included closing schools, canceling public events, limiting gathering sizes, and requiring people to stay home unless they were leaving for an essential function. On April 6, 2020, the Governor closed all public and private K–12 school buildings throughout the remainder of the 2019–20 school year and continuing through the 2020-21 school year. The District continued to operate, however, educating students using continuous learning models.

Many of the precautionary measures put in place during the 2019–20 school year affected the District for the 2020–21 school year in new ways. The District used a distance learning and hybrid model throughout the 2020–2021 school year. As a result, there was limited on-campus activity.

The District began a staged approach in gradually opening schools in-person in March 2021 with elementary students. The District opened all schools to a minimum of four days per week in April 2021. All District schools opened to five days per week of in-person learning in September 2021, which has continued through to the present. The District continued to implement COVID-19 mitigation measures for the 2021–22 school year, including mandatory masking for all students and staff, social distancing requirements, free rapid COVID-19 testing for students and family exhibiting symptoms, and increased sanitization and disinfection practices.

The District experienced decreasing enrollment beginning in the 2020–2021 school year. The District's enrollment was approximately 51 FTE under the projected 2,615 budgeted FTE for the 2021-22 school year, which is a decrease of approximately $561,000 in apportionment revenues from the State. This decrease in apportionment revenues was made up with a portion of the 2020-21 ending fund balance of 16.87% and by continuing the District's conservative approach with expenditures. The District also received $921,597 in one-time Coronavirus State and Local Fiscal Recovery Funds. The District ended 2021-22 with a 15.51% ending fund balance. The District has seen an increase of approximately 88 FTE in the 2022-23 school year.

The District cannot predict the full overall health, operational or economic impact of COVID-19 on the region, including but not limited to the impact on the District. However, the steps the District has taken have and are expected to continue to minimize, to the extent possible, the impacts of the pandemic on school operations

DISTRICT FINANCIAL AND BUDGETARY INFORMATION

Accounting Practices

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) District-wide 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; and (4) property taxes collected after the end of the fiscal period are not considered available for revenue accrual.

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. Property taxes not collected by the fiscal year end are measurable and recorded as a receivable; however, the receivable is not considered available revenue and is recorded as a deferred inflow of resources. 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.

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 governmental funds in the report are as follows:

(i) *General Fund*. This fund is used to account for all expendable financial resources, except those required to be accounted for in another fund.

(ii) *Debt Service Fund.* This fund is used to account for the accumulation of resources for and the payment of matured general long-term debt principal and interest.

(iii) *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. The Capital Projects Fund is used to account for resources set aside for the acquisition and construction of major capital assets such as land and buildings. The Transportation Vehicle

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

(iv) *Special Revenue Funds.* In the 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.

Auditing

The State Auditor is required to examine the financial affairs of school districts. School districts are audited annually, biennially or triennially depending on their size and whether or not they receive certain federal funding. Additionally, annual audits may be conducted at the request of a school district or the State. The examination must include, among other things, the financial conditions and resources of the school district, compliance with the State constitution and laws, and the methods and accuracy of the accounts and reports of the school district. Reports of the auditor's examinations are required to be filed in the office of the State Auditor and in the auditing department of the school district.

The District is audited annually. The audited financial statements of the District for the fiscal year ended August 31, 2021, attached as Appendix F, are incorporated by reference to this Official Statement, which Official Statement will be filed by the Underwriter with the Municipal Securities Rulemaking Board (the "MSRB").

Comparative Statement of General Fund and Debt Service Fund Revenues and Expenditures

Summaries of the Statement of Revenues, Expenditures and Changes in the General Fund Balance and the Debt Service Fund Income Statement follow. The District's fiscal year ends August 31.

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Table 19: Statement of Revenues, Expenditures, and Changes in General Fund Balance for Fiscal Year Ending August 31[1]

	Budget	Unaudited	Audited			
	2023	2022	2021	2020	2019	2018
Revenues						
Local	$ 6,150,800	$ 5,472,101	$ 5,559,464	$ 5,024,059	$ 4,902,294	$ 6,097,347
State Funds	30,846,656	28,479,025	28,050,460	29,641,145	28,917,352	24,390,711
Federal Funds	4,668,083	5,730,573	2,513,844	1,975,330	1,522,016	1,577,012
Other	70,500	0	7,764	26,119	84,209	75,288
Total Revenues	$ 41,736,039	$ 39,681,699	$ 36,131,532	$ 36,666,653	$ 35,425,871	$ 32,140,358
Expenditures						
Regular Instruction	$ 23,203,526	$ 20,236,187	$ 20,562,007	$ 19,974,482	$ 19,670,640	$ 16,031,428
Federal Special Purpose[2]	2,462,241	0	0	0	0	0
Special Education	4,255,441	4,089,998	4,035,124	4,152,622	3,714,490	3,204,034
Vocational Instruction	1,676,584	1,459,493	1,269,774	1,365,357	1,509,126	1,352,311
Compensatory Education	1,809,401	1,511,021	1,579,080	1,619,544	1,330,140	1,311,846
Other Instructional	84,275	111,143	65,889	64,052	83,452	63,846
Support Services	9,882,233	9,022,299	8,400,683	8,013,753	7,882,192	7,700,894
Capital Outlay	0	61,344	266,350	158,319	602,767	253,639
Debt Service	0	0	0	0	0	0
Total Expenditures	$ 43,373,701	$ 39,720,671	$ 36,739,065	$ 35,584,874	$ 34,792,808	$ 29,917,998
Revenue over/(under) Expenditures	$ (1,637,662)	$ (38,972)	$ (607,532)	$ 1,081,779	$ 633,063	$ 2,222,360
Total Other Sources	0	0	(800,000)	(700,000)	(400,000)	0
BEGINNING FUND BALANCE[3]	$ 5,819,483	$ 6,198,878	$ 7,606,410	$ 7,224,631	$ 6,991,568	$ 4,769,208
Prior Year Adjustments	0	0	0	0	0	0
ENDING FUND BALANCE	$ 4,181,821	$ 6,159,905	$ 6,198,878	$ 7,606,410	$ 7,224,631	$ 6,991,568
Balance Sheet Information						
Nonspendable, Restricted & Committed/Reserved	$ 49,000	$ 4,968	$ 12,216	$ 74,467	$ 53,165	$ 9,901
Assigned/Unreserved, Designated	0	0	0	0	0	0
Unreserved/Unassigned, Undesignated	4,132,821	6,154,937	6,186,662	7,531,943	7,171,466	6,981,667
Ending Fund Balance Sheet	$ 4,181,821	$ 6,159,905	$ 6,198,878	$ 7,606,410	$ 7,224,631	$ 6,991,568

(1) Totals may not foot due to rounding.

(2) Reflects federal Elementary and Secondary School Emergency Relief ("ESSER III") funds designed to help reopen and sustain the safe operation of schools and address the effect of the COVID-19 pandemic on students.

(3) The beginning balance for budget year 2020 does not match the previous year's ending balance as they budget is prepared in the spring and adopted in August of the budget year, before the audited financials of the previous years are made available. As of January 31, 2023, the District's projected ending fund balance for August 31, 2023 is $5,172,562.

Source: The District's Audited Financial Statements for years ended August 31, 2018 through 2021, State Form F-196 form for 2021-2022 unaudited figures and State Form F-195 for the 2023 budget.

Table 20: Statement of Revenues, Expenditures and Changes in Debt Service Fund Balance (Fiscal Years Ended August 31)[1]

	Budget	Unaudited	Audited			
Revenues	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**
Local Funds	$7,073,410	$6,967,973	$6,753,419	$6,212,102	$6,209,482	$6,220,969
State Funds	0	0	0	0	0	0
Federal Funds	0	0	0	0	0	0
Other Funds	0	0	0	0	0	0
Total Revenues	$7,073,410	$6,967,973	$6,753,419	$6,212,102	$6,209,482	$6,220,969
Expenditures						
Principal	$4,190,000	$3,670,000	$3,345,000	$3,420,000	$3,145,000	$2,875,000
Interest and Other	2,811,291	2,966,190	3,095,658	2,797,894	2,930,213	3,062,556
Total Expenditures	$7,001,291	$6,636,190	$6,440,658	$6,217,894	$6,075,213	$5,937,556
Revenues Over/(Under) Expenditures	$ 72,119	$ 331,783	$ 312,761	$ (5,791)	$ 134,269	$ 283,412
Other Sources/(Uses)	0	0	0	4,947	0	0
Beginning Fund Balance [2]	3,175,034	3,115,627	2,802,866	2,803,711	2,669,442	2,386,029
Ending Fund Balance [2]	$3,247,153	$3,447,410	$3,115,627	$2,802,866	$2,803,711	$2,669,442

(1) Totals may not foot due to rounding.

(2) The beginning balance for budget year 2020 does not match the previous year's ending balance as they budget is prepared in the spring and adopted in August of the budget year, before the audited financials of the previous years are made available. The 2022 budget beginning and ending fund balances were estimated before the prior year end. As of January 31, 2023, the District's projected ending fund balance for August 31, 2023 is $3,535,524.

Source: The District's Audited Financial Statements for years ended August 31, 2018 through 2021, State Form F-196 form for 2021-2022 unaudited figures and State Form F-195 for the 2023 budget.

Budgetary Process

General. Chapter 28A.505 RCW and chapter 392-123 of the Washington Administrative Code ("WAC") mandate school district budget policies and procedures. The budgets for the General, Capital Projects, Debt Service, Associated Student Body and Transportation Vehicle funds are adopted by the Board after a public hearing. An appropriation is a prerequisite to expenditures. Appropriations lapse at the end of the fiscal period. Each fund's total expenditures cannot by law exceed its formal fund appropriation. Appropriations are authorized by budget adoption by the Board at the fund level. These are the legal levels of budgetary control. Management can move budgets by areas, departments, and divisions. Only the Board, subject to the approval of OSPI, may adopt a revised or supplemental budget appropriation after a public hearing at any time during the fiscal year. Management does not have the authority to amend the budget after the Board approves or amends the budgets.

Budgetary Basis of Accounting. 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.

Encumbrances. Encumbrances 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 are closed at the end of the fiscal year and may be re-established the following year.

Investment Policies

The Treasurer is the *ex officio* treasurer for the District. In this capacity, the Treasurer receives deposits and makes investments on the District's behalf. All temporary investments are stated at cost plus accrued interest, which approximates market. Investments are shown on the combined balance sheet at cost, net of amortized premium or discount. Reductions in market value are not reflected on the financial statements. Gains or losses on investments sold or exchanged are recognized at the time of sale or exchange.

Any municipal corporation, including the District, may authorize the investment of funds not required for immediate expenditure by the Treasurer. Such funds of the District, including debt service funds, have been invested by the Treasurer. As of August 31, 2022, the District's investments held by the Treasurer had a value of $12,570,000.

State law authorizes the Treasurer, on behalf of the District, to invest in the following types of securities: bonds of the State and any local government in the State; general obligation bonds of a state or local government outside the State, which bonds have at the time of investment one of the three highest credit ratings of a nationally recognized rating agency; subject to compliance with RCW 39.56.030, registered warrants of a local government in the same county as the District; obligations of the U.S. government, its agencies and wholly owned corporations, or obligations issued or guaranteed by supranational institutions, provided, that at the time of investment, the United States government is the largest shareholder of such institution; obligations of the Federal Home Loan Bank, Federal Land Bank and Fannie Mae, and obligations of other government-sponsored corporations whose obligations are or may become eligible as collateral for advances to member banks of the Federal Reserve System; bankers' acceptances purchased on the secondary market; commercial paper or corporate notes purchased in the secondary market, provided that the District must adhere to the investment policies and procedures adopted by the State Investment Board; investment deposits with qualified public depositories; the Washington State Local Government Investment Pool; and county treasurer investment pools (such as the Whitman County Investment Pool). See "Local Government Investment Pool" and "Whitman County Investment Pool" below.

Local Government Investment Pool

The Washington State Local Government Investment Pool (the "LGIP") was created by the Legislature in 1986 to provide a mechanism for political subdivisions to invest available funds and take advantage of the economies of scale and expertise of the LGIP to earn a competitive rate of return, security and liquidity of funds. The LGIP is a conservatively managed, highly liquid money market fund that is considered low-risk. The LGIP is restricted to investments with maturities of one year or less, and the average life typically is less than 60 days. Permissible investments include U.S. government and agency securities, bankers' acceptances, high quality commercial paper, repurchase and reverse repurchase agreements, and certificates of deposit issued by qualified Washington State depositories.

The State Treasurer's Office administers the LGIP and reports that, in the fiscal year ended June 30, 2022, the LGIP had 614 participants and an average balance of approximately $22.1 billion. In its management of LGIP, the State Treasurer is required to adhere, at all times, to the principles appropriate for the prudent investment of public funds. These are, in priority order, (i) the safety of principal; (ii) the assurance of sufficient liquidity to meet cash flow demands; and (iii) the attainment of a market rate of return throughout budgetary and economic cycles, commensurate with the investment risk parameters and the cash flow characteristics of the pool. Historically, the LGIP has had sufficient liquidity to meet all cash flow demands. The LGIP's administrative fee in the fiscal year ended June 30, 2022 was 0.5 basis points.

The District did not incur any investment losses during the most recent fiscal year, and there were no known violations of legal or contractual provisions for deposits and investments.

Whitman County Investment Pool

The District also invests its funds with the Treasurer in a pooled fund. At the request of one or more local governments that invest their money with a county, a county treasurer may pool those moneys for the purposes of investment (RCW 36.29.022). The County currently has such an investment pool. All investments of the County's funds are in authorized investments for local governments as described above. All investment securities are held in the County's name by a third-party trust custodian. In accordance with its investment policy, the County manages its exposure to declines in fair values by limiting the final maturity of its investments to less than five years. At this time, investments are primarily invested in the LGIP.

Insurance Coverage

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District self-insures unemployment compensation for all of its employees. Actual employee claims are paid by the Washington State Department of Employment Security and then reimbursed by the District. This self-insurance program costs the District less than full participation in the state employment compensation program. The District made unemployment payments totaling $5,880.58 (unaudited) for fiscal year 2021-22.

The District is a member of United Schools Insurance Program (the "Program"). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a program 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 Program was formed on September 1, 1985, when 29 school districts in the State joined together by signing a Joint Purchasing Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. Membership as of August 31, 2022 includes 157 school districts.

The Program allows members to jointly purchase insurance coverage and provide related services, such as administration, risk management, claims administration, etc. Coverage for Wrongful Acts Liability, Miscellaneous Professional Liability, and Employee Benefit Liability is on a claims-made basis. All other coverages are on an occurrence basis. The Program provides the following forms of group purchased insurance coverage for its members: Property, General Liability, Automotive Liability, Wrongful Acts Liability, and Crime.

Liability insurance is subject to a self-insured retention ("SIR") of $250,000. Members are responsible for a $1,000 deductible for each claim (member deductibles may vary), while the Program is responsible for the $250,000 self-insured retention. Insurance carriers cover insured losses over $251,000 to the limits of each policy. Since the Program is a cooperative program, there is a joint liability among the participating members towards the sharing of the $250,000 SIR. The Program also purchases a stop loss policy with an attachment point of $2,428,943 as an additional layer of protection for its members.

Property insurance is subject to a per-occurrence SIR of $250,000. Members are responsible for a $1,000 deductible for each claim (member deductibles may vary), while the Program is responsible for the $250,000 SIR. Equipment breakdown insurance is subject to a per-occurrence pool retention of $10,000. Members are responsible for a $2,500 deductible each claim, while the Program is responsible for the remaining $7,500.

Privacy, Security, and Technology (Cyber) insurance is subject to a per-occurrence SIR of $100,000. Members are responsible for a $10,000 deductible for each claim, while the Program is responsible for the remaining $90,000. Members contract to remain in the Program for a minimum of one year, and must give notice before August 31 to terminate participation the following September 1. The Interlocal Agreement is renewed automatically each year. Even after termination, a member is still responsible for contributions to the Program for any unresolved, unreported, and in-process claims for the period they were a signatory to the Joint Purchasing Agreement.

The Program is fully funded by its member participants. Claims are filed by members with Clear Risk Solutions, which has been contracted to perform program administration, claims adjustment, and loss prevention for the program. Fees paid to the third party administrator under this arrangement for the year ending August 31, 2021, were $1,736,998.28.

A board of directors, consisting of nine members, is selected by the membership from six areas of the state on a staggered term basis and is responsible for conducting the business affairs of the Program. The board of directors has contracted with clear risk solutions to perform day-to-day administration of the Program. This Program has no employees. An agreement to form a workers' compensation pool was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The Northeast Washington Educational Service District Workers' Compensation Pool was formed on July 1, 1983, when school districts and Northeast Washington Educational Service District ("NEWESD") in the State of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses. Sixty school districts and NEWESD have joined the Workers' Compensation Pool (the "Pool"). The Pool operated for the District's benefit in lieu of the District having to make monthly premium payments to the State for Workers' Compensation. Membership automatically renews each year. Even after termination, members are still responsible for contributions for unresolved claims occurring during a period when the District was a member of the Pool. The Pool is governed by a board of directors which is comprised of one representative from each member district. Each member's contributions are determined by an annual actuarial study. In fiscal year ending August 31, 2022, the District made payments totaling $241,130.54 (unaudited) to the workers' compensation.

Pension System

Pensions for District employees are provided through the State Department of Retirement Systems ("DRS"). Substantially all District full-time and qualifying part-time employees participate in one of the following three cost-sharing, multiple employer retirement systems: (i) the State Teachers' Retirement System ("TRS") for certificated employees, (ii) the Public Employees' Retirement System ("PERS") for non-certificated employees and (iii) the School Employees' Retirement System ("SERS") for classified employees. TRS includes three plans (Plans 1, 2 and 3), PERS includes three plans (Plans 1, 2 and 3), and SERS includes two plans (Plans 2 and 3). School district participants who joined the retirement system by September 30, 1977 are eligible to be either TRS or PERS Plan 1 members. Those who joined thereafter are enrolled in TRS Plans 2 or 3 or SERS Plans 2 or 3. All Plans 1 and 2 are defined benefit plans. New TRS, PERS and SERS participants have the irrevocable option of choosing membership in either their respective Plans 2 or Plans 3. This option must be exercised within 90 days of hire, and if not exercised the participant will be placed in their respective Plan 3. Each of the PERS Plan 3, the SERS Plan 3 and the TRS Plan 3 consist of a defined benefit and a defined contribution portion. For additional information regarding benefits and descriptions of the foregoing TRS, SERS and PERS plans, please see Note 4 to the audited financial statements of the District for the year ended August 31, 2021, attached hereto as Appendix F, and the DRS Annual Comprehensive Financial Report for the year ended June 30, 2022 (the "DRS ACFR"), which is not incorporated by reference into this Official Statement and which can be obtained from DRS.

For PERS 1 and TRS 1, the employee contribution rate is fixed by statute at six percent. For all Plans 3, the employee contribution rate is selected by the employee, and employee contributions do not finance the defined benefit portion of the plan. All other employer and employee contribution rates to PERS, TRS and SERS plans are adopted by the State Pension Funding Council for the next ensuing State biennium according to a statutory rate-setting process. The rates adopted by the Pension Funding Council are subject to revision by the Legislature. The following table lists contribution rates for employers and employees for the 2021–23 biennia as of September 1, 2022:

Table 21: Contribution Rates
(in percentage)

	2021-2023 Rates		2023-2025 Rates	
	Employer Rate[(1)]	Employee Rate	Employer Rate[(1)]	Employee Rate
PERS Plan 1	10.39%	6.00%	10.21%	6.00%
PERS Plan 2/3[(2)]	10.39	6.36	10.21	6.36
TRS Plan 1	14.69	6.00	14.51	6.00
TRS Plan 2/3[(2)]	14.69	8.05	14.51	8.05
SERS Plan 2/3[(2)]	11.79	7.76	11.61	7.76

(1) Includes a 0.18 percent DRS administrative expense rate.
(2) Plan 3 members do not contribute to the defined benefit plan.
Source: Department of Retirement Systems

While the District's prior contributions represent its full statutorily required contribution to the retirement systems, unfunded pension benefit obligations could be reflected in future years as higher contribution rates. It is expected that the contribution rates for employees and employers will increase in the coming years. The Office of the State Actuary ("OSA") website (which is not incorporated into this Official Statement by reference) includes information regarding the values, funding levels and investments of these retirement plans. For additional information, see Note 4 to the Audited Financial Statements for the Year Ended August 31, 2021, attached hereto as Appendix F.

OSA uses the Entry Age Normal ("EAN") cost method to estimate accrued pension liabilities for the purposes of reporting funded status. The EAN method represents each plan member's benefits as a constant share of payroll throughout the member's career. This liability estimate incorporates the statutorily set discount rate and fully reflects the demographic assumptions revised in the June 30, 2013 valuation, which included projected improvements in mortality rates. Using the EAN methodology, and as of June 30, 2021, OSA calculated the funded status of the State-administered plans in which the District participates as follows; PERS Plan 1 is 71 percent funded, TRS Plan 1 is 73 percent funded, TRS Plans 2 and 3 are 90 percent funded, and SERS Plans 2 and 3 are 91 percent funded. This funded status calculation relies on the following key assumptions: a valuation interest rate of 7.00 percent, a general salary growth rate of 3.25 percent, an inflation rate of 2.75 percent, and growth in plan membership of 1.00 percent. OSA has revised and will likely continue to revise its key assumptions from time to time.

Assets of SERS Plans 2 and 3 and TRS Plans 2 and 3 are accounted for in the same pension trust fund and may legally be used to pay the defined benefits of any SERS Plan 2 or 3 and TRS Plans 2 or 3 members, respectively. Otherwise, assets for one plan may not otherwise be used to fund benefits for another plan; however, all employers in PERS, SERS and TRS are required to make contributions to their plan at a rate (percentage of payroll) determined by the OSA every two years for the sole purpose of amortizing the PERS Plan 1 and TRS Plan 1 unfunded actuarial accrued liability within a rolling 10-year period. The Legislature established certain minimum contribution rates (the "UAAL Rates") that became effective in 2015 and remain in effect until the actuarial value of assets in PERS Plan 1 and TRS Plan 1 equals 100 percent of the actuarial accrued liability of PERS Plan 1 and TRS Plan 1. The 2022-2023 UAAL Rates of 3.85 percent for PERS and SERS Plans and 6.46 percent for TRS Plans are included in the employer contribution rates shown above. These rates are subject to change by future legislation enacted by the State Legislature to address future changes in actuarial and economic assumptions and investment performance.

The following tables show the funded status on the EAN basis. The funded status measures in the following tables vary from those presented in the DRS ACFR due to differences in actuarial assumptions and the implementation of new GASB accounting standards.

Table 22: Funded Status On An Entry Age Normal Basis[1]

(Dollars in millions and based on the actuarial valuation as of June 30, 2021)

	PERS[2]		TRS[2]		SERS[2]
	Plan 1	Plan 2/3	Plan 1	Plan 2/3	Plan 2/3
EAN Liability	$11,368	$52,039	$ 8,257	$21,312	$ 7,958
Valuation Assets	8,064	49,451	6,001	19,098	7,257
Unfunded Liability	$ 3,303	$ 2,588	$ 2,256	$ 2,214	$ 701
As of June 30,	Funded Ratio (%)				
2021	71	95	73	90	91
2020	69	98	71	93	93
2019	65	96	66	91	91
2018	60	91	63	90	89
2017	57	89	60	91	88

(1) Liabilities have been valued using the EAN cost method at an interest rate of 7.0 percent, assumed general salary growth of 3.25 percent and assumed inflation of 2.75 percent. All assets have been valued using the actuarial asset method.

(2) Assets from one plan may not be used to fund benefits for another plan.

Source: Office of the State Actuary.

GASB Reporting Rules. With the adoption of GASB Statement No. 68, GASB implemented pension standards that require employers, including the District, to report their pension liabilities on a GAAP basis rather than a funding basis. Beginning with its 2015 financial statements, the District reported its proportionate share of the net plan asset or liability for each pension plan in which District employees participate. The liability is based on the actuarial present value of projected benefit payments to periods of employee service, a discount rate that considers the availability of plan assets and recognition of projected investment earnings. DRS determines each participating employer's proportionate share of the plan liability and OSA determines each plan's accounting valuation. The GASB rules impact accounting for pensions and not the funded status of the plans calculated by OSA or pension contribution rates that are set based on statutory assumptions.

DRS calculated the collective net pension liability for the various retirement plans based upon the last prior completed actuarial valuation, OSA's Washington State 2021 Actuarial Valuation report, August 2022. Based on this report, the contributions from plan members and employers are assumed to continue to be made at contractually required rates, the discount rate is 7.00 percent, the assumed economic inflation rate is 2.75 percent, and the assumed salary growth rate is 3.25 percent. For further information, see the DRS ACFR, which is not incorporated by reference into this Official Statement and which can be obtained from DRS.

The following table shows the District's share of the net pension liability for the plans in which it participates for the State fiscal year ended June 30, 2022, based on its share of contributions for the year.

Table 23: District's Share of Pension Liabilities

	Net Pension Liability/(Assets)	District's Proportionate Share	District's Share of Net Pension Liability/(Assets)
PERS Plan 1	$2,784,367,000	0.037307%	$1,038,755
TRS Plan 1	1,901,830,000	0.213579	4,061,902
TRS Plan 2/3	(196,786,000)	0.214947	(422,986)
SERS Plan 2/3	(268,650,000)	0.205212	(551,303)
			$4,126,367

Source: OSPI Pension Reporting Tool.

The information in this section has been obtained from the District's financial statements, information on OSA and DRS's websites (which are not incorporated into this Official Statement by reference), and OSPI.

Other Post-Employment Benefits

PEBB Overview. The State, through the Health Care Authority ("HCA"), administers a defined-benefit other post-employment benefit ("OPEB") plan that is not administered through a qualifying trust. The Public Employee Benefits Board ("PEBB"), created within the HCA, is authorized to design the benefits and determine the terms and conditions of employee and retired employee participating and coverage, including establishment of eligibility criteria for both active and retired employees. Benefits purchased by PEBB include medical, dental, life and long-term disability insurance.

The relationship between the PEBB OPEB plan and its member employers and their employees and retirees is not formalized in a contract or plan document. Rather, the benefits are provided in accordance with a substantive plan in which the employers and plan members understand plan terms based on communications between the HCA, employers and plan members, and on historical pattern of practice with regard to sharing benefit costs.

Employers participating in the plan include the State (which includes general government agencies and higher education institutions), political subdivisions and tribal governments. Additionally, the PEBB plan is available to the retirees of the K–12 school districts and educational service districts. The District's retirees (approximately 381) are eligible to participate in the PEBB OPEB plan under this arrangement.

Funding Policy. The School Employees Benefits Board ("SEBB") Program within the HCA administers health insurance and other benefits to all employees in school districts and charter schools, and union-represented employees of educational service districts in Washington. The SEBB studies, designs, and approves comprehensive and cost-effective insurance benefit plans for school employees and establishes eligibility criteria for participation in these plans. The SEBB Board is separate and independent from the PEBB.

The funding policy is based upon pay-as-you go financing. The SEBB collects benefit premiums from all school district entities for covered employees. The premium includes a fee, established in State law. The purpose of this fee is to cover the impact of the subsidized rate of health care benefits for school retirees who elect to purchase their health care benefits through the State Health Care Authority PEBB plan. The amount collected 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.

For the fiscal year ending August 31, 2022, the District paid $4,704,080 (unaudited) in total to HCA-SEBB.

The District has no control over the benefits offered to retirees, the rates charged to retirees, nor the fee paid to the HCA. The District does not determine its annual required contribution, nor the net other post-employment benefit obligation associated with this plan. These amounts are not shown on the financial statements.

INVESTMENT CONSIDERATIONS

Prospective purchasers of the Bonds should consider the matters set forth below as well as other information contained in this Official Statement in evaluating an investment in the Bonds. This section does not purport to be a comprehensive list or description of all potential risks which, if realized, could adversely affect the payment or the value of the Bonds. The order of presentation of these factors below is not intended to create any implication as to the relative importance of any one risk factor over another.

Initiatives and Referenda

General. Under the State constitution, the voters of the State have the ability to initiate legislation and to modify existing statutes through the powers of initiative and referendum. The initiative power may not be used to amend the State constitution. Initiatives and referenda are submitted to the voters upon receipt of a petition signed by at least 8% (initiatives) and 4% (referenda) of the number of voters registered and voting for the office of Governor at the preceding regular gubernatorial election. Any law approved through the power of initiative by a majority of the voters may not be amended or repealed by the Legislature within a period of two years following enactment, except by a vote of two-thirds of all the members elected to each house of the Legislature, but thereafter, is subject to amendment or repeal by the Legislature in the same manner as other laws.

Future Initiatives. Initiative petitions affecting tax collections and levy rates of State and local governments (not including the excess property taxes pledged to the repayment of the Bonds) and other matters may be filed in the future. The District cannot predict the content of any such initiative, whether any such initiative will qualify to be submitted to the voters or, if submitted, will be approved. Likewise, the District cannot predict what actions the Legislature might take, if any, regarding future initiatives approved by voters.

Limitations on Remedies

Any remedies available to the owners of the Bonds upon the occurrence of an event of default under the Bond Resolution are in many respects dependent upon judicial actions, which are in turn often subject to discretion and delay and could be both expensive and time-consuming to obtain. If the District fails to comply with its covenants under the Bond Resolution or to pay principal of or interest on the Bonds, there can be no assurance that available remedies will be adequate to fully protect the interests of the owners of the Bonds.

In addition to the limitations on remedies contained in the Bond Resolution, the rights and obligations under the Bonds and the Bond Resolution may be limited by and are subject to bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium, and other laws relating to or affecting creditors' rights, to the application of equitable principles, and to the exercise of judicial discretion in appropriate cases. The opinion to be delivered by Pacifica Law Group LLP, as Bond Counsel, concurrently with the issuance of the Bonds, will be subject to limitations regarding bankruptcy, insolvency and other laws relating to or affecting creditors' rights. A copy of the form of legal opinion of Bond Counsel is set forth in Appendix A.

No Acceleration

The Bonds are not subject to acceleration upon the occurrence of a default. The District would be liable only for principal and interest payments as they become due. In the event of multiple defaults in payment of principal of or interest on the Bonds, the Registered Owners would be required to bring a separate action for each such payment not made. This requirement could give rise to a difference in interests between Beneficial Owners of earlier and later maturing Bonds.

Financial Insolvency

A school district may be dissolved due to financial insolvency. State law (chapter 28A.315 RCW) outlines the process for dissolution. A financially insolvent school district is defined as one that has been on binding conditions pursuant to RCW 28A.505.110 for two consecutive years or is reasonably foreseeable and likely to have a deficit general fund balance within three years and, in the instance of either circumstance, is unable to prepare a satisfactory financial plan. A satisfactory financial plan is a plan approved by OSPI and the Educational Service District ("ESD") within which the school district is located demonstrating that the district will have an adequate fund balance by the end of the plan period that relies on currently available revenue streams or revenue streams provided by federal, state, or local resources, or other revenue streams determined reasonably reliable by the ESD where the school district is located.

OSPI is directed to convene a financial oversight committee ("Oversight Committee") if a district is found to be financially insolvent or at the request of a financially insolvent district. The purpose of the Oversight Committee is to review the financial condition of a financially insolvent school district, hold a public hearing, and make a recommendation to OSPI as to whether the district should be dissolved or placed under enhanced financial monitoring.

OSPI may file a petition with the appropriate regional committee to dissolve a financially insolvent school district if recommended by the Oversight Committee. The petition must specify the proposed annexation of the financially insolvent school district by one or more contiguous school districts and the disposition of assets and liabilities of the financially insolvent school district. The ESD negotiates with the identified contiguous school districts and attempts to seek agreement regarding annexation of the financially insolvent school district. The agreement must be approved by the Oversight Committee. If the school districts cannot agree, the matter is forwarded to the regional committee for a decision.

The order filed by the OSPI that implements either the agreement among school districts or the decision of the regional committee must also specify that any excess tax levy approved by an annexing school district is imposed on the newly annexed territory. Before the effective date of dissolution, a school district that annexes part or all of a financially insolvent school district may submit to the voters either a levy to replace existing levies and provide for an increase due to the dissolution, or an additional levy to provide for an increase due to the dissolution. If these elections do not occur or fail, the transferred territory is relieved of any previous levy associated with the dissolved district, but subject to any previous levy associated with the annexing district. In the case of voted bonded indebtedness by a dissolved school district, the receiving or annexing school district must certify and collect a tax levy sufficient to pay the principal of and interest on such outstanding voted bonded indebtedness. The receiving or annexing school may also determine to refund all or a part of the outstanding voted bonded indebtedness. *A financially insolvent school district may file for bankruptcy only if recommended by the Oversight Committee.*

Municipal Bankruptcies

Under current Washington law, local governments, such as the District, may be able to file for bankruptcy under Chapter 9 of the United States Bankruptcy Code (the "Bankruptcy Code"). A creditor, however, cannot bring an involuntary bankruptcy proceeding against a municipality, including the District. The federal bankruptcy courts have broad discretionary powers under the Bankruptcy Code. Taxing districts in the State are expressly authorized to carry out a plan of readjustment if approved by the appropriate court. If the District were to become a debtor in a federal bankruptcy case, owners of the Bonds may not be able to exercise any of their remedies under the Bond Resolution during the course of a proceeding. Legal proceedings to resolve issues could be time-consuming and expensive, and substantial delays and/or reductions in payments could result.

The District is authorized by law to provide for the payment of the principal and interest of the Bonds by annual levies of the voter-approved excess property tax, but the statute does not characterize the nature of such payment obligation in the event of a District bankruptcy. Under Chapter 9, "special revenues" are granted certain protections in cases brought by municipalities. The definition of "special revenues" includes, but is not limited to, "taxes specifically levied to finance one or more projects or systems, excluding receipts from general property, sales, or income taxes (other than tax-increment financing) levied to finance the general purposes of the debtor." To the extent that excess property tax levies collected solely for the purpose of paying debt service on unlimited tax general obligation bonds, such as the Bonds, are considered "special revenues" under the Bankruptcy Code, then such excess property tax levies may be afforded certain protections in a bankruptcy proceeding. There is no assurance, however, that a court would hold that such excess property tax levies are "special revenues" for purposes of the Bankruptcy Code.

Seismic Risks

Seismic Safety Project. In June 2018, the Washington Geological Survey ("WGS"), in cooperation with OSPI, began the School Seismic Safety Project ("SSSP")—a multiphase, statewide effort to evaluate State school buildings for seismic performance. The purpose of SSSP was to assess the seismic safety of permanent, public, K–12 school buildings in the State, based on local geology and the engineering and construction of the buildings.

On June 30, 2021, SSSP released a report that summarized the seismic risk at 561 school buildings across the State. According to the report, 93 percent of the buildings assessed had one-star structural safety sub-ratings—the lowest rating denoting the highest vulnerability. The report further stated that the median building from the study was expected to incur 55 percent damage in a design-level earthquake, and that half the buildings studied would not thereafter be repairable and would require demolition. In addition, the report ranked the buildings for seismic retrofit priority based on relative risk. Lastly, the report provided recommendations and suggested further studies to, among other things, evaluate the feasibility and cost benefit of increasing the seismic performance for the design of new school buildings to enhance the seismic resilience of communities. The report did not identify any District buildings in the high or moderate risk categories.

In March 2022, the Legislature passed and the Governor signed Substitute Senate Bill 5933 ("SSB 5933"), establishing a school seismic safety grant program to help school districts cover the cost of retrofitting or relocating school facilities located in high seismic areas or tsunami zones. To qualify for grant funding under SSB 5933, a school district building must be located within a high seismic hazard area, must have been constructed before 1998, and must not have received a seismic retrofit to 2005 seismic standards. The grant program, which supplements existing school construction, modernization, and retrofitting programs, will prioritize applications that achieve the greatest improvement in school facilities, in districts with the most limited financial capacity, for projects likely to improve student health, safety, and academic performance for the largest number of students for the amount of state grant support. The Legislature appropriated $91.4 million in its 2022 Supplemental Capital Budget to implement the program.

The District can give no assurance regarding the effect of volcanos, earthquakes, other natural disasters, or epidemics, including without limitation the COVID-19 outbreak, or that the District's insurance reserves or proceeds of insurance carried by the District, if any, would be sufficient, if available, to rebuild and reopen District facilities or that District facilities or surrounding facilities and infrastructure could or would be reopened in a timely manner following a major disaster.

Cybersecurity

The District relies on a complex technology environment to conduct its operations and support the community it serves. A cybersecurity breach could damage District systems and cause material disruption to operations and services. The cost to remedy such damage or protect against future attacks could be substantial. Security breaches could expose the District to litigation and other legal risks, which could cause the District to incur costs related to legal or regulatory claims. The District has implemented measures intended to protect its systems from security breaches and carries various privacy, security and technology coverages; however in the event of a security breach there can be no assurance that insurance proceeds, if available, will be sufficient to cover the District's losses or that the District will be able to promptly remedy impairments to its operations.

Infectious Disease Outbreak

The COVID-19 pandemic may continue to affect commerce, financial markets, and the State, including as a result of new variants. The District cannot predict the duration and extent of the COVID-19 public health emergency, even as it becomes endemic, nor can the District predict the occurrence of future public health emergencies, including new global pandemics. The dynamic nature of COVID-19 and other public health emergencies leads to uncertainties, including (i) the geographic spread of viruses and variants and the emergence of new variants; (ii) the severity of disease; (iii) the duration of any outbreak or pandemic; (iv) actions that governmental authorities may take to contain or mitigate the outbreak or pandemic; (v) the development, efficacy, and distribution of medical therapeutics and vaccinations, vaccination rates, and the efficacy of therapeutics and vaccines to emerged and new variants; (vi) the impact of outbreaks, including pandemics, on the local or global economy; (vii) the introduction and extent of public health measures; and (viii) the impact of the outbreak or pandemic and actions taken in response on District revenues, expenses, and financial condition. Additional pandemics, and other public health emergencies, may occur and may occur with greater frequency and intensity given trends in globalization.

LITIGATION

There is no litigation pending or threatened questioning the validity of the Bonds or the power and authority of the District to issue the Bonds. There is no litigation pending or threatened which would materially affect the finances of the District or affect the District's ability to meet debt service requirements on the Bonds.

APPROVAL OF COUNSEL

Legal matters incident to the authorization, issuance and sale of each series of the Bonds by the District are subject to the approving legal opinion of Bond Counsel, a form of which are attached hereto in Appendix A. Bond Counsel will be compensated only upon the issuance and sale of the Bonds. Pacifica Law Group LLP, Seattle, Washington, is also serving as Disclosure Counsel to the District in connection with the issuance of the Bonds.

The enforceability of the Bond Resolution is subject to applicable bankruptcy laws, equitable principles affecting the enforcement of creditors' rights generally, the police powers of the State and the District, the exercise of judicial authority by state or federal courts and the exercise by the United States of the powers delegated to it by the federal constitution. All legal opinions with respect to the enforceability of the Bond Resolution and the Bonds will be expressly subject to a qualification that enforceability thereof may be limited by bankruptcy, reorganization, insolvency, fraudulent conveyance, moratorium or other similar laws affecting the rights of creditors generally, and by general principles of equity. Prospective investors concerned with the impact of any bankruptcy, reorganization, insolvency, fraudulent conveyance, moratorium or other similar laws should consult with their own independent counsel before purchasing any Bonds.

TAX MATTERS

General

In the opinion of Bond Counsel, under existing law and subject to certain qualifications described below, interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Code. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on certain corporations for tax years beginning after December 31, 2022. The proposed form of opinion of Bond Counsel with respect to the Bonds to be delivered on the date of issuance of the Bonds is set forth in Appendix A.

The Code contains a number of requirements that apply to the Bonds, and the District has made certain representations and has covenanted to comply with each such requirement. Bond Counsel's opinion assumes the accuracy of the representations made by the District and is subject to the condition that the District comply with the above-referenced covenants. If the District fails to comply with such covenants or if the District's representations are inaccurate or incomplete, interest on the Bonds could be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Except as expressly stated herein, Bond Counsel expresses no opinion regarding any tax consequences related to the ownership, sale or disposition of the Bonds, or the amount, accrual or receipt of interest on, the Bonds. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds.

Original Issue Premium and Discount

If the initial offering price to the public at which a Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes. If the initial offering price to the public at which a Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes. De minimis original issue discount and original issue premium is disregarded.

Under the Code, original issue discount is treated as interest excluded from federal gross income to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Bond. The Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Bonds who purchase the Bonds after the initial offering of a substantial amount of such maturity. Owners of such Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such Bonds under the federal alternative minimum tax.

Under the Code, original issue premium is amortized on an annual basis over the term of the Bond (said term being the shorter of the Bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a Bond is amortized each year over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized Bond premium is not deductible for federal income tax purposes. Owners of premium Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to federal income tax consequences of owning such Bonds.

Post Issuance Matters

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the Owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the District and its appointed counsel, including the Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the District or the Owners to incur significant expense.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Bonds.

On August 16, 2022, President Biden signed into law the Inflation Reduction Act of 2022 (H.R. 5376). The Inflation Reduction Act (the "Act") imposes a 15 percent alternative minimum tax on specified corporations' "adjusted financial statement income" (as defined in the Act) for tax years beginning after December 31, 2022. Under the Act, interest on the Bonds may be included in such corporations' "adjusted financial statement income" for the purpose of calculating the alternative minimum tax.

Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters and any pending or proposed legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

***Not* Bank Qualified**

The District has not designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) of the Code.

CONTINUING DISCLOSURE

The District

Pursuant to a certificate to be executed by the District on or prior to the Date of Delivery of the Bonds, and in order to permit the Underwriter of the Bonds to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission ("Rule 15c2-12"), the District will covenant and agree, for the benefit of the registered holders or Beneficial Owners from time to time of the outstanding Bonds of each series to provide certain information and notice of the occurrence of certain events as hereinafter described (the "Undertaking"). The information to be provided, the events as to which notice is to be given and a summary of other provisions of the Undertaking, including termination, amendment and remedies, are set forth in Appendix B to this Official Statement.

Breach of the Undertaking will not constitute a default under the Bonds or Bond Resolution. A broker or dealer is to consider a known breach of the Undertaking, however, before recommending the purchase or sale of the Bonds in the secondary market. Thus, a failure on the part of the District to observe the Undertaking may adversely affect the transferability and liquidity of the Bonds and their market price.

Prior Compliance with Prior Undertakings. In the past five years, the District had written continuing disclosure undertakings in effect under Rule 15c2-12 (collectively, the "Prior Undertakings") with respect to certain bond issues. The District is not aware of any instances of material noncompliance with the Prior Undertakings within the past five years.

The State

The following sentence was furnished by the State for use in this Official Statement. See Appendix D, "WASHINGTON STATE SCHOOL DISTRICT CREDIT ENHANCEMENT PROGRAM" for a description of the State of Washington's School Bond Guarantee Program Undertaking and compliance with the State's prior undertakings under SEC Rule 15c2-12.

OTHER MATTERS

Ratings

The Bonds have been assigned a rating of "Aaa" based upon the District's participation in the Washington State School District Credit Enhancement Program (see Appendix D attached hereto) by Moody's Investors Service, ("Moody's"). Moody's has also assigned an underlying rating of "Aa3" to the Bonds. Such ratings will reflect only the views of Moody's at the time the ratings will be given, and the District makes no representation as to the appropriateness of such ratings. An explanation of the significance of the ratings may be obtained only from Moody's. There is no assurance that the ratings will continue for any given period of time or that they will not be revised downward, suspended or withdrawn entirely by Moody's, if, in Moody's judgment, circumstances so warrant. Any such downward revision, suspension or withdrawal of such ratings may have an adverse effect on the market price of the Bonds. The District does not have any obligation to take any action, other than file a listed event notification, if the ratings on the Bonds are changed, suspended or withdrawn.

Conflicts of Interest

All or a portion of the fees of Bond Counsel, Disclosure Counsel, the Bond Registrar, and the Underwriter are contingent upon the issuance and sale of the Bonds. None of the members of the Board or other officers of the District have any conflict of interest in the issuance of the Bonds that is prohibited by applicable law.

Underwriting

The Bonds are to be purchased by D.A. Davidson & Co. (the "Underwriter") from the District at an aggregate purchase price of $40,083,869.70 (the principal amount of the Bonds, less Underwriter's discount of $151,108.75, and plus original issue premium of $4,679,978.45).

The purchase of the Bonds by the Underwriter is subject to the terms of a purchase contract between the District and the Underwriter (the "Purchase Contract"). The Purchase Contract provides that the Underwriter must purchase all of the Bonds if any are purchased and that the obligation to make such purchase is subject to certain terms and conditions set forth in the Purchase Contract, the approval of certain legal matters by counsel and certain other conditions. The initial public offering prices set forth on the inside cover hereof may be changed from time to time by the Underwriter. The Underwriter may offer and sell the Bonds into unit investment trusts or money market funds, certain of which may be sponsored or managed by the Underwriter, at prices lower than the public offering prices stated on the inside cover hereof.

Official Statement

At the time of delivery of the Bonds, one or more officials of the District will furnish a certificate stating that to the best of their knowledge, this Official Statement (other than Bond Counsel's form of opinion and the information regarding DTC or the Washington State School District Credit Enhancement Program), as of its date and as of the date of delivery of the Bonds does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained herein, in light of the circumstances in which they were made, not misleading.

Statements in this Official Statement including matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the Owners of the Bonds. The execution and distribution of this Official Statement has been authorized by the District. Additional information may be obtained from the District. The statements relating to the Bond Resolution are in summarized form, and in all respects are subject to and qualified in their entirety by express reference to the provisions of the Bond Resolution in its complete form.

PULLMAN SCHOOL DISTRICT NO. 267,
WHITMAN COUNTY, WASHINGTON

By: /s/ Dr. Robert Maxwell
Superintendent

APPENDIX A

FORM OF BOND COUNSEL OPINION

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PACIFICA
LAW GROUP

T 206.245.1700
1191 2nd Avenue, Suite 2000
Seattle, WA 98101-3404
pacificalawgroup.com

APPENDIX A

FORM OF BOND COUNSEL OPINION

April 19, 2023

Pullman School District No. 267
Whitman County, Washington

D.A. Davidson & Co.
Seattle, Washington

Re: Pullman School District No. 267, Whitman County, Washington
Unlimited Tax General Obligation Refunding Bonds, 2023 - $35,555,000

To the Addressees:

We have acted as bond counsel to the Pullman School District No. 267, Whitman County, Washington (the "District"), and have examined a certified transcript of the proceedings taken in the matter of the issuance by the District of its Unlimited Tax General Obligation Refunding Bonds, 2023 (the "Bonds"), dated as of the date hereof, in the aggregate principal amount of $35,555,000, issued pursuant to Resolution No. 22-23:07 (the "Bond Resolution") of the District, for the purpose of providing funds to refund and defease certain outstanding unlimited tax general obligation bonds of the District and to pay the administrative costs of the refunding and the costs of issuing, selling and delivering the Bonds. Capitalized terms used in this opinion and not otherwise defined herein shall have the meanings given such terms in the Bond Resolution.

The Bonds are not subject to redemption prior to their stated maturities.

Regarding questions of fact material to our opinion, we have relied on representations of the District in the Bond Resolution and in the certified proceedings and on other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation. The District has not designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code").

Based on the foregoing, we are of the opinion that, under existing law:

1. The Bonds have been legally issued and constitute valid and binding general obligations of the District, except to the extent that the enforcement of the rights and remedies of the holders and owners of the Bonds may be limited by laws relating to bankruptcy, insolvency, moratorium, reorganization or other similar laws of general application affecting the rights of creditors, by the application of equitable principles and the exercise of judicial discretion;

2. Both principal of and interest on the Bonds are payable out of annual levies of ad valorem taxes to be made upon all of the taxable property within the District without limitation as to rate or amount and in amounts that, together with other available funds, will be sufficient to pay such principal and interest as the same shall become due; and

3. Interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, interest on the Bonds is taken into account in determining the annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on certain corporations for tax years beginning after December 31, 2022. The opinion set forth in the preceding sentence is subject to the condition that the District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The District has covenanted to comply with all applicable requirements. Failure to comply with certain of such covenants may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Except as expressly stated above, we express no opinion regarding any other federal or state income tax consequences of acquiring, carrying, owning or disposing of the Bonds. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds, which may include original issue discount, original issue premium, purchase at a market discount or at a premium, taxation upon sale, redemption or other disposition, and various withholding requirements.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material related to the Bonds (except to the extent, if any, stated in the Official Statement), and we express no opinion relating thereto, or relating to the undertaking by the District to provide ongoing disclosure pursuant to Securities and Exchange Commission Rule 15c2-12.

This opinion is given as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

PACIFICA LAW GROUP LLP

APPENDIX B

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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APPENDIX B

FORM OF CONTINUING DISCLOSURE CERTIFICATE
PULLMAN SCHOOL DISTRICT NO. 267
WHITMAN COUNTY, WASHINGTON

This Continuing Disclosure Certificate (this "Certificate") is executed and delivered by Pullman School District No. 267, Whitman County, Washington (the "District") in connection with the issuance by the District of its Unlimited Tax General Obligation Refunding Bonds, 2023 (the "Bonds") pursuant to Resolution No. 22-23:07 of the Board of Directors of the District adopted on February 22, 2023 (the "Bond Resolution"). Pursuant to the Bond Resolution, the District hereby covenants and agrees as follows:

Section 1. Purpose of this Certificate. This Certificate is being executed and delivered by the District for the benefit of the holders and beneficial owners of the outstanding Bonds of each series and in order to assist the Participating Underwriters in complying with the Rule (each defined below).

Section 2. Definitions. In addition to the definitions set forth herein, in the Bond Resolution or in the Official Statement, which apply to any capitalized term used in this Certificate unless otherwise defined herein, the following capitalized terms shall have the following meanings:

Commission means the Securities and Exchange Commission.

Financial obligation means a (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) guarantee of clause (A) or (B) of this definition. The term "financial obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

MSRB means the Municipal Securities Rulemaking Board.

Official Statement means the Official Statement prepared in connection with the issuance and delivery of the Bonds.

Participating Underwriter means the original underwriter(s) of the Bonds required to comply with the Rule in connection with offering the Bonds.

Rule means Section (b)(5) of Commission's Rule 15c2-12 under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provisions of Annual Information.

(a) *Financial Statements/Operating Data*. The District agrees to provide or cause to be provided to the MSRB, the following annual financial information for the prior fiscal year (commencing in 2023 for the fiscal year ended August 31, 2022) and operating data for the prior calendar year (commencing in 2023 for the calendar year ended December 31, 2022):

(1) Annual financial statements, which statements may or may not be audited showing ending fund balances, prepared in accordance with regulations prescribed by the Superintendent of Public Instruction and the State Auditor pursuant to RCW 28A.505.020, RCW 28A.505.010, RCW 28A.505.140, and RCW 43.09.200 (or any successor statutes) and generally of the type included in this Official Statement for the Bonds under the heading "Comparative Statement of General Fund and Debt Service Fund Revenues and Expenditures";

(2) The assessed valuation of taxable property in the District;

(3) *Ad valorem* taxes due and percentage of taxes collected;

(4) Property tax levy rate per $1,000 of assessed valuation; and

(5) Outstanding general obligation debt of the District.

Items (2)-(5) shall be required only to the extent that such information is not included in the annual financial statements.

The information and data described above will be provided on or before the last day of the ninth month after the end of the District's fiscal year. The District's current fiscal year ends August 31. The District may adjust such fiscal year by providing written notice of the change of fiscal year to the MSRB. In lieu of providing such annual financial information and operating data, the District may cross-reference to other documents available to the public on the MSRB's internet website or filed with the Commission and, if such document is a final official statement within the meaning of the Rule, available from the MSRB.

If not provided as part of the annual financial information discussed above, the District will provide the District's audited annual financial statement prepared in accordance with the Budget Accounting and Reporting System prescribed by the Washington State Auditor pursuant to RCW 43.09.200, 28A.505.140, 28A.505.010, and 28A.505.020 (or any successor statutes) when and if available to the MSRB.

(b) *Listed Events*. The District further agrees to provide or cause to be provided to the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Bonds:

- Principal and interest payment delinquencies;
- Non-payment related defaults, if material;
- Unscheduled draws on debt service reserves reflecting financial difficulties;
- Unscheduled draws on credit enhancements reflecting financial difficulties;
- Substitution of credit or liquidity providers, or their failure to perform;
- Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- Modifications to the rights of Bondholders, if material;
- Optional, contingent or unscheduled Bond calls other than scheduled sinking fund redemptions for which notice is given pursuant to Exchange Act Release 34-23856, if material, and tender offers;
- Defeasances;
- Release, substitution, or sale of property securing repayment of the Bonds, if material;
- Rating changes;
- Bankruptcy, insolvency, receivership or similar event of the District;
- The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- Incurrence of a financial obligation of the District, if material, or agreements to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect security holders, if material; and
- Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties.

Section 4. Notification Upon Failure to Provide Financial Data. The District agrees to provide or cause to be provided, in a timely manner, to the MSRB notice of its failure to provide the annual financial information described above on or prior to the date set forth above.

Section 5. EMMA; Format for Filings with the MSRB. Until otherwise designated by the MSRB or the Commission, any information or notices submitted to the MSRB in compliance with the Rule are to be submitted through the MSRB's Electronic Municipal Market Access system ("EMMA"), currently located at www.emma.msrb.org (which is not incorporated into this Official Statement by this reference). All notices, financial information and operating data required by the District's undertaking to be provided to the MSRB must be in an electronic format as prescribed by the MSRB. All documents provided to the MSRB pursuant to the District's undertaking must be accompanied by identifying information as prescribed by the MSRB.

Section 6. Termination/Modification. The District's obligations with respect to each series of Bonds to provide annual financial information and notices of listed events will terminate upon the legal defeasance or payment in full of all of the Bonds of each respective series. Any provision of the District's undertaking will be null and void if the District (1) obtains an opinion of nationally recognized bond counsel to the effect that the portion of the Rule that requires that provision is invalid, has been repealed retroactively or otherwise does not apply to the Bonds and (2) notifies the MSRB of such opinion and the cancellation of the District's undertaking.

Notwithstanding any other provision of the District's undertaking, the District may amend this undertaking, and any provision of this undertaking may be waived, in accordance with Rule, which, as currently interpreted by the Commission, requires that (i) the amendment or waiver be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the District, or type of business conducted; (ii) the undertaking, as amended or waived, would have complied with the requirements of Rule at the time of the primary offering, after taking into account any amendments or interpretations of Rule, as well as any change in circumstances; and (iii) the amendment or waiver does not materially impair the interests of holders of the Bonds, as determined either by parties unaffiliated with the District (such as bond counsel) or by the approving vote of holders of the Bonds.

In the event of any amendment or waiver, the District will describe such amendment or waiver in the next annual report, and shall include a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a listed event described above, and (ii) the annual report for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 7. Bondowner's Remedies. The right of any bondowner or beneficial owner of Bonds to enforce the provisions of the District's undertaking will be limited to a right to obtain specific enforcement of the District's obligations, and any failure by the District to comply with the provisions of the undertaking will not be an event of default with respect to the Bonds. For purposes of this section, "beneficial owner" means any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds, including persons holding Bonds through nominees or depositories.

Section 8. Authorized Officer; Dissemination Agent. The Finance Director, or such officer's designee, is hereby authorized to carry out the District's obligations under this certificate. The District may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under this Certificate, and may discharge any such dissemination agent, with or without appointing a successor dissemination agent.

DATED this 19th day of April, 2023.

PULLMAN SCHOOL DISTRICT NO. 267,
WHITMAN COUNTY, WASHINGTON

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APPENDIX C

GENERAL AND ECONOMIC INFORMATION

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APPENDIX C

GENERAL AND ECONOMIC INFORMATION

Table C-1: Population[1]

Year	City of Pullman	Whitman County	Washington State
2022	32,790	47,800	7,864,400
2021	29,690	44,600	7,766,975
2020	32,901	47,973	7,707,047
2019	34,560	50,130	7,546,410
2018	33,730	49,210	7,427,570

(1) Estimated; as of April 1.
Source: Washington State Office of Financial Management, and the United States Census for 2020.

Table C-2: Per Capita Income

Year	Whitman County	State of Washington	United States
2021[1]	$ 46,502	$ 73,775	$ 64,143
2020	44,226	68,350	59,765
2019	40,744	64,189	56,250
2018	39,919	60,221	53,786
2017	36,734	57,265	51,550

(1) Most recent data available.
Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Table C-3: Personal Income
($ in thousands)

Year	Whitman County	State of Washington	United States
2021[1]	$ 2,226,184	$ 570,920,801	$ 21,288,709,000
2020	2,113,369	527,581,834	19,812,171,000
2019	1,979,372	490,322,122	18,575,467,000
2018	1,933,736	454,583,523	17,671,054,000
2017	1,774,459	426,442,657	16,837,337,000

(1) Most recent data available.
Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Table C-4: Employment Statistics
(Annual Averages)

State of Washington	2023[1]	2022	2021	2020	2019	2018
Civilian Labor Force	4,029,575	4,012,870	3,913,513	3,929,477	3,933,774	3,813,320
Employment	3,825,787	3,851,524	3,708,738	3,596,814	3,764,634	3,644,274
Unemployed	203,788	161,346	204,775	332,663	169,140	169,046
% Unemployed	5.1%	4.0%	5.2%	8.5%	4.3%	4.4%

Whitman County	2022[2]	2021	2020	2019	2018	2017
Civilian Labor Force	23,058	22,366	22,190	24,433	23,687	23,423
Employment	22,097	21,370	20,921	23,347	22,652	22,413
Unemployed	961	996	1,269	1,086	1,035	1,010
% Unemployed	4.2%	4.5%	5.7%	4.4%	4.4%	4.3%

(1) Through January, 2023.
(2) Most recent data available.
Source: Washington State Department of Employment Security.

Table C-5: Non-Agricultural Wage and Salary Employment in Whitman County
(Annual Averages)

NAICS Industry Title	2022[1]	2021	2020	2019	2018	2017
Total Nonfarm	21,780	22,350	20,890	22,860	22,920	22,490
Total Private	10,340	10,200	9,760	10,550	10,560	10,180
Goods Producing	3,250	3,280	3,220	3,280	3,280	3,140
Mining, Logging, and Construction	510	470	430	390	380	380
Manufacturing	2,740	2,810	2,780	2,890	2,890	2,760
Service Providing	18,540	19,070	17,670	19,580	19,650	19,350
Trade, Transportation, and Utilities	2,210	2,170	2,060	2,140	2,300	2,310
Wholesale Trade	440	460	460	460	430	420
Retail Trade	1,420	1,370	1,240	1,300	1,460	1,470
Transportation, Warehousing, and Utilities	340	340	360	390	410	410
Information and Financial Activities	570	570	560	630	600	580
Professional and Business Services	680	630	560	580	580	510
Education and Health Services	1,720	1,700	1,650	1,630	1,540	1,480
Leisure and Hospitality	1,600	1,500	1,340	1,910	1,920	1,800
Government	11,440	12,150	11,120	12,310	12,360	12,310
Federal Government	230	230	230	240	240	240
State and Local Government	11,210	11,920	10,890	12,070	12,120	12,070
State and Local Government Education	9,640	10,440	9,460	10,560	10,600	10,570
Workers in Labor/Management Disputes	0	0	0	0	0	0

(1) Through November, 2022.
Source: Washington State Employment Security Department.

Table C-6: Major Employers in Whitman County[1]

Employer	Services/Product	Number of Employees
Washington State University	Education	4,792
Schweitzer Engineering	Electric Utilities	1,800
The McGregor Company	Farm Supply	375
The District	Education	368
Pullman Regional Hospital	Healthcare	320
Whitman County	Government	300
Wal-Mart	Retail	300
City of Pullman	Government	250
Decagon Devices	Agricultural Instruments	150
The Bookie	WSU Bookstore	120
Safeway	Grocery	120

(1) Most recent data available.
Source: Southeast Washington Economic Development Association, 2012 and the District.

Table C-7: Taxable Retail Sales

Year	City of Pullman	Whitman County
2022[1]	$ 502,486,513	$ 736,243,183
2021	598,395,828	857,097,485
2020	555,817,941	812,054,550
2019	562,220,432	775,647,787
2018	597,162,642	794,339,874
2017	547,087,698	736,730,428

(1) Preliminary, through third quarter. For comparison purposes, through the third quarter of 2021 taxable retail sales for the City of Pullman and Whitman County were $436,862,249 and $620,453,014, respectively.
Source: Washington State Department of Revenue.

APPENDIX D

WASHINGTON STATE SCHOOL DISTRICT CREDIT ENHANCEMENT PROGRAM

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APPENDIX D

WASHINGTON STATE SCHOOL DISTRICT CREDIT ENHANCEMENT PROGRAM

The following information has been furnished by the State of Washington for use in this Official Statement. The issuer of the bonds offered pursuant to this Official Statement (the "Offered Bonds") makes no representation as to the accuracy or the completeness of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

Definitions

"Act" means the Washington State School District Credit Enhancement Program Act, chapter 39.98 Revised Code of Washington.

"Program" means the Washington State School District Credit Enhancement Program established by the Act.

"Program Bond" means any validly issued voted general obligation bond issued by a school district, holding a certificate issued pursuant to the Act for such a bond.

"State" means the State of Washington.

Program Provisions

Article VIII, section 1(e) of the Constitution of the State and the Act allow the State to guarantee any voted general obligation bonds issued by a school district. Payment of the principal of and interest on Program Bonds when due is guaranteed by the full faith, credit and taxing power of the State under the provisions of the Act. The Act provides as follows:

> The full faith, credit, and taxing power of the State is pledged to guarantee full and timely payment of the principal of and interest on Program Bonds as such payments become due. However, in the event of any acceleration of the due date of the principal by reason of mandatory redemption or acceleration resulting from default, the payments guaranteed shall be made in the amounts and at the times as payments of principal would have been due had there not been any acceleration. The State guarantee does not extend to the payment of any redemption premium.

The Act further provides that the State pledges to and agrees with the owners of any Program Bonds that the State will not alter, impair, or limit the rights vested by the Program with respect to the Program Bonds until the Program Bonds, together with applicable interest, are fully paid and discharged. However, an alteration, impairment, or limitation of such rights is not precluded if full provision is made by law for the payment of the Program Bonds.

Program Procedures

In accordance with applicable law, each school district with outstanding, unpaid Program Bonds is required to levy property taxes approved by the voters for repayment of the Program Bonds and certify the taxes to the County Assessor. In accordance with applicable law, the County Treasurer for each school district with outstanding, unpaid Program Bonds is required to collect property taxes approved by the voters for repayment of the Program Bonds.

Under the Act, the County Treasurer is required to transfer money sufficient for each scheduled debt service payment to the paying agent on or before any principal or interest payment date for the Program Bonds.

A County Treasurer who is unable to transfer to the paying agent funds required to make any scheduled debt service payments on the Program Bonds on or prior to the payment date is required to immediately provide notice to the State Treasurer and to the paying agent. If sufficient funds are not transferred to the paying agent at the time required to make a scheduled debt service payment on the Program Bonds, the paying agent is required to immediately notify the State Treasurer.

Pursuant to the Act, the State legislature is required to appropriate, in each and every biennial appropriations act, such amount as may be required to make timely payment on the Program Bonds. If sufficient money to make any scheduled debt service payment on the Program Bonds has not been transferred to the paying agent in a timely manner, the State

Treasurer is required to transfer sufficient money to the paying agent for such payment and the paying agent is required to make such scheduled debt service payment.

Each school district is responsible for paying in full the principal of and interest on its Program Bonds. The State Treasurer is required to recover from the school district any funds paid by the State on behalf of that school district under the Program. A payment by the State Treasurer discharges the obligation of the school district to its Program Bond owners for the payment, but does not retire any Program Bond that has matured. The terms of that Program Bond remain in effect until the State is repaid. Any such payment by the State transfers the rights represented by the general obligation of the school district from the Program Bond owners to the State.

If the State has made all or part of a debt service payment on behalf of a school district that has issued Program Bonds, the State Treasurer may (a) direct the school district and the County Treasurer to restructure and revise, to the extent permitted by law, the collection of excess levy taxes for the payment of Program Bonds on which the State Treasurer has made payments under the Act to the extent necessary to obtain repayment to the State Treasurer; and (b) require, to the extent permitted by law, that the proceeds of such taxes be applied to the school district's obligations to the State if all outstanding obligations of the school district payable from such taxes are fully paid or their payment is fully provided for.

A summary of key statistics and other information regarding the Program is included in Appendix A of each Official Statement published by the State periodically throughout the year. The most recently published Official Statement may be obtained by accessing the links to the State's Electronic Municipal Market Access ("EMMA") issuer page available on the State Treasurer's "Debt Management – State Debt Information" webpage under "Continuing Disclosure": https://tre.wa.gov/home/debt-management/debt-information/. Links to currently-available Preliminary Official Statements for upcoming bond and certificate sales are available at: https://tre.wa.gov/home/debt-management/investor-information/official-statements-bonds/. Information on those webpages other than the links to the Preliminary Official Statements and final Official Statements are not incorporated by reference. The information in those linked documents speaks only of those documents' respective dates and no representation is made that the information has not changed between those posting dates and the date of this Appendix.

Program Contact Person

Requests for information regarding the Program may be directed to:

School Bond Guarantee Program
Office of the State Treasurer
Legislative Office Building 2nd Floor
P.O. Box 40200
Olympia, WA 98504 0200
Phone: (360) 902-9000 Fax: (360) 902-9045

State of Washington - Financial and Operating Information

The State's most recent audited financial statements and the financial and operating information relating to the State included in the most recent official statement for the State's general obligation debt are on file with the Municipal Securities Rulemaking Board (the "MSRB"), in an electronic format as prescribed by the MSRB, and are incorporated by this reference in this official statement. Currently, the State's latest audited financials and historical financial and operating information may be found on the EMMA website under base-6 CUSIP number 93974D. The State's financial statements and official statement are dated and speak only as of their respective dates.

Except as provided in a written Continuing Disclosure Agreement, the State does not undertake to update this information. Ongoing updates of information will be available on EMMA by searching the base-6 CUSIP number provided above (or such other base-6 CUSIP numbers as may be assigned to general obligation debt of the State in the future).

State of Washington - Continuing Disclosure

The State has executed a master Continuing Disclosure Certificate (the "School Bond Guarantee Program Undertaking" or "SBGP Undertaking") as an obligated person with respect to bonds guaranteed through the Program, including the Offered Bonds. A copy of the State's SBGP Undertaking is attached on page E-4.

State's Compliance with Prior State Undertakings. Except as described below, the State has not identified any failure within the past five years to comply in any material respect with its prior undertakings. In the filing of financial statements and operating data pertaining to the fiscal year ended June 30, 2020, the State's timely annual filing was not linked to a newly assigned CUSIP number created in connection with a defeasance in October 2020 of a portion of the State's Motor Vehicle Fuel Tax General Obligations Bonds (SR 520 Corridor Project – Toll Revenue), Series 2012C). The new CUSIP number was assigned to the undefeased portion of the June 2021 maturity of those Series 2012C Bonds, which portion was itself defeased in May 2021.

The State also notes that with respect to its SBGP Undertaking, it has historically relied upon filings linked to the CUSIP numbers of its general obligation bonds to satisfy its prior State Undertakings, but has since determined to amend its procedures to begin linking its filings to the CUSIPs for Program Bonds.

The State also notes that, with respect to compliance with filing requirements for events described in clauses (15) and (16) under Securities and Exchange Commission Rule 15c2-12, as amended, which became effective for continuing disclosure agreements executed on or after February 27, 2019, the State has implemented procedures to identify these events and make timely filings, which procedures rely on interpretations of the new regulations that it believes to be reasonable. However, due to the evolving nature of interpretation of these new events, the State's representation regarding compliance with these new events is limited to and is based solely on its reasonable interpretation of the new regulation.

WASHINGTON STATE SCHOOL DISTRICT CREDIT ENHANCEMENT PROGRAM CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “School Bond Guarantee Program Undertaking” or “SBGP Undertaking”) is made by the State of Washington, acting by and through its State Treasurer (the “State”), as an obligated person with respect to the Program Bonds, for the benefit of the holders of the Program Bonds in accordance with paragraph (b)(5) of Securities and Exchange Commission (the “SEC”) of Rule 15c2-12 promulgated by the under the Securities Exchange Act of 1934, as amended (the “Rule”).

Annual Disclosure Report. The State hereby covenants and agrees that not later than seven months after the end of each State fiscal year (the “Submission Date”) until the Offered Bonds are no longer outstanding, the State shall provide or cause to be provided, either directly or through a designated agent, to the Municipal Securities Rulemaking Board (the “MSRB”), in an electronic format as prescribed by the MSRB, accompanied by identifying information as prescribed by the MSRB, an annual report (the “Annual Disclosure Report”), which shall consist of:

(1) Audited financial statements of the State for such State fiscal year prepared (except as noted therein) in accordance with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board, as such principles may be changed from time to time, except that if the audited financial statements are not available by the Submission Date, the Annual Disclosure Report shall contain unaudited financial statements in a format similar to the audited financial statements most recently prepared for the State, and the State’s audited financial statements shall be filed in the same manner as the Annual Disclosure Report when and if they become available; and

(2) Historical financial and operating data for the State of the type set forth in Appendix A to the most recently posted Official Statement for bonds issued by the State, which is regularly updated and may involve adding additional financial and operating data, displaying data in a different format, or eliminating data that are no longer material.

Any or all of the items listed above may be included by specific reference to other documents available to the public on the Internet website of the MSRB or filed with the SEC. The State will clearly identify each document so included by reference. The MSRB makes continuing disclosure information submitted to it publicly available on the Internet on its Electronic Municipal Market Access (“EMMA”) system website.

The Annual Disclosure Report may be submitted as a single document or as separate documents comprising a package and may include by reference other information as provided herein; provided, that any audited financial statements may be submitted separately from the balance of the Annual Disclosure Report and later than the Submission Date if such statements are not available by the Submission Date.

The State’s fiscal year currently ends on June 30. If the State’s fiscal year changes, the State may adjust the Submission Date by giving notice of the change in the same manner as notice is to be given of the occurrence of a Listed Event described below.

The State agrees to provide or cause to be provided to the MSRB, in a timely manner, notice of its failure to provide the Annual Disclosure Report on or prior to the Submission Date.

State Listed Events. The State further agrees to provide or cause to be provided to the MSRB, in a timely manner, not in excess of ten business days after the occurrence of the event, notice of the occurrence of either of the following two listed events:

(15) Incurrence of a financial obligation of the State, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the State, any of which affect Bond holders, if material; and

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the State, any of which reflect financial difficulties.

The term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

Additional Information. Nothing in this SBGP Undertaking shall be deemed to prevent the State from disseminating any other information, using the means of dissemination set forth in this SBGP Undertaking or any other means of communication, in addition to that which is required by this SBGP Undertaking. If the State chooses to include any information in addition to that specifically required by this SBGP Undertaking, the State shall have no obligation to update such information.

Limitation on Scope of SBGP Undertaking. Notwithstanding anything expressed or implied to the contrary herein, the State makes no undertaking to provide disclosure of financial information or operating data or notice of any events on behalf of or with respect to school districts participating in the Program. Any such information is to be provided according to the terms of separate continuing disclosure undertakings executed and delivered by such school districts. The State is not responsible for the adequacy, accuracy, or timeliness of such information, and any failure by a school district to comply with its undertaking shall not constitute a failure by the State to comply with its SBGP Undertaking.

Amendment. The State may amend this SBGP Undertaking without the consent of any holder of any Program Bond (including the Offered Bonds) or any other person or entity under the circumstances and in the manner permitted by the Rule. The State shall give notice to the MSRB of the substance of any such amendment, including a brief statement of the reasons therefor. If the amendment changes the type of Annual Disclosure Report to be provided, the Annual Disclosure Report containing the amended financial information shall include a narrative explanation of the effect of that change on the type of information to be provided (or in the case of a change of accounting principles, the presentation of such information). In addition, in the event of a change in the accounting principles to be followed in preparing financial statements, the Annual Disclosure Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Termination. The State's obligations under this SBGP Undertaking shall terminate upon the legal defeasance, prior prepayment, or payment in full of all of the Offered Bonds. This SBGP Undertaking, or any provision hereof, shall be null and void if the State (1) obtains an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this SBGP Undertaking, or such any such provision, have been repealed retroactively or otherwise do not apply to the Program Bonds, and (2) notifies the MSRB of such opinion and the cancellation of this SBGP Undertaking.

Beneficiaries. The right to enforce the provisions of this SBGP Undertaking shall be limited to a right to obtain specific performance of the State's obligations hereunder, and any failure by the State to comply with the provisions of this SBGP Undertaking shall not be a default with respect to the Offered Bonds or any other Program Bonds. This SBGP Undertaking inures to the benefit of the State and the issuer, any underwriter, and any holder of the Program Bonds, and does not inure to the benefit of or create any rights in any other person.

REVISED 6-6-22

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APPENDIX E

BOOK-ENTRY ONLY SYSTEM

APPENDIX E

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning the Depository Trust Company, New York, New York ("DTC") and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof. Beneficial Owners (as hereinafter defined) should therefore confirm the following with DTC or the Participants (as hereinafter defined). For purposes of this section, references to the Issuer mean the District, and references to Agent mean the Registrar. For the purposes of this Official Statement, the term "Beneficial Owner" includes the person for whom the Participant acquires an interest in the Bonds.

THE DEPOSITORY TRUST COMPANY

SAMPLE OFFERING DOCUMENT LANGUAGE

DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

(Prepared by DTC--bracketed material may apply only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose

accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]

[6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.]

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

(06-2013)

APPENDIX F

AUDITED FINANCIAL STATEMENTS FOR THE DISTRICT FOR THE FISCAL YEAR ENDING AUGUST 31, 2021

(ATTACHED)

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Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

Pullman School District No. 267

For the period September 1, 2020 through August 31, 2021

Published May 19, 2022

Report No. 1030456

Office of the Washington State Auditor
Pat McCarthy

May 19, 2022

Board of Directors
Pullman School District No. 267
Pullman, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on Pullman School District No. 267'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,

Pat McCarthy

Pat McCarthy, State Auditor

Olympia, WA

Americans with Disabilities

In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at webmaster@sao.wa.gov.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Pullman School District No. 267
September 1, 2020 through August 31, 2021

SECTION I – SUMMARY OF AUDITOR'S RESULTS

The results of our audit of Pullman School District No. 267 are summarized below in accordance with Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Financial Statements

We issued an unmodified opinion on the fair presentation of the District's financial statements in accordance with its regulatory basis of accounting. Separately, we issued an adverse opinion on the fair presentation with regard to accounting principles generally accepted in the United States of America (GAAP) because the financial statements are prepared using a basis of accounting other than GAAP.

Internal Control over Financial Reporting:

- *Significant Deficiencies:* We reported 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 reported no 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 its major federal program.

We reported no findings that are required to be disclosed in accordance with 2 CFR 200.516(a).

Identification of Major Federal Programs

The following program was selected as a major program in our audit of compliance in accordance with the Uniform Guidance.

CFDA No.	Program or Cluster Title
84.425	COVID-19 – Education Stabilization Fund

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was $750,000.

The District qualified as a low-risk auditee under the Uniform Guidance.

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

INDEPENDENT AUDITOR'S REPORT

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*

Pullman School District No. 267
September 1, 2020 through August 31, 2021

Board of Directors
Pullman School District No. 267
Pullman, 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 Pullman School District No. 267, as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated March 25, 2022.

We issued an unmodified opinion on the fair presentation of the District's financial statements in accordance with its regulatory basis of accounting. We issued an adverse opinion on the fair presentation with regard to accounting principles generally accepted in the United States of America (GAAP) because, as described in Note 1, the *Accounting Manual for Public School Districts in the State of Washington* does not require the District to prepare the government-wide statements presenting the financial position and changes in financial position of its governmental activities as required by GAAP. The effects on the financial statements of the variances between the basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

As discussed in Note 3 to the 2021 financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the District is unknown. Management's plans in response to this matter are also described in Note 3.

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 opinions 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 the 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.

Pat McCarthy, State Auditor

Olympia, WA

March 25, 2022

INDEPENDENT AUDITOR'S REPORT

Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance

Pullman School District No. 267
September 1, 2020 through August 31, 2021

Board of Directors
Pullman School District No. 267
Pullman, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited the compliance of Pullman School District No. 267, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2021. The District's major federal programs are identified in the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2021.

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 the Uniform Guidance, 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 that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 the Uniform Guidance. 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.

Pat McCarthy, State Auditor

Olympia, WA

March 25, 2022

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

Pullman School District No. 267
September 1, 2020 through August 31, 2021

Board of Directors
Pullman School District No. 267
Pullman, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Pullman School District No. 267, as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise the District's financial statements, as listed on page 16.

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 state law 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 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 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 state law 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 Pullman School District No. 267, as of August 31, 2021, and the changes in financial position thereof for the year then ended in accordance with the basis of accounting described in Note 1.

Basis for Adverse Opinion on U.S. GAAP

Auditing standards issued by the American Institute of Certified Public Accountants (AICPA) require auditors to formally acknowledge when governments do not prepare their financial statements, intended for general use, in accordance with GAAP. GAAP requires presentation of government-wide financial statements to display the financial position and changes in financial position of its governmental activities.

As described in Note 1, the Accounting Manual does not require the District to prepare the government-wide financial statements, and consequently such amounts have not been determined or presented. We are therefore required to issue an adverse opinion on whether the financial statements are presented fairly, in all material respects, in accordance with GAAP.

Adverse Opinion on U.S. GAAP

The financial statements referred to above were not intended to, and in our opinion they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Pullman School District No. 267, as of August 31, 2021, or the changes in financial position or cash flows thereof for the year then ended, due to the significance of the matter discussed in the above "Basis for Adverse Opinion on U.S. GAAP" paragraph.

Matters of Emphasis

As discussed in Note 3 to the 2021 financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the District is unknown. Management's plans in response to this matter are also described in Note 3. Our opinion is not modified with respect to this matter.

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The Schedule of Long-Term Liabilities is 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 25, 2022 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.

Pat McCarthy, State Auditor

Olympia, WA

March 25, 2022

FINANCIAL SECTION

Pullman School District No. 267
September 1, 2020 through August 31, 2021

FINANCIAL STATEMENTS

SUPPLEMENTARY AND OTHER INFORMATION

Pullman School District No. 267

Balance Sheet - Governmental Funds

August 31, 2021

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
Assets							
Cash and Cash Equivalents	848,976.72	14,253.98	37,626.95	712,435.64	500,658.60	0.00	2,113,951.89
Minus Warrants Outstanding	-802,819.36	-5,243.42	0.00	-6,007.80	0.00	0.00	-814,070.58
Taxes Receivable	2,360,432.91		3,093,983.81	85,864.68	0.00		5,540,281.40
Due From Other Funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Governmental Units	303,790.38	0.00	0.00	1,012,642.37	0.00	0.00	1,316,432.75
Accounts Receivable	46,417.97	180.00	0.00	0.00	0.00	0.00	46,597.97
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	12,215.64	0.00		0.00			12,215.64
Prepaid Items	0.00	0.00			0.00	0.00	0.00
Investments	6,135,000.00	414,000.00	3,078,000.00	5,440,000.00	297,000.00	0.00	15,364,000.00
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	**8,904,014.26**	**423,190.56**	**6,209,610.76**	**7,244,934.89**	**797,658.60**	**0.00**	**23,579,409.07**
DEFERRED OUTFLOWS OF RESOURCES:							
Deferred Outflows of Resources - Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL DEFERRED OUTFLOWS OF RESOURCES	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**8,904,014.26**	**423,190.56**	**6,209,610.76**	**7,244,934.89**	**797,658.60**	**0.00**	**23,579,409.07**
LIABILITIES							
Accounts Payable	320,170.34	2,524.66	0.00	2,396,422.87	0.00	0.00	2,719,117.87
Contracts Payable Current	0.00	0.00		0.00	0.00	0.00	0.00
Accrued Interest Payable			0.00				0.00

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

Pullman School District No. 267

Balance Sheet - Governmental Funds

August 31, 2021

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
Accrued Salaries	0.00	0.00		0.00			0.00
Anticipation Notes Payable	0.00		0.00	0.00	0.00		0.00
LIABILITIES:							
Payroll Deductions and Taxes Payable	0.00	0.00		0.00			0.00
Due To Other Governmental Units	3,899.32	0.00		0.00	0.00	0.00	3,899.32
Deferred Compensation Payable	0.00			0.00			0.00
Estimated Employee Benefits Payable	0.00						0.00
Due To Other Funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interfund Loans Payable	0.00		0.00	0.00	0.00		0.00
Deposits	0.00	0.00		0.00			0.00
Unearned Revenue	20,633.89	47,409.89	0.00	0.00	0.00		68,043.78
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		0.00
TOTAL LIABILITIES	**344,703.55**	**49,934.55**	**0.00**	**2,396,422.87**	**0.00**	**0.00**	**2,791,060.97**
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unavailable Revenue - Taxes Receivable	2,360,432.91		3,093,983.81	85,864.68	0.00		5,540,281.40
TOTAL DEFERRED INFLOWS OF RESOURCES	**2,360,432.91**	**0.00**	**3,093,983.81**	**85,864.68**	**0.00**	**0.00**	**5,540,281.40**
FUND BALANCE:							
Nonspendable Fund Balance	12,215.64	0.00	0.00	0.00	0.00	0.00	12,215.64
Restricted Fund Balance	0.00	373,256.01	3,115,626.95	3,951,151.68	797,658.60	0.00	8,237,693.24
Committed Fund Balance	0.00	0.00	0.00	80,280.07	0.00	0.00	80,280.07
Assigned Fund Balance	0.00	0.00	0.00	731,215.59	0.00	0.00	731,215.59

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

Pullman School District No. 267

Balance Sheet - Governmental Funds

August 31, 2021

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
Unassigned Fund Balance	6,186,662.16	0.00	0.00	0.00	0.00	0.00	6,186,662.16
TOTAL FUND BALANCE	**6,198,877.80**	**373,256.01**	**3,115,626.95**	**4,762,647.34**	**797,658.60**	**0.00**	**15,248,066.70**
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE	**8,904,014.26**	**423,190.56**	**6,209,610.76**	**7,244,934.89**	**797,658.60**	**0.00**	**23,579,409.07**

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

Pullman School District No. 267

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds

For the Year Ended August 31, 2021

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
REVENUES:							
Local	5,559,464.12	76,506.17	6,753,419.09	155,013.58	849.70		12,545,252.66
State	28,050,460.18		0.00	3,342,929.82	121,895.51		31,515,285.51
Federal	2,513,844.13		0.00	0.00	0.00		2,513,844.13
Other	7,763.86			0.00	0.00	0.00	7,763.86
TOTAL REVENUES	**36,131,532.29**	**76,506.17**	**6,753,419.09**	**3,497,943.40**	**122,745.21**	**0.00**	**46,582,146.16**
EXPENDITURES:							
CURRENT:							
Regular Instruction	20,562,006.81						20,562,006.81
Special Education	4,035,124.24						4,035,124.24
Vocational Education	1,269,774.21						1,269,774.21
Skill Center	0.00						0.00
Compensatory Programs	1,579,080.01						1,579,080.01
Other Instructional Programs	65,889.15						65,889.15
Federal Stimulus COVID-19	560,156.63						560,156.63
Community Services	0.00						0.00
Support Services	8,400,683.32						8,400,683.32
Student Activities/Other		89,687.14				0.00	89,687.14
CAPITAL OUTLAY:							
Sites				0.00			0.00
Building				19,474,119.01			19,474,119.01
Equipment				34,424.89			34,424.89
Instructional Technology				0.00			0.00
Energy				0.00			0.00
Transportation Equipment					145,544.80		145,544.80
Sales and Lease				0.00			0.00
Other	266,350.31						266,350.31
DEBT SERVICE:							
Principal	0.00		3,345,000.00	0.00	0.00		3,345,000.00

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

Pullman School District No. 267

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds

For the Year Ended August 31, 2021

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
Interest and Other Charges	0.00		3,095,657.70	0.00	0.00		3,095,657.70
Bond/Levy Issuance				0.00	0.00		0.00
TOTAL EXPENDITURES	**36,739,064.68**	**89,687.14**	**6,440,657.70**	**19,508,543.90**	**145,544.80**	**0.00**	**62,923,498.22**
REVENUES OVER (UNDER) EXPENDITURES	-607,532.39	-13,180.97	312,761.39	-16,010,600.50	-22,799.59	0.00	-16,341,352.06
OTHER FINANCING SOURCES (USES):							
Bond Sales & Refunding Bond Sales	0.00		0.00	0.00	0.00		0.00
Long-Term Financing	0.00			0.00	0.00		0.00
Transfers In	0.00		0.00	800,000.00	0.00		800,000.00
Transfers Out (GL 536)	-800,000.00		0.00	0.00	0.00	0.00	-800,000.00
Other Financing Uses (GL 535)	0.00		0.00	0.00	0.00		0.00
Other	0.00		0.00	0.00	0.00		0.00
TOTAL OTHER FINANCING SOURCES (USES)	**-800,000.00**		**0.00**	**800,000.00**	**0.00**	**0.00**	**0.00**
EXCESS OF REVENUES/OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	**-1,407,532.39**	**-13,180.97**	**312,761.39**	**-15,210,600.50**	**-22,799.59**	**0.00**	**-16,341,352.06**
BEGINNING TOTAL FUND BALANCE	**7,606,410.19**	**386,436.98**	**2,802,865.56**	**19,973,247.84**	**820,458.19**	**0.00**	**31,589,418.76**
Prior Year(s) Corrections or Restatements	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ENDING TOTAL FUND BALANCE	**6,198,877.80**	**373,256.01**	**3,115,626.95**	**4,762,647.34**	**797,658.60**	**0.00**	**15,248,066.70**

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Pullman School 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.
(4) Property Taxes collected after the end of the fiscal period are not considered available for revenue accrual as described below.

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 principal 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.

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. Categorical program claims and interdistrict billings are measurable and available and are accrued. Property taxes not collected by the fiscal year end are measurable and recorded as a receivable, however the receivable is not considered available revenue and is recorded as a deferred inflow of resources.

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 and/or Board of Directors 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.

NOTE 2: DEPOSITS AND INVESTMENTS

All of the District's bank balances are insured by the Federal Depository Insurance Corporation (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

Statutes authorize the District to invest in (1) securities, certificates, notes, bonds, short-term securities, or other obligations of the United States, and (2) deposits in any state bank or trust company, national banking association, stock savings bank, mutual savings bank, savings and loan association, and any branch bank engaged in banking in the state in accordance with RCW 30.04.300 if the institution has been approved by the Public Deposit Protection Commission to hold public deposits and has segregated eligible collateral having a value of not less than its maximum liability.

All of the District's investments during the year and at year-end were insured or registered and held by the District or its agent in the District's name.

Washington State statutes authorize the district to invest in the following types of securities:

- Certificates, notes, or bonds of the United States, its agencies, or any corporation wholly owned by the government of the United States,
- Obligations of government-sponsored corporations which are eligible as collateral for advances to member banks as determined by the Board of Governors of the Federal Reserve System,
- Bankers' acceptances purchased on the secondary market,
- Repurchase agreements for securities listed in the three items above, provided that the transaction is structured so that the public treasurer obtains control over the underlying securities,
- Investment deposits with qualified public depositories,
- Washington State Local Government Investment Pool, and
- County Treasurer Investment Pools.

The District's investments as of August 31, 2021, are as follows:

Type of Investment	Pullman School District's own investments	Investments held by Pullman School District as an agent for other organizations	Total
State Treasurer's Investment Pool	$15,364,000		$15,364,000
Total	$15,364,000		$15,364,000

The District is a participant in the Local Government Investment Pool (LGIP). The LGIP was authorized by Chapter 294, Laws of 1986, and is managed and operated by the Washington State Treasurer. The State Finance Committee is the administrator of the statute that created the LGIP and adopts rules. The State Treasurer is responsible for establishing the investment policy for the LGIP and reviews the policy annually; proposed changes are reviewed by the LGIP Advisory Committee.

The LGIP is an unrated external investment pool. Investments in the Pool are reported at amortized cost, which approximates fair value. The Pool is invested in manner that meets the maturity, quality, diversification, and liquidity requirements set forth by generally accepted accounting principles for external investment pools that elect to measure, for financial reporting purposes, investments at amortized cost. The Pool does not have any legally binding guarantees of share values.

The Pool does not impose liquidity fees or redemption gates on participant withdrawals. It is the policy of the Pool to permit participants to withdraw their investments on a daily basis; therefore, the District's investment balance in the Pool is equal to fair value. Fair value is measured using quoted prices in active markets for identical assets that the pool can access at the measurement date (Level 1 Inputs). Observable markets include exchange markets, dealer markets, brokered markets and principal-to-principal markets.

The Office of the State Treasurer prepares a stand-alone LGIP financial report. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, online at http://www.tre.wa.gov.

NOTE 3: SIGNIFICANT EFFECTS OF SUBSEQUENT EVENTS

COVID-19 Pandemic

In February 2020, Governor Inslee declared a state of emergency in response to the spread of a deadly new virus. In the weeks following the declaration, precautionary measures to slow the spread of the virus were ordered. These measures included closing schools, canceling public events, limiting gathering sizes, and requiring people to stay home unless they were leaving for an essential function. On April 6, 2020, the Governor closed all public and private K–12 school buildings throughout the remainder of the 2019–20 school year and continuing through the 2020-21 school year. The school district, however, continues to operate, educating students using continuous learning models.

Many of the precautionary measures put in place during the 2019–20 school year remained in effect for the 2020-21 school year.   The district is back in person for the 2021-22 school year.

The district experienced decreasing enrollment beginning in the 2020–2021. Due to distance learning in the fall, students enrolled in nearby districts offering in-person instruction. The district's enrollment was approximately 163 FTE under the projected 2675 budgeted FTE for the 2020-21 school year, which is a decrease of approximately $1.5 million. The district has seen an increase of approximately 72 FTE going into the 2021-22 school year.

The length of time these measures will be in place, and the full extent of the financial impact on the school district, is unknown at this time.

NOTE 4: PENSION PLANS

General Information

The Washington State Department of Retirement Systems (DRS), a department within the primary government of the state of Washington, prepares a stand-alone annual comprehensive financial report that includes financial statements and required supplementary information for each pension plan. The pension plan's basic financial statement is accounted for using the accrual basis of accounting. The measurement date of the pension plans is June 30. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The school district is reporting the net pension liability in the notes and on the Schedule of Long-term Liabilities calculated as the district's proportionate allocation percentage multiplied by the total plan collective net pension liability. The DRS total collective net pension liabilities for the pension plans school districts participate in are shown here.

The Collective Net Pension Liability (Asset)

The collective net pension liability or asset for the pension plans districts participated in are reported in the following tables:

The Collective Net Pension Liability or (Asset) as of June 30, 2021				
	Total Pension Liability	Plan fiduciary net position	Participating employers' net pension liability or (Asset)	Plan fiduciary net position as a percentage of the total pension liability
PERS 1	10,847,066,000	9,625,832,000	1,221,234,000	88.74%
SERS 2/3	7,586,243,000	8,659,940,000	(1,073,697,000)	114.15%
TRS 1	7,850,211,000	7,176,913,000	673,298,000	91.42%
TRS 2/3	20,032,702,000	22,781,509,000	(2,748,807,000)	113.72%

Detailed information about the pension plans' fiduciary net position is available in the separately issued DRS report. Copies of the report may be obtained by contacting the Washington State Department of Retirement Systems, P.O. Box 48380, Olympia, WA 98504-8380; or online at Annual Financial Reports or http://www.drs.wa.gov./administrations/annual-report.

Membership Participation

Substantially all school 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 DRS: Teachers' Retirement System (TRS), Public Employees' Retirement System (PERS) and School Employees' Retirement System (SERS).
Membership participation by retirement plan as of June 30, 2021, was as follows:

Plan	Retirees and Beneficiaries Receiving Benefits	Inactive Plan Members Entitled to but not yet Receiving Benefits	Active Plan Members
PERS 1	42,886	241	875
SERS 2	12,235	6,634	28,835
SERS 3	12,348	9,363	33,615
TRS 1	30,762	84	162
TRS 2	6,594	3,016	24,269
TRS 3	16,963	8,400	55,328

Membership & Plan Benefits

Certificated employees are members of TRS. Classified 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. TRS 1 and PERS 1 are closed to new entrants.

<u>TRS Plan Information</u>
TRS was established in 1938, and its retirement provisions are contained in RCW Chapters 41.34 and 41.32. TRS is a cost-sharing multi-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a defined benefit plan with a defined contribution component. TRS eligibility for membership requires service as a certificated, public school employee working in an instructional, administrative or supervisory capacity.

TRS is comprised of three separate plans for accounting purposes: Plan 1, Plan 2/3, and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 defined benefit plan may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered to be a single plan for accounting purposes.

TRS Plan 1 provides retirement, disability and death benefits. TRS 1 members were vested after the completion of five years of eligible service. Retirement benefits are determined as two percent of the average final compensation (AFC), for each year of service credit, up to a maximum of 60 percent, divided by twelve. The AFC is the total earnable compensation for the two consecutive highest-paid fiscal years, divided by two. Members are eligible for retirement at any age after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. Other benefits include temporary and permanent disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries.

TRS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the average final compensation (AFC) per year of service for Plan 2 members and one percent of AFC for Plan 3 members. The AFC is the monthly average of the 60 consecutive highest-paid service credit months. There is no cap on years of service credit. Members are eligible for normal retirement at the age of 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. TRS Plan 2/3 members, who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a reduced benefit.

The benefit is reduced by a factor that varies according to age, for each year before age 65. TRS Plan 2/3 members who have 30 or more years of service credit, were hired prior to May 1, 2013, and are at least 55 years old, can retire under one of two provisions: With a benefit that is reduced by three percent for each year before age 65; or with a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules. TRS Plan 2/3 members hired on or after May 1, 2013, have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service. TRS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the Consumer Price Index), capped at three percent annually and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries.

PERS Plan Information

PERS was established in 1947, and its retirement benefit provisions are contained in RCW Chapters 41.34 and 41.40. PERS is a cost-sharing, multi-employer retirement system. PERS Plan 1 provides retirement, disability and death benefits. PERS 1 members were vested after the completion of five years of eligible service. Retirement benefits are determined as two percent of the member’s average final compensation (AFC) times the member’s years of service. The AFC is the average of the member’s 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service.

Members retiring from inactive status prior to the age of 65 may receive actuarially reduced benefits. PERS Plan 1 retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries.

SERS Plan Information

SERS was established by the legislature in 1998, and the plan became effective in 2000. SERS retirement benefit provisions are established in RCW Chapters 41.34 and 41.35. SERS is a cost-sharing, multiemployer retirement system comprised of two separate plans for membership purposes. SERS Plan 2 is a defined benefit plan and SERS Plan 3 is a defined benefit plan with a defined contribution component. SERS members include classified employees of school districts and educational service districts.

SERS is reported as two separate plans for accounting purposes: Plan 2/3 and Plan 3. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 defined benefit plan may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries. Therefore, Plan 2/3 is considered to be a single plan for accounting purposes.

SERS provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service for Plan 2 and one percent of AFC for Plan 3. The AFC is the monthly average of the member's 60 highest-paid consecutive service months before retirement, termination or death. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. SERS members, who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a reduced benefit.

The benefit is reduced by a factor that varies according to age, for each year before age 65. SERS members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions, if hired prior to May 2, 2013: With a benefit that is reduced by three percent for each year before age 65; or with a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules. SERS members hired on or after May 1, 2013, have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service. SERS retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, a cost- of-living allowance (based on the Consumer Price Index), capped at three percent annually and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries.

Plan Contributions

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 methods used to determine the contribution requirements are established under chapters 41.34 and 41.40 RCW for PERS, 41.34 and 41.35 RCW for SERS, and 41.32 and 41.34 RCW for TRS. Employers do not contribute to the defined contribution portions of TRS Plan 3 or SERS Plan 3. Under current law the employer must contribute 100 percent of the employer-required contribution. The employee contribution rate for Plan 1 in PERS and TRS is set by statute at six percent and does not vary from year to year.

The employer and employee contribution rates for all plans were effective as of September 1, 2020. PERS contribution rates changed on July 1, 2021. TRS and SERS plans will not have a contribution rate change until September 1, 2021. The pension plan contribution rates (expressed as a percentage of covered payroll) for fiscal year 2021 are listed below:

Pension Contribution Rates from September 01, 2020 to June 30, 2021			
	Employer	Employee	
PERS Plan 1	12.97%	6.00%	
Pension Contribution Rates from July 01, 2021 to August 31, 2021			
	Employer	Employee	
PERS Plan 1	10.252%	6.00%	
Pension Contribution Rates from September 01, 2020 to August 31, 2021			
	Employer	Employee	
TRS Plan 1	15.74%	6.00%	
TRS Plan 2/3	15.74%	7.77%	*/**
SERS Plan 2/3	13.30%	8.25%	*/**
Note: The Employer rates include .0018 DRS administrative expense.			
* – TRS and SERS Plan 3 Employee Contribution Variable from 5% to 15% based on rate selected by the employee member.			
** – TRS and SERS Plan 2/3 Employer Contributions for defined benefit portion only.			

The School District's Proportionate Share of the Net Pension Liability (Asset)

At June 30, 2021, the school district reported a total liability of $1,840,917 for its proportionate shares of the individual plans' collective net pension liability and $8,071,849 for its proportionate shares of net pension assets. Proportions of net pension amounts are based on annual contributions for each of the employers participating in the DRS administered plans. At June 30, 2021 the district's proportionate share of each plan's net pension liability is reported below:

June 30, 2021	PERS 1	SERS 2/3	TRS 1	TRS 2/3
District's Annual Contributions	265,887	452,213	1,146,910	1,269,373
Proportionate Share of the Net Pension Liability (Asset)	435,920	(2,306,046)	1,404,997	(5,765,802)

At June 30, 2021, the school district's percentage of the proportionate share of the collective net pension amount was as follows and the change in the allocation percentage from the prior period is illustrated below.

Change in Proportionate Shares	PERS 1	SERS 2/3	TRS 1	TRS 2/3
Current year proportionate share	0.035695%	0.214776%	0.208674%	0.209757%
Prior year proportionate share	0.038484%	0.219886%	0.221257%	0.222744%
Net difference percentage	**-0.002789%**	**-0.005110%**	**-0.012583%**	**-0.012987%**

Actuarial Assumptions

The total pension liabilities for TRS 1, TRS 2/3, PERS 1 and SERS 2/3 were determined by actuarial valuation as of June 30, 2020, with the results rolled forward to June 30, 2021, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation	2.75% total economic inflation, 3.50% salary inflation
Salary increases	In addition to the base 3.50% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
Investment rate of return	7.40%

Mortality Rates

Mortality rates used in the plans were developed using the Society of Actuaries' Pub.H-2010 Mortality rates, which vary by member status as the base table. OSA applies age offsets for each system to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale to project mortality rates for every year after the 2010 base table. The actuarial assumptions used in the June 30, 2020, valuation were based on the results of the *2013–2018 Demographic Experience Study Report and the 2019 Economic Experience Study*. Additional assumptions for subsequent events and law changes are current as of the 2019 actuarial valuation report.

Long-term Expected Rate of Return

OSA selected a 7.40% long-term expected rate of return on pension plan investments using a building-block method. In selecting the assumptions, OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMAs) and simulated expected investment returns the Washington State Investment Board (WSIB) provided.

The CMAs contain three pieces of information for each class of assets the WSIB currently invest in:

- Expected annual return
- Standard deviation of the annual return
- Correlations between the annual returns of each asset class with every other asset class

WSIB uses the CMAs and their target asset allocation to simulate future investment returns over various time horizons.

The expected future rates of return are developed by the WSIB for each major asset class.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2021, are summarized in the following table:

TRS 1, TRS 2/3, PERS 1, and SERS 2/3		
Asset Class	Target Allocation	% Long-term Expected Real Rate of Return
Fixed Income	20.00%	2.20%
Tangible Assets	7.00%	5.10%
Real Estate	18.00%	5.80%
Global Equity	32.00%	6.30%
Private Equity	23.00%	9.30%

The inflation component used to create the above table is 2.20% and represents WSIB's most recent long-term estimate of broad economic inflation.

Discount Rate

The discount rate used to measure the total pension liability was 7.40%. To determine the discount rate, an asset sufficiency test was completed to test whether the pension plan's fiduciary net position was sufficient to make all projected future benefit payments of current plan members. Based on the assumptions described in the DRS Certification Letter, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return, a 7.40% on pension plan investments was applied to determine the total pension liability.

Sensitivity of the Net Pension Liability (Asset)

The following table presents the Pullman School District's proportionate share of the collective net pension liability or asset calculated using the discount rate of 7.40%, as well as what the net pension liability or asset would be if it were calculated using a discount rate that is one percentage-point lower (6.40%) or one percentage-point higher (8.40%) than the current rate.

Amounts are calculated using the school district's specific allocation percentage, by plan, to determine the proportionate share of the collective net pension liability or asset.

Sensitivity of the Net Pension Liability or Asset to Changes in the Discount Rate			
	1% Decrease (6.40%)	Current Discount Rate (7.40%)	1% Increase (8.40%)
PERS 1	$2,080,441,000	$1,221,234,000	$471,917,000
Allocation Percentage	0.035695%	0.035695%	0.035695%
Proportionate Share	$742,613	$435,919	$168,451
SERS 2/3	($11,793,000)	($1,073,697,000)	($1,952,101,000)
Allocation Percentage	0.214776%	0.214776%	0.214776%
Proportionate Share	($25,329)	($2,306,043)	($4,192,644)
TRS 1	$1,290,542,000	$673,298,000	$134,647,000
Allocation Percentage	0.208674%	0.208674%	0.208674%
Proportionate Share	$2,693,026	$1,404,998	$280,973
TRS 2/3	$479,331,000	($2,748,807,000)	($5,382,150,000)
Allocation Percentage	0.209757%	0.209757%	0.209757%
Proportionate Share	$1,005,430	($5,765,815)	($11,289,436)

NOTE 5: ANNUAL OTHER POST-EMPLOYMENT BENEFIT COST AND NET OPEB OBLIGATIONS

The state, through the Health Care Authority (HCA), administers a defined benefit other post-employment benefit (OPEB) plan that is not administered through a qualifying trust. 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. Benefits purchased by PEBB include medical, dental, life insurance and long-term disability insurance.

The relationship between the PEBB OPEB plan and its member employers and their employees and retirees is not formalized in a contract or plan document. Rather, the benefits are provided in accordance with a substantive plan. A substantive plan is one, which the employers and plan members understand the plan terms. This understanding is based on communications between the HCA, employers and plan members, and historical pattern of practice with regards to sharing of benefit costs.

Employers participating in the plan include the state of Washington (which includes general government agencies and higher education institutions), political subdivisions and tribal governments. Additionally, the PEBB plan is available to the retirees of the K–12 school districts and ESDs. The District's retirees (approximately 95) are eligible to participate in the PEBB plan under this arrangement.

<u>Eligibility</u>

District members are eligible for retiree medical benefits after becoming eligible for service retirement pension benefits (either reduced or full pension benefits) Under PERS 1, 2, 3; TRS 1, 2, or 3; or SERS 2 and 3 plans.

Former members who are entitled to a deferred vested pension benefit are not eligible to receive medical and life insurance benefits after pension benefit commencement. Survivors of covered members who die are eligible for medical benefits.

<u>Medical Benefits</u>

Upon retirement, members are permitted to receive medical benefits. Retirees pay the following monthly rates for pre-65 medical coverage for 2021.

Members not eligible for Medicare (or enrolled in Part A only)	**Type of Coverage**		
Descriptions	**Employee**	**Employee & Spouse**	**Full Family**
Kaiser Permanente NW Classic	$745.66	$1,485.75	$2,040.82
Kaiser Permanente NW CDHP	$618.76	$1,226.30	$1,638.21
Kaiser Permanente WA Classic	$775.39	$1,545.22	$2,122.58
Kaiser Permanente WA CDHP	$619.29	$1,227.86	$1,640.54
Kaiser Permanente WA Sound Choice	$641.43	$1,277.28	$1,754.17
Kaiser Permanente WA Value	$698.96	$1,392.34	$1,912.38
UMP Classic	$691.72	$1,377.86	$1,892.47
UMP Select	$623.50	$1,241.43	$1,704.88
UMP CDHP	$618.52	$1,226.31	$1,638.41
UMP Plus-Puget Sound High Value Network	$658.79	$1,312.02	$1,801.93
UMP Plus-UW Medicine Accountable Care Network	$658.79	$1,312.02	$1,801.93

Retirees enrolled in Medicare Parts A and B receive an explicit subsidy in the form of reduced premiums on Medicare supplemental plans. Retirees pay the following monthly rates.

Members enrolled in Part A and B of Medicare	**Type of Coverage**		
Descriptions	**Employee**	**Employee & Spouse[1]**	**Full Family[1]**
Kaiser Permanente NW Senior Advantage	$174.41	$343.27	$898.34
Kaiser Permanente WA Medicare Plan	$177.10	$348.64	N/A
Kaiser Permanente WA Classic	N/A	N/A	$926.01
Kaiser Permanente WA Sound Choice	N/A	N/A	$825.54
Kaiser Permanente WA Value	N/A	N/A	$868.68
UMP Classic	$336.30	$667.04	$1,181.65
Note 1: Employee–Spouse and Full Family with two Medicare eligible subscribers.			

Funding Policy

The School Employees Benefits Board (SEBB) Program administers health insurance and other benefits to all employees in school districts and charter schools, and union-represented employees of educational service districts in Washington. The SEBB studies, designs, and approves comprehensive and cost-effective insurance benefit plans for school employees and establishes eligibility criteria for participation in these plans. The SEB Board is separate and independent from the Public Employees Benefits Board (PEBB).

The funding policy is based upon pay-as-you go financing.

The SEBB collects benefit premiums from all school district entities for covered employees. The premium includes a fee, established in state law. The purpose of this fee is to cover the impact of the subsidized rate of health care benefits for school retirees who elect to purchase their health care benefits through the state Health Care Authority PEBB plan. The amount collected 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.

For the fiscal year 2020-21, the Pullman School District paid $4,387,232 in total to HCA-SEBB.

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. These amounts are not shown on the financial statements.

For further information on the results of the actuarial valuation of the employer provided subsidies associated with the state's PEBB plan, refer to the Office of the State Actuary.

The plan does not issue a separate report; however, additional information is included in the State of Washington Annual Comprehensive Financial Report, which is available on the OFM website

NOTE 6: OTHER SIGNIFICANT COMMITMENTS

The District has active construction projects as of August 31, 2021:

Project	Project Authorization Amount	Expended as of 8/31/21	Additional Local Funds Committed	Redistribution of Bonds	Additional State Funds Committed
LMS Modernization/HVAC	$16,381,860	$14,229,180.76	$675,000	$706,860	
Transportation Cooperative	$10,054,684	$8,718,823.72	$325,000	$4,318,140	$5,411,544
Total	$26,436,544	$22,948,004.48	$1,000,000	$5,025,000	$5,411,544

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, 2021:

Fund	Amount
General	$182,880.33
Capital Projects Fund	$19,403.78

NOTE 7: REQUIRED DISCLOSURES ABOUT CAPITAL ASSETS

The District's capital assets are insured in the amount of $173,516,806 for fiscal year 2021. In the opinion of the District's insurance consultant, the amount is sufficient to adequately fund replacement of the District's assets.

NOTE 8: LONG-TERM DEBT

Long-Term Debt

The following is a summary of changes in long-term debt of the District for the fiscal year(s) ended August 31, 2021:

Governmental activities	Balance at Sept. 1, 2020	Increases	Decreases	Balance at Aug. 31, 2021	Due within One Year
General Obligation Bonds	$81,760,000	$0	$3,345,000	$78,415,000	$3,670,000
Total	$81,760,000	$0	$3,345,000	$78,415,000	$3,670,000

Long-term debt at August 31, 2021, are comprised of the following individual issues:

Issue Name	Amount Authorized	Annual Installments	Final Maturity	Interest Rate(s)	Amount Outstanding
General Obligation Bonds					
UTGOR Bonds, 2009	$13,320,000	$460,000	12/1/2020	5.00%	$0
UTGOR Bonds, 2013	$49,930,000	$2,045,000	12/1/2032	1.875-4.0%	$44,860,000
UTGOR Bonds, 2016	$20,450,000	$840,000	12/1/2032	2.0-5.0%	$19,415,000
UTGO Bonds, 2020A (Tax Exempt)	$9,180,000	$0	12/1/2039	3.00%	$9,180,000
UTGO Bonds, 2020B (Taxable)	$4,960,000	$0	12/1/2034	2.447-3.0%	$4,960,000
Total	$97,840,000	$3,345,000			$78,415,000

Debt service requirements on long-term debt as of August 31, 2021, are as follows:

	Bonds		
Years Ending August 31	Principal	Interest	Total
2021-2022	$3,670,000	$2,966,191	$6,636,191
2022-2023	$4,190,000	$2,801,291	$6,991,291
2023-2024	$4,505,000	$2,619,916	$7,124,916
2024-2025	$4,835,000	$2,424,766	$7,259,766
2025-2026	$5,185,000	$2,215,091	$7,400,091
2026-2027 to 2030-2031	$30,545,000	$7,619,280	$38,164,280
2031-2032 to 2035-2036	$18,675,000	$2,033,648	$20,708,648
2036-37 to 2038-2039	$6,810,000	$421,650	$7,231,650
Total	$78,415,000	$23,101,833	$101,516,833

At August 31, 2021, the District had $3,115,626.95 available in the Debt Service Fund to service the general obligation bonds.

NOTE 9: INTERFUND BALANCES AND TRANSFERS

The following table depicts interfund transfer activity:

Transferred From (Fund) 535 or 536	Transferred To (Fund) 965 9900 or 9901	Amount	Description
General Fund	Capital Projects Fund	$800,000	LMS Renovation & Transportation Cooperative

NOTE 10: ENTITY RISK MANAGEMENT ACTIVITIES

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The district self-insures unemployment compensation for all of its employees. Actual employee claims are paid by the Washington State Department of Employment Security and then reimbursed by the district. This self-insurance program costs the district less than full participation in the state employment compensation program. The district made unemployment payments totaling $54,003.11 for fiscal year 2020-21.

Pullman School District is a member of United Schools Insurance Program. Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a program 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 program was formed on September 1, 1985, when 29 school districts in the state of Washington joined together by signing a Joint Purchasing Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. Membership as of August 31, 2021 includes 155 school districts.

The program allows members to jointly purchase insurance coverage and provide related services, such as administration, risk management, claims administration, etc. Coverage for Wrongful Acts Liability, Miscellaneous Professional Liability, and Employee Benefit Liability is on a claims-made basis. All other coverages are on an occurrence basis. The program provides the following forms of group purchased insurance coverage for its members: Property, General Liability, Automotive Liability, Wrongful Acts Liability, and Crime.

Liability insurance is subject to a self-insured retention (sir) of $250,000. Members are responsible for a $1,000 deductible for each claim (member deductibles may vary), while the program is responsible for the $250,000 self-insured retention. Insurance carriers cover insured losses over $251,000 to the limits of each policy. Since the program is a cooperative program, there is a joint liability among the participating members towards the sharing of the $250,000 SIR. The program also purchases a stop loss policy with an attachment point of $2,428,943 as an additional layer of protection for its members.

Property insurance is subject to a per-occurrence SIR of $250,000. Members are responsible for a $1,000 deductible for each claim (member deductibles may vary), while the program is responsible for the $250,000 SIR. Equipment breakdown insurance is subject to a per-occurrence pool retention of $10,000. Members are responsible for a $2,500 deductible each claim, while the program is responsible for the remaining $7,500.

Privacy, Security, and Technology (Cyber) insurance is subject to a per-occurrence SIR of $100,000. Members are responsible for a $10,000 deductible for each claim, while the program is responsible for the remaining $90,000.

Members contract to remain in the program for a minimum of one year, and must give notice before August 31 to terminate participation the following September 1. The Interlocal Agreement is renewed automatically each year. Even after termination, a member is still responsible for contributions to the program for any unresolved, unreported, and in-process claims for the period they were a signatory to the Joint Purchasing Agreement.

The program is fully funded by its member participants. Claims are filed by members with Clear Risk Solutions, which has been contracted to perform program administration, claims adjustment, and loss prevention for the program. Fees paid to the third party administrator under this arrangement for the year ending August 31, 2021, were $1,736,998.28.

A board of directors, consisting of nine members, is selected by the membership from six areas of the state on a staggered term basis and is responsible for conducting the business affairs of the program. The board of directors has contracted with clear risk solutions to perform day-to-day administration of the program. This program has no employees.

An agreement to form a workers' compensation pool was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The Northeast Washington Educational Service District Workers' Compensation Pool was formed on

July 1, 1983, when school districts and Northeast Washington Educational Service District (NEWESD) in the State of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses. Sixty school districts and NEWESD have joined the Workers' Compensation Pool. The pool operated for the Pullman School District's benefit in lieu of the district having to make monthly premium payments to the State of Washington for Workers' Compensation. Membership automatically renews each year. Even after termination, members are still responsible for contributions for unresolved claims occurring during a period when the district was a member of the pool. The pool is governed by a board of directors which is comprised of one representative from each member district. Each member's contributions are determined by an annual actuarial study. In fiscal year ending August 31, 2021, the District made payments totaling $214,643.97 to the workers' compensation.

NOTE 11: 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 tax collections occurring after the end of the fiscal period are unavailable for revenue accrual. Therefore, the fall portion of property taxes is not accrued as revenue. Instead, the property taxes due after the end of the fiscal period are recorded as a deferred inflow of resources.

NOTE 12: 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 by passing Resolution in November 1992 and has remained in the joint venture ever since. The District's current equity of $13,775.59 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 13: 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	$12,215.64				
Restricted Fund Balance					
For Other Items			$3,951,151.68		
For Fund Purpose		$373,256.01			$797,658.60
For Debt Service				$3,115,626.95	
Committed Fund Balance					
Other Commitments			$80,280.07		
Assigned Fund Balance					
Fund Purposes			$731,215.59		
Unassigned Fund Balance	$6,186,662.16				

On September 11, 2019, the board of directors took an action to commit a portion of the District's Capital Projects Fund ending balance towards the technology levy. This levy authorizes the acquisition of technology software and hardware, and equipment, including classroom computers. The amount of fund balance that has been set aside may only be used for that purpose. It cannot be used for any other purpose of the District.

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 seven percent (7.5%) of general fund 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 Unassigned fund balance.

NOTE 14: TERMINATION BENEFITS

Compensated Absences

Employees earn sick leave at a rate of up to 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 buyout 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.

Vacation pay, including benefits, that is expected to be liquidated with expendable available financial resources is reported as expenditures and a fund liability of the governmental fund that will pay it.

Pullman School District No. 267

Schedule of Long-Term Liabilities

For the Year Ended August 31, 2021

Description	Beginning Outstanding Debt September 1, 2020	Amount Issued / Increased	Amount Redeemed / Decreased	Ending Outstanding Debt August 31, 2021	Amount Due Within One Year
Voted Debt					
Voted Bonds	81,760,000.00	0.00	3,345,000.00	78,415,000.00	3,670,000.00
LOCAL Program Proceeds Issued in Lieu of Bonds	0.00	0.00	0.00	0.00	0.00
Non-Voted Debt and Liabilities					
Non-Voted Bonds	0.00	0.00	0.00	0.00	0.00
LOCAL Program Proceeds	0.00	0.00	0.00	0.00	0.00
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	882,054.80	15,047.25	0.00	897,102.05	269,130.62
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
Net Pension Liabilities:					
Net Pension Liabilities TRS 1	5,329,608.00	0.00	3,924,612.00	1,404,996.00	
Net Pension Liabilities TRS 2/3	3,421,300.00	0.00	3,421,300.00	0.00	
Net Pension Liabilities SERS 2/3	1,169,714.00	0.00	1,169,714.00	0.00	
Net Pension Liabilities PERS 1	1,358,701.00	0.00	922,781.00	435,920.00	
Total Long-Term Liabilities	**93,921,377.80**	**15,047.25**	**12,783,407.00**	**81,153,018.05**	**3,939,130.62**

Other postemployment benefits other than pensions (OPEB) liabilities are not presented in the Schedule of Long Term Liabilities.

Pullman School District No. 267
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2021

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures: From Pass-Through Awards	Expenditures: From Direct Awards	Expenditures: Total	Passed through to Subrecipients	Note
Child Nutrition Cluster								
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via WA SPI)	National School Lunch Program	10.555	NA	84,180	-	84,180	-	4
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via WA SPI)	Covid 19, National School Lunch Program	10.555	Covid 19, EOC	1,464	-	1,464	-	
			Total CFDA 10.555:	**85,644**	**-**	**85,644**	-	
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via WA SPI)	Summer Food Service Program for Children	10.559	SFSP	605,601	-	605,601	-	
			Total Child Nutrition Cluster:	**691,245**	**-**	**691,245**	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via WA SPI)	Title I Grants to Local Educational Agencies	84.010	0203556	473,549	-	473,549	-	5
Special Education Cluster (IDEA)								
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, EDUCATION, DEPARTMENT OF (via WA SPI)	Special Education Grants to States	84.027	0307026	449,141	-	449,141	-	3,5
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, EDUCATION, DEPARTMENT OF (via WA SPI)	Special Education Preschool Grants	84.173	0366423	8,754	-	8,754	-	
			Total Special Education Cluster (IDEA):	**457,895**	**-**	**457,895**	-	

The accompanying notes are an integral part of this schedule.

Pullman School District No. 267
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2021

				Expenditures				
Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	From Pass-Through Awards	From Direct Awards	Total	Passed through to Subrecipients	Note
Office of Career, Technical, and Adult Education, EDUCATION, DEPARTMENT OF (via WA SPI)	Career and Technical Education -- Basic Grants to States	84.048	0174623	19,492	-	19,492	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via WA SPI)	English Language Acquisition State Grants	84.365	0402919	1,328	-	1,328	-	3,5
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via WA SPI)	Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	0525131	76,895	-	76,895	-	3
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via WA SPI)	Student Support and Academic Enrichment Program	84.424	0430884	3,247	-	3,247	-	5
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via WA SPI)	Covid 19, Education Stabilization Fund	84.425	Covid 19, 84.425D - 120065	164,811	-	164,811	-	3,5
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via WA SPI)	Covid 19, Education Stabilization Fund	84.425	Covid 19, 84.425D - 130147	4,253	-	4,253	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via WA SPI)	Covid 19, Education Stabilization Fund	84.425	Covid 19, 84.425D - 120492	557,202	-	557,202	-	3,5
			Total CFDA 84.425:	**726,266**	**-**	**726,266**	-	

Medicaid Cluster

The accompanying notes are an integral part of this schedule.

Pullman School District No. 267
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2021

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures: From Pass-Through Awards	Expenditures: From Direct Awards	Expenditures: Total	Passed through to Subrecipients	Note
CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA DSHS)	Medical Assistance Program	93.778	N/A	50,039	-	50,039	-	
			Total Medicaid Cluster:	**50,039**	**-**	**50,039**	**-**	
			Total Federal Awards Expended:	**2,499,956**	**-**	**2,499,956**	**-**	

The accompanying notes are an integral part of this schedule.

Pullman School District No. 267
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2021

NOTE 1 – BASIS OF ACCOUNTING
This Schedule is prepared on the same basis of accounting as the Pullman School District's financial statements. The Pullman 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 — FEDERAL DE MINIMIS INDIRECT RATE
The Pullman School District has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3 — 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 Pullman School District's local matching share, may be more than shown. Such expenditures are recognized following, as applicable, either the cost principles in the OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 4 — NONCASH AWARDS - COMMODITIES
The amount of commodities reported on the schedule is the value of commodities distributed by the Pullman School District during the current year and priced as prescribed by USDA.

NOTE 5 — SCHOOLWIDE PROGRAMS
The Pullman School District operates a "schoolwide program" in two 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 Pullman School District in its schoolwide program:

ESSER II:	$113,680.06
Title I:	$473,293.10
Sped IDEA:	$ 93,724.16
Title II:	$0.00
Title III:	$400.00
Title IV:	$2,050.26

ABOUT THE STATE AUDITOR'S OFFICE

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

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

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