

**PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 4, 2026**

**SALE DATE: FEBRUARY 11, 2026**  
**NEW ISSUE, BOOK-ENTRY ONLY**

**MOODY'S RATINGS: Underlying Rating: "Aa3"**  
**Washington State School District Credit Enhancement Program: "Aaa"**  
**S&P GLOBAL RATINGS: Underlying Rating: "A+"**  
**Washington State School District Credit Enhancement Program: "AA+"**

(See "RATINGS" AND APPENDIX D—"WASHINGTON STATE SCHOOL DISTRICT CREDIT ENHANCEMENT PROGRAM" herein)

*In the opinion of Foster Garvey P.C., Spokane, Washington ("Bond Counsel"), interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and is not an item of tax preference for purposes of the alternative minimum tax on individuals; however, such interest on the Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. See "TAX EXEMPTION."*



**Spokane Public Schools**

**SPOKANE SCHOOL DISTRICT NO. 81,**  
**SPOKANE COUNTY, WASHINGTON**

**\$65,065,000\***

**UNLIMITED TAX GENERAL OBLIGATION**  
**IMPROVEMENT AND REFUNDING BONDS, 2026**

**DATED: Date of Delivery (expected to be February 25, 2026)**

**DUE: December 1, as shown on the inside cover**

Spokane School District No. 81, Spokane County, Washington (the "District") will issue its Unlimited Tax General Obligation Improvement and Refunding Bonds, 2026 (the "Bonds") in fully registered form under a book-entry only system in denominations of \$5,000, or integral multiples of \$5,000 within a maturity ("Authorized Denominations") and will be initially registered in the name of Cede & Co., as the nominee of The Depository Trust Company ("DTC"). DTC will act as initial securities depository for the Bonds. The owners of any beneficial interest in the Bonds (the "Beneficial Owners") will not receive certificates representing their interest in the Bonds purchased. See "DESCRIPTION OF THE BONDS—Bond Registrar and Registration Features" and APPENDIX B—"DTC AND ITS BOOK-ENTRY TRANSFER SYSTEM" herein.

Interest on the Bonds will be payable semiannually on June 1 and December 1 of each year, beginning on June 1, 2026, to their stated dates of maturity or earlier redemption. Principal of the Bonds is payable upon the stated maturity dates as set forth in the maturity schedule as shown on the inside cover. The Spokane County Treasurer, as *ex officio* treasurer of the District (the "Treasurer"), has appointed the fiscal agent of the State of Washington (the "State") as the initial authenticating agent, paying agent and registrar for the Bonds (the "Bond Registrar"). See "DESCRIPTION OF THE BONDS—Bond Registrar; Registration Features" herein. Principal of and interest on the Bonds will be payable by the Bond Registrar. For so long as the Bonds remain in a "book-entry only" transfer system, the Bond Registrar will remit such payments only to DTC, which in turn is obligated to remit such principal and interest to its participants for subsequent disbursement to Beneficial Owners of the Bonds. Principal of and interest on the Bonds will be payable to the persons in whose names such Bonds are registered (the "Registered Owners"), at the address appearing upon the registration books on the 15th day of the month preceding an interest payment date. See "DESCRIPTION OF THE BONDS—Principal Amount, Date, Interest Rates and Maturities" and "—Bond Registrar; Registration Features" and APPENDIX B—"DTC AND ITS BOOK-ENTRY TRANSFER SYSTEM" herein.

Proceeds from the sale of the Bonds will be used to: (1) finance the costs of capital construction of and capital improvements to District educational facilities; and (2) refund, on a current basis, certain outstanding unlimited tax general obligation bonds. See "PURPOSE AND USE OF PROCEEDS—New Money Purpose" and "—Refunding Purpose" herein.

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**MATURITY SCHEDULE — See Inside Cover**

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The Bonds are subject to redemption prior to their stated maturity dates. See "DESCRIPTION OF THE BONDS—Redemption Provisions" herein.

The Bonds constitute valid and legally binding general obligations of the District. The District has irrevocably pledged that, for as long as any of the Bonds are outstanding, the District will levy taxes annually without limitation as to rate or amount on all taxable property within 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 full faith, credit, and resources of the District are irrevocably pledged for the annual levy and collection of such taxes and for the prompt payment of such principal and interest. The Bonds do not constitute a debt or indebtedness of Spokane County (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 when, as and if issued and delivered, subject to the final approving legal opinion of Bond Counsel. The "Form of Bond Counsel Opinion" is attached hereto as Appendix A. Bond Counsel will also serve as disclosure counsel to the District. 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 February 25, 2026 (the "Date of Delivery").

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

Dated: \_\_\_\_\_, 2026.

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\* Preliminary, subject to change.

# MATURITY SCHEDULE

## SPOKANE SCHOOL DISTRICT NO. 81, SPOKANE COUNTY, WASHINGTON

### \$65,065,000\* UNLIMITED TAX GENERAL OBLIGATION IMPROVEMENT AND REFUNDING BONDS, 2026

Due December 1*	Amount*	Interest Rate	Yield	Price	CUSIP No.**
2026	\$ 1,735,000				
2033	15,945,000				
2034	2,975,000				
2035	3,125,000				
2036	3,280,000				
2037	3,445,000				
2038	3,620,000				
2039	3,800,000				
2040	3,990,000				
2041	4,190,000				
2042	4,400,000				
2043	4,620,000				
2044	4,850,000				
2045	5,090,000				

\* Preliminary, subject to change.

\*\* The CUSIP numbers herein have been provided by CUSIP Global Services, managed on behalf of the American Bankers Association by FactSet Research Systems. The CUSIP numbers are not intended to create a database and do not serve in any way as a substitute for CUSIP service. CUSIP numbers have been assigned by an independent company not affiliated with the District and are provided solely for convenience and reference. The CUSIP numbers for a specific maturity are subject to change after the issuance of the Bonds. The District does not take any responsibility for the accuracy of the CUSIP numbers.

**SPOKANE SCHOOL DISTRICT NO. 81,  
SPOKANE COUNTY, WASHINGTON  
200 N. Bernard Street  
Spokane, Washington 99201-0282  
(509) 354-5900  
[www.spokaneschools.org](http://www.spokaneschools.org)\***

**Board of Directors**

Jenny R. Slagle	President
Hilary Kozel	Vice President
Nicole Bishop	Member
Nikki Otero Lockwood	Member
Michael S. Wiser	Member

**School Administrative Staff**

Dr. Adam M. Swinyard	Superintendent and Secretary to the Board of Directors
Cindy K. Coleman	Chief Finance and Business Services Officer
Andra K. Atwood	Executive Director of Accounting

**Spokane County Officials**

Tom Konis	Assessor
Mike Volz	Treasurer and <i>ex officio</i> Treasurer of the District

**Bond Registrar**

Washington State Fiscal Agent  
U.S. Bank Trust Company, National Association

**Bond Counsel and Disclosure Counsel**

Foster Garvey P.C.  
Spokane, Washington

**Municipal Advisor**

Piper Sandler & Co.  
Seattle, Washington

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\* The District's website is not part of this Official Statement and investors should not rely on information presented in the District's website in determining whether to purchase the Bonds. This inactive textual reference to the District's website is not a hyperlink and does not incorporate the District's website by reference.

This Official Statement does not constitute an offer to sell the Bonds in any jurisdiction in which or to a person to whom it is unlawful to make such an offer. No dealer, salesperson, or other person has been authorized by the District, the Municipal Advisor or the purchaser(s) of the Bonds (the “Underwriter”) to give any information or to make any representations, other than those contained herein, in connection with the offering of the Bonds and, if given or made, such information or representations must not be relied upon. The District makes no representation regarding the accuracy or completeness of Bond Counsel’s Form of Opinion, the information provided in “FINANCIAL FACTORS—The Spokane County Investment Pool,” which has been provided by Spokane County, the information provided in “THE DISTRICT—Risk Management—*Washington Schools Risk Management Pool*,” which has been provided by the Washington Schools Risk Management Pool, information related to the Municipal Advisor or information provided by the Underwriter regarding the reoffering prices, APPENDIX B—“DTC AND ITS BOOK-ENTRY TRANSFER SYSTEM,” which has been provided by DTC, or in APPENDIX D—“WASHINGTON STATE SCHOOL DISTRICT CREDIT ENHANCEMENT PROGRAM,” which has been provided by the State, or other information provided by third parties. Estimates and opinions are included and should not be interpreted as statements of fact. Summaries of documents do not purport to be complete statements of the provisions. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create an implication that there has been no change in the affairs of the District since the date hereof.

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

This Preliminary Official Statement has been “deemed final” by the District, pursuant to Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, except for information which is permitted to be excluded from this Preliminary Official Statement under said Rule 15c2-12.

The Bonds have not been registered under the Securities Act of 1933, as amended, and the Bond Resolution, defined herein, 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 the 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.

Information on website addresses set forth in this Official Statement, including the District’s, is not incorporated into this Official Statement and cannot be relied upon to be accurate as of the date of this Official Statement, nor should any such information be relied upon in making investment decisions regarding the Bonds.

The presentation of certain information, including tables of receipts from taxes, is intended to show recent historical information and is not intended to indicate future or continuing trends in the financial position or other affairs of the District. No representation is made that past experience, as it might be shown by such financial and other information, will necessarily continue or be repeated in the future. Information relating to debt and tax limitations is based on existing statutes and constitutional provisions. Changes in State law could also alter these provisions.

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*This Notice of Sale does not alone constitute an invitation for bids but is merely notice of the sale of the Bonds described herein.*

**NOTICE OF SALE  
SPOKANE SCHOOL DISTRICT NO. 81  
SPOKANE COUNTY, WASHINGTON**

**\$65,065,000\***

**UNLIMITED TAX GENERAL OBLIGATION IMPROVEMENT AND REFUNDING BONDS, 2026**

NOTICE IS HEREBY GIVEN that electronic bids will be received by Spokane School District No. 81, Spokane County, Washington (the “District”), acting by and through the District’s Chief Finance and Business Services Officer (the “Designated Representative”) for the purchase of the above-referenced bonds (the “Bonds”) at

**7:30 a.m., Pacific Standard Time (“PST”), on February 11, 2026**

(the “Bidding Deadline”). The Bonds will be sold on an all-or-none-basis. Bids must be submitted electronically via BiDCOMP™/Parity®, which has been designated by the District as the “Qualified Electronic Bid Provider.” See “BIDDING AND SALE PROCEDURES” in this Notice of Sale.

Bidders are referred to the Preliminary Official Statement, dated February 4, 2026 (the “Preliminary Official Statement”), for additional information regarding the District, the Bonds, the security therefor, and other matters.

<b>Bid Date:</b>	<b>February 11, 2026</b>
<b>Bid Time:</b>	<b>7:30 a.m. PST</b>
<b>Electronic Bids:</b>	<b>PARITY Bidding System</b>
<b>Basis of Award</b>	<b>“TIC” – True Interest Cost</b>

***Modification; Cancellation; Postponement.*** Bidders are advised that the District may modify the terms of this Notice of Sale prior to the Bidding Deadline, including to change the principal amounts, call provisions or other terms of the Bonds. Any such modifications will be provided to the Qualified Electronic Bid Provider and Ipreo Prospectus prior to the Bidding Deadline. In addition, the District may cancel or postpone the sale of the Bonds at any time prior to the Bidding Deadline. Notice of such cancellation or postponement will be communicated by the District through the Qualified Electronic Bid Provider and Ipreo Prospectus as soon as practicable following such cancellation or postponement. As an accommodation to bidders, telephonic or electronic notice of any amendment or modification of this Notice of Sale will be given to any bidder requesting such notice from the District’s Municipal Advisor, Piper Sandler & Co. (the “Municipal Advisor”) at the address and phone number listed in the “Contact Information” section of this Notice of Sale. Failure of any bidder to receive such notice from the Qualified Electronic Bid Provider or Ipreo Prospectus will not affect the legality of the sale.

Each bidder (and not the Designated Representative, the District or the Municipal Advisor) is responsible for the timely electronic delivery of its bid. The official time will be determined by the District acting by and through its Designated Representative and not by any bidder or Qualified Electronic Bid Provider.

**THE BONDS**

**Purpose of the Bonds**

***Improvement Bonds.*** The new money portion of the Bonds (the “Improvement Bonds”) will be issued pursuant to the District’s 2018 voter authorization and 2025 voter authorization. Proceeds from the sale of the Improvement Bonds will be used to pay: (1) costs of capital construction of and capital improvements to District educational facilities; and (2) the allocable share of the costs of issuing, selling and delivering the Improvement Bonds. See “PURPOSE AND USE OF PROCEEDS—New Money Purpose” in the Preliminary Official Statement.

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\* Preliminary, subject to change.

**Refunding Bonds.** Subject to market conditions, the refunding portion of the Bonds (the “Refunding Bonds”) will be used to refund, on a current basis, certain outstanding unlimited tax general obligation bonds of the District. A portion of the Refunding Bonds will also be used to pay the administrative costs of the refunding and the allocable share of the costs of issuing, selling and delivering the Refunding Bonds. See “PURPOSE AND USE OF PROCEEDS—Refunding Purpose” in the Preliminary Official Statement.

### Description of the Bonds

The Bonds will be dated the date of their initial delivery, estimated to be February 25, 2026 (the “Date of Delivery”), will be issued in denominations of \$5,000 each or any integral multiple of \$5,000 within a single maturity and will bear interest at such rate or rates as the District, acting by and through the Designated Representative, shall approve at the time of sale, payable semiannually on each June 1 and December 1, beginning June 1, 2026, to their maturity or earlier redemption.

### Maturity Schedule

The Bonds will mature as follows:

<b>Due December 1</b>	<b>Amounts <sup>(1)</sup></b>
2026	\$ 1,735,000
2033	15,945,000
2034	2,975,000
2035	3,125,000
2036	3,280,000
2037	3,445,000
2038	3,620,000
2039	3,800,000
2040	3,990,000
2041	4,190,000
2042	4,400,000
2043	4,620,000
2044	4,850,000
2045	5,090,000

(1) Preliminary, subject to adjustment as described herein. See “THE BONDS—Election of Maturities,” “—Adjustment of Principal Amount and Bid Price,” and “—Mandatory Redemption” included in this Notice of Sale.

### Election of Maturities

Bidders may combine consecutive maturities into one or more term bond maturities (“Term Bonds”), provided that callable maturities may not be combined with non-callable maturities. The Successful Bidder (as defined in “BIDDING AND SALE PROCEDURES—Selection of Winning Bid” included in this Notice of Sale) shall designate whether some or all of the principal amounts of the Bonds shall be retired as shown in the table above as serial bonds maturing in such year or as mandatory sinking fund redemptions of Term Bonds maturing in the years specified by the Successful Bidder. Term Bonds, if any, must consist of the total principal payments of two or more consecutive years and mature in the latest of those years. Amounts included in any Term Bond must bear the same rate of interest and reoffering price. Any Term Bond will be subject to mandatory sinking fund redemption in the same amounts and on the same dates as the Bonds would have matured if they were not included in a Term Bond.

### Adjustment of Principal Amount and Bid Price

The District reserves the right to increase or decrease the aggregate principal amount of the Bonds after the determination of the best bid by an amount not to exceed 10 percent (rounded to the nearest \$5,000). The principal amount of any maturity of the Bonds shall not be increased or decreased by 15 percent (rounded to the nearest \$5,000).



of the preliminary principal amount of such maturity. Adjustments in excess of these limitations, if any, can be made with the approval of the apparent Successful Bidder.

The price bid by the Successful Bidder will be adjusted by the District on a proportionate basis to reflect an increase or decrease in the principal amount and maturity schedule for the Bonds, taking into account the interest rates, reoffering yields and underwriting spread contained in the initial bid. In the event that the District elects to increase or decrease the principal amount of the Bonds after receiving bids, the underwriter's discount, expressed in dollars per thousand, will be held constant. The District will not be responsible in the event and to the extent that any adjustment affects (i) the net compensation to be realized by the Successful Bidder, or (ii) the true interest cost of the winning bid or its ranking relative to other bids.

### **Optional Redemption**

The Bonds maturing on or before December 1, 2035, are not subject to optional redemption prior to maturity. The Bonds maturing on or after December 1, 2036 are subject to redemption at the option of the District, prior to their stated maturity dates, in whole or in part, on any date on or after June 1, 2036 at a price equal to the stated principal amount to be redeemed plus accrued interest, if any, to the date of redemption. See "DESCRIPTION OF THE BONDS—Redemption Provisions" in the Preliminary Official Statement.

### **Mandatory Redemption**

Bonds that are designated by the Successful Bidder as Term Bonds will be subject to mandatory redemption. See "DESCRIPTION OF THE BONDS—Redemption Provisions" in the Preliminary Official Statement.

### **Registration and Book-Entry Transfer System**

The Bonds will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. The Bonds will be held fully immobilized in book-entry form by DTC, which will act as the initial securities depository for the Bonds. Individual purchases and sales will be made in book-entry form only, and purchasers will not receive physical certificates representing their interests in the Bonds purchased. See "DESCRIPTION OF THE BONDS—Registration and Payment—*Book-Entry Only System*" and APPENDIX B—"DTC AND ITS BOOK-ENTRY TRANSFER SYSTEM" in the Preliminary Official Statement.

## **SECURITY**

### **Pledge of Taxes and Full Faith, Credit and Resources**

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 on all of the taxable property within 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, and the full faith, credit and resources of the District are pledged irrevocably for the annual levy and collection of those taxes and the prompt payment of that principal and interest (see "DISTRICT FUNDING SOURCES" in the Preliminary Official Statement). The taxes, when collected, are required to be applied solely for the purpose of payment of principal of and interest on the Bonds and for no other purpose until the Bonds 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 "CERTAIN INVESTMENT CONSIDERATIONS—Limitations on Remedies; No Acceleration; Financial Insolvency and Bankruptcy" in the Preliminary Official Statement.)

The District may, subject to applicable laws, apply other money legally available to make payments with respect to the Bonds and thereby reduce the amount of future tax levies for such purpose.

The Bonds do not constitute a debt or indebtedness of Spokane County (the "County"), the State of Washington (the "State"), or any political subdivision thereof, other than the District.

## **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 under the provisions of the Washington State School District Credit Enhancement Program. See “SECURITY FOR THE BONDS—Washington State School District Credit Enhancement Program” and APPENDIX D—“WASHINGTON STATE SCHOOL DISTRICT CREDIT ENHANCEMENT PROGRAM” in the Preliminary Official Statement.

### **BIDDING AND SALE PROCEDURES**

#### **Electronic Bids**

The District has designated BiDCOMP™/Parity® as the Qualified Electronic Bid Provider for purposes of receiving electronic bids for the Bonds. By designating a bidding service as a Qualified Electronic Bid Provider, the District does not endorse the use of such bidding service.

Each bidder submitting an electronic bid for the Bonds thereby agrees to the following terms and conditions:

- (1) If any provision in this Notice of Sale with respect to the Bonds conflicts with information or terms provided or required by the Qualified Electronic Bid Provider, this Notice of Sale, including any amendments issued through the Qualified Electronic Bid Provider and Ipreo Prospectus, shall control.
- (2) Each bidder shall be solely responsible for making necessary arrangements to access the Qualified Electronic Bid Provider for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale.
- (3) The District shall not have any duty or obligation to provide or assure access to the Qualified Electronic Bid Provider to any bidder, and the District shall not be responsible for proper operation of, or have any liability for, any delays, interruptions or damages caused by use of the Qualified Electronic Bid Provider or any incomplete, inaccurate or untimely bid submitted by any bidder through the Qualified Electronic Bid Provider.
- (4) The District is permitting use of the Qualified Electronic Bid Provider as a communication mechanism, and not as the District’s agent, to conduct the electronic bidding for the Bonds. The Qualified Electronic Bid Provider is acting as an independent contractor, and is not acting for or on behalf of the District.
- (5) The District is not responsible for ensuring or verifying bidder compliance with any Qualified Electronic Bid Provider procedures.
- (6) If the bidder’s bid is accepted by the District, acting by and through the Designated Representative, this Notice of Sale and the information that is transmitted electronically through the Qualified Electronic Bid Provider shall form a contract, and the bidder shall be bound by the terms of such contract.
- (7) Information provided by the Qualified Electronic Bid Provider to bidders shall form no part of any bid or of any contract between the Successful Bidder and the District unless that information is included in this Notice of Sale, including any amendments provided to the Qualified Electronic Bid Provider and Ipreo Prospectus.

Further information about the Qualified Electronic Bid Provider, including any fees charged, may be obtained by calling BiDCOMP™/Parity® at (212) 849-5021.

#### **Form of Bids**

Bids for the Bonds must be unconditional, and for not less than all of the Bonds. By submitting a bid, each bidder agrees to all of the terms and conditions of this Notice of Sale, as they may be modified in accordance herewith. Bids for the Bonds must be submitted electronically via the Qualified Electronic Bid Provider. Bids may not be withdrawn or revised after the Bidding Deadline.

## **Bid Constraints**

All bids are subject to the following constraints:

- (1) No bid will be considered for the Bonds with an aggregate purchase price of less than 104.000 percent or more than 116.500 percent of the aggregate stated principal amount.
- (2) Interest rates bid must be in multiples of 1/8 or 1/20 of one percent (1%), or both.
- (3) Bidders may not specify more than one interest rate per maturity.
- (4) The rate of interest for the 2026 maturity must have a maximum interest rate of 5.00%.
- (5) The rate of interest for the 2033 maturity must be 4.00%.
- (6) The rate of interest for the 2034 through 2045 maturities, inclusive, must be 5.00%.
- (7) No bid for the Bonds will be considered with a true interest cost that exceeds 6.00 percent.
- (8) Bidders may combine consecutive maturities into one or more term bond maturities ("Term Bonds"), provided that callable maturities may not be combined with non-callable maturities.

## **Selection of Winning Bid**

The bids for the Bonds will be considered by the District, acting by and through the Designated Representative, commencing at approximately 7:30 a.m., PST, on February 11, 2026. The Designated Representative shall award the winning bid to the Successful Bidder pursuant to the delegated authority of Resolution No. 2025-16 adopted by the Board of Directors of the District on December 17, 2025. The award of the winning bid or the rejection of all bids is expected to be made by the Designated Representative no later 8:30 a.m., PST, on February 11, 2026.

The Bonds will be sold to the bidder submitting a bid in conformance with this Notice of Sale that produces the lowest true interest cost ("TIC") to the District (the "Successful Bidder"), based on the bid price, the interest rates specified in the electronic bid and the principal amounts identified in this Notice of Sale. The TIC will be the rate necessary, when using a 360-day year and semiannual compounding, to discount the debt service payments from the payment dates to the Date of Delivery and to the price bid. The TIC calculations will be confirmed by the Municipal Advisor. The Successful Bidder for the Bonds will be bound to purchase the Bonds in the principal amount, at such price and with such interest rates as are specified in its bid, subject to adjustment of principal as described above.

## **Right of Rejection**

The District, acting by and through the Designated Representative, reserves the right to reject any or all bids and to waive any irregularity in any bid. In the event that two or more bidders for the Bonds submit bids at the same lowest TIC, the District, acting by and through the Designated Representative, will determine which bidder is awarded those Bonds in its sole discretion.

## **Good Faith Deposit**

The Successful Bidder shall deliver to the District a good faith deposit in the amount of \$1,000,000 with respect to the Bonds. The good faith deposit shall be paid by federal funds wire transfer delivered no later than two hours following the Successful Bidder's receipt of the verbal award by the District, acting by and through the Designated Representative. Wiring instructions will be provided to the Successful Bidder on or about the time of the verbal award.

Any good faith deposit submitted by a bidder whose bid is not accepted shall be returned promptly by the District, but the District shall not be liable for interest for any delay in such return.

The good faith deposit of the Successful Bidder for the Bonds will be retained by the District as security for the performance of such bid, and will be applied to the purchase price of such Bonds on the Date of Delivery. Pending delivery of the Bonds, the good faith deposit for the Bonds may be invested for the sole benefit of the District.

If the Bonds are ready for delivery and the Successful Bidder for the Bonds fails to complete the purchase of such Bonds by the Date of Delivery, such good faith deposit will be forfeited to the District, and, in that event, the District acting by and through the Designated Representative may accept the next best bid or call for additional bids. The good faith deposit will be retained as liquidated damages and not as a penalty. Each bidder waives the right to claim that actual damages arising from such default are less than such amount.

### **Bond Insurance**

The District will not apply for municipal bond insurance on the Bonds, and the Bonds will not be insured as part of the initial offering.

### **Ratings**

Moody's Ratings ("Moody's") has assigned an underlying municipal bond rating of "Aa3" and S&P Global Ratings ("S&P") has assigned an underlying municipal bond rating of "A+" to the Bonds. Moody's has also assigned its credit enhanced rating of "Aaa" and S&P has assigned its credit enhanced rating of "AA+" to the Bonds, based upon the District's participation in the State Guarantee Program. See "RATINGS," "SECURITY FOR THE BONDS—Washington State School District Credit Enhancement Program" and APPENDIX D—"WASHINGTON STATE SCHOOL DISTRICT CREDIT ENHANCEMENT PROGRAM" in the Preliminary Official Statement. The District will pay the fees for these ratings. Any other ratings are the responsibility of the Successful Bidder.

### **Establishment of Issue Price of the Bonds**

**Competitive Sale.** The District expects to determine the issue price of the Bonds under the special rule for competitive sales provided by Treasury Regulation Section 1.148-1(f)(3)(i) because the sale of the Bonds is expected to meet the following requirements (the "competitive sale requirements"):

- (1) the District will disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (2) all bidders will have an equal opportunity to bid for the Bonds;
- (3) the District will receive bids for the Bonds from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the District will award the sale of the Bonds to the bidder who submits a bid in conformance with this Notice of Sale to purchase the Bonds at a price that produces the lowest TIC to the District, as set forth in this Notice of Sale under the heading "Selection of Winning Bid."

The Successful Bidder will be required to assist the District in establishing the issue price of the Bonds under the special rule for competitive sales by (i) providing to the District, the Municipal Advisor and Foster Garvey P.C., Spokane, Washington ("Bond Counsel"), in writing, immediately following the award of the sale of the Bonds to the Successful Bidder, the reasonably expected initial offering price to the public as of the sale date of each maturity of the Bonds on which the price bid by that Successful Bidder was based, and (ii) executing and delivering to the District on or before the Closing Date an issue price certificate setting forth for each maturity of the Bonds the reasonably expected initial offering price to the public as of the sale date on which the price bid by that Successful Bidder was based. If the competitive sale requirements are met, the issue price certificate shall be substantially in the form of Exhibit 1 attached to this Notice of Sale, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Successful Bidder, the District, the Municipal Advisor and Bond Counsel.

**Use of General Rule (10% Test) or Hold-the-Offering-Price Rule, as Applicable, if Competitive Sale Requirements Not Met.** If the District determines that the sale of the Bonds failed to meet competitive sale requirements described above, the District will so advise the Successful Bidder, and the District will determine the issue price of a maturity of the Bonds on the basis of either (i) the first price at which a substantial amount (10%) of that maturity of the Bonds is sold to the public (the "10% test") or (ii) the initial offering price to the public as of the sale date of any maturity of the Bonds (the "hold-the-offering-price" rule), as applicable, in each case applied on a maturity-by-maturity basis. The Successful Bidder shall advise the District, Municipal Advisor and Bond Counsel whether any maturity or

maturities of the Bonds satisfy the 10% test as of the date and time of the award of the Bonds (the “General Rule Maturities”), and the District will determine the issue price of those maturities based upon the 10% test. Any maturity of the Bonds that does not satisfy the 10% test as of the date and time of the award of the Bonds (the “Hold-the-Offering-Price Maturities”) will be subject to the hold-the-offering-price rule. Bids will not be subject to cancellation in the event that the District determines to apply the hold-the-offering-price rule to any maturity of the Bonds. Bidders should prepare their bids on the assumption that some or all of the maturities of the Bonds will be Hold-the-Offering-Price Maturities in order to establish the issue price of the Bonds.

By submitting a bid, the Successful Bidder shall (i) confirm that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in the bid submitted by the Successful Bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any Hold-the-Offering-Price Maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Successful Bidder will be required to assist the District in establishing the issue price of the Bonds and shall execute and deliver to the District on or before the Closing Date an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Hold-the-Offering-Price Maturities, together with the supporting pricing wires or equivalent communications, substantially in the form attached to this Notice of Sale as Exhibit 2, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Successful Bidder, the District, Municipal Advisor and Bond Counsel.

The District acknowledges that, if and to the extent the hold-the-offering-price rule applies, the Successful Bidder will rely on (i) the agreement of each underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The District further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Bonds.

By submitting a bid, each bidder confirms that, if and to the extent the hold-the-offering-price rule applies: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the Successful Bidder that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule (if mutually agreed to and applicable), in each case if and for so long as directed by the Successful Bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the Successful Bidder or such underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and (B) comply

with the hold-the-offering-price rule (if mutually agreed to and applicable), in each case if and for so long as directed by the Successful Bidder or such underwriter and as set forth in the related pricing wires.

Sales of any Bonds to any person who is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. For purposes of this Notice of Sale:

- (1) “public” means any person other than an underwriter or a related party,
- (2) “underwriter” means (i) any person that agrees pursuant to a written contract with the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public),
- (3) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profit interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (4) “sale date” means the date that the Bonds are awarded by the District to the Successful Bidder.

### **DELIVERY OF BONDS**

The Bonds will be delivered to DTC in New York, New York, or to the Bond Registrar on behalf of DTC by Fast Automated Securities Transfer, against payment of the purchase price to the District, in immediately available federal funds less the amount of the good faith deposit for the Bonds.

The Bonds will be delivered in “book-entry only” form in accordance with the Blanket Issuer Letter of Representations from the District to DTC. As of the date of the award of the Bonds, the Successful Bidder must either participate in DTC or clear through or maintain a custodial relationship with an entity that participates in DTC.

A transcript of proceedings, in electronic format, will be made available to the Successful Bidder and other financing participants. If, prior to the delivery of the Bonds, the interest on the Bonds shall become includable in the gross income of the recipients thereof for federal income tax purposes, or if legislation which would have the same effect if adopted into law is passed by either house of Congress or proposed by a joint conference committee, the Successful Bidder, at its option, may be relieved of the obligation to purchase the Bonds, or the District, at its option, may be relieved of the obligation to deliver the Bonds.

### **CUSIP Numbers**

It is anticipated that CUSIP identification numbers will be printed on the Bonds; however, neither the failure to print CUSIP numbers on any Bond nor any error with respect thereto will constitute cause for failure or refusal by the Successful Bidder to accept delivery of and pay for the Bonds. The District’s Municipal Advisor will obtain the CUSIP numbers.

The CUSIP Global Services charge for the assignment of CUSIP numbers for the Bonds is the responsibility of and shall be paid for by the Successful Bidder.

### **Legal Opinion**

The District will furnish to the Successful Bidder and have delivered with the Bonds the legal opinion of Bond Counsel, in substantially the form included in the Preliminary Official Statement as Appendix A.

### **Continuing Disclosure Undertaking**

In order to assist bidders in complying with United States Securities and Exchange Commission (“SEC”) Rule 15c2-12(b)(5) (“Rule 15c2-12”), the District will undertake to provide certain annual financial information and notices of the occurrence of certain events. A description of this undertaking and the District’s prior continuing disclosure undertakings is set forth in “Continuing Disclosure” in the Preliminary Official Statement.

### **Tax Status of the Bonds**

For a statement regarding the tax status of the Bonds, see “TAX EXEMPTION” in the Preliminary Official Statement.

### **Closing Documents**

As a condition to the obligations of the Successful Bidder to accept delivery of and pay for the Bonds, the Successful Bidder will be furnished the following, dated as of the Date of Delivery:

- (1) A certificate of an official or officials of the District certifying that to the best knowledge and belief of such officials, and after reasonable investigation, the Preliminary Official Statement relating to the Bonds did not as of its date, and the Official Statement relating to the Bonds did not as of its date or as of the Date of Delivery, contain any untrue statement of a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and no event affecting the Bonds has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which is necessary to be disclosed therein in order to make the statements and information therein not misleading in any material respect (except that in no event will any representation be made with respect to the accuracy or completeness of Form of Bond Counsel Opinion, or information in “THE DISTRICT—Risk Management—*Washington Schools Risk Management Pool*” which was provided by Washington Schools Risk Management Pool, or information in “FINANCIAL FACTORS—The Spokane County Investment Pool,” which was provided by the County, or information in APPENDIX B—“DTC AND ITS BOOK-ENTRY TRANSFER SYSTEM,” which was obtained from DTC’s website, or information in APPENDIX D—“WASHINGTON STATE SCHOOL DISTRICT CREDIT ENHANCEMENT PROGRAM,” which was provided by the State, or regarding the Municipal Advisor, or information provided by the Successful Bidder regarding reoffering prices and yields, or other information provided by third parties); and
- (2) A certificate of an official or officials of the District, based on such inquiry and investigation deemed sufficient, to the effect that, except as otherwise disclosed in the Preliminary Official Statement or the Official Statement, no litigation of any nature is now pending or, to such official’s knowledge, threatened, seeking to restrain or enjoin the issuance and delivery of the Bonds or the levy and collection of taxes pledged to pay the principal of and interest on the Bonds, or in any manner questioning the proceedings and authority under which the Bonds are issued or the validity of the Bonds thereunder; neither the corporate existence or boundaries of the District nor the title of the present officers to their respective offices is being contested; and no authority or proceeding for the issuance of the Bonds has been repealed, revoked or rescinded.

### **Official Statement**

The Preliminary Official Statement is in a form deemed final by the District for the purpose of Rule 15c2-12, but is subject to revision, amendment and completion in a final Official Statement, which the District will deliver or cause to be delivered to the Successful Bidder, in electronic format, not later than seven business days after the District’s acceptance of the Successful Bidder’s proposal.

The Successful Bidder shall file, or cause to be filed, the final Official Statement with the Municipal Securities Rulemaking Board (“MSRB”) within one business day following the receipt of the Official Statement from the District.

The Successful Bidder also agrees:

- (1) to provide to the District, in writing, within 24 hours after the acceptance of the bid, the information described in this Notice of Sale under the heading "Establishment of Issue Price of the Bonds" as necessary for completion of the final Official Statement;
- (2) to disseminate to all members of the underwriting syndicate, if any, copies of the final Official Statement, including any amendments or supplements prepared by the District; and
- (3) to take any and all actions necessary to comply with applicable rules of the SEC and MSRB governing the offering, sale and delivery of the Bonds to ultimate purchasers, including, without limitation, the delivery of a final Official Statement to each investor who purchases Bonds.

#### **CONTACT INFORMATION**

Copies of the Preliminary Official Statement (with the Notice of Sale) may be obtained upon written request to the parties listed below. Copies of the Preliminary Official Statement will also be made available from Ipreo Prospectus, a service of Ipreo, at [www.i-dealprospectus.com](http://www.i-dealprospectus.com); telephone (212) 849-5024.

Municipal Advisor

Trevor Carlson, Piper Sandler & Co.  
1420 Fifth Avenue, Suite 1425  
Seattle, Washington 98101  
(206) 628-2890  
[trevor.carlson@psc.com](mailto:trevor.carlson@psc.com)

Bond and Disclosure Counsel

Lee Marchisio, Foster Garvey P.C.  
(206) 447-6264  
[lee.marchisio@foster.com](mailto:lee.marchisio@foster.com)

Spokane School District No. 81

Cindy K. Coleman  
Chief Finance and Business Services Officer  
(509) 354-7183  
[cindyco@spokaneschools.org](mailto:cindyco@spokaneschools.org)

February 4, 2026.

**Spokane School District No. 81**  
Spokane County, Washington

By: /s/ Cindy K. Coleman  
Chief Finance and Business Services Officer



**NOTICE OF SALE—EXHIBIT 1**

**FORM OF ISSUE PRICE CERTIFICATE—COMPETITIVE SALE**

**\$65,065,000\* Principal Amount  
Spokane School District No. 81  
Spokane County, Washington**

**Unlimited Tax General Obligation Improvement and Refunding Bonds, 2026**

**ISSUE PRICE CERTIFICATE**

The undersigned, on behalf of [NAME OF UNDERWRITER] (“[SHORT NAME OF UNDERWRITER]”), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the “Bonds”).

**1. Reasonably Expected Initial Offering Price**

- (a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by [SHORT NAME OF UNDERWRITER] are the prices listed in Schedule A (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Bonds used by [SHORT NAME OF UNDERWRITER] in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by [SHORT NAME OF UNDERWRITER] to purchase the Bonds.
- (b) [SHORT NAME OF UNDERWRITER] was not given the opportunity to review other bids prior to submitting its bid.
- (c) The bid submitted by [SHORT NAME OF UNDERWRITER] constituted a firm offer to purchase the Bonds.

**2. Defined Terms**

- (a) Maturity means Bonds having the same maturity date and credit and payment terms.
- (b) Public means any person other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.
- (c) Sale Date means February 11, 2026, the date on which the sale of the Bonds was awarded to the Underwriter pursuant to its bid.
- (d) Issuer means Spokane School District No. 81, Spokane County, Washington.
- (e) Underwriter means (i) [SHORT NAME OF UNDERWRITER], as the successful bidder to purchase the Bonds and any person that agrees pursuant to a written contract with the [SHORT NAME OF UNDERWRITER] as the lead underwriter to form an underwriting syndicate to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Underwriter’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Federal Tax Certificate concerning the Bonds and with respect to compliance with the federal income tax rules affecting the Bonds, and by Foster Garvey P.C. in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may provide to the Issuer from time to time relating to the Bonds.

[UNDERWRITER]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Dated: [ISSUE DATE]

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\* Preliminary, subject to change.

**NOTICE OF SALE—EXHIBIT 2**

**FORM OF ISSUE PRICE CERTIFICATE—GENERAL RULE (10% TEST)  
AND HOLD-THE-OFFERING PRICE**

**\$65,065,000\* Principal Amount  
Spokane School District No. 81  
Spokane County, Washington**

**Unlimited Tax General Obligation Improvement and Refunding Bonds, 2026**

The undersigned, on behalf of [NAME OF UNDERWRITER] (“[SHORT NAME OF UNDERWRITER]”), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the “Bonds”).

**1. Sale of the General Rule Maturities.**

As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

[Use the following paragraph 2 only if it is necessary to apply the special “hold-the-offering-price” rule to undersold maturities, if any.]

**2. Initial Offering Price of the Hold-the-Offering-Price Maturities.**

- (a) [SHORT NAME OF UNDERWRITER] offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.
- (b) The [SHORT NAME OF UNDERWRITER] by submitting a bid to purchase the Bonds, has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Prices for such Maturity during the Holding Period for such Maturity. The [SHORT NAME OF UNDERWRITER] has neither offered nor sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

**3. Defined Terms**

- (a) General Rule Maturities means those Maturities of the Bonds listed in Schedule A hereto as the “General Rule Maturities.”  
[Use the following subparagraphs (b) and (c) only if it is necessary to apply the special “hold-the-offering-price” rule to undersold maturities, if any.]
- (b) Hold-the-Offering-Price Maturities means those Maturities of the Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”
- (c) Holding Period means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the 5th business day after the Sale Date, or (ii) the date on which [SHORT NAME OF UNDERWRITER] has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.
- (d) Issuer means Spokane School District No. 81, Spokane County, Washington.
- (e) Maturity means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.
- (f) Public means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter, as defined in subsection (h) below. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

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\* Preliminary, subject to change.

- (g) Sale Date means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is February 11, 2026.
- (h) Underwriter means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF UNDERWRITER]'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Federal Tax Certificate concerning the Bonds and with respect to compliance with the federal income tax rules affecting the Bonds, and by Foster Garvey P.C. in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[UNDERWRITER]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Dated: [ISSUE DATE]

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## OFFICIAL STATEMENT

### SPOKANE SCHOOL DISTRICT NO. 81, SPOKANE COUNTY, WASHINGTON

**\$65,065,000\***

### UNLIMITED TAX GENERAL OBLIGATION IMPROVEMENT AND REFUNDING BONDS, 2026

## INTRODUCTION

This Official Statement, including the cover page, the Notice of Sale, the appendices attached hereto and the documents incorporated herein by reference, is being provided by Spokane School District No. 81, Spokane County, Washington (the “District”), a municipal corporation duly organized and existing under the laws of the State of Washington (the “State”), to furnish information in connection with the issuance of \$65,065,000\* aggregate principal amount of its Unlimited Tax General Obligation Improvement and Refunding Bonds, 2026 (the “Bonds”).

The Bonds are issued pursuant to the constitution and laws of 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. 2025-16 of the District adopted by the District’s Board of Directors (the “Board”) on December 17, 2025, authorizing the issuance of the Bonds (the “Bond Resolution”). See “DESCRIPTION OF THE BONDS—Authorization for Issuance” below. Unless otherwise defined in this Official Statement, capitalized terms used herein will have the meaning or meanings as set forth in the Bond Resolution.

Brief descriptions of the Bonds, the District, the Bond Resolution, and certain other documents are included in this Official Statement and the appendices hereto. 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. Information contained herein has been obtained from officers, employees, and records of the District and from other sources believed 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.

Certain statements contained in this Official Statement do not reflect historical facts but are forecasts and “forward-looking statements.” No assurance can be given that the future results discussed herein will be achieved, and actual results may differ materially from the forecasts described herein. In this respect, words such as “estimated,” “projected,” “anticipate,” “expect,” “intend,” “plan,” “believe,” and similar expressions are intended to identify forward-looking statements. All projections, assumptions, and other forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth in this Official Statement.

## DESCRIPTION OF THE BONDS

### Principal Amount, Date, Interest Rates and Maturities

The Bonds will be issued in the aggregate principal amount of \$65,065,000\* and will be dated and bear interest from the Date of Delivery. The Bonds will mature on the dates and in the principal amounts, and will bear interest, payable semiannually, on June 1 and December 1 of each year, beginning on June 1, 2026, until the maturity or earlier redemption of the Bonds at the rates 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.

### Redemption Provisions

**Optional Redemption.** The Bonds maturing on or before December 1, 2035\*, are not subject to optional redemption prior to maturity. The Bonds maturing on or after December 1, 2036\*, are subject to redemption at the option of the District, prior to their stated maturity dates, in whole or in part, on any date on or after June 1, 2036, at a price equal to the stated principal amount to be redeemed plus accrued interest, if any, to the date of redemption.

**Selection of Bonds for Redemption.** If fewer than all of the outstanding Bonds are to be redeemed at the option of the District, the District will select the maturities to be redeemed. For as long as the Bonds are in book-entry only form, if fewer

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\* Preliminary, subject to change.

than all of the Bonds of a maturity are called for redemption, the selection of Bonds within a maturity to be redeemed will be made by DTC in accordance with its operational procedures then in effect. See Appendix B attached hereto. If the Bonds are no longer held in book-entry only form, then the Bond Registrar would select Bonds for redemption randomly within a maturity in such manner as the Bond Registrar determines.

***Partial Redemption.*** All or a portion of the principal amount of any Bond that is to be redeemed may be redeemed in any Authorized Denomination. If less than all of the outstanding principal amount of any Bond is redeemed, upon surrender of that Bond to the Bond Registrar, there will be issued to the person in whose name a Bond is registered (the “Registered Owner”), without charge a new Bond (or Bonds, at the option of the Registered Owner) of the same maturity and interest rate in any Authorized Denomination in the aggregate principal amount remaining unredeemed.

***Notice of Redemption (Book-Entry).*** So long as the Bonds are in book-entry only form, notice of any redemption of Bonds will be given as required by the operational arrangements of DTC referenced in the Blanket Issuer Letter of Representations, dated March 31, 1998 (the “Letter of Representations”), between the District and DTC. The District reserves the right to provide conditional notice and to rescind any optional redemption notice as provided in the Bond Resolution.

***Notice of Redemption (No Book-Entry).*** During any period in which the Bonds are not in book-entry only form, unless waived by any Registered Owner of the Bonds to be redeemed, official notice of any redemption of Bonds will be given by the Bond Registrar on behalf of the District by mailing a copy of an official redemption notice by first class mail, postage prepaid, at least 20 days and not more than 60 days prior to the date fixed for redemption, to the Registered Owners of the Bonds to be redeemed at the address shown on the books or records maintained by the Bond Registrar for the purpose of identifying ownership of the Bonds (the “Bond Register”) on the date the Bond Registrar sends the notice, and such requirement will be satisfied when notice has been mailed as so provided, whether or not it is actually received by the Registered Owner or Beneficial Owner. The District reserves the right to provide conditional notice and to rescind any optional redemption notice as provided in the Bond Resolution.

## **Purchase**

The District reserves the right to purchase any or all of the Bonds offered to the District or in the open market at any time at any price acceptable to the District plus accrued interest to the date of purchase.

## **Effect of Redemption**

Interest on each Bond called for redemption shall cease to accrue on the date fixed for redemption, unless either the notice of optional redemption is rescinded as set forth above, or money sufficient to effect such redemption is not on deposit in the District’s Debt Service Fund or in a trust account established to refund or defease the Bond.

## **Failure to Pay Bonds**

If the principal of any Bond is not paid when the Bond is properly presented at its maturity date or date fixed for redemption, as applicable, the District shall be obligated to pay interest on that Bond at the same rate provided in the Bond from and after its maturity date or date fixed 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, or in a trust account established to refund or defease the Bond, and the Bond has been called for payment by giving notice of that call to the Registered Owner.

## **Refunding or Defeasance**

The District may issue refunding bonds pursuant to State law or use money available from any other lawful source to carry out a refunding or defeasance plan, which may include (i) paying when due the principal of and interest on any or all of the Bonds (the “defeased Bonds”); (ii) redeeming the defeased Bonds prior to their maturity; and (iii) paying the costs of the refunding or defeasance. If the District sets aside in a special trust fund or escrow account irrevocably pledged to that redemption or defeasance (the “trust account”) money and/or noncallable, nonprepayable direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America (“Government Obligations”), maturing at a time or times and bearing interest in amounts sufficient to redeem, refund, or defease the defeased Bonds in accordance with their terms, then all right and interest of the owners of the defeased Bonds in the covenants of the Bond Resolution and in the funds and accounts obligated to the payment of the defeased Bonds will cease and become void. Thereafter, the owners of defeased Bonds will have the right to receive payment of the principal of and interest on the defeased Bonds solely from the trust account and the defeased Bonds will be deemed no longer outstanding.

In that event, the District may apply money remaining in any fund or account (other than the trust account) established for the payment or redemption of the defeased Bonds to any lawful purpose. Unless otherwise specified by the District in a refunding or defeasance plan, notice of refunding or defeasance will be given, and selection of Bonds for any partial refunding or defeasance will be conducted, in the manner prescribed in the Bond Resolution for the redemption of Bonds.

### **Bond Registrar; Registration Features**

***Bond Registrar.*** The State fiscal agent (or such other fiscal agency or agencies as the Treasurer may from time to time designate) will serve as Bond Registrar for the Bonds. The State is under contract with U.S. Bank Trust Company, National Association, to act as the fiscal agent for the State.

***Book-Entry System.*** The Bonds will be issued as fully registered bonds and, when issued, will be initially registered in the name of Cede & Co., as the nominee of DTC. DTC will act as initial securities depository for the Bonds. Individual purchases and sales of the Bonds may be made in book-entry form only in Authorized Denominations. So long as the Bonds are in book-entry only form, principal of and interest on the Bonds will be payable as required by the operational arrangements of DTC in accordance with the Letter of Representations. The Beneficial Owners will not receive certificates representing their interest in the Bonds (see Appendix B attached hereto).

***No Book-Entry System.*** During any period in which the Bonds are not in book-entry only form, principal of and interest on the Bonds will be payable by the Bond Registrar. Interest on the Bonds will be payable by check mailed to the Registered Owners, at the addresses appearing on the Bond Register on the 15th day of the month preceding an interest payment date or by electronic transfer on the interest payment date. The District is not required to make electronic transfers except to a Registered Owner of the Bonds pursuant to a request in writing (and at the sole expense of that Registered Owner) received at least 15 days before an interest payment date. Principal of the Bonds will be payable upon presentation and surrender of the Bond by the Registered Owner to the Bond Registrar.

***Procedure in the Event of Revisions of Book-Entry System.*** If (i) DTC resigns as the securities depository and the District does not appoint a substitute securities depository, or (ii) the District terminates the services of DTC, the District will execute, authenticate, and deliver, at no cost to the Beneficial Owners of the Bonds or their nominees, Bonds in fully registered form, in Authorized Denominations.

***Transfer and Exchange of Bonds.*** The Bonds will be subject to transfer and exchange as provided in the Bond Resolution.

### **Authorization for Issuance**

***2018 Authorization Bonds.*** A portion of the Bonds (the “2018 Authorization Bonds”) are authorized pursuant to the favorable results of a special election held in the District on November 6, 2018 (the “2018 Election”). The qualified electors (*i.e.*, voters) of the District authorized the issuance of no more than \$495,300,000 of unlimited tax general obligation bonds at the 2018 Election (the “2018 Bond Authorization”). The 2018 Bond Authorization requires that bonds issued thereunder mature within 20 years of the date of delivery.

Previously, the District issued, sold and delivered five series of bonds pursuant to the 2018 Bond Authorization: (i) Unlimited Tax General Obligation Bonds, 2019, in the aggregate principal amount of \$127,910,000, of which \$87,615,000 principal amount, plus \$12,385,000 of original issue premium deposited to the Capital Projects Fund, was allocable to the 2018 Bond Authorization; (ii) Unlimited Tax General Obligation Improvement and Refunding Bonds, 2021, in the aggregate principal amount of \$230,785,000, of which \$172,775,000 principal amount, plus \$27,225,000 of original issue premium deposited to the Capital Projects Fund, was allocable to the 2018 Bond Authorization; (iii) Unlimited Tax General Obligation Bonds, 2022, in the aggregate principal amount of \$91,150,000, of which \$91,150,000 principal amount, plus \$8,850,000 of original issue premium deposited to the Capital Projects Fund, was allocable to the 2018 Bond Authorization; (iv) Unlimited Tax General Obligation Improvement and Refunding Bonds, 2023, in the aggregate principal amount of \$65,170,000, of which \$46,905,000 principal amount, plus \$3,095,000 of original issue premium deposited to the Capital Projects Fund, was allocable to the 2018 Bond Authorization; and (v) Unlimited Tax General Obligation Bonds, 2024 in the aggregate principal amount \$19,090,000, of which \$19,090,000 principal amount, plus \$910,000 of original issue premium deposited to the Capital Projects Fund, was allocated to the 2018 Bond Authorization, thereby leaving \$25,300,000 of the 2018 Bond Authorization unissued. The 2018 Authorization Bonds, of which \$4,500,000\* principal amount, plus \$500,000\* of original issue premium generated by the sale of the Bonds and deposited to the Capital Projects

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\* Preliminary, subject to change.

Fund, represent the sixth series of bonds to be issued under the 2018 Bond Authorization. Following the issuance of the Bonds, the District will have \$20,300,000\* of the 2018 Bond Authorization remaining unissued (see “BONDED INDEBTEDNESS—Future Financings” herein).

**2025 Authorization Bonds.** A portion of the Bonds (the “2025 Authorization Bonds”) is authorized pursuant to the favorable results of a special election held in the District on November 4, 2025 (the “2025 Election”). The qualified electors (*i.e.*, voters) of the District authorized the issuance of no more than \$200,000,000 of unlimited tax general obligation bonds at the 2025 Election (the “2025 Bond Authorization”). The 2025 Bond Authorization requires that bonds issued thereunder mature within 21 years of the date of delivery.

The 2025 Authorization Bonds represent the first series of bonds issued under the 2025 Bond Authorization. The 2025 Authorization Bonds, in the aggregate principal amount of \$44,620,000\*, plus \$5,380,000\* of original issue premium generated by the sale of the 2025 Authorization Bonds and deposited to the Capital Projects Fund, will count toward the 2025 Bond Authorization. Following the issuance of the 2025 Authorization Bonds, the District will have \$150,000,000\* of unissued 2025 Bond Authorization.

Collectively, the 2018 Authorization Bonds and the 2025 Authorization Bonds are referred to herein as the “Improvement Bonds.” The aggregate principal amount of the Improvement Bonds is \$49,120,000\*.

Unlimited tax general obligation bonds, such as the Improvement Bonds, require an approving vote, and any election to authorize unlimited tax general obligation bonds must have a voter turnout of at least 40 percent of those who voted in the District in the last State general election. Of those voting, 60 percent must vote in the affirmative.

**2018 Election Results.** The results of the 2018 Election for the 2018 Bond Authorization were certified by the Auditor of Spokane County, Washington, as follows:

	<b>Number of Votes</b>	<b>Percentage</b>
Approved	67,706	69.29%
Rejected	30,015	30.71%
	97,721	100.00%

The 97,721 total votes represent 206.7 percent of those who voted in the District in the November 7, 2017, State general election (*i.e.*, 47,277).

**2025 Election Results.** The results of the 2025 Election for the 2025 Bond Authorization were certified by the Auditor of Spokane County, Washington, as follows:

	<b>Number of Votes</b>	<b>Percentage</b>
Approved	41,923	61.84%
Rejected	25,875	38.16%
	67,798	100.00%

The 67,798 total votes represents 56.6 percent of those who voted in the District in the November 5, 2024, State general election (*i.e.*, 119,817).

**Refunding Bonds.** Subject to market conditions, the refunding portion of the Bonds (the “Refunding Bonds”) is issued to refund, on a current basis, the District’s outstanding Unlimited Tax General Obligation Bonds, Series 2014 (the “2014 Bonds”), and therefore, under State law, voter approval of the Refunding Bonds is not required. The aggregate principal amount of the Refunding Bonds is \$15,945,000\*.

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\* Preliminary, subject to change.



## PURPOSE AND USE OF PROCEEDS

### New Money Purpose

**2018 Authorization Bonds.** The proceeds from the sale of the 2018 Authorization Bonds will be used to: (i) acquire land; (ii) make District-wide safety, technology and other smaller improvements; and (iii) pay the allocable share of the costs of issuing, selling and delivering the 2018 Authorization Bonds.

**2025 Authorization Bonds.** The proceeds from the sale of the 2025 Authorization Bonds will be used to: (i) rebuild Adams Elementary School and Madison Elementary School; (ii) modernize sections of North Central High School (and expand parking) and Garry Middle School; (iii) construct a Trades High School; (iv) provide essential capital improvements to 66 schools/facilities; (v) improve activities and athletics infrastructure for students and community use; and (vi) pay the allocable share of the costs of issuing, selling and delivering the 2025 Authorization Bonds.

### Refunding Purpose

Subject to market conditions, the proceeds from the sale of the Refunding Bonds will be used to refund, on a current basis, the District's outstanding 2014 Bonds identified under "—Refunding Plan" below (the "Refunded Bonds"). A portion of the Refunding Bonds will also be used to pay the administrative costs of the refunding and the allocable share of the costs of issuing, selling and delivering the Refunding Bonds. The Refunding Bonds are being issued so that the District can obtain the benefit of savings in total debt service requirements.

### Refunding Plan

Subject to market conditions, the proceeds of the Refunding Bonds, together with \$299,437.98\* on hand in the District's Debt Service Fund (the "DSF Contribution"), will be used to provide the money necessary to establish an irrevocable trust escrow to: (i) call, pay and redeem on March 27, 2026\*, all of the Refunded Bonds at a price of par, plus accrued interest; and (ii) pay the administrative costs of the refunding and the allocable share of the costs related to the sale, issuance and delivery of the Refunding Bonds (collectively referred to herein as the "Refunding Plan"). Information on the Refunded Bonds is as follows.

	<u>Amount Outstanding</u>	<u>Refunded Maturity</u>	<u>Amount Refunded</u>	<u>Redemption Date</u>	<u>Redemption Price**</u>
2014 Bonds	\$17,540,000	2026	\$17,540,000	March 27, 2026*	100%

<u>Refunded Bonds*</u>			
<u>Maturity Year (December 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>CUSIP Number</u>
2026	\$17,540,000	4.50%	848712PZ2

Proceeds from the sale of the Refunding Bonds, together with the DSF Contribution will be held as uninvested cash and/or applied to purchase certain non-callable Government Obligations (referred to herein as "Acquired Obligations"). The uninvested cash and/or Acquired Obligations, together with additional proceeds of the Bonds, as applicable and if necessary, are anticipated to be deposited in the custody of U.S. Bank Trust Company, National Association, Seattle, Washington (the "Refunding Trustee"). The uninvested cash and/or maturing principal of the Acquired Obligations, interest earned thereon, and necessary beginning cash balance, will be used to accomplish the Refunding Plan.

The uninvested cash and/or Acquired Obligations, interest earned thereon, and necessary beginning cash balance will be irrevocably pledged to and held in trust for the benefit of the owners of the Refunded Bonds by the Refunding Trustee, pursuant to a refunding trust agreement to be executed by the District and the Refunding Trustee.

**Verification of Mathematical Calculations.** Public Finance Partners LLC will verify the accuracy of the mathematical computations concerning the adequacy of the uninvested cash and/or the maturing principal amounts of and interest earned

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\* Preliminary, subject to change.

\*\* Redemption price is expressed as a percentage of the principal amount.

on the Acquired 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.

## Sources and Uses of Funds

The proceeds from the Bonds and the DSF Contribution are to be applied as follows:

<b>Sources of Funds <sup>(1)</sup></b>	<b>Improvement Bonds</b>	<b>Refunding Bonds</b>	<b>Total</b>
Principal Amount of Bonds <sup>(2)</sup>	\$ 49,120,000	\$ 15,945,000	\$ 65,065,000
[Net] Original Issue Premium/(Discount)			
DSF Contribution			
Total Sources of Funds	\$	\$	\$
<b>Uses of Funds <sup>(1)</sup></b>	<b>Improvement Bonds</b>	<b>Refunding Bonds</b>	<b>Total</b>
Deposit to Capital Projects Fund	\$	\$	\$
Escrow Requirements			
Deposit to Debt Service Fund			
Underwriting and Costs of Issuance <sup>(3)</sup>			
Total Uses of Funds	\$	\$	\$

(1) Amounts will be provided in the final Official Statement.

(2) Preliminary, subject to change.

(3) Includes Underwriter's discount, Bond Counsel and Disclosure Counsel fee, Municipal Advisor fee, Refunding Trustee fee, escrow verification fee, rating agency fees and other expenses.

## SECURITY FOR THE BONDS

### General

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 on all of the taxable property within 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, and the full faith, credit and resources of the District are pledged irrevocably for the annual levy and collection of those taxes and the prompt payment of that principal and interest (see "DISTRICT FUNDING SOURCES" herein). The taxes, when collected, are required under State law to be applied solely for the purpose of payment of principal of and interest on the Bonds and for no other purpose until the Bonds 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 "CERTAIN INVESTMENT CONSIDERATIONS—Limitations on Remedies," "—No Acceleration," "—Financial Insolvency" and "—Bankruptcy" herein.)

The District may, subject to applicable laws, apply other money legally available to make payments with respect to the Bonds and thereby reduce the amount of future excess tax levies for such purpose.

The Bonds do not constitute a debt or indebtedness of Spokane County (the "County"), the State, or any political subdivision thereof, other than the District.

**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 attached hereto.

## BOND INDEBTEDNESS

### General Obligation Debt Limitation

The power of the District to contract debt of any kind is controlled and limited by State law. All debt must be set forth in accordance with detailed budget procedures and paid for out of identifiable receipts and revenues. The budget must be balanced for each fiscal year ending August 31 as prescribed by state law. It is unlawful for an officer or employee of the District 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 (as described within “DISTRICT FUNDING SOURCES—Assessed Value” herein) within the school district. Following issuance of the Bonds, the District will have \$627,420,000\* of voter approved debt outstanding, which represents 1.69 percent of the District’s 2026 collection year Bond Assessed Value of \$37,047,222,542. The District currently does not have non-voter approved debt outstanding.

**Authorization of Voted Debt.** Any election to authorize such debt must have a voter turnout of at least 40 percent of those who voted in the school district in the last State general election and, of those voting, 60 percent must vote in the affirmative. The Improvement Bonds met all voter approval criteria. The Refunding Bonds are not subject to voter approval. See “Description of the Bonds - Authorization for Issuance” herein.

**Authorization of Non-voted Debt.** Washington municipal corporations, including the District, are authorized under State law to borrow money and issue short-term obligations, the proceeds of which may be used for any lawful purpose. Short-term obligations may be issued in anticipation of the receipt of revenues, taxes, or grants or the sale of bonds. These short-term obligations will be repaid 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.

RCW 28A.530.080 authorizes school districts, including the District, to incur long-term indebtedness without a vote of the people through the issuance of bonds payable out of the District’s ordinary revenues. Such bonds may be issued to acquire real or personal property or make structural changes and additions to school facilities, including energy conservation improvements.

School districts also are authorized to incur debt by purchasing real or personal property pursuant to conditional sales (installment purchase) contracts and financing leases.

In an emergency, school districts may authorize indebtedness outside the current budget. All expenditures for emergency purposes will 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 school district’s board of directors will appropriate funds to retire any outstanding registered warrants issued since the adoption of the last preceding budget.

The amount of all non-voted debt (including short-term obligations, conditional sales contracts, warrants and bonds) may not exceed  $\frac{3}{8}$  of one percent (0.375%) of the Bond Assessed Value. The District currently does not have non-voted debt outstanding.

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\* Preliminary, subject to change.

### General Obligation Debt Capacity

<b>Bond Assessed Value (2026 Collection Year)</b>	<b>\$ 37,047,222,542</b>
<b>Total Debt:</b>	
General Obligation Debt Capacity (5% of Bond Assessed Value)	\$ 1,852,361,127
Less: Outstanding Voter Approved Debt (includes the Bonds) <sup>(1)</sup>	(627,420,000)
Less: Outstanding Non-Voter Approved Debt <sup>(2)</sup>	(0)
Remaining Total Debt Capacity	<u>\$ 1,224,941,127</u>
<b>Non-Voter Approved Debt:</b>	
Debt Capacity (3/8 of 1% of Bond Assessed Value)	\$ 138,927,084
Less: Outstanding Non-Voter Approved Debt <sup>(2)</sup>	(0)
Remaining Non-Voter Approved Debt Capacity	<u>\$ 138,927,084</u>

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- (1) Includes the Bonds and the District's outstanding unlimited tax general obligation bonds and excludes the Refunded Bonds as of the Date of Delivery. Preliminary, subject to change.
- (2) Includes the District's outstanding lease obligations as of August 31, 2025. Most current data available.

### Outstanding Long-Term Debt

	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Principal Issued</u>	<u>Principal Outstanding <sup>(1)</sup></u>
<b><u>Unlimited Tax General Obligation Bonds</u></b>				
UTGO Bonds, Series 2012	12/03/12	12/01/32	\$ 50,000,000	\$ 41,475,000
UTGO Refunding, Series 2015B	12/09/15	12/01/26	36,055,000	16,685,000
UTGO, Series 2015C	12/09/15	12/01/34	29,000,000	29,000,000
UTGO Refunding, Series 2017B	11/22/17	12/01/30	64,320,000	62,625,000
UTGO, Series 2017C	11/22/17	12/01/35	29,320,000	29,320,000
UTGO, 2019	02/26/19	12/01/36	127,910,000	90,745,000
UTGO Improvement and Refunding, 2021	04/08/21	12/01/40	230,785,000	157,580,000
UTGO, 2022	12/08/22	12/01/38	91,150,000	70,860,000
UTGO Improvement and Refunding, 2023	10/17/23	12/01/34	65,170,000	50,420,000
UTGO, 2024	12/10/24	12/01/44	19,090,000	13,645,000
The Bonds <sup>(2)</sup>	02/25/26	12/01/45	65,065,000	<u>65,065,000</u>
<b>Total Unlimited Tax General Obligation Bonds</b>				<b>\$ 627,420,000</b>

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- (1) As of the Date of Delivery. Excludes the Refunded Bonds.
- (2) Preliminary, subject to change.

Source: The District

### Short-Term Borrowing

The District does not currently have any outstanding short-term borrowing commitments.

## Projected Unlimited Tax General Obligation Debt Service Requirements

Calendar Year	Outstanding Debt <sup>(1)</sup>		The Bonds <sup>(2)</sup>		Total Debt Service <sup>(3)</sup>
	Principal	Interest	Principal	Interest	
2026	\$ 21,160,000	\$ 24,495,450	\$ 1,735,000	\$ 2,371,913	\$ 49,762,363
2027	24,710,000	23,604,300	0	3,007,050	51,321,350
2028	29,745,000	22,452,150	0	3,007,050	55,204,200
2029	35,220,000	21,082,850	0	3,007,050	59,309,900
2030	41,200,000	19,449,400	0	3,007,050	63,656,450
2031	32,390,000	17,659,100	0	3,007,050	53,056,150
2032	34,090,000	16,629,100	0	3,007,050	53,726,150
2033	20,295,000	15,347,250	15,945,000	3,007,050	54,594,300
2034	44,635,000	14,472,500	2,975,000	2,369,250	64,451,750
2035	44,645,000	12,390,750	3,125,000	2,220,500	62,381,250
2036	48,335,000	10,391,950	3,280,000	2,064,250	64,071,200
2037	53,935,000	7,975,200	3,445,000	1,900,250	67,255,450
2038	54,515,000	5,557,500	3,620,000	1,728,000	65,420,500
2039	33,815,000	3,131,800	3,800,000	1,547,000	42,293,800
2040	36,230,000	1,763,300	3,990,000	1,357,000	43,340,300
2041	1,750,000	297,400	4,190,000	1,157,500	7,394,900
2042	1,820,000	227,400	4,400,000	948,000	7,395,400
2043	1,895,000	154,600	4,620,000	728,000	7,397,600
2044	1,970,000	78,800	4,850,000	497,000	7,395,800
2045	--	--	5,090,000	254,500	5,344,500
<b>Total<sup>(3)</sup></b>	<b>\$ 562,355,000</b>	<b>\$217,160,800</b>	<b>\$65,065,000</b>	<b>\$40,192,513</b>	<b>\$884,773,313</b>

- (1) Outstanding unlimited tax general obligation bonds. Information excludes principal and interest payments made through the Date of Delivery and the Refunded Bonds.
- (2) Principal and interest are provided for illustrative purposes only. The amounts and structure are preliminary, subject to change.
- (3) Totals may not foot due to rounding.

### Direct and Overlapping Debt Summary

A number of taxing districts may be located within all or a portion of another taxing district, such as the District, including cities and towns 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 tables set 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 following table does not reflect any special revenue obligations (e.g., utility or sales tax revenue bonds) issued by any taxing district. The taxing districts listed below may have issued additional general obligation debt since the date indicated and may have plans for future general obligation debt issuances. See “DISTRICT FUNDING SOURCES—Overlapping Taxing Districts” herein.

**Overlapping Debt Calculation**  
(as of December 31, 2025)

<b>Overlapping Taxing Entity</b>	<b>2026 Total Assessed Value</b>	<b>Percentage of Overlap</b>	<b>Outstanding General Obligation Debt</b>	<b>Estimated Overlapping Debt</b>
Spokane County	\$96,985,930,964	38.68%	\$175,061,617	\$ 67,718,187
City of Spokane	35,745,002,284	89.83	182,005,000	163,486,049
City of Spokane Valley	18,227,445,400	7.62	7,810,000	595,202
Fire Protection District No. 8	6,134,949,270	45.22	622,000	281,266
Fire Protection District No. 9	9,446,134,310	12.78	1,732,588	221,353
Fire Protection District No. 10	1,721,136,197	3.86	582,443	22,504
Library District	57,540,656,316	9.40	5,720,000	537,659
Total Overlapping Debt			\$373,533,648	\$232,862,219

Source: Spokane County Assessor's and Treasurer's Offices and certain taxing districts.

Note: Totals may not foot due to rounding.

The following table summarizes Direct Debt (including the Bonds) and the estimated portion of the debt of overlapping taxing districts allocated to the District's residents.

**Debt Ratios**  
(as of December 31, 2025)

Bond Assessed Value (2026 Collection Year)	\$37,047,222,542
Estimated 2025 Population <sup>(1)</sup>	246,796
Debt Information:	
Direct Debt (includes the Bonds) <sup>(2)</sup>	\$ 627,420,000
Estimated Overlapping Debt (as detailed above)	232,862,219
Total Direct and Overlapping Debt	\$ 860,282,219
Bonded Debt Ratios:	
Direct Debt to Bond Assessed Value	1.69%
Direct and Overlapping Debt to Bond Assessed Value	2.32%
Per Capita Bond Assessed Value	\$150,113
Per Capita Direct Debt	\$2,542
Per Capita Total Direct and Overlapping Debt	\$3,486

(1) Source: State Office of Financial Management.

(2) Preliminary, subject to change. Includes the Bonds and the District's outstanding unlimited tax general obligations and lease and subscription obligations as of August 31, 2025. See "BOND INDEBTEDNESS—Outstanding Long-Term Debt" herein.

### Debt Payment Record

Except as described below, the District has promptly met principal and interest payments on outstanding bonds and other indebtedness when due. Additionally, no refunding bonds have been issued for the purpose of preventing an impending default.

**Principal and Interest Payment Delinquency Due to Technical Banking System Issue.** Funds sufficient to make the District's December 1, 2025, debt service payments on its then outstanding unlimited tax general obligation bonds were made available by the Treasurer in a timely manner. The Treasurer was notified that its banking institution was temporarily unable to wire debt service payments due on December 1, 2025 to the fiscal agent for the outstanding bonds (the "Fiscal Agent") in a timely manner due to technical issues affecting the banking institution's electronic banking system. Pursuant to the procedures in place under the Washington State School District Credit Enhancement Program, the Fiscal Agent notified the Office of the State Treasurer, which initiated a transfer of funds to the Fiscal Agent sufficient to pay debt service on the outstanding bonds due on December 1, 2025. (See APPENDIX D—"WASHINGTON STATE SCHOOL DISTRICT CREDIT ENHANCEMENT PROGRAM" for more information.) However, the same technical issue affecting the same banking institution prevented that wire from being processed. The technical issue affecting the banking institution's electronic banking system was resolved. Payment by the Treasurer to the Fiscal Agent was completed and processed for

credit to bondholder accounts on December 2, 2025. The Treasurer and the Fiscal Agent are considering adjustments to the payment process to reduce the likelihood of a delayed payment in the future due to technical issues.

### Lease and Subscription Obligations

The District routinely enters into leases obligations for the use of real and personal property and subscription-based information technology arrangements (SBITA) for the use of certain information technology assets. The District's outstanding lease and subscription obligations are summarized as follows, as of August 31, 2025 (most current data available).

	<b>Obligations Outstanding</b>
<b><u>Lease and Subscription Obligations</u></b>	
Outstanding Leases <sup>(1)</sup>	\$ 664,031
Outstanding Subscriptions <sup>(2)</sup>	18,271,627
<b>Total Lease and Subscription Obligations</b>	<b>\$ 18,935,658</b>

(1) As of August 31, 2025, the District had approximately 39 leases, ranging in terms from 9 to 72 months, primarily for copy machines, vehicles and parking lots.

(4) As of August 31, 2025, the District had approximately 83 subscriptions, ranging in terms from 9 to 118 months, primarily for curriculum, technology and business systems.

Source: The District

### Future Financings

**Existing Voter Authorization.** Following the issuance of the Bonds, the District will have \$20,300,000\* of 2018 Bond Authorization remaining unissued and \$150,000,000\* of 2025 Bond Authorization remaining unissued. See "DESCRIPTION OF THE BONDS—Authorization for Issuance" herein. The District plans to issue the next series of bonds under the 2018 Bond Authorization and the 2025 Bond Authorization within the next 12 to 18 months.

**Non-Voted Financings.** After outsourcing student transportation for a number of years, the Board on December 3, 2025, approved a plan to provide District operated student transportation, including the anticipated purchase of 149 buses and 12 vans for approximately \$32,500,000. The District anticipates financing the acquisitions with non-voted debt in the next six to 12 months through a request for participation in an upcoming issue of State of Washington Certificates of Participation under the State LOCAL Program.

The District periodically considers plans to seek authorization from the District's voters for capital improvements to be financed with bonds. The District currently does not anticipate seeking voter approval of a new bond authorization within 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.

## DISTRICT FUNDING SOURCES

### General

School districts in the State are municipal corporations empowered to provide elementary and secondary educational services. Their operations are supported primarily by State funds, property taxes, and federal grants. The District is governed by a board of five directors elected by voters of the District for four-year terms. The chief administrative officer is a superintendent chosen by the Board.

School districts in the State receive revenue from three primary sources including (1) Federal funding, (2) State funding, and (3) local funding through tax receipts. The District's primary sources of revenue for the General Fund are State funds, local property taxes and federal funds. Of these sources, State funding comprises 73.0 percent of the District's total operating

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\* Preliminary, subject to change.

revenue, local sources comprise 17.2 percent, federal sources comprise 8.3 percent and other sources comprise 1.5 percent, as reported in the District's 2025-26 General Fund Budget.

### **Federal Funding**

The District receives money from federal funding for a variety of programs. Current and potentially future federal policy proposals and pauses or withholding of funds, if implemented, may adversely impact federal revenues received by the District. 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, pauses or withholding of funds, or loss of funding for any other reason, is not expected to impair the security for the Bonds.

### **State Funding**

**General.** The Washington Basic Education Act of 1977 (the "Act") provides for the full funding of what the Act refers to as "basic education," or the regular program, and of vocational education, according to statutory formulas, and for operational 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. State funding for school districts is provided through the general apportionment formula (a/k/a the Basic Education Allocation). 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 (i.e., K-12 schools maintained at public expense) 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 without adopting 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 make such an adjustment in 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 2009-11 biennium, the Legislature enacted two significant bills to redefine basic education and to restructure K-12 funding formulas. The first was Engrossed Substitute House Bill 2261 (Chapter 548, Laws of 2009) ("ESHB 2261"), which added programs to the definition of basic education—including the program for highly capable students and phasing in full-day kindergarten. ESHB 2261 increased the number of instructional hours, increased the minimum number of credits for high school graduation, and changed the system for funding student transportation. 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 enhancements were phased in by 2018 on a schedule set by the Legislature.

The second bill, Substitute House Bill 2776 (Chapter 236, Laws of 2010) ("SHB 2776"), 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.

Under this new funding structure, effective September 1, 2011, the general apportionment formula follows 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. Under SHB 2776, the Legislature designed a funding formula that allocates funding in three primary groups: schools, district-wide support, and central administration.

On July 6, 2017, the Governor signed into law Engrossed House Bill 2242 (Chapter 13, Laws of 2017) ("EHB 2242"), which modifies the State's program of basic education by changing State and local education contributions. EHB 2242 increased State allocations to categorical programs beginning in the 2017-2018 school year. Additionally, EHB 2242 revised the salary



allocation model to require State funding to school districts be based on minimum statewide salaries adjusted for regional differences. EHB 2242 was amended by Engrossed Second Substitute Senate Bill 6362 in 2018 (“E2SSB 6362”) to accelerate implementation of the revised salary allocation model from the 2019-2020 school year to the 2018-2019 school year. While EHB 2242 maintains the prototypical school model, OSPI must report funding rates in a per-pupil format.

In addition to the Basic Education Allocation, eligible school districts have received local assistance funds from the State under the Local Effort Assistance (“LEA”) program. The LEA program was originally implemented in 1989 and seeks to equalize the tax burden by providing matching State funds to districts with low property values and high levy rates. Until the beginning of calendar year 2019, eligible school districts were those school districts with an assessed value (for excess levy purposes) per pupil lower than the State average. See “District Funding Sources—Local Funding—EPO Levies” herein. For calendar years 2024 and 2025, the District received \$992,222 and \$2,836,566, respectively, in LEA funds. For calendar year 2026, the District estimates it is potentially eligible to receive \$8,746,637 in LEA funds.

Passed by voters in November 2000, Initiative 732 (“I-732”) required the State to provide annual cost-of-living increases for Washington’s public school employees. In 2003 and again in 2009 through 2015, the Legislature suspended the inflation increases in I-732. For the 2015-2017 biennium, the Legislature did not suspend inflation increases in I-732 going forward. EHB 2242 renamed cost-of-living increases as “inflationary increases” and changed the inflationary adjustment index from the consumer price index to the implicit price deflator.

The State’s largest General Fund expenditures are for education, social and health and corrections, with a significant portion supporting K-12 public schools. The 2025-2027 biennium budget increased K-12 public education spending by approximately \$2.5 billion, with the Legislature focusing on K-12 public school enhancements concerning, among others: (1) special education; (2) materials, supplies, and operating costs (MSOC); and (3) LEA.

***McCleary et al. v State Ruling.*** In 2007, a lawsuit 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 (the “Supreme Court”) upheld that ruling of the lower court. The Supreme 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 and 2018 (including EHB 2242, E2SSB 6362 and the supplemental 2017-19 biennial budget). On June 7, 2018, the Supreme Court entered an order declaring that the State had fully implemented its statutory program of basic education and terminated its jurisdiction over the case.

## **Local Funding**

Local property taxes, the most significant local revenue source, provide money that enhances the State-funded Basic Education Allocation. Pursuant to Article VII, Section 2 of the State Constitution and RCW 84.52.053 and 84.52.056, school districts may, upon voter approval, impose excess property tax levies for various purposes, including educational programs and operation (“EPO Levies”), capital projects (“Capital Projects Levies”), repayment of bonds issued to finance capital projects (“Bond Levies”), and acquisition of student transportation vehicles (“Transportation Vehicle Levies”). The voter approval requirement for EPO, Capital Projects, and Transportation Vehicle Levies is a simple majority. Any election to authorize Bond Levies must have a voter turnout of at least 40 percent of those in the district who voted in the last State general election, and, of those voting, 60 percent must vote in the affirmative. Bond Levies are dedicated exclusively to the repayment of the bonds for which the taxes were approved and those tax proceeds cannot be diverted to other purposes. Therefore, a change in EPO, Capital Projects, and Transportation Vehicle Levies will not affect the District’s levy of excess property taxes for the repayment of the Bonds. Beginning with the 2019-2020 school year, the State Auditor must review the expenditures of EPO Levies, LEA funding and certain other local revenues.

***EPO Levies.*** The State Constitution currently allows school districts to submit to voters EPO Levies for up to four years. In 1977, when the State assumed additional responsibility for funding schools, the Legislature limited school district EPO Levy authority by passing the levy lid law. This law establishes the maximum amount of a school district’s EPO Levy for a calendar year. In 1979, the levy lid law took effect, limiting excess General Fund revenue to 10 percent of the school district’s Basic Education Allocation for the school year. The law allowed districts that historically relied on EPO Levies to be grandfathered in and exceed the 10 percent limit. In 1987 the levy lid limit was increased to 20 percent. In 1994, the levy lid limit increased to 24 percent.

Prior to enactment of EHB 2242, RCW 84.52.053 identified EPO Levies as “maintenance and operation” or “M&O” levies. School districts commonly describe M&O levies as “educational programs and operation” or “EPO” levies. In 2017, under EHB 2242, the Legislature renamed M&O levies as “enrichment” levies. Consistent with prior conventions, many school districts, including the District, continue to refer to enrichment levies as “educational programs and operation” or “EPO” levies. Consequently, for purposes of this official statement, “enrichment” levies will be referred to as “EPO Levies.”

EHB 2242 changed the levy lid calculation for EPO Levies, changed LEA allocations, and placed additional restrictions on EPO Levy expenditures. Beginning with taxes levied for collection in 2019, the maximum EPO Levy was the amount equal to the lesser of \$2,500 per student (adjusted for inflation using the consumer price index beginning in 2020) or \$1.50 per \$1,000 of assessed property value. Under Engrossed Substitute Senate Bill 5313 (2019) (“ESSB 5313”), the maximum EPO Levy for taxes levied for collection beginning in 2020 is the amount equal to the lesser of: (i) \$2,500 (adjusted for inflation) per student for school districts with fewer than 40,000 FTE students or \$3,000 (adjusted for inflation) per student for districts with 40,000 or more FTE students and (ii) \$2.50 per \$1,000 of assessed property value. Under Engrossed Substitute House Bill 2049 (2025) (“ESHB 2049”), effective July 27, 2025, an inflation enhancement is added to the per student maximum limitation of the levy lid in the amount of \$500 per student in 2026 and, for districts with fewer than 40,000 FTE students, an additional 3.33 percent is added to inflation in years 2027 through 2030. The per student maximum limitation of the levy lid under ESHB 2049 will be \$5,035 beginning with taxes levied for collection in 2031 and adjusted for inflation in subsequent years. For taxes levied for collection in 2020 or later, a district must receive pre-ballot approval of an EPO Levy expenditure plan from OSPI before submitting an EPO Levy to the voters.

Beginning in calendar year 2019, school districts eligible for LEA funding are those districts with a maximum EPO Levy of less than \$1,500 per student, adjusted for inflation. Beginning in calendar year 2020, school districts are eligible for LEA assistance equal to the difference between the district’s prior school year’s enrollment multiplied by \$1,550 (adjusted for inflation) and the amount generated by \$1.50 per \$1,000 of assessed property value. Under ESHB 2049, effective July 27, 2025, the inflationary adjustment index for LEA changes from the consumer price index to the implicit price deflator. Under House Bill 2050 (2025) (“HB 2050”), effective January 1, 2026, student enrollment for purposes of calculating LEA is reduced for a district having more than 33 percent of students enrolled in alternative learning experience (“ALE”) courses by the number of students enrolled in an ALE course minus the district’s average student enrollment multiplied by 33 percent. Since September 1, 2018, State law has prohibited districts from using EPO Levies, LEA funding, and certain other local revenues to fund costs of basic education and required districts to establish a local revenue subfund to account for those local revenues. The District cannot predict what future legislative actions will be taken with respect to EPO Levies, LEA funding, or certain other local revenues or what effect such actions, if any, will have on District finances.

In addition to the statutory levy lid for EPO Levies under ESSB 5313, a district may not levy more than the EPO Levy amount approved by the voters for the applicable collection year. In February 2024, the qualified electors of the District approved a three-year EPO Levy in amounts not to exceed \$95,000,000 for collection in 2025, \$99,000,000 for collection in 2026 and \$103,000,000 for collection in 2027. The District does not expect to seek an additional increase of its levy amounts during the term of collection of its current EPO Levy pursuant to RCW 84.52.053.

Pursuant to the EPO Levy limitations under ESSB 5313, the District’s current maximum EPO Levy authority is the amount equal to \$2.50 per \$1,000 of assessed property value. For collection year 2025, the District collected an EPO Levy amount of approximately \$91,589,975, including adjustments and administrative refunds, which resulted in an EPO Levy rate of approximately \$2.50 per \$1,000 of assessed value. For collection year 2026, the District anticipates collecting an EPO Levy amount of approximately \$92,617,885, which results in an EPO Levy rate of approximately \$2.50 per \$1,000 of assessed value. As noted above, Bond Levies are dedicated exclusively to the repayment of the bonds for which the taxes were approved and those tax proceeds cannot be diverted to other purposes. Therefore, a change in the District’s EPO Levy will not affect the District’s levy of excess property taxes for the repayment of the Bonds.

The Legislature, in 2010, approved Laws of 2010, Chapter 237 (“2010 Supplemental Levy Act”), enhancing the levy authority of school districts. The 2010 Supplemental Levy Act amended RCW 84.52.053 to permit additional EPO Levies to be authorized by voters during the term of the levy collection period to provide for subsequently-enacted increases affecting a school district’s levy base or maximum levy percentages. The District did not seek an additional increase of its EPO Levy amounts during the term of collection of its current levy pursuant to RCW 84.52.053.

***Capital Projects Levies and Transportation Vehicle Levies.*** Capital Projects Levies (maximum of six years) and one- to two-year Transportation Vehicle Levies may also be authorized by a simple majority of a school district’s voters under RCW 84.52.053. The levy lid applicable to EPO Levies described previously does not apply to Capital Projects Levies or Transportation Vehicle Levies.

The District does not have an authorized Capital Levy or Transportation Vehicle Levy at this time and does not anticipate seeking voter approval of either such levy in the next 12 months.

The following tables set forth the District's historical excess property tax levy rates and dollar amounts.

***Ad Valorem Tax Levies*** <sup>(1)</sup>

<b>Collection Year</b>	<b>Levy Rates (Dollars per \$1,000 of Assessed Value)</b>		
	<b>Bond</b>	<b>EPO</b>	<b>Total</b> <sup>(2)</sup>
2026	\$1.366634	\$2.500000	\$3.866634
2025	1.342929	2.500000	3.842929
2024	1.579254	2.249198	3.828452
2023	1.701119	2.099382	3.800501
2022	2.105592	2.414280	4.519872
2021	2.656875	1.548074	4.204949

<b>Collection Year</b>	<b>Levy Collection Amounts</b>		
	<b>Bond</b>	<b>EPO</b>	<b>Total</b> <sup>(2)</sup>
2026	\$50,630,000	\$92,617,885	\$143,247,885
2025	49,199,546	91,589,975	140,789,521
2024	57,645,532	82,099,667	139,745,198
2023	59,799,584	73,799,743	133,599,327
2022	57,299,323	65,699,612	122,998,935
2021	65,699,381	38,280,865	103,980,246

(1) Includes adjustments and administrative refunds.

(2) Totals may not foot due to rounding.

Source: Spokane County Assessor and Treasurer.

### **Assessed Value**

The Spokane County Assessor (the "Assessor"), determines the value of all real property (including all land, buildings, structures, and improvements to land) and personal property (including machinery and equipment, fixtures, furniture, and other items that are movable in nature) throughout the County that is subject to *ad valorem* taxation, except certain utility properties which are valued by the State Department of Revenue. 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 percent of its market value. Three approaches may be used to determine real property value: market data, replacement cost, and income-generating capacity. State law requires the Assessor to revalue real property on an annual basis. The frequency of physical inspection of property must be at least once every six years. The property is listed by the Assessor on a property tax roll at its current assessed value and the roll is filed in the Assessor's office. The Assessor's determinations are subject to revisions by the County Board of Equalization and, for certain property, subject to further revisions by the State Board of Tax Appeals.

### **Exemptions and Deferrals**

The State constitution exempts from taxation all property of the United States and of the State, counties, school districts, and other municipal corporations. The State Legislature is authorized to exempt other property by general law and has enacted, among others, exemptions for business inventories, household goods and personal effects, churches and their grounds, hospitals, private schools and colleges, and tribal lands used for essential government services.

The State Legislature is also authorized to grant to retired property owners relief from the property tax on their principal residences. State law authorizes, and the State Legislature has enacted, property tax relief for the principal residences of senior citizens and persons retired by reason of disability if they meet certain income requirements.

In particular, certain senior citizens, certain persons retired by reason of disability, certain veterans receiving disability benefits, and certain of their respective surviving spouses or domestic partners are exempt from paying excess property tax levies on their principal residences.

Further, certain physical improvements to single-family dwellings, including constructing an accessory dwelling unit, whether attached to or within a single-family dwelling or as a detached unit on the same real property, are exempt from taxation for the three assessment years subsequent to the completion of the improvement to the extent that the improvement represents 30 percent or less of the value of the original structure.

In addition, qualifying taxpayers may defer remaining property taxes on their principal residences. Amounts deferred may accumulate up to 80% of the homeowner's equity. Amounts deferred become a lien on the property in favor of the State. Upon death of the property owner or sale of the property, the full amount of deferred taxes is due along with interest.

### **Tax Collection Procedure**

Property taxes are levied in specific amounts, and the rate for all taxes levied for all taxing districts in the County is determined, calculated, and fixed by the Assessor based upon the assessed value of the property within the various taxing districts. The Assessor extends the taxes to be levied within each taxing district on a tax roll which contains the total amount of taxes to be so levied and collected. The tax roll is delivered to the Treasurer, or equivalent thereof, by January 15, 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 April 30 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 each year. For all nonresidential real property and for all residential real property with greater than four units per taxable parcel, delinquent taxes are subject to interest at the rate of 12 percent per year computed on a monthly basis from the date of delinquency until paid. For residential real property with four or fewer units per taxable parcel, including manufactured/mobile homes, delinquent taxes are subject to interest computed on a monthly basis from the date of delinquency until paid at the rate of nine percent per year. In addition, for nonresidential real property and for residential real property with greater than four units per taxable parcel, a penalty of three percent will be assessed on June 1 of the year in which the tax was due and eight percent on December 1 of the year due. Delinquent taxes for residential real property with four or fewer units per taxable parcel are not subject to penalties. The method of giving notice of payment of taxes due, the accounting for the money collected, the division of the taxes among the various taxing districts, notices of delinquency and collection procedures are all covered by detailed statutes.

Pursuant to State law, the Governor, after proclaiming a state of emergency, may issue an order or orders concerning a waiver or suspension of the application of tax due dates and penalties related to the collection of taxes. Further, during a state of emergency declared by the Governor, a county treasurer may grant extensions of the due date of any property taxes as the treasurer deems proper.

On February 29, 2020, the Governor proclaimed a state of emergency for all counties throughout the State as a result of COVID-19. The state of emergency expired on October 31, 2022. See "FINANCIAL FACTORS—Federal Funding in Response to the COVID-19 Pandemic" herein. During the state of emergency and in response to the COVID-19 pandemic, the Governor did not issue an order waiving or suspending the application of tax due dates and penalties related to the collection of taxes. The Treasurer extended the due date of first half 2020 property taxes from April 30, 2020 to June 15, 2020, extended the due date of second half 2020 property taxes from October 31, 2020 to December 31, 2020 and extended the due date of first half 2021 property taxes from April 30, 2021 to May 31, 2021. The Treasurer did not extend any other property tax due dates in response to the COVID-19 pandemic. The District cannot predict what additional actions the Governor, the Legislature or the Treasurer may take, if any, regarding the collection of property taxes or what effect, if any, such action or subsequent events may have on the financial condition or operations of the District, or on the repayment of the Bonds or the District's other outstanding voter-approved bonds.

### **Tax Liens and Foreclosure**

Property taxes and all charges and expenses relating to those 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 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 a county 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) gives to the owner of real or personal property used as a residence by the owner or a dependent of the owner the right to retain certain proceeds of the forced sale of such property for delinquent general property taxes. The United States Bankruptcy Court for the Western District of Washington has held that the homestead exemption applies to the lien securing property taxes, while the State Attorney General has taken the position that it does not. See also *Algona v. Sharp*, 30 Wn. App. 837, 638 P.2d 627 (1982) (holding that liens securing improvement district assessments are subject to the homestead exemption). The amount of proceeds that may be retained by the owner of such property has been increased from time to time and is currently the greater of \$125,000 or the county median sale price of a single-family home in the preceding calendar year.

### Tax Collection Record

Collection Year	Bond Assessed Value <sup>(1)</sup>	Ad Valorem Tax Levy <sup>(2)</sup>	Tax Collection	
			% of Levy Collected in Year of Levy	% of Levy Collected as of 12/31/25
2026	\$37,047,222,542	\$143,247,885	<sup>(3)</sup>	<sup>(3)</sup>
2025	36,636,327,787	140,789,521	98.09%	98.09%
2024	36,502,048,549	139,745,198	97.92	99.46
2023	35,153,328,239	133,599,327	98.11	99.77
2022	27,213,242,953	122,998,935	98.20	99.96
2021	24,728,297,291	103,980,246	98.07	99.99

(1) Bond Assessed Value is based upon the aggregate assessed value, and is adjusted to exclude exempt senior citizens, and to include Timber Assessed Value, which is \$136,760 for collection year 2026.

(2) Includes adjustments and administrative refunds.

(3) In process of collection.

Source: Spokane County Assessor and Treasurer.

### Overlapping Taxing Districts

The overlapping taxing districts within the District have the statutory power to levy regular property taxes at the following rates subject to the limitations provided by chapter 84.55 RCW and levy excess voter-approved property taxes. Representative 2025 levy rates for levy code area 430 of the County, located entirely within the District, as well as the statutory levy authority of potential overlapping districts, are listed in the following table. Levy code area 430 does not include all of the property within the District; as a result, additional taxing districts, not listed in the following table, levy taxes within the District.

## Overlapping and Aggregate Levy Rates Levied for Collection in 2026

	Representative Levy Rates Per \$1,000 of Assessed Value	Statutory Levy Authority Per \$1,000 of Assessed Value
Spokane County	\$0.70376543	\$1.8000 <sup>(1)</sup>
Spokane County (Road District Levy)	0.88801580	2.2500
Conservation Futures	0.02568772	0.0625
Library District	0.33124390	0.5000
Fire Protection District No. 1	1.50000000	1.5000
Fire Protection District No. 1 (Excess Levy)	0.97140994	1.5000
State Schools	2.21162782	3.6000 <sup>(2)</sup>
The District (EPO Levy)	2.50000000	n/a <sup>(3)</sup>
The District (Bond Levy)	1.36663416	n/a <sup>(3)</sup>

Total rate for Spokane County Tax Code Area 430: \$10.49838477

- (1) 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) 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.
- (3) As noted above, school districts are not authorized to impose regular property tax levies. All school district levies are special excess property tax levies, which may be imposed only upon voter approval, and as such these excess property tax levies are not subject to the rate and amount limitations applicable to regular property tax levies. However, as more fully described in "DISTRICT FUNDING SOURCES—Local Funding—*EPO Levies*" herein, EPO Levies are subject to a levy lid. Bond Levies, Capital Projects Levies and Transportation Vehicle Levies are not subject to the levy lid applicable to EPO Levies.

Note: Totals may not foot due to rounding.

Source: *Spokane County Assessor's Office*.

### ***Largest Property Taxpayers***

The following table lists the ten largest property taxpayers within the District for tax collection year 2025.

2025 Major Taxpayers		2025 Collection Year Assessed Value (AV)	Percentage of District's Bond AV
Taxpayer	Nature of Business		
Avista Corporation	Utility	\$ 435,904,869	1.19%
Douglass, Harlan D.	Contractor/real estate	192,089,880	0.52
DVP Grand/Tower/Historic Holdings	Hospitality/hotel management	172,956,220	0.47
Hollister Stier Laboratories, LLC	Pharmaceuticals	104,814,995	0.29
Providence Health Services	Medical	81,323,794	0.22
Comcast Communications	Telecommunications	76,147,416	0.21
Riverpark Square LLC	Retail Mall	72,153,729	0.20
MultiCare Health System	Medical	56,697,503	0.15
BNSF Railway Company	Tax Department	53,444,351	0.15
Touchmark on South Hill	Senior Living Facility	52,495,291	0.14
Subtotal		\$ 1,298,028,048	3.54
All Other District Taxpayers		35,338,299,739	96.46
Total District Taxpayers		\$ 36,636,327,787 <sup>(1)</sup>	100.00%

- (1) The District's 2026 Bond Assessed Value is \$37,047,222,542. Taxpayer information for 2026 is not yet available.

Note: Totals may not foot due to rounding.

Source: *Spokane County Assessor's Office*.

## THE DISTRICT

Washington school districts are municipal corporations empowered to provide elementary and secondary educational services. Their operations are supported primarily by State funds, excess property taxes (the most significant local revenue source) and federal grants. School districts are governed by a board of directors elected by the voters of the school district. The chief administrative officer is a superintendent chosen by the board of directors. The superintendent also serves as secretary to the board of directors.

### Description

The District is a first-class school district and is located within the County. The District has a 2025 estimated population of 246,796, according to the Washington State Office of Financial Management, and encompasses approximately 95-square miles, including most of the City of Spokane. For a description of the economic and demographic information of the District, see “Demographic Information.”

### Form of Local Government and Governing Officials

The District’s executive, legislative, and policy-making body is the Board, which is composed of five members who are elected by the voters of the District to serve overlapping six-year terms. Shown below are the names of the individuals who comprise the present Board as well as the dates when their respective terms of office expire.

Member	Position	Term Expires (November)
Jenny R. Slagle	President	2031
Hilary Kozel	Vice President	2027
Nicole Bishop	Member	2027
Nikki Otero Lockwood	Member	2031
Michael S. Wiser	Member	2029

The day-to-day affairs of the District are managed by a professional administrative staff, which includes the following principal officials:

***Superintendent and Secretary to the Board.*** Adam M. Swinyard, M.Ed., Ed.D., was named Superintendent and Secretary to the Board in the summer of 2020, having previously served as Associate Superintendent for Teaching and Learning and Director of Secondary Schools. He received a B.A. from Northwest University, and his M.Ed., Ed.D. in Executive Leadership, and Washington State Principal and Superintendent credentials from Seattle Pacific University. The focus of his scholarly work has been educational leadership and organizational learning in complex systems. Dr. Swinyard first joined the District as a Principal Assistant at Garry Middle School in 2009. After serving as Assistant Principal in the Cheney School District for two years, he returned to the District in 2013 as Principal of Sacajawea Middle School. He served as Director of Secondary Schools before becoming Associate Superintendent in 2017. In the fall of 2022, Dr. Swinyard was named the Superintendent of the Year by the Washington Association of School Administrators. In December of 2022, he was recognized as a ‘Superintendent to Watch’ by the National School Public Relations Association. Under his leadership, Spokane Public Schools in 2024 was named a “District of Distinction” by District Administration Leadership Institute for its work in providing access and opportunity to all students. Dr. Swinyard and his wife have three children attending District schools.

***Chief Finance and Business Services Officer.*** Cindy K. Coleman, CPA, provides leadership oversight of District financial and business operations including finance, accounting, budgeting, payroll and benefits, purchasing and warehousing, enrollment reporting, student nutrition services and the after school childcare program. Ms. Coleman also oversees the budget and finances for the District’s Capital Projects program. Ms. Coleman serves as the executive finance officer and the certification officer for the District. Ms. Coleman received her Bachelor of Science in Business Administration from the University of Montana in 1989. She started her career in public accounting auditing local government agencies. In 1993, she was hired by Corpus Christi Independent School District. Upon moving to the State of Washington, Ms. Coleman worked for the Washington State Auditor’s Office auditing local government agencies in Eastern Washington. In 1999, Ms. Coleman was hired by the District as the Supervisor of Accounting and was promoted to Director of Accounting in 2002, Director of Business Services in 2014, Executive Director of Business Services in 2019 and Chief Finance and Business Services Officer in 2020. Ms. Coleman has served on the board of the Washington Association of School Business Officials

and is a past president and former board member of the Association of Government Accountants. Ms. Coleman is a Certified Public Accountant and is an active member of the State’s School District Accounting Advisory Committee.

**Executive Director of Accounting.** Andra (Andee) K. Atwood is responsible for overseeing accounts payable, purchasing, warehousing and financial reporting for the District. Ms. Atwood also oversees the budget and finances for the District’s Capital Projects program. Ms. Atwood received her Bachelor of Arts in Business Administration from Eastern Washington University in 2003. In 2018, Ms. Atwood returned to Eastern Washington University where she earned a Master of Business Administration in 2019. She started her career at a local non-profit as a full charge accountant supporting payroll, accounts payable, fixed assets, and grants management in addition to audit and special projects lead. In 2015, Ms. Atwood was hired by the District as the Special Programs Accountant and was promoted to Director of Accounting in 2019 and Executive Director of Accounting in 2023.

## Facilities

The District currently operates 34 elementary schools, nine middle schools, five comprehensive high schools, two alternative high schools, the Spokane Virtual online learning program for grades K-12 and a number of special schools.

## Enrollment Trends

The District provides education for students in grades kindergarten through twelve. 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.

<b>Fiscal Year</b>	<b>Historical AAFTE Enrollment</b>	<b>Fiscal Year</b>	<b>Projected FTE Enrollment</b>
2025-26 <sup>(1)</sup>	27,749	2030-31	27,521
2024-25	27,996	2029-30	27,748
2023-24	27,966	2028-29	27,936
2022-23	28,114	2027-28	28,151
2021-22	27,840	2026-27	28,361

(1) As of January 2026.

*Source: OSPI report 1251 – Summary of Full-Time Equivalent Enrollment as Reported on Form P223 (excludes Running Start, Open Doors and Transition to Kindergarten) and OSPI Report 1049 – Determination of Projected Enrollments (projected enrollments based on student counts reported as of the October reporting period).*

## Staff and Labor Relations

The District employs approximately 2,192 certificated employees, 1,500 classified employees, 211 administrators and hundreds of substitutes. The majority of the employees who are eligible under State law to be represented by a labor organization are employed under provision of negotiated contracts with the formally recognized collective 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:

<b>Bargaining Unit</b>	<b>Membership</b>	<b>Agreement Expires</b>
Spokane Education Association	3,545	August 31, 2028
Spokane Principals Association	99	August 31, 2028
International Brotherhood of Electrical Workers	13	August 31, 2028
United Association of Plumbers & Steamfitters	19	August 31, 2028

*Source: The District.*



## Risk Management

*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. For additional information, see Note 11 to the audited financial statements of the District for the fiscal year ended August 31, 2024, attached hereto as Appendix C.*

### **Washington Schools Risk Management Pool**

*The following information was obtained from Washington Schools Risk Management Pool for use in this Official Statement, and the District and the Municipal Advisor make no representations as to the accuracy or completeness thereof.*

The District is a member of the Washington Schools Risk Management Pool (“WSRMP”). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together or join a pool or organization for the joint purchasing of coverage and excess or reinsurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase coverage, 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. WSRMP was formed in 1986 when educational service districts and school districts in the State joined together by signing the Cooperative Risk Management Pool Account Agreement (the “Account Agreement”) to pool their self-insured losses and jointly purchase coverage. Over 90 school and educational service districts are members of WSRMP.

WSRMP provides coverage and related services, such as risk management. The District is exposed to various risks of loss related to general liability, errors and omissions, and employment liability. The District is also exposed to property damage due to both man-made or natural disasters including theft of, damage to, and destruction of assets. WSRMP provides the following coverage for its members: property, liability, vehicle, errors and omissions (which includes school board liability), crime, employment practices, machinery breakdown, and cyber. WSRMP does not write surety bonds of any kind for school boards or superintendents.

Members make an annual contribution to fund WSRMP. WSRMP purchases reinsurance and excess insurance from unrelated carriers subject to a per-occurrence self-insured retention of \$1 million with a \$3 million plus aggregate for property risk. WSRMP also self-insures \$2 million for liability risk. All risk is shared by the members. Since WSRMP is a cooperative program, there is joint liability among the participating members. Members no longer pay deductibles for their claims.

Members contract to remain in WSRMP for a minimum of three years and must give notice three years before terminating participation. The Account Agreement is renewed automatically each year after the initial three-year period. Even after termination, a member is still responsible for contributions to WSRMP for any unresolved, unreported, and in-process claims for the period in which they were a signatory to the Account Agreement.

WSRMP is fully funded by its member participants and is governed by a board of directors that consists of one designated representative from each participating member. An executive board is elected at the annual meeting and is responsible for overseeing the business affairs of WSRMP.

The District’s contribution to WSRMP for 2024-25 was \$3,092,203. The District’s contribution to WSRMP for 2025-26 is anticipated to be \$3,677,498. For additional information, please see Note 11 to the audited financial statements of the District for the fiscal year ended August 31, 2024, attached hereto as Appendix C.

**Unemployment Insurance.** The District has elected to maintain a self-insurance program for unemployment benefits in accordance with RCW 51.14.020. Actual employee benefits are paid by the Washington State Department of Employment Security and then reimbursed by the District. The following is a summary of activity for fiscal years 2023-24 and 2024-25:

	<b>2023-24</b>	<b>2024-25</b>
Beginning Balance	\$1,257,203	\$1,216,628
Amount Added to Reserve	98,070	101,402
	1,355,273	1,318,030
Amount Deducted from Reserve	(138,645)	(199,769)
Ending Balance	<u>\$1,216,628</u>	<u>\$1,118,261</u>

**Industrial Insurance.** The District has been self-insured since January 1, 1982. The District has historically purchased both per occurrence and aggregate stop-loss reinsurance protection. As of August 31, 2024, the District has a \$425,000 per occurrence self-insured retention. The industrial insurance claims management has been assigned to Sedgwick CMS. The following is a summary of activity for fiscal years 2023-24 and 2024-25:

	2023-24	2024-25
Beginning Balance	\$2,922,435	\$2,193,079
Amount Added to Reserve	2,395,872	2,631,091
	5,318,307	4,824,170
Amount Deducted from Reserve	(3,125,228)	(3,773,050)
Ending Balance	\$2,193,079	\$1,051,120

In addition to the above balances, a restriction of fund balance in the amount of \$1,835,000 has been established in the General Fund to cover any loss for which an estimated liability has not been established or insurance coverage has not been secured. In the government-wide financial statements, an estimated liability, including case reserves and incurred but not reported of \$2,881,553 as of August 31, 2025 is reported as a long-term liability. The estimate of ultimate loss, including incurred but not reported, loss development estimates and assessments, is calculated in an actuarial study prepared by a public accounting firm based on data from the preceding fiscal years.

**Cyber Liability Insurance.** 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. Since the 2012-13 fiscal year, the District has maintained cyber liability insurance and has implemented cybersecurity measures, procedures and systems to help offset these financial risks. Network security coverage is included in the general property and liability insurance provided to the District by WSRMP. The District has not experienced any material cybersecurity incidents in the last five years.

## FINANCIAL FACTORS

### Accounting Policies

Washington school districts prepare their financial statements on the basis of accounting that demonstrates compliance with Washington State statutes and the Accounting Manual for Public Schools in the State of Washington, (issued jointly by the State Auditor 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), which is an Other Comprehensive Basis Of Accounting (“OCBOA”) that differs from Generally Accepted Accounting Principles (“GAAP”). Financial statements for school districts in the State fall into one of three categories: (i) GAAP—school districts that issue GAAP financial statements; (ii) OCBOA—school districts that issue GAAP financial statements except that the General Fixed Asset Group, district-wide financial statements, and the original budget are not reported; debt is reported in the notes to the financial statements; and management’s discussion and analysis are not required; and (iii) school districts with less than 1,000 FTE students for the preceding fiscal year may issue cash basis financial statements. The District prepares its financial reports utilizing GAAP.

Revenues are recognized when they become measurable and available. Revenues are considered “measurable” if the amount of the transaction can be readily determined. Revenues are considered “available” when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after year-end. Property taxes receivable are measurable but are considered to be available only if they are collected within 30 days after year-end. Categorical program claims and interdistrict billings are measurable and available and are, therefore, accrued.

Expenditures are recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for unmatured principal and interest on long-term debt which are recorded when due. Purchases of capital assets are expensed during the year of acquisition. For federal grants, the recognition of expenditures is dependent on the obligation date.

***Fund Accounting.*** The accounts of the District are organized on the basis of funds and account groups, each of which is a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. The various funds are grouped into governmental funds.

#### ***Governmental Funds***

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

***Debt Service Fund.*** This fund is used to account for revenue sources that are legally restricted for the payment of general long-term debt principal, interest, and related expenditures.

***Capital Projects Fund.*** This fund is used to account for resources set aside for the acquisition and construction of major capital facilities. The fund is generally financed from the proceeds from the sale of voted and/or non-voted bonds, State matching revenues, lease or sale of surplus real property, interest earnings, and special levies. In all instances where moneys are raised by voter-approved bond issues, the proposition must include a description of the projects for which the money is being raised.

***Transportation Vehicle Fund.*** This fund is used to account for expenditures related to student transportation vehicle expenses.

***Special Revenue Funds.*** These funds account for the proceeds of specific revenue sources that are legally restricted for specific purposes. The Associated Student Body Program Fund (“ASB Fund”) is the only fund of this type. This fund is accounted for as a special revenue fund since the financial resources legally belong to the District.

#### **Financial Reporting**

The District presents governmental fund financial statements and related notes in accordance with GAAP (see “Accounting Policies” above). The regulatory agencies require all funds be presented as major funds. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures (or expenses), as appropriate.

#### **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 District is audited annually. 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. Beginning with the 2019-2020 school year, regular financial audits must include a review of the expenditure of school district local revenues for compliance with expenditure restrictions on local revenues under EHB 2242. Any findings are reported to OSPI, the Office of Financial Management, and the education and operating budget committees of the Legislature. Each school district board of directors must adopt a policy for responding to audit findings, which policy must require a public hearing on any findings.

The audited financial statements of the District for the fiscal year ended August 31, 2024 are attached as Appendix C and 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”).

Summaries of the Statement of Revenues, Expenditures, and Changes in the General Fund Balance and the Statement of Revenues, Expenditures and Changes in Debt Service Fund Balance follow.

**Statement of Revenues, Expenditures and Changes in General Fund Balance**  
(Fiscal Years Ended August 31)

	<b>Budget</b>	<b>Unaudited</b>	<b>Audited</b>				
	<b>2025-26</b>	<b>2024-25</b>	<b>2023-24</b>	<b>2022-23</b>	<b>2021-22</b>	<b>2020-21</b>	<b>2019-20</b>
<b>Revenues:</b>							
Local Funds	\$104,568,576	\$100,479,918	\$92,539,301	\$80,992,083	\$63,654,213	\$46,878,489	\$44,050,911
State Funds	444,380,412	422,244,527	389,277,309	373,401,116	345,898,400	345,649,235	374,452,277
Federal Funds	50,792,406	50,909,111	47,459,191	46,478,596	47,501,663	42,635,535	33,417,775
Federal Stimulus	--	--	31,522,656	46,024,677	54,769,465	7,963,095	--
Other	9,240,603	2,126,643	1,595,777	1,537,381	2,913,484	1,402,115	1,446,615
Total Revenues	608,981,997	575,760,199	562,394,234	548,433,853	514,737,225	444,528,469	453,367,578
<b>Expenditures:</b>							
Regular Instruction	309,212,731	302,205,319	275,670,088	262,508,032	243,771,443	242,282,860	234,509,096
Federal Special Purpose Funding	--	714,176	28,955,189	39,888,819	38,621,148	--	--
Special Education Instruction	86,029,818	82,636,806	73,928,936	64,703,611	66,138,300	64,489,530	64,560,846
Vocational Education	14,316,531	14,819,033	14,244,739	14,366,396	14,087,788	12,057,362	11,484,811
Skills Center Instruction	5,566,714	5,255,973	4,825,909	4,729,835	4,012,472	3,841,960	3,495,304
Compensatory Education	54,352,627	47,924,425	45,515,473	46,098,734	41,331,338	40,829,472	38,348,614
Other Instructional Programs	6,548,049	4,525,785	3,762,730	3,165,204	2,972,224	2,620,848	2,598,935
Community Services	20,903,911	21,000,504	16,969,813	14,504,210	10,755,001	9,436,617	10,751,136
Support Services	114,549,364	93,463,940	89,244,542	82,913,559	78,194,907	74,662,729	66,266,986
Capital Outlay	(1)	6,944,990	6,943,136	9,300,357	1,762,538	484,530	269,726
Debt Service	--	6,844,709	7,395,732	7,783,603	256,935	--	--
Total Expenditures	611,479,745	586,335,661	567,456,287	549,962,360	501,904,094	450,705,908	432,285,454
Revenues Over/(Under)	(2,497,748)	(10,575,462)	(5,062,053)	(1,528,507)	12,833,131	(6,177,439)	21,082,124
Expenditures							
Net Adjustments/Transfers	--	3,859,517	4,437,340	6,219,887	1,420,934	35,770	56,004
Beginning Fund Balance	56,816,496	69,826,676	70,451,389	65,760,009	51,505,943	57,647,612	36,509,484
Prior Year(s) Correction or Restatements	--	--	--	--	--	--	--
Ending Fund Balance	54,318,748	63,110,731	69,826,676	70,451,389	65,760,008	51,505,943	57,647,612
<b>Balance Sheet Information</b>							
Restricted/Nonspendable	25,103,248	30,450,215	27,227,555	26,105,881	15,146,486	16,452,372	14,782,716
Committed/Assigned	800,000	716,896	1,792,213	8,302,483	11,831,706	7,680,814	13,625,572
Unassigned	28,415,500	31,943,620	40,806,908	36,043,025	38,781,817	27,372,757	29,239,324
Ending Fund Balance	\$54,318,748	\$63,110,731	\$69,826,676	\$70,451,389	\$65,760,009	\$51,505,943	\$57,647,612

(1) Expenditures for capital outlay are included in the budgeted figures for the appropriate program or service.

Note: Totals may not foot due to rounding.

Source: The District's audited financial statements for fiscal years 2019-20 through 2023-24, unaudited financial statements for fiscal year 2024-25 and the 2025-26 budget.

**Statement of Revenues, Expenditures and Changes in Debt Service Fund Balance**  
(Fiscal Years Ended August 31)

	<b>Budget</b>	<b>Unaudited</b>	<b>Audited</b>				
	<b>2025-26</b>	<b>2024-25</b>	<b>2023-24</b>	<b>2022-23</b>	<b>2021-22</b>	<b>2020-21</b>	<b>2019-20</b>
<b>Revenues:</b>							
Local Funds	\$51,043,120	\$52,665,234	\$58,222,936	\$58,320,578	\$60,299,874	\$62,450,919	\$54,967,095
State Funds	--	--	--	--	--	--	--
Federal Funds	--	--	--	--	--	607,764	714,087
Federal Stimulus	--	--	--	--	--	--	--
Other	--	--	--	--	--	--	--
Total Revenues	<u>51,043,120</u>	<u>52,665,234</u>	<u>58,222,936</u>	<u>58,320,578</u>	<u>60,299,874</u>	<u>63,058,683</u>	<u>\$55,681,182</u>
<b>Expenditures:</b>							
Principal	23,725,000	23,790,000	36,590,000	38,505,000	42,960,000	34,075,000	32,580,000
Interest and Other	<u>28,088,000</u>	<u>26,603,671</u>	<u>27,044,622</u>	<u>25,059,713</u>	<u>24,715,508</u>	<u>19,845,415</u>	<u>23,430,942</u>
Total Expenditures	<u>51,813,000</u>	<u>50,393,671</u>	<u>63,634,622</u>	<u>63,564,713</u>	<u>67,675,508</u>	<u>53,920,415</u>	<u>56,010,942</u>
Revenues Over/(Under)	(869,880)	2,271,563	(5,411,686)	(5,244,135)	(7,375,634)	9,138,268	(329,760)
Expenditures							
Net Other Sources (Uses)	--	2,800	17,611	1,693	--	4,669	--
Beginning Fund Balance	20,889,426	17,406,926	22,801,001	28,043,443	35,419,077	26,276,140	26,605,900
Prior Year(s) Correction or	--	--	--	--	--	--	--
Restatements							
Ending Fund Balance	<u>\$20,019,546</u>	<u>\$19,681,288</u>	<u>\$17,406,926</u>	<u>\$22,801,001</u>	<u>\$28,043,443</u>	<u>\$35,419,077</u>	<u>\$26,276,140</u>

Note: Totals may not foot due to rounding.

Source: The District's audited financial statements for fiscal years 2019-20 through 2023-24, unaudited financial statements for fiscal year 2024-25 and the 2025-26 budget.

### Budgetary Process

**General Budgetary Policies.** Chapter 28A.505 RCW and Chapter 392-123 Washington Administrative Code mandate school district budget policies and procedures. The budget is adopted by the board after a public hearing. An appropriation is a prerequisite to expenditure. Appropriations lapse at the end of the fiscal period. Beginning in 2018, school districts must develop four-year budget plans that include an enrollment projection and an estimate of funding necessary to maintain the continuing costs of program and service levels and any existing supplemental contracts. Beginning in 2019, school district budgets must set forth State-funded basic education salary amounts and locally funded salary amounts, in addition to total salary amounts.

**Budgetary Basis of Accounting.** For budget and accounting purposes, revenues and expenditures are accounted for on the modified accrual basis as prescribed by law for all governmental funds. Fund balance is budgeted as available resources and, pursuant to law, the budgeted ending fund balance cannot be negative.

**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 are closed at the end of the fiscal year and reopened the following year.

### Minimum General Fund Balance Policy

The District's Policy No. 6022 – Fund Balance Policy states, in part, that it has a target of minimum committed, assigned and unassigned ("CAU") fund balance in the range of 5-6% of actual expenditures of the most recently completed fiscal year. In the event the CAU total fund balance falls below the benchmark range of 5-6%, a plan to

replenish the fund will be developed and implemented. In the event the set aside fund balance exceeds the benchmark range, a plan for one-time use of the additional amount may be proposed by the Board.

For the last two budget cycles, the District maintained a CAU total fund balance within or above the 5-6% benchmark range of actual expenditures.

### **Federal Funding in Response to the COVID-19 Pandemic**

Much of the initial fiscal uncertainty related to the COVID-19 pandemic was mitigated by federal relief funding from the Elementary and Secondary School Emergency Relief Fund (“ESSER”). Three federal allocations for pandemic relief have been approved at the federal level. The Coronavirus Aid, Relief, and Economic Security (CARES) Act (“ESSER I”) funds were allocated in summer 2020 with funds expended through fiscal year 2023-24. The Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (“ESSER II”) and the American Rescue Plan Act (“ESSER III”) funds became available in fiscal year 2020-21 and OSPI developed an application and claiming process for ESSER II and ESSER III funds. The estimated amount of ESSER funding across all three ESSER packages for the District was \$124 million. As of August 31, 2024, the District has expended all federal ESSER funding in accordance with ESSER funding requirements. District planning regarding discontinuation of federal ESSER funding is incorporated into the four-year budget forecast.

The Bonds are payable from voter-approved excess property taxes that are dedicated exclusively to the repayment of the Bonds. The revenue derived from such excess property tax levies may not be used to fund District operations or other District expenditures.

### **The Spokane County Investment Pool**

*The following information was obtained from the County for use in this Official Statement, and the District and the Municipal Advisor make no representations as to the accuracy or completeness thereof.*

**Introduction.** The Treasurer provides cash custody, banking and financial services, investment, revenue collection, and debt payment services for approximately 80 regional government districts including school districts, transit, airport, Spokane County, fire districts, cemeteries, water districts, and other special districts. The Treasurer collects over \$900 million in taxes, and processes approximately \$180 million in debt payments for principal, interest, and debt refunding. Additionally, the Treasurer manages the Spokane County Investment Pool (the “SCIP”), an investment pool in excess of \$1.5 billion. The average annual balance of funds invested in the SCIP ranges between \$1.0 billion and \$1.6 billion in fund balances. The balance is dependent upon participants’ bond issues and tax receipts cycles.

The Treasurer is authorized by RCW 36.29.020 to determine the investable balances in each fund of Spokane County and its junior taxing districts and is authorized to invest such money. The Treasurer may also invest the funds of taxing districts outside of Spokane County that are not required for immediate expenditure, pursuant to the RCW, the policies of the Spokane County Finance Committee (“SCFC”) and subject to the discretion of the Treasurer.

The purpose of the Treasurer’s investment policy (the “Investment Policy”) is to establish the investment objectives, delegation of authority, standards of prudence, eligible investments and transactions, internal controls, reporting requirements, and safekeeping and custodial procedures necessary for the prudent management and investment of public funds in the custody of the Treasurer. The SCFC shall review and approve the Investment Policy annually. Any exceptions to the investment practices as defined in the Investment Policy will require prior approval of the SCFC. The SCFC shall provide oversight as to the adherence to the Investment Policy by the Treasurer.

The Treasurer has the ultimate responsibility for all investments individually or within the SCIP. The Treasurer shall delegate to appropriately skilled staff, within an established system of controls, to regulate the investment activities. The Treasurer may delegate a person or a non-discretionary registered investment advisory firm to initiate investment transactions on behalf of the Treasurer through express written consent or contract. The investment officer or advisor is the person or firm delegated the primary responsibility of investment management and compliance with rules, regulations and policies.

**Authorized Investments.** All investments of the Treasurer are limited by RCW, principally RCW 36.29.020, RCW 36.59.040 and RCW 43.250. Among the authorized investments are U.S. Treasury and agency securities (i.e., obligations of any government-sponsored enterprise eligible for collateral purposes at the Federal Reserve), repurchase and for collateral otherwise authorized for investment, municipal bonds of the State and general obligations of other states, certificates of deposit with qualified public depositories within statutory limits as promulgated by the Public Deposit Protection Commission (“PDPC”) at the time of investment, banker’s acceptances, and the LGIP and bank deposits. The LGIP is the only government-sponsored pool approved for investment of funds.

The Treasurer may invest in the following securities:

<b>Type of Security</b>	<b>Definition</b>
U.S. Treasury Obligation	Direct obligations of the United States Treasury whose payment is guaranteed by the United States.
Government-Sponsored Enterprise or U.S. Agency Obligations	Government Sponsored Enterprises (GSEs) – Federal Instrumentality Securities include, but are not limited to Federal National Mortgage Association (FNMA), the Federal Home Loan Mortgage Corporation (FHLMC), Federal Home Loan Banks (FHLB), and the Federal Farm Credit Banks (FFCB). Other US Government sponsored enterprises that are less marketable are considered secondary GSEs. They include, but are not limited to: Private Export Funding Corporation (PEFCO), Tennessee Valley Authority (TVA), Financing Corporation (FICO) and Federal Agricultural Mortgage Corporation (Farmer Mac).
Supranational Institution Obligations	The institution must have the U.S. government as its largest shareholder at the time of purchase. Institutions that meet the criteria include, but might not be limited to: International Bank for Reconstruction and Development (IBRD or World Bank); the International Finance Corporation (IFC); and the Inter-American Development Bank (IADB).
Certificates of Deposit/Bank Deposit/Savings Accounts	Non-negotiable Certificates of Deposit of financial institutions that are “Qualified Public Depositories” as defined in RCW 39.58.010(2) and by the restrictions within. Deposits in PDPC approved banks.
Banker’s Acceptance	Banker’s acceptances (“BAs”) drawn from a list of the top 50 U.S. banks by asset size, provided that banks with a short-term debt rating below P-1 by Moody’s or below A-1 by Standard & Poor’s, as reported by the Bloomberg Financial Service, will not be included. Washington State banks may be included if they are members of the PDPC, provided they have the same credit rating as defined above. The list of banks may be periodically updated without prior approval by the SCFC, provided the list adheres to all other aspects of the investment policy. This can only be transacted on the secondary market, not directly from the issuer.
Repurchase Agreements	Repurchase agreements, provided that the underlying securities are acceptable U.S. government securities, U.S. government agency securities, or U.S. government-sponsored corporations, as previously authorized, and subject to specific conditions which will be listed in agreement documents prior to transactions.
Municipal Bonds issued by the State of Washington or Washington Local Governments	Bonds of the State of Washington and any local government in the State of Washington, which bonds have at the time of investment, the bonds must have a minimum rating based on the broad single-A (A-/A3) category from all the major rating agencies that rate the security. Municipal debt issued by Districts or participants of the SCIP may be purchased without a rating at the discretion of the Treasurer.

<b>Type of Security</b>	<b>Definition</b>
Municipal Bonds issued by any State and their local governments that are GO Bonds only	General obligation bonds of a state other than the State of Washington and general obligation bonds of a local government of a state other than the State of Washington, which bonds have at the time of investment agency minimum rating based on the broad single-A (A-/A3) category from all the major rating agencies that rate the security.
Corporate Notes	Corporate note investments shall abide by the policies adopted by the State Investment Board. Unsecured debt obligations purchased in accordance with the investment policies and procedures adopted by the State Investment Board. Corporate notes must be rated at least weak single-A (A- or A3) or better by all of the major rating agencies that rate the note at the time of purchase. Corporate notes must be purchased on the secondary market through a broker dealer and cannot be purchased directly through the issuer. Issuer constraints for AA- or better issuers will be limited to 3% of the assets of the total portfolio at the time of purchase. The percentage of corporate notes that may be purchased from any single issuer rated in the broad single-A (A-/A3) category from all the major rating agencies that rate the security, is 2% of the total portfolio. Foreign issuers are further constrained to a 2% limit for each country, with the exception of Canadian issuers, which have no limit.
Commercial Paper	Commercial paper investments shall abide by the policies adopted by the State Investment Board. Unsecured debt obligations of corporate issuers of commercial paper must be rated with the highest short-term credit rating category of any two major NRSROs at the time of purchase. If the commercial paper is rated by more than two major NRSROs, it must have the highest rating from all of them. (A1, P1, F1) Commercial paper holdings may not have maturities exceeding 270 days. Any commercial paper purchased with a maturity longer than 100 days must also have an underlying long-term senior unsecured credit rating at the time of purchase in one of the three highest rating categories of an NRSRO (A-/A3). Issuer constraints for commercial paper combined with corporate notes will be limited to 3% of market value per issuer.
Registered Warrants	Subject to compliance with RCW 39.56.030, registered warrants and notes for Spokane County and those districts in Spokane County for which the Treasurer is the ex-officio treasurer. Such notes will be for short-term financing for use in meeting cash flow and operational needs only. This includes local improvement districts warrants that are within the protection of the local improvement guaranty fund. There must be certain expected receipts and revenues to repay the lending. The amount of the lending will not exceed 8% of expected revenues.
The LGIP	Investment Pool managed by the Washington State Treasurer's Office. The Treasurer may receive a copy of the LGIP Investment, Investment Policy and Operations Manual and its most recent audited annual financial statement, and will obtain monthly and quarterly reports of the LGIP's investment activity and return.
Direct District Notes	Direct district notes (issued in the form of notes), with a term not to exceed five years, of Spokane County and the districts in Spokane County for which the Treasurer is the ex-officio treasurer. The issuance of such debt must be approved by the governing board of the borrowing entity and must pledge the entities' general or operating fund revenue in support of repayment of the principal and interest of the debt.



The PDPC makes and enforces regulations and administers a program to ensure public funds deposited in banks and thrifts are protected if a financial institution becomes insolvent. The PDPC approves which banks and thrifts can hold state and local government deposits and monitors collateral pledged to secure uninsured public deposits. Under the act, all public treasurers and other custodians of public funds are relieved of the responsibility of executing tri-party agreements, reviewing pledged securities, and authorizing additions, withdrawals, and exchanges of collateral.

Collateralization is required on repurchase agreements. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be a minimum of 102% of market value of principal and accrued interest. Collateral will always be held by an independent third party with whom the entity has a current custodial agreement. A clearly defined evidence of ownership of the collateral must be supplied to the entity.

**Diversification.** The Treasurer will diversify use of investment instruments to avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions or maturity dates. The diversification will consider the market climate and cash flow demand at the time of investment in that the instruments selected will be the most advantageous without exceeding the maximum limitations set forth below. The target distribution will guide investment decisions during normal economic times.

<b>Maximum Constraints by Instrument</b>	
<b>Type of Instrument</b>	<b>Maximum Constraints</b>
U.S. Treasury Securities	100%
U.S. Federal Agency Primary Securities	100%
US Federal Agency Secondary Securities	10%
Supranational Obligations	40%
Corporate Notes/Commercial Paper	25%
Certificates of Deposit	20%
Savings (PDPC)	25%
Banker's Acceptance	10%
Repurchase Agreements	10%
Municipal Bonds	30%*
Registered Warrants	15%
LGIP	100%
Direct District Notes	10%

\* Washington municipal bonds and other state /local government municipal bonds have a combined 30% maximum constraint.

<b>Distribution by Institution (Issuer)</b>	
<b>Type of Instrument</b>	<b>Maximum Constraints</b>
U.S. Treasury Securities	100%
LGIP	100%
U.S. Federal Agency Primary Securities	35%
U.S. Federal Agency Secondary Securities	5%
Supranational Obligations	15%
Corporate Notes	2-3%
Commercial Paper	3%
Certificates of Deposit (within PDPC)	5%
Bank Time Deposits/Savings	10%
Banker's Acceptance	5%
Repurchase Agreements	5%
Direct District Notes	None
Registered Warrants	None
Municipals	5%

**Maturity.** The Treasurer will not directly invest in securities maturing more than five (5) years from the date of purchase, with the exception of reserve or capital improvement project monies, which may be invested in securities

exceeding five years if the maturities of such investments are made to coincide as nearly as practicable with the expected use of the funds. The maximum weighted maturity of the total portfolio shall not exceed 2.5 years. This maximum is established to limit the portfolio to excessive price change exposure. Liquidity funds will be held in the LGIP or in money market instruments maturing six months and shorter. The liquidity portfolio shall, at a minimum, represent six month budgeted outflows. Investment funds will be the defined as the funds in excess of liquidity requirements. The investments in this portion of the portfolio will have maturities between one day and five years and will be only invested in high quality and liquid securities. The Treasurer may sell securities if it is to protect the principal of the fund, adjust the position of the fund or to provide for liquidity.

Total portfolio maturity constraints are as follows:

<u>Maturity Constraints</u>	<u>Minimum % of Portfolio Total</u>
Under 30 days	10%
Under 1 year	25%
Under 5 years	100%
Maximum Weighted Average Maturity	2.5 years

For a full description of the SCIP and its investment structure visit the County website at <http://www.spokanecounty.org/treasurer> (which website is not incorporated into this official statement by reference).

## Pension System

Pensions for District employees are provided through plans administered by the State Department of Retirement Systems (“DRS”). Substantially all District full-time and qualifying part-time employees participate in one of the following three State-wide 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 either TRS Plans 2 or 3, or SERS Plans 2 or 3. All Plans 1 and 2 are defined benefit plans. New participants have the irrevocable option of choosing membership in either their TRS or SERS 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 a Plan 3. Each of SERS Plan 3 and 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 8 to the audited financial statements of the District for the fiscal year ended August 31, 2024, attached hereto as Appendix C, and the DRS Annual Comprehensive Financial Report (the “DRS ACFR”) for the State fiscal year ended June 30, 2024, which is not incorporated by reference into this Official Statement and which can be obtained from DRS.

The District contributed \$35,360,481 in the fiscal year ended August 31, 2024 and \$34,310,854 in the fiscal year ended August 31, 2025 to its pension plans. The District estimates it will contribute \$26,407,975 for the fiscal year ending August 31, 2026. District employees also are eligible to participate in the federal social security program.

**Plan Funding; Contribution Rates and Amounts.** All DRS retirement plans are funded by a combination of funding sources: (1) contributions from the State for certain plans; (2) contributions from employers (including the State as employer and the District and other governmental employers); (3) contributions from employees; and (4) investment returns. PERS, TRS and SERS funds are invested in accordance with policies established by the Washington State Investment Board, a 15-member board created by the Legislature.

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 the current contribution rates for employers and employees:

	<b>Contribution Rates</b>	
	<b>Effective Rates for 2025-2027 Biennium</b>	
	<b>Employer Rate<sup>(1)</sup></b>	<b>Employee Rate<sup>(2)</sup></b>
PERS Plan 1	5.58%	6.00%
PERS Plan 2/3	5.58	5.38
TRS Plan 1	7.74	6.00
TRS Plan 2/3	7.74	7.54
SERS Plan 2/3	7.07	6.87

(1) Includes a 0.20 percent DRS administrative expense rate.

(2) Employee contribution rates for Plans 1 and 2 only. Plan 3 employee contribution rates vary from 5.0% minimum to 15.0% maximum based on the rate selected by the plan member. Plan 3 members do not contribute to the defined benefit portion of Plan 3. Employee contribution rates for PERS Plan 1 and TRS Plan 1 are set by statute.

*Source: Department of Retirement Systems.*

While the District's prior contributions represent its full statutorily required contribution under the retirement systems, any unfunded pension benefit obligations could be reflected in future years as higher contribution rates. 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, please see Note 8 to the audited financial statements of the District for the fiscal year ended August 31, 2024, attached hereto as Appendix C.

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 updated demographic assumptions from OSA's 2013-2018 Demographic Experience Study, June 2020. Based on the information presented in the Washington State 2024 Actuarial Valuation Report, August 2025, using the EAN methodology, and as of June 30, 2024, the funded status of the State-administered plans in which the District participates is as follows: PERS Plan 1 is 87 percent funded, PERS Plan 2/3 is 101 percent funded, TRS Plan 1 is 91 percent funded, TRS Plans 2 and 3 are 97 percent funded, and SERS Plans 2 and 3 are 98 percent funded. The EAN liability estimate as of June 30, 2024, assumed a discount rate of 7.25 percent.

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. 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 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. 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 table shows the funded status on the EAN basis. The funded status measured in the following table may vary from those presented in the DRS ACFR because the assumptions and methods applied to determine contribution requirements (under a funding valuation) may not apply for financial reporting under Government Accounting Standards Board (“GASB”) accounting standards (an accounting valuation).

**Funded Status on an Entry Age Normal Basis as of June 30, 2024**  
(Dollars in Millions)

		PERS <sup>(1)</sup>		TRS <sup>(1)</sup>		SERS <sup>(1)</sup>
		Plan 1	Plan 2/3	Plan 1	Plan 2/3	Plan 2/3
<b>EAN Liability<sup>(2)</sup></b>		\$10,113	\$63,150	\$7,375	\$26,857	\$10,021
<b>Actuarial Value of Assets<sup>(3)</sup></b>		8,833	63,885	6,733	26,116	9,780
<b>Unfunded Accrued Liability</b>		\$ 1,280	\$ (735)	\$ 642	\$ 741	\$ 241
<b>Funded Ratio (%)</b>						
As of June 30:	2024 <sup>(2)(4)</sup>	87%	101%	91%	97%	98%
	2023	80	97	86	92	93
	2022	75	97	80	92	92
	2021 <sup>(4)</sup>	71	95	73	90	91
	2020	69	98	71	93	93

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

(2) Liabilities have been valued using an interest rate of 7.25%, assumed general salary growth of 3.25%, assumed inflation of 2.75% and growth in membership of 1.00%.

(3) Assets have been valued using the actuarial value of assets.

(4) Reflects actuarial assumptions changes.

Source: Office of the State Actuary.

Note: Totals may not foot due to rounding.

**GASB 68.** GASB Statement No. 68 (“GASB 68”) 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. The DRS determines each participating employer’s proportionate share of the plan liability and OSA determines each plan’s accounting valuation. The GASB 68 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 on the GASB 68 reporting requirements as well as the District’s share of such liability for the State fiscal year ended June 30, 2023. These net pension liabilities were reported in the DRS ACFR and are based upon OSA’s Washington State 2023 Actuarial Valuation Report, August 2024. Based on that report, the contributions from plan members and employers are assumed to continue to be made at contractually required rates, the assumed discount rate is 7.00%, the assumed economic inflation rate is 2.75%, the assumed salary growth rate is 3.25% (exclusive of promotions and longevity increases), and the assumed rate of growth in membership is 1.00% in PERS and TRS. 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 or (asset) for the plans it participates in for the State fiscal year ended June 30, 2025 based on its share of contributions for the year.

**District's Share of Pension Liability or (Asset)**

	<b>Net Pension Liability or (Asset)<sup>(1)</sup></b>	<b>District's Percent</b>	<b>District's Share of Net Pension Liability or (Asset)</b>
PERS Plan 1	\$1,178,996,000	0.403190%	\$ 4,753,593
TRS Plan 1	950,010,000	2.917708	27,718,513
TRS Plan 2/3	(273,207,000)	2.888994	(7,892,934)
SERS Plan 2/3	(244,649,000)	2.393518	(5,855,719)

(1) Accounting results are measured as of June 30, 2025 per the Washington State 2024 Actuarial Valuation Report.

Source: OSPI Pension Reporting Tool and DRS Participating Employer Financial Information for Fiscal Year Ended June 30, 2025.

**Other Post-Employment Benefits**

**GASB 75.** GASB issued GASB Statement No. 75 ("GASB 75") concerning Accounting and Financial Reporting By Employers for Post-Employment Benefits Other than Pensions that were previously addressed by GASB Statement No. 45. In addition to pensions, many state and local governmental employers provide other post-employment benefits ("OPEB") as part of total compensation to attract and retain the services of qualified employees. OPEB includes post-employment healthcare, life insurance and long-term care, as well as other forms of post-employment benefits when provided separately from a pension plan. GASB 75 provides for the measurement, recognition and display of OPEB access to expense/expenditures, related liabilities (assets), note disclosures, and if applicable, required supplementary information in the financial reports. GASB 75 requires disclosure of net OPEB liability for the last 10 fiscal years or as many years as available.

**District OPEB Reporting.** The District offers OPEB to current and past employees that is required to be disclosed under GASB 75. District employees may participate in the multiple-employer State OPEB plan. The District's total OPEB liability is more fully described below.

**PEBB Overview.** The Public Employee Benefits Board ("PEBB"), created within the State Health Care Authority ("HCA"), administers medical, dental and life insurance plans for State public employees and retirees and offers retirees access to OPEB (the "PEBB Plan"). Employers who participate in the PEBB Plan include the State, K-12 school districts, numerous political subdivisions of the State and tribal governments. Employers subsidize a portion of the cost of some PEBB Plan benefits. The relationship between the PEBB 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, which GASB defines as the plan as understood by the employers and employee members.

**SEBB Overview.** EHB 2242 created the School Employees Benefits Board ("SEBB") within the HCA to design and approve benefit plans for school employees and to establish eligibility criteria for participation in benefit plans (the "SEBB Plan"). The SEBB Plan is a community-rated risk pool separate and distinct from the PEBB Plan. SEBB Plan employers (K-12 school districts, educational service districts, and charter schools) subsidize a portion of the cost of some SEBB Plan benefits. There were 282,190 members enrolled in SEBB Plan medical coverage as of July 2025.

The SEBB meets regularly to study statewide insurance matters and discuss best practices for designing a set of cost-efficient, value-based insurance offerings for SEBB Plan enrollees and their dependents. The SEBB's statutory duties are to: (i) study matters regarding health care coverage and other types of insurance; (ii) develop plans that include comprehensive, evidence-based health care benefits; (iii) authorize premium contributions to encourage cost-effective health care systems; (iv) determine terms and conditions of eligibility criteria, enrollment policies, and the scope of coverage; (v) establish penalties for when an employer fails to comply with the terms and conditions; and (vi) participate with the HCA in approving plan specifications and carrier selection to leverage efficient purchasing through coordination with the PEBB.

The HCA's responsibilities with respect to the SEBB Plan include, among others: (i) procuring for and administering insurance coverage under the SEBB Plan; (ii) proposing rules for the SEBB Plan with input from the public and policies approved by the SEBB; (iii) providing information and technical and administrative assistance to the SEBB; and (iv) providing guidance to SEBB organizations for making eligibility determinations. The State, through the Office of Financial Management, bargains with a single coalition of union representatives for the employer's contribution toward school employees' health care benefits. The current collective bargaining agreement for SEBB Plan benefits is effective July 1, 2025 through June 30, 2027.

The HCA sets SEBB plan contribution rates for school districts and educational service districts, subject to approval of the Governor. Monthly employer contribution rates per eligible employee were set at \$1,100 for the 2023-24 school year, \$1,178 for the 2024-25 school year and \$1,307 for the 2025-26 school year.

**PEBB Membership.** The PEBB Plan is available to employees who elect at the time they retire to continue coverage and pay the administratively established premiums. Retirees' access to the PEBB Plan depends on the retirement eligibility of their respective retirement system. PEBB members are covered in the PERS, TRS and SERS retirement systems. SEBB members became separate from PEBB members commencing January 1, 2020.

Employers participating in the PEBB Plan for the State include general government agencies, higher education institutions, and component units. Additionally, 274 other political subdivisions and tribal governments participate in the PEBB Plan. There were 413,729 members (including active and retired employees and their dependents) enrolled in PEBB Plan medical coverage as of July 2025.

**Total OPEB Liability.** As of August 31, 2024, the District reported a total OPEB liability of approximately \$143.2 million, as disclosed in its audited financial statements. The current portion of the total OPEB liability is \$4,868,383. The Schedule of Changes in Total OPEB Liability is included in Note 9 to the audited financial statements of the District for the fiscal year ended August 31, 2024, attached hereto as Appendix C.

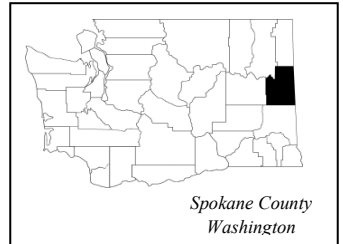
**Funding of PEBB Plan.** In the State, retiree benefits and contributions by the State as employer and local governments for their respective employees are set each biennium as part of the budget process. These benefits are funded on a pay-as-you-go basis.

According to State law, the State Treasurer collects a fee from all school district entities that have employees who are not current active members of the HCA but participate in the State retirement system. The purpose of this fee is to cover the impact of the subsidized rate of health care benefits for school retirees that elect to purchase their health care benefits through the HCA. Previously, the District was required to pay monthly fees to the HCA to support the PEBB Plan; however, commencing on January 1, 2020, the PEBB Plan payment was included in the monthly payment to SEBB for employee benefits. This assessment to the District is set forth in the State's operating budget and is subject to change on an annual basis. This amount is not actuarially determined and is not placed in a trust to pay the obligations for post-employment health care benefits.

## DEMOGRAPHIC INFORMATION

*The following discussion includes descriptive information obtained from a variety of sources. The information is presented to provide the reader with an overview of the District's economy, but is not intended to be exhaustive or comprehensive.*

The District is located in the County and encompasses approximately 95 square miles, including most of the City of Spokane.



### Population

Historical population trends are presented below for the County, the City of Spokane, the City of Spokane Valley and the State.

#### Historical Population

Year	Spokane County	City of Spokane	City of Spokane Valley	State of Washington
2025	566,000	234,700	110,200	8,115,100
2024	559,400	233,000	108,800	8,035,700
2023	554,600	232,700	107,400	7,951,150
2022	550,700	230,900	107,100	7,864,400
2021	542,100	229,400	104,500	7,766,975

*Source: State Office of Financial Management for inter-census estimates as of each April 1.*

### Income

Historical personal income and per capita income levels for the County and the State are shown below:

#### Total Personal and Per Capita Income

Year	Spokane County		State of Washington	
	Total Personal Income (in thousands)	Per Capita Income	Total Personal Income (in thousands)	Per Capita Income
2023	\$32,331,711	\$58,630	\$632,295,984	\$80,930
2022	30,459,684	55,407	589,077,317	75,673
2021	29,598,201	54,258	570,160,963	73,651
2020	26,612,277	49,175	522,509,173	67,643
2019	24,357,961	45,639	484,540,895	63,431

*Source: U.S. Department of Commerce, Bureau of Economic Analysis, most recent data as of February, 2025.*

## Median Household Income

Historical median household income for the County and the State are shown below:

Year	Spokane County	State of Washington
2024 <sup>(1)</sup>	\$77,949	\$97,970
2023 <sup>(2)</sup>	71,390	94,553
2022	69,079	91,255
2021	65,571	84,155
2020	60,827	80,319

(1) Projected.

(2) Estimate.

Source: Washington State Office of Financial Management.

## Taxable Retail Sales

Taxable retail sales reflect only those sales subject to retail sales tax. Historical taxable retail sales for the County, City of Spokane, and City of Spokane Valley are shown below:

	Spokane County	City of Spokane	City of Spokane Valley
2025 <sup>(1)</sup>	\$ 3,985,402,313	\$1,836,754,165	\$ 963,091,558
2024	15,217,724,533	7,202,066,306	3,626,573,692
2023	15,045,274,759	7,121,701,347	3,661,720,308
2022	14,707,782,536	7,010,150,247	3,631,765,386
2021	13,936,012,956	6,702,102,339	3,561,603,923
2020	11,640,793,876	5,533,511,372	2,910,785,762

(1) Through second quarter.

Source: Washington State Department of Revenue.

## Building Permits

The number and valuation of new single-family and multi-family residential building permits in the County, City of Spokane, and City of Spokane Valley are shown below:

Spokane County Residential Building Permits					
Year	New Single Family Units		New Multi-Family Units		Total
	Number	Construction Cost	Number	Construction Cost	Construction Cost
2025 <sup>(1)</sup>	941	\$289,962,382	1,215	\$221,320,349	\$511,282,731
2024	1,621	494,303,322	2,005	310,779,210	805,082,532
2023	1,424	425,210,768	2,197	329,249,442	754,460,210
2022	1,755	485,011,359	1,990	249,494,689	734,506,048
2021	1,610	436,530,656	1,505	203,930,791	640,461,447

(1) Data through August.

Source: U.S. Census Bureau, most recent data as of September, 2025.



**City of Spokane  
Residential Building Permits**

<b>Year</b>	<b>New Single Family Units</b>		<b>New Multi-Family Units</b>		<b>Total Construction Cost</b>
	<b>Number</b>	<b>Construction Cost</b>	<b>Number</b>	<b>Construction Cost</b>	
2025 <sup>(1)</sup>	117	\$ 42,074,554	370	\$89,985,235	\$132,059,789
2024	320	119,038,632	1,001	171,433,760	290,472,392
2023	239	98,150,673	1,056	167,725,268	265,875,941
2022	320	101,736,352	258	35,552,437	137,288,789
2021	346	91,469,831	250	29,020,612	120,490,443

(1) Data through August.

Source: U.S. Census Bureau, most recent data as of September, 2025.

**City of Spokane Valley  
Residential Building Permits**

<b>Year</b>	<b>New Single Family Units</b>		<b>New Multi-Family Units</b>		<b>Total Construction Cost</b>
	<b>Number</b>	<b>Construction Cost</b>	<b>Number</b>	<b>Construction Cost</b>	
2025 <sup>(1)</sup>	111	\$42,157,932	616	\$108,534,222	\$150,692,154
2024	171	64,915,821	303	54,182,679	119,098,500
2023	247	69,045,953	702	120,962,320	190,008,273
2022	212	68,970,831	836	124,924,843	193,895,674
2021	222	66,098,755	871	123,805,843	189,904,598

(1) Data through August.

Source: U.S. Census Bureau, most recent data as of September, 2025.

## Employment

Major employers located within the County include the following:

### Major Employers

Employer	Type of Business	Number of Employees <sup>(1)</sup>
State of Washington	Government	6,587
Amazon.com Inc.	E-Commerce	6,459
Providence Inland Northwest Washington	Health Care	6,118
The District	Education	3,638
MultiCare Health System– Inland Northwest	Health Care	3,426
Spokane County	Government	1,856
Spokane Community Colleges	Education	1,782
Central Valley School District	Education	1,694
Kalispel Tribal Economic Authority/Northern Quest Resort & Casino	Tribal Government/Hospitality	1,648
CHAS Health	Health Care	1,525
URM Stores Inc.	Grocery Wholesaler	1,495
Avista Corp	Utility	1,369
Gonzaga University	Education	1,365
Mann-Grandstaff VA Medical Center	Health Care	1,291
Jubilant HollisterStier	Pharmaceutical Manufacturing	1,104
Eastern Washington University	Education	1,059
Kaiser Aluminum Washington LLC	Metal Fabrication	1,000
United States Postal Service	U.S. Mail Delivery	904
Yoke's Foods Inc.	Retail Grocery	810
Frontier Behavioral Health	Behavioral Health Services	782

(1) FTE employees in Spokane County as of November 1, 2025.

Source: *Spokane Journal of Business*, "Spokane County's Largest Employers," published December 18, 2025.

Labor force and employment data is described in the following tables.

**Spokane-Spokane Valley MSA (Spokane, Pend Oreille and Stevens Counties)  
Nonagricultural Wage & Salary Workers  
and Labor Force and Employment Data**

	<i>Annual Average</i>				
	<u>2025<sup>(1)</sup></u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Civilian Labor Force	274,134	281,146	280,882	281,067	280,923
Total Employment	262,140	268,187	269,221	269,194	266,541
Total Unemployment	11,994	12,959	11,661	11,872	14,382
Percent of Labor Force	4.4%	4.6%	4.1%	4.2%	5.1%
NAICS INDUSTRY (in thousands)	<u>2025<sup>(1)</sup></u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total Nonfarm	266.3	266.0	264.2	260.9	251.5
Total Private	223.9	223.6	223.0	221.3	213.2
Goods Producing	33.1	33.4	34.4	34.4	32.4
Mining, Logging, and Construction	15.7	15.9	16.5	16.5	15.6
Manufacturing	17.4	17.6	17.9	17.9	16.9
Service Providing	233.2	232.6	229.7	226.5	219.1
Trade, Transportation, and Utilities	50.8	50.6	50.7	51.0	50.7
Information	2.7	2.9	3.0	2.9	2.8
Financial Activities	13.8	14.0	14.5	14.7	14.7
Professional and Business Services	28.2	29.6	29.3	29.0	27.8
Education and Health Services	60.9	58.5	56.3	54.9	54.1
Leisure and Hospitality	24.7	25.0	25.2	25.0	21.6
Other Services	9.6	9.5	9.5	9.5	9.2
Government	42.5	42.4	41.2	39.6	38.4
Workers in Labor/Management Disputes	0	0	0	0	0

(1) Data through September.

Source: Washington State Employment Security Department.

## TAX EXEMPTION

**The following discussion of certain federal income tax considerations is for general information only and is not tax advice. Each prospective purchaser of the Bonds should consult its own tax advisor as to the tax consequences of the acquisition, ownership, and disposition of the Bonds.**

### Tax Exemption

**General.** In the opinion of Bond Counsel, under existing law and assuming compliance with applicable requirements of the Internal Revenue Code of 1986, as amended (the “Code”), that must be satisfied subsequent to the issue date of the Bonds, interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Code, and is not an item of tax preference for purposes of the alternative minimum tax on individuals; however, interest on the Bonds will be taken into account in determining adjusted financial statement income that may be subject to the alternative minimum tax applicable to certain corporations.

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 those requirements. 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 those requirements. If the District fails to comply with those requirements 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 issue date 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 advisers regarding the applicability of any collateral tax consequences of owning the Bonds.

Bond Counsel's opinions are based on existing law, which is subject to change, and is based on Bond Counsel's knowledge of facts as of the date of Bond Counsel's opinion. Bond Counsel assumes no duty to update or supplement its opinion to reflect any facts or circumstances that may later come to Bond Counsel's attention, or any changes in law that may thereafter occur.

***Possible Consequences of Tax Compliance Audit.*** The Internal Revenue Service (the "Service") has an ongoing audit program to determine whether issuers of tax-exempt obligations, such as the Bonds, are in compliance with requirements of the Code that relate to whether interest on state or local obligations is excludable from gross income for federal income tax purposes. No assurance can be given as to whether the Service may commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures, the Service is likely to treat the District as the taxpayer, and the Owners of the Bonds may not have a right to participate in such audit. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds until the audit is concluded, regardless of its ultimate outcome.

### **Additional Federal Income Tax Considerations**

***Collateral Tax Consequences.*** Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences, including but not limited to those noted below. Therefore, prospective purchasers of the Bonds should consult their own tax advisors as to the tax consequences of the acquisition, ownership and disposition of the Bonds.

An "applicable corporation" (as defined in section 59(k) of the Code) may be subject to a 15% alternative minimum tax imposed under section 55 of the Code on its "adjusted financial statement income" (as defined in section 56A of the Code). Because interest on tax-exempt obligations, such as the Bonds, is included in a corporation's "adjusted financial statement income," ownership of the Bonds could subject certain corporations to alternative minimum tax consequences.

Ownership of tax-exempt obligations also may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, low and middle income taxpayers otherwise qualifying for the health insurance premium assistance credit and individuals otherwise qualifying for the earned income tax credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively connected earnings and profits, including tax-exempt interest such as interest on the Bonds.

Prospective purchasers of the Bonds should also be aware that, under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on the Bonds, received or accrued during the year.

***Original Issue Premium.*** The initial public offering price of Bonds of certain maturities may be greater than the amount payable on such Bonds at maturity ("Premium Bonds"). All prospective purchasers of Premium Bonds should consult their tax advisors with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of Premium Bonds.

***Original Issue Discount.*** The initial public offering price of Bonds of certain maturities may be less than the amount payable on such Bonds at maturity ("Discount Bonds"). All prospective purchasers of Discount Bonds should consult their tax advisors with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of Discount Bonds.

***Tax Legislative Changes.*** Current law may change to directly or indirectly reduce or eliminate the benefit of the excludability of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, could also affect the value and liquidity of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors regarding any proposed or pending legislation that would change the federal tax treatment of interest on the Bonds.

### **IRS Examination of 2015 Bonds**

The Internal Revenue Service (“IRS”) issued an Information Document Request letter, dated December 15, 2025 (“IRS Request Letter”), notifying the District that its Unlimited Tax General Obligation Refunding Bonds, Series 2015B and Unlimited Tax General Obligation Bonds, Series 2015C (together, the “2015 Bonds”) were selected for examination. The IRS Request Letter does not state a reason the 2015 Bonds were selected for examination. The District intends to respond to the IRS Request Letter. While no statement can be made by the District as to the outcome or timing of the IRS’s examination of 2015 Bonds, the District anticipates that the examination of the 2015 Bonds will be closed without material adverse effect on the source of payment for or the tax-exempt status of the 2015 Bonds. The Bonds are not being issued to refund the 2015 Bonds.

## **CONTINUING DISCLOSURE**

***Basic Undertaking to Provide Annual Financial Information and Notice of Listed Events.*** To meet the requirements of United States Securities and Exchange Commission (the “SEC”) Rule 15c2-12(b)(5) (“Rule 15c2-12”), as applicable to a participating underwriter for the Bonds, the District will undertake (the “Undertaking”) for the benefit of holders of the Bonds to provide or cause to be provided, either directly or through a designated agent, to the MSRB, in an electronic format as prescribed by the MSRB accompanied by identifying information as prescribed by the MSRB:

- (i) Annual financial information and operating data of the type included in this Official Statement as generally described below (“annual financial information”); and
- (ii) Timely notice (not in excess of ten business days after the occurrence of the event) of the occurrence of any of the following events with respect to the Bonds:
  - a. principal and interest payment delinquencies;
  - b. non-payment related defaults, if material;
  - c. unscheduled draws on debt service reserves reflecting financial difficulties;
  - d. unscheduled draws on credit enhancements reflecting financial difficulties;
  - e. substitution of credit or liquidity providers, or their failure to perform;
  - f. adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notice 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;
  - g. modifications to rights of holders of the Bonds, if material;
  - h. bond calls (other than scheduled mandatory redemptions of Term Bonds), if material, and tender offers;
  - i. defeasances;
  - j. release, substitution, or sale of property securing repayment of the Bonds, if material;
  - k. rating changes;

- l. bankruptcy, insolvency, receivership, or similar event of the District, as such “Bankruptcy Events” are defined in Rule 15c2-12;
- m. 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;
- n. appointment of a successor or additional trustee or the change of name of a trustee, if material;
- o. incurrence of a financial obligation of the District or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or obligated person, any of which affect security holders, if material; and
- p. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the District or obligated person, any of which reflect financial difficulties.

The term “financial obligation” means a (1) debt obligation, (2) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (3) guarantee of (1) or (2). The term “financial obligation” does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12.

The District also will provide to the MSRB timely notice of a failure by the District to provide required annual financial information on or before the date specified below.

If not submitted as part of the annual financial information described above, the District will provide or cause to be provided to the MSRB audited financial statements, when and if available.

***Type of Annual Financial Information Undertaken to be Provided.*** The annual financial information that the District undertakes to provide will consist of (i) annual financial statements prepared (except as noted in the financial statements) in accordance with applicable generally accepted accounting principles applicable to local governmental units of the State, such as the District, as such principles may be changed from time to time and as permitted by State law; (ii) a statement of authorized, issued and outstanding general obligation debt of the District; (iii) the assessed value of the property within the District subject to ad valorem taxation; and (iv) ad valorem tax levy rates and amounts and percentage of taxes collected. The annual financial information will be provided to the MSRB not later than the last day of the ninth month after the end of each fiscal year of the District (currently, the fiscal year ending August 31), as such fiscal year may be changed as required or permitted by State law, commencing with the District’s fiscal year ending August 31, 2025.

The annual financial information may be provided in a single or multiple documents, and may be incorporated by specific reference to documents available to the public on the Internet website of the MSRB or filed with the SEC.

***Amendment of Undertaking.*** The Undertaking is subject to amendment after the primary offering of the Bonds without the consent of any holder of any Bond, or of any broker, dealer, municipal securities dealer, participating underwriter, rating agency, or the MSRB, under the circumstances and in the manner permitted by Rule 15c2-12.

The District will give notice to the MSRB of the substance (or provide a copy) of any amendment to the Undertaking and a brief statement of the reasons for the amendment. If the amendment changes the type of annual financial information to be provided, the annual financial information containing the amended financial information will include a narrative explanation of the effect of that change on the type of information to be provided.

***Beneficiaries.*** The Undertaking will inure to the benefit of the District and the holder of each Bond, and will not inure to the benefit of or create any rights in any other person.

***Termination of Undertaking.*** The District’s obligations under the Undertaking shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. In addition, the District’s obligations under the Undertaking shall terminate if the provisions of Rule 15c2-12 that require the District to comply with the Undertaking become legally inapplicable in respect of the Bonds for any reason, as confirmed by an opinion of nationally

recognized bond counsel or other counsel familiar with federal securities laws delivered to the District, and the District provides timely notice of such termination to the MSRB.

***Remedy for Failure to Comply with Undertaking.*** As soon as practicable after the District learns of any failure to comply with the Undertaking, the District will proceed with due diligence to cause such noncompliance to be corrected. No failure by the District or other obligated person to comply with the Undertaking will constitute a default in respect of the Bonds. The sole remedy of any holder of a Bond will be to take action to compel the District or other obligated person to comply with the Undertaking, including seeking an order of specific performance from an appropriate court.

***Continuing Disclosure Obligation of the State of Washington.*** See Appendix D attached hereto for a description of the State of Washington's School Bond Guarantee Program Undertaking and compliance with the State's prior undertakings under Rule 15c2-12.

***Prior Compliance with Continuing Disclosure Undertakings.*** In the previous five years, the District had continuing disclosure undertakings in effect under Rule 15c2-12 with respect to unlimited tax general obligation bonds.

While the District timely filed certain operating data for calendar years ended December 31, 2023 (the "2023 Operating Data") and December 31, 2024 (the "2024 Operating Data"), it came to the District's attention in preparing this Official Statement that its Unlimited Tax General Obligation Bonds, 2024 were not listed in the 2024 Operating Data and the amount of bonds authorized but not issued was reported incorrectly in the 2023 Operating Data and 2024 Operating Data. Corrected information was filed as of February 4, 2026.

## RATINGS

As noted on the cover page of this Official Statement, Moody's Ratings ("Moody's") has assigned its credit enhanced rating of "Aaa" and S&P Global Ratings ("S&P") has assigned its credit enhanced rating of "AA+" to the Bonds based upon the District's participation in the Washington State School District Credit Enhancement Program (see Appendix D). Moody's has also assigned an underlying rating of "Aa3" and S&P has assigned an underlying rating of "A+" to the Bonds.

The ratings reflect only the views of each rating agency and an explanation of the significance of the ratings may be obtained from the rating agencies. There is no assurance that the ratings will be retained for any given period of time or that the ratings will not be revised downward or withdrawn entirely by the rating agencies if, in their judgment, circumstances so warrant. Any such downward revision or withdrawal of the ratings will be likely to have an adverse effect on the market price of the Bonds.

## CERTAIN INVESTMENT CONSIDERATIONS

***Limitations on Remedies.*** Any remedies available to the owners of the Bonds 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 State law, 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 legal opinion of Bond Counsel, attached hereto as Appendix A, regarding the validity of the Bonds will be qualified by reference to bankruptcy, reorganization, insolvency, fraudulent conveyance, moratorium, and other similar laws affecting the rights of creditors generally, and by general principles of equity.

***No Acceleration.*** The Bonds are not subject to acceleration upon the occurrence of a default. The District is liable for principal and interest payments only as they become due. In the event of multiple defaults in payment of principal of or interest on the Bonds, the Registered Owner of each Bond would be required to bring a separate action for each such payment not made. This could give rise to a difference in interests between Registered 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 for two consecutive years or is reasonably foreseeable and likely to have a deficit general fund balance within three years, and 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 financially insolvent 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 that the ESD determines are reasonably reliable.

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 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.

**Bankruptcy.** A municipality, such as the District, must be specifically authorized under State law in order to seek relief under Chapter 9 of the U.S. Bankruptcy Code (the “Bankruptcy Code”). Chapter 39.64 RCW, entitled the “Taxing Relief Bankruptcy Act,” appears to permit any “taxing district” (defined to include any municipality or political subdivision, including school districts) to voluntarily petition for relief under the Bankruptcy Code. A creditor cannot bring an involuntary bankruptcy proceeding against a municipality, including school districts. Under Chapter 9, a federal bankruptcy court may not appoint a receiver for a municipality or order the dissolution or liquidation of the municipality. If a municipality filed for bankruptcy, the bankruptcy court would have some discretion with respect to how to treat past and future obligations of such municipality regarding priority of payment to creditors under a plan for adjustment of debt under Chapter 9 of the Bankruptcy Code.

## 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 eight percent (initiatives) and four percent (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 whether any such initiatives 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.

## **LEGAL AND UNDERWRITING**

### **Approval of Counsel**

Legal matters incident to the authorization, issuance and sale of the Bonds by the District are subject to the approving legal opinion of Bond Counsel. The form of the opinion of Bond Counsel with respect to the Bonds is attached as Appendix A. The opinion of Bond Counsel is given based on factual representations made to Bond Counsel, and under existing law, as of the date of initial delivery of the Bonds, and Bond Counsel assumes no obligation to revise or supplement its opinion to reflect any facts or circumstances that may thereafter come to its attention, or any changes in law that may thereafter occur. The opinion of Bond Counsel is an expression of its professional judgment on the matters expressly addressed in its opinion and does not constitute a guarantee of result. Bond Counsel will be compensated only upon the issuance and sale of the Bonds. Bond Counsel is also serving as disclosure counsel to the District in connection with the issuance of the Bonds.

### **Fair Campaign Practices Act**

Title 29B RCW (formerly Chapter 42.17A RCW and recodified as of January 1, 2026) (the “Fair Campaign Practices Act”) prohibits, among other things, public agencies from using public facilities to promote ballot propositions. Under RCW 29B.60.010, one of the civil remedies that may be imposed by court order, if a court finds a violation of any provision of the Fair Campaign Practices Act “by any candidate, committee, or incidental committee probably affected the outcome of any election,” is that the result of such election may be held void and a special election ordered to be held within 60 days of that finding. Any action to void an election must be commenced within one year of the date of the election in question.

RCW 29B.60.040 provides that the State Attorney General may bring civil actions in the name of the State for any appropriate civil remedy, including the remedy referred to in the immediately preceding paragraph, upon: (i) referral by the State Public Disclosure Commission (the “PDC”), (ii) receipt of written notice that the PDC has not taken action on a complaint filed with the PDC, or (iii) receipt of written notice of intent to commence a citizen’s action. A citizen’s action in the name of the State may be brought and prosecuted but only after first filing a complaint with the PDC, satisfying applicable notice requirements, and only if the PDC has not taken certain statutorily authorized action and the State Attorney General has not timely commenced an action or published a decision whether to commence an action.

The elections in the District that authorized the 2018 Authorization Bonds and the 2025 Authorization Bonds were held on November 6, 2018 and November 4, 2025, respectively. No proceedings have been instituted nor demands made upon the appropriate officials to institute any action to void the elections under the Fair Campaign Practices Act, nor are any threats thereof known to any of the District’s officials.

### **Litigation**

There is no litigation pending or threatened questioning the validity of the Bonds nor the power and authority of the District to issue the Bonds. There is no litigation pending or threatened that would materially affect the finances of the District or affect the District’s ability to meet debt service requirements on the Bonds.

The District is a party to lawsuits in its normal course of business, but the District does not believe any of such litigation will have a significant adverse impact upon the financial condition of the District, or would affect the issuance and delivery of the Bonds, or the power and authority of the District to issue the Bonds.

## **Underwriting**

The Bonds are being purchased by \_\_\_\_\_ (the “Underwriter”) from the District at an aggregate purchase price of \$ \_\_\_\_\_ (the principal amount of the Bonds, less Underwriter’s discount of \$ \_\_\_\_\_, and plus original issue premium of \$ \_\_\_\_\_). The Underwriter will re-offer the Bonds at the aggregate price of \_\_\_\_\_. The Underwriter shall purchase all of the Bonds and the obligation to make such purchase(s) is subject to the approval of certain legal matters by Bond 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 cover thereof.

## **OTHER CONSIDERATIONS**

### **Seismic Risk**

The District’s facilities are in an area of seismic activity, with frequent small earthquakes and occasional moderate and larger earthquakes. 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 final report that summarized the seismic risk at a total of 561 school buildings across the State. For those facilities that were named, 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. In 2022, the Legislature enacted Substitute Senate Bill 5933, creating the School Seismic Safety Grant Program for the Office of Superintendent of Public Instruction (OSPI). This program provides grants to school districts and state-tribal education compact schools to cover the costs of retrofitting or relocating schools located in high seismic areas or tsunami zones. The Legislature provided the first installment of \$100 million to address seismic and tsunami risks. The District cannot predict what additional steps, if any, the Legislature will take to address seismic and tsunami risks of school facilities.

### **Wildfire and Other Natural Risks**

The Western United States, including the State, has recently experienced an increase in major wildland fires causing extensive damage in certain areas and diminishing air quality. Other natural disasters, such as volcanic activity, landslides, winter storms, windstorms, flooding, and extreme heat are also possible in the region, and could impact the District. Climate change may intensify and increase the frequency of certain natural disasters and extreme weather events, such as drought, wildfires, floods and heatwaves. See “—Climate Change; Sustainability” below.

The loss of life and property damage that could result from a natural disaster or extreme weather event could have a material and adverse impact on the District. The District can give no assurance 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 rebuilt and reopened in a timely manner following a major disaster.

### **Climate Change; Sustainability**

Long-term changes in climate and in the frequency, timing, and severity of extreme weather events pose risks to the District. Anticipated climate change impacts include more intense heavy rain events and summer heat events, lower and warmer summer stream flows, and an increased risk of flooding, drought, landslides, and wildfires. While the District cannot predict precisely how, when, and where specific climate impacts will occur, there have been and will be climate impacts on the District and the surrounding region, which may have a material impact on the District and its operations and finances.

The Board values the responsibility to develop and maintain programs to support the conservation of energy and natural resources. In recognition of this leadership responsibility, the Board has adopted Policy No. 6810 stating that

the District will strive to (a) institute effective energy management; and (b) make available information on energy conservation strategies to assist in improving behavior, attitudes and skills for the students it serves. The policy tasks the Superintendent with identifying a team representing the Board, administration and other stakeholders to develop and review plans for efficient energy management in the daily operation of the District's facilities.

## **Public Health**

The District has provided information in this Official Statement to describe how the COVID-19 pandemic impacted the District's finances. See "Financial Factors – Federal Funding in Response to the COVID-19 Pandemic." Given trends in globalization, additional pandemics and other public health emergencies may occur with greater frequency and intensity in the future.

On May 7, 2020, the State filed a voluntary notice regarding the estimated and anticipated fiscal impacts of the COVID-19 outbreak on the State General Fund, Education Legacy Trust Account, and Opportunity Pathways Account, all of which include resources that support K-12 education. This filing is available on EMMA. Such notice speaks only as of its date, and neither the State nor the District is required to provide further updates except as otherwise required by their respective continuing disclosure undertakings. See "Continuing Disclosure."

## **Cybersecurity**

The District has provided information in this Official Statement describing how cybersecurity impacts the District's finances and operations. The District occasionally encounters minor cybersecurity incidents, such as device theft, malware infection and credential compromise, which cause small-scale interruptions primarily affecting individuals. Responding to these incidents may draw District resources away from other work, thereby resulting in modest operational impacts. By contrast, a major cybersecurity breach could cause damage to District systems, material disruption to operations and services, data loss, exposure of protected/sensitive data, and/or result in stolen funds. The District has cybersecurity systems in place and has not had any material cybersecurity incidents in the last five years. See "THE DISTRICT—Risk Management—*Cyber Liability Insurance*."

## **Conflicts of Interest**

All or a portion of the fees of the Underwriter, Municipal Advisor and Bond Counsel are contingent upon the issuance and sale of the Bonds. In addition, Bond Counsel from time to time serves as counsel to the Municipal Advisor in its capacity as underwriter with respect to bonds issued by issuers other than the District and may serve as counsel to other parties involved with the Bonds in transactions other than the issuance of the Bonds. Bond Counsel serves as bond counsel to the State, including with respect to the Washington State School District Credit Enhancement Program. None of the Board of Directors or other officers of the District have any conflict of interest in the issuance of the Bonds that is prohibited by applicable law.

Moreover, the District is not aware of the existence of any actual or potential conflict of interests, breach of duty or less than arm's-length transaction regarding the selection of the Underwriter, Municipal Advisor, Bond Counsel and other participants in the offering of the Bonds. Further, the District is not aware of any undisclosed payments to obtain underwriting assignments and undisclosed agreements or arrangements, including fee splitting, between the Underwriter and other participants in the offering of the Bonds.

## **Municipal Advisor**

Piper Sandler & Co. has acted as Municipal Advisor (the "Municipal Advisor") to the District in connection with the issuance of the Bonds. The Municipal Advisor has not audited, authenticated, or otherwise verified the information set forth in this Official Statement or the other information available from the District with respect to the appropriateness, accuracy, and completeness of the disclosure of such information, and the Municipal Advisor makes no guarantee, warranty, or other representation on any matter related to such information.

**Official Statement**

This Preliminary Official Statement has been “deemed final” by the District as of its date pursuant to Rule 15c2-12.

**CONCLUDING STATEMENT**

The information contained herein should not be construed as representing all conditions affecting the District or the Bonds. 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.

The information assembled herein is not to be construed as a contract with owners of the Bonds.

**APPENDIX A**

**FORM OF BOND COUNSEL OPINION**

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## FORM OF BOND COUNSEL OPINION

February \_\_, 2026

Spokane School District No. 81, Spokane County, Washington

Re: Spokane School District No. 81, Spokane County, Washington  
\$ \_\_\_\_\_ Unlimited Tax General Obligation Improvement and Refunding Bonds, 2026

We have acted as bond counsel to Spokane School District No. 81, Spokane County, Washington (the “District”), in connection with the issuance of the above-referenced bonds (the “Bonds”). In such capacity, we have examined such law and such certified proceedings, certifications and other documents as we have deemed necessary to give the opinions below.

Regarding questions of fact material to the opinions below, we have relied on the certified proceedings and other certifications of representatives of the District and certifications of others furnished to us, without undertaking to verify them by independent investigation.

The Bonds are issued by the District pursuant to Resolution No. 2025-16 (the “Bond Resolution”): (i) for capital purposes only, being the Projects specified in the Bond Resolution, which shall not include the replacement of equipment, pursuant to the respective elections authorizing the 2018 Authorization Bonds and the 2025 Authorization Bonds; (ii) to pay costs of refunding, paying and redeeming the District’s outstanding Unlimited Tax General Obligation Bonds, Series 2014; and (iii) to pay the administrative costs of the refunding and the aggregate costs related to the issuance, sale and delivery of the Bonds, all under and in accordance with the Constitution and laws of the State of Washington.

Reference is made to the Bonds and the Bond Resolution for the definitions of capitalized terms used and not otherwise defined herein.

Based on the foregoing, we are of the opinion that:

1. The Bonds have been duly authorized and executed by the District and are valid and binding general obligations of the District.

2. The Bonds are payable from annual *ad valorem* taxes to be levied without limitation as to rate or amount on all of the taxable property within the District in amounts sufficient, together with other money legally available and to be used therefor, to pay when due the principal of and interest on the Bonds.

3. Interest on the Bonds is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended (the “Code”) and is not an item of tax preference for purposes of the alternative minimum tax applicable to individuals; however, such interest on the Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. 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 excludable from gross income for federal income tax purposes under section

103 of the Code. The District has covenanted to comply with all such requirements. Failure to comply with such requirements may cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights and remedies of creditors, and by equitable principles, whether considered at law or in equity.

We express no opinion regarding the accuracy, adequacy or completeness of any official statement, offering circular or other sales or disclosure material relating to the issuance of the Bonds or otherwise used in connection with the Bonds. Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

The opinions given in this opinion letter are given as of the date set forth above, and we assume no obligation to revise or supplement them to reflect any facts or circumstances that may later come to our attention, or any changes in law that may later occur.

Respectfully submitted,



## APPENDIX B

### DTC AND ITS BOOK-ENTRY SYSTEM

*The following information has been provided by DTC. The District takes no responsibility for the accuracy or completeness thereof, or for the absence of material changes in such information subsequent to the date hereof. Beneficial Owners should confirm the following with DTC or the Participants (as hereinafter defined).*

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The Bonds 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 Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount represented by such Bonds, and will be deposited with DTC.

2. DTC, the world’s largest 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 Bond 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 S&P Global Ratings 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](http://www.dtcc.com).

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“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 expected, however, 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 Bonds 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 the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are to be 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 Bonds 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 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds 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. When notices are given, they shall be sent by the Bond Registrar to DTC only. 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.

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

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District 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 the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Payments on the Bonds 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 the District or the Bond Registrar, on the 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, the Bond Registrar or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments to Cede & Co. (or any other nominee as may be requested by an authorized representative of DTC) are the responsibility of the District or the Bond Registrar, 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. DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Bond Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bonds are required to be printed and delivered.

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

**APPENDIX C**

**AUDITED FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED AUGUST 31, 2024**

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Office of the Washington State Auditor  
Pat McCarthy

## Financial Statements and Federal Single Audit Report

# Spokane School District No. 81

For the period September 1, 2023 through August 31, 2024

*Published May 15, 2025*

Report No. 1037309



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**Office of the Washington State Auditor  
Pat McCarthy**

May 15, 2025

Superintendent and Board of Directors  
Spokane School District No. 81  
Spokane, Washington

**Report on Financial Statements and Federal Single Audit**

Please find attached our report on Spokane School District No. 81'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 activities and condition.

Sincerely,

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](mailto:webmaster@sao.wa.gov).*

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

### Spokane School District No. 81 September 1, 2023 through August 31, 2024

#### SECTION I – SUMMARY OF AUDITOR’S RESULTS

The results of our audit of Spokane School District No. 81 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 basic financial statements of the governmental activities, each major fund and the aggregate remaining fund information in accordance with accounting principles generally accepted in the United States of America (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 each of its major federal programs.

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 programs were selected as major programs in our audit of compliance in accordance with the Uniform Guidance.

<u>ALN</u>	<u>Program or Cluster Title</u>
84.010	Title I Grants to Local Educational Agencies
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 \$2,367,133.

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*

#### **Spokane School District No. 81 September 1, 2023 through August 31, 2024**

Superintendent and Board of Directors  
Spokane School District No. 81  
Spokane, 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 the governmental activities, each major fund and the aggregate remaining fund information of Spokane School District No. 81, as of and for the year ended August 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 14, 2025.

### **REPORT ON 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) as a basis for designing 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 above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

## REPORT ON 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 its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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.

A handwritten signature in black ink, reading "Pat McCarthy". The signature is fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly distinguishable.

Pat McCarthy, State Auditor

Olympia, WA

May 14, 2025

## 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

#### Spokane School District No. 81 September 1, 2023 through August 31, 2024

Superintendent and Board of Directors  
Spokane School District No. 81  
Spokane, Washington

### REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

#### Opinion on Each Major Federal Program

We have audited the compliance of Spokane School District No. 81, with the types of compliance requirements identified as subject to audit 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, 2024. The District's major federal programs are identified in the auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

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, 2024.

#### Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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)* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the District's compliance with the compliance requirements referred to above.

## **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

## **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

Performing an audit in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances;
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the District's internal control over compliance. Accordingly, no such opinion is expressed; and
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## REPORT ON INTERNAL CONTROL OVER COMPLIANCE

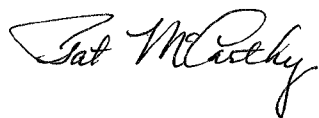
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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 audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

### 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

May 14, 2025

# INDEPENDENT AUDITOR'S REPORT

## Report on the Audit of the Financial Statements

### **Spokane School District No. 81 September 1, 2023 through August 31, 2024**

Superintendent and Board of Directors  
Spokane School District No. 81  
Spokane, Washington

## **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

### **Opinions**

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Spokane School District No. 81, as of and for the year ended August 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the financial section of our report.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Spokane School District No. 81, as of August 31, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time; and
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



## Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed in the financial section of our report be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying 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). This supplementary information is not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements as a whole.

## OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 2025 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 effectiveness of the District's 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.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

May 14, 2025

## **FINANCIAL SECTION**

### **Spokane School District No. 81 September 1, 2023 through August 31, 2024**

#### **REQUIRED SUPPLEMENTARY INFORMATION**

Management's Discussion and Analysis – 2024

#### **BASIC FINANCIAL STATEMENTS**

Statement of Net Position – 2024

Statement of Activities – 2024

Balance Sheet – Governmental Funds – 2024

Reconciliation – Balance Sheet/Statement of Net Position – 2024

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental  
Funds – 2024

Reconciliation – Statement of Revenues, Expenditures, and Changes in Fund  
Balance/Statement of Activities – 2024

Statement of Fiduciary Net Position – Fiduciary Funds – 2024

Statement of Changes in Fiduciary Net Position – Fiduciary Funds – 2024

Notes to Basic Financial Statements – 2024

#### **REQUIRED SUPPLEMENTARY INFORMATION**

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual  
– General Fund – 2024

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual  
– Special Revenue Fund (Associated Student Body Fund) – 2024

Schedule of the District's Proportionate Share of Net Pension Liability – PERS 1, TRS 1,  
TRS 2/3, SERS 2/3 – 2024

Schedule of the District's Contributions – PERS 1, TRS 1, TRS 2/3, SERS 2/3 – 2024

Schedule of Changes in Total OPEB (Other Post-Employment Benefits) Liability and  
Related Ratios – 2024

#### **SUPPLEMENTARY AND OTHER INFORMATION**

Schedule of Expenditures of Federal Awards – 2024

Notes to the Schedule of Expenditures of Federal Awards – 2024

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Spokane Public School's financial performance provides an overview of the school district's financial activities for the fiscal year ended August 31, 2024. We encourage readers to consider the information presented here in conjunction with additional information presented in the financial statements and notes to the financial statements.

### FINANCIAL HIGHLIGHTS

- The district's total net position of governmental activities as of August 31, 2024, was \$298.3 million. During the year, the district had revenues of \$645.5 million and expenses of \$595.0 million incurred for all governmental activities. The results of operations resulted in an increase to Net Position of \$50.6 million.
- The district's governmental funds as of August 31, 2024, reported a combined ending fund balance of \$155.9 million, an increase of \$36.8 million compared to the prior year.
- The General Fund total fund balance was \$69.8 million reflecting a decrease of \$0.6 million. The General Fund balance represents 12.3% of General Fund expenditures. Of the \$69.8 million in fund balance, \$42.6 million is available for spending at the district's discretion (assigned and unassigned fund balance). The discretionary General Fund balance represents 7.5% of General Fund expenditures.
- The average student enrollment increased by 15.59 full-time equivalent (FTE) students as compared to the previous year.

### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The *Statement of Net Position* and the *Statement of Activities* provide information about the activities of the district as a whole and present a longer-term view of the district's finances. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. The fund financial statement section also reports the district's operations in more detail than the government-wide statements by providing information about the district's most significant funds. The remaining statements (fiduciary funds) provide financial information about activities for which the district acts solely as a trustee or agent for the benefit of those outside of the government.

### REPORTING THE SCHOOL DISTRICT AS A WHOLE

#### The Statement of Net Position and the Statement of Activities

Our analysis of the school district begins in the *government-wide financial statement* section. Is the district as a whole better off or worse off because of the year's activities? The *statement of net position* and the *statement of activities* report information about the district as a whole and about its activities in a way that helps answer this question. The financial statements of the district present a better financial position as reflected in the *statement of net position*. These statements include all assets, liabilities, deferred outflows of resources and deferred inflows of resources using the accrual basis of accounting, similar to the accounting used by most private-sector companies. All current year revenues and expenses are considered regardless of when cash is received or paid.

These two statements report the district's net position and changes in the position. The district's net position (the difference between assets, liabilities, deferred outflows of resources and deferred inflows of resources) may be viewed as one way to measure the district's financial health. Over time, increases or decreases in the district's net position are one indicator of whether its financial health is improving or deteriorating. Other non-financial factors must be considered in assessing the *overall health* of the district, such as changes in the district's property tax base and student enrollment.

In the *statement of net position* and the *statement of activities*, we present governmental activities. The district's basic services, including associated student body, debt service, and capital projects are reported here. Revenue from state and federal grants, property taxes, and other miscellaneous private sources finance most of these activities.

## REPORTING THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS

### Governmental Funds Financial Statements

Our analysis of the school district's major funds begins in the governmental funds financial statement section. The governmental funds financial statements provide detailed information about the most significant funds - not the district as a whole. Some funds, such as the Special Revenue Fund (Associated Student Body Fund), are required and established consistent with state law.

Governmental Funds – All of the district's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual accounting*, which measures cash and all other financial assets that can readily be converted to cash. The governmental funds statements provide a detailed *short-term* view of the district's general education and support operations and the basic services. Governmental funds information helps determine whether there are more or less financial resources that can be spent in the near future to finance the district's programs. We describe the relationship (or differences) between governmental activities (reported in the *statement of net position* and the *statement of activities*) and governmental funds in the reconciliation presented in exhibit 3A and exhibit 4A of the basic financial statements and in Note 2 of the financial statements.

## THE SCHOOL DISTRICT AS TRUSTEE

### Reporting the School District's Fiduciary Responsibilities

The district is the trustee, or fiduciary, for individuals, private organizations, and other governments for scholarships and other specific purposes. All the district's fiduciary activities are reported in a separate *statement of fiduciary net position* and *changes in fiduciary net position* under the fiduciary financial statement section. We exclude these activities from the district's other financial statements because the district cannot use these assets to finance day-to-day operations. The district is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

## THE SCHOOL DISTRICT AS A WHOLE (Government-Wide Financial Statements)

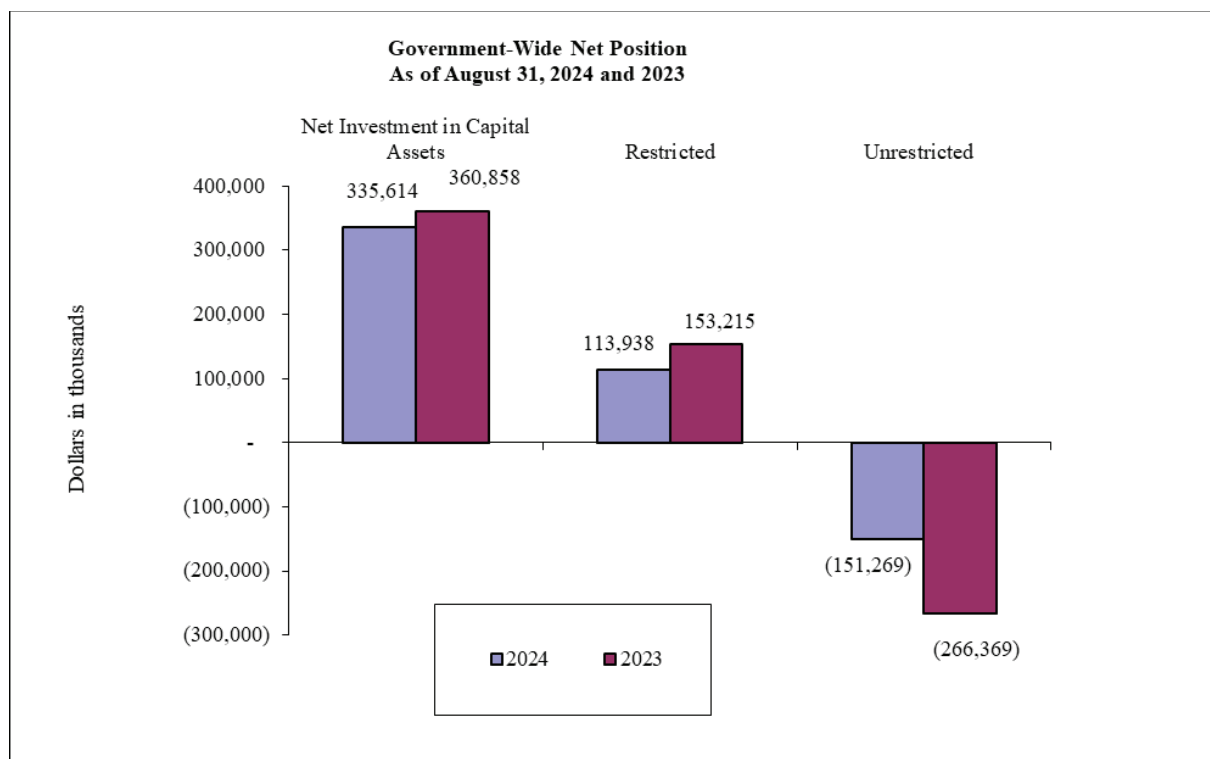
In 2023-2024 revenues exceeded expenses by \$50.6 million as compared to \$64.6 million in the prior year. Our analysis focuses on the net position and changes in net position of the district's governmental activities.

The net position of the district's governmental activities increased by \$50.6 million. The district decreased capital assets by \$9.8 million net of depreciation. The capital additions were financed by long-term debt issued in the prior year and state funding. Other liabilities decreased by \$22.6 million due to completion of capital projects in the prior fiscal year. Issuance of \$49.5 million of bonds net of decreases in long term liabilities results in a \$2.1 million increase to long-term liabilities.

Unrestricted net position reflects funds that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements. The unrestricted net position of the district is negative \$151.3 million. The net position of \$113.9 million is restricted under legal obligations (for debt payments and other contractual obligations) and \$335.6 million is net investment in capital assets.

**Government-Wide Net Position**  
**As of August 31**

	<b>2024</b>	<b>2023</b>
Current and Other Assets	\$ 262,744,542	\$ 252,253,516
Capital Assets	987,059,918	996,864,003
Total Assets	<u>1,249,804,460</u>	<u>1,249,117,519</u>
 Total Deferred Outflows	 <u>117,363,877</u>	 <u>111,584,744</u>
 Other Liabilities	 46,789,969	 69,448,578
Long-Term Liabilities	900,514,406	898,388,040
Total Liabilities	<u>947,304,375</u>	<u>967,836,618</u>
 Total Deferred Inflows	 <u>121,580,536</u>	 <u>145,161,796</u>
 Net Investment in Capital Assets	 335,613,959	 360,858,420
Restricted	113,937,986	153,214,690
Unrestricted	(151,268,519)	(266,369,261)
<b>TOTAL NET POSITION</b>	<u><u>\$ 298,283,426</u></u>	<u><u>\$ 247,703,849</u></u>



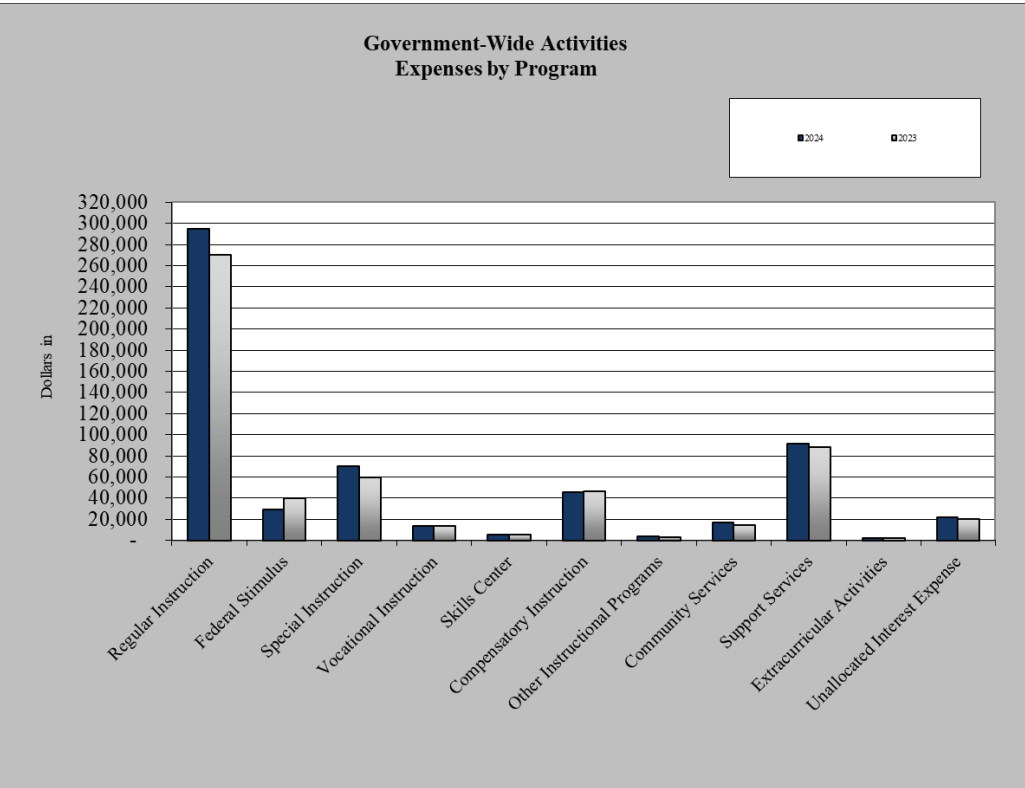
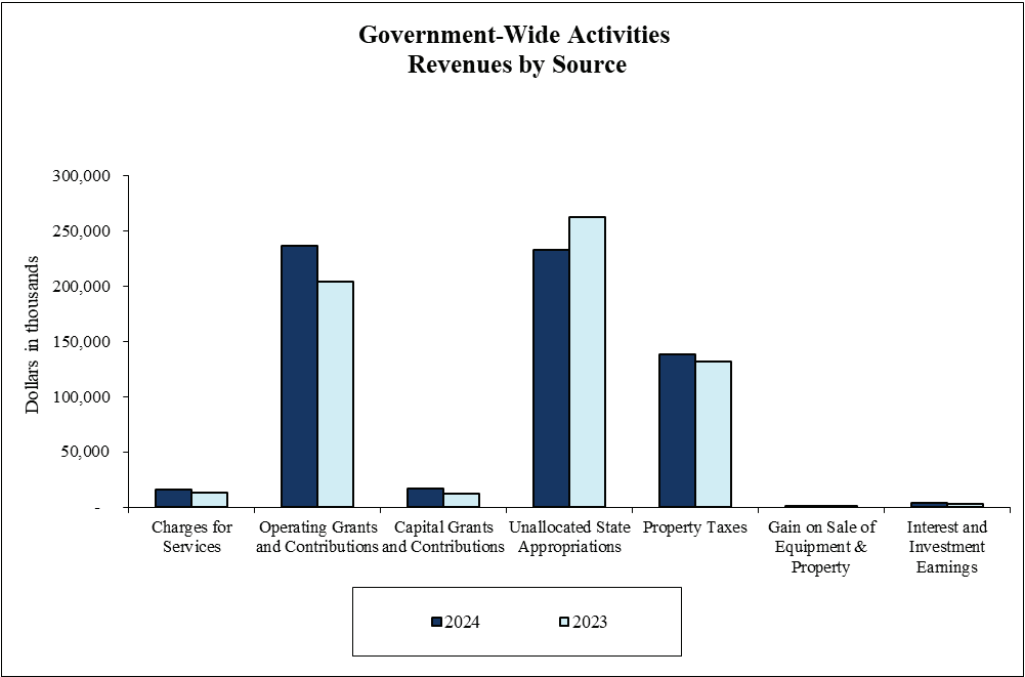
The 2023-2024 total revenues of \$645.5 million exceed total expenses of \$594.9 million by \$50.5 million. Total revenues were up due to increased general revenues from property taxes and operating grants and contributions. This increase reflects federal COVID-19 funding and the state's investment of additional basic education resources for salaries, instruction, student support and materials through grant awards. The increase in property taxes represents the increase in the educational program and operations levy approved by voters in 2024 and bond. Expenses increased by \$31.3 million in 2023-24, primarily due to increased costs associated with additional supports for learning loss recovery and social emotional supports for students post COVID. Many of the additional costs were funded with federal grant funds.

**Government-Wide Changes in Net Position  
PRIMARY GOVERNMENT  
For the Year Ended August 31**

	<b>2024</b>	<b>2023</b>
<b>August 31, 2024</b>		
Charges for Services	\$ 15,945,019	\$ 12,875,086
Operating Grants and Contributions	236,786,123	203,992,949
Capital Grants and Contributions	17,253,891	12,734,317
<b>General Revenues:</b>		
Property Taxes	138,546,209	132,323,685
Unallocated State Appropriations	232,656,747	262,982,872
Gain on Sale of Equipment & Property	25,561	7,536
Interest and Investment Earnings	4,279,240	3,310,301
<b>TOTAL REVENUES</b>	<b>645,492,790</b>	<b>628,226,746</b>
<b>PROGRAM EXPENSES:</b>		
Regular Instruction	294,936,346	270,448,406
Federal Stimulus	28,955,189	39,888,819
Special Instruction	70,589,867	59,437,604
Vocational Instruction	13,740,541	13,550,343
Skills Center	5,611,916	5,561,058
Compensatory Education	45,515,473	46,263,357
Other Instructional Programs	3,762,730	3,184,036
Community Services	16,972,265	14,612,112
Support Services	91,200,231	88,185,574
Extracurricular Activities (ASB)	1,901,509	1,938,046
Unallocated Interest Expense	21,727,146	20,569,288
<b>TOTAL EXPENSES</b>	<b>594,913,213</b>	<b>563,638,643</b>
<b>Increase (Decrease) in Net Position</b>	<b>50,579,577</b>	<b>64,588,103</b>
<b>Net Position - Beginning</b>	<b>247,703,849</b>	<b>183,115,746</b>
<b>Ending Net Position</b>	<b>\$ 298,283,426</b>	<b>\$ 247,703,849</b>

**Government-Wide Activities**

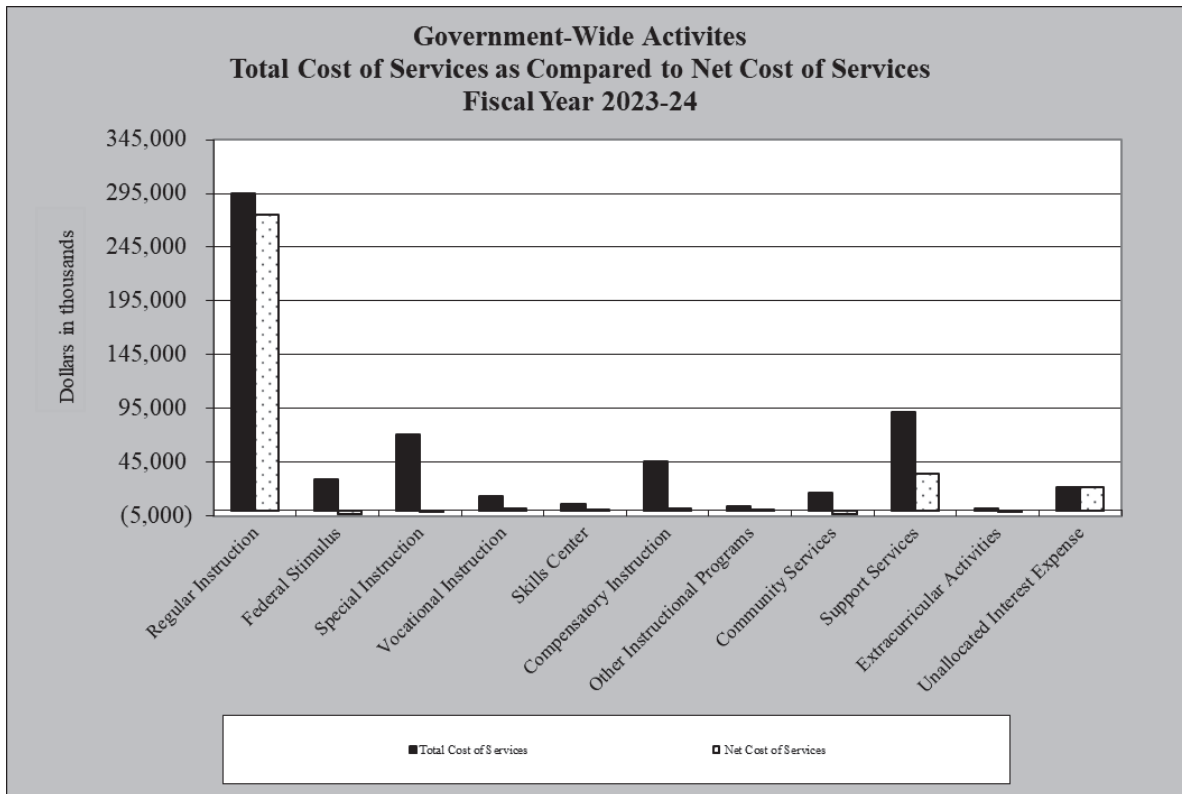
Revenues by source and the costs of the district, including the district’s largest programs consisting of regular instruction, special instruction, vocational instruction, compensatory instruction, and support services are presented below. On the following page each program’s net cost (total cost less revenues) is presented. The net cost shows the fiscal impact of these programs. The net cost of services is funded by the school district’s revenue sources as presented on the following charts and tables.





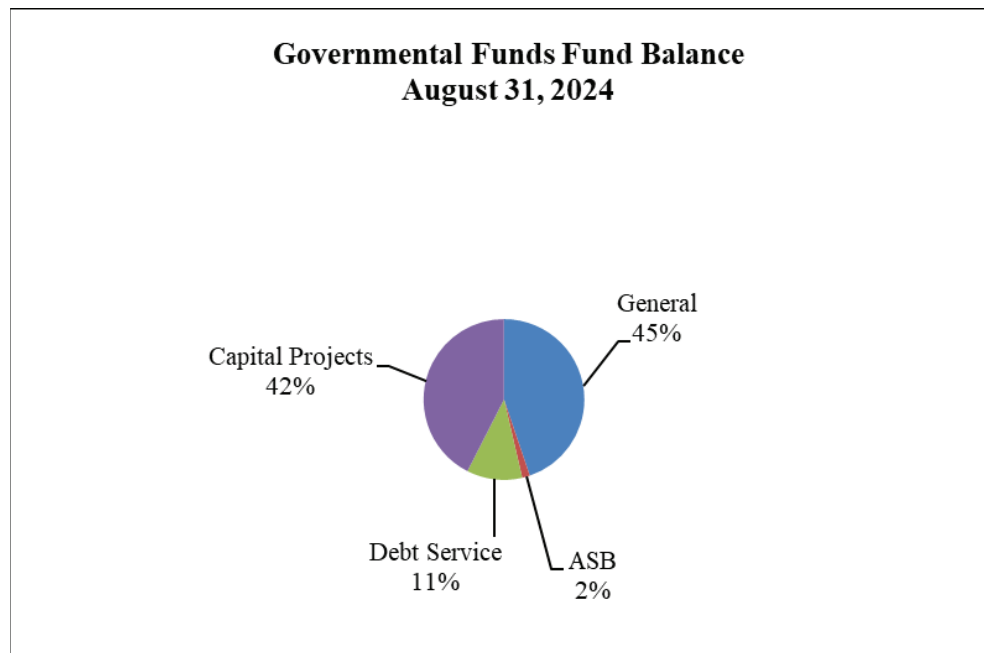
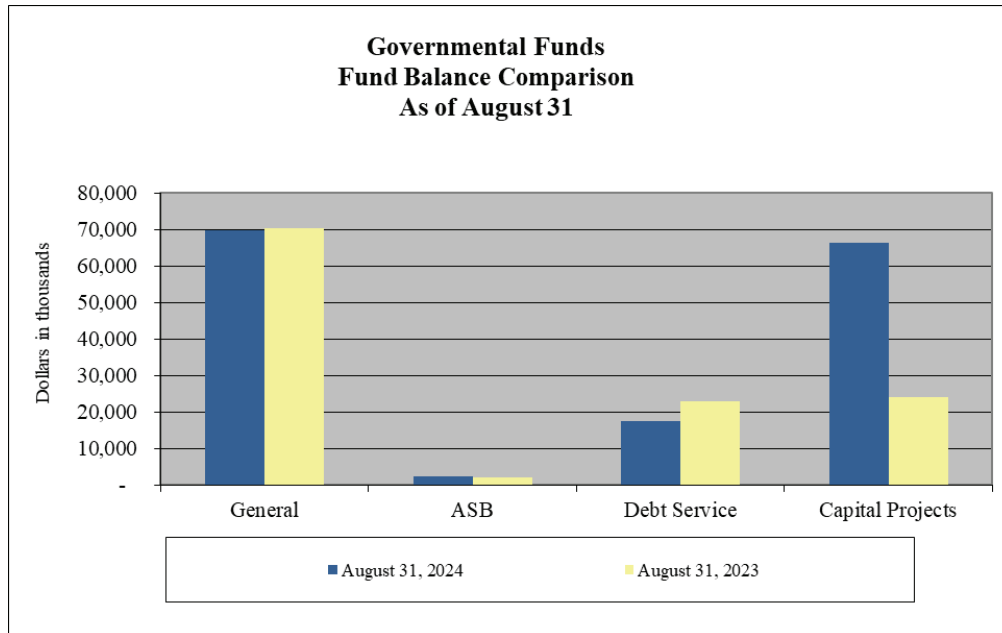
**Government-Wide Activities**  
**Net Cost of Services**  
For the year ended August 31, 2024

	<b>Program Revenues</b>	<b>Total Cost of Services</b>	<b>Net Cost of Services</b>
Regular Instruction	\$ 19,202,128	\$ 294,936,346	\$ (275,734,218)
Federal Stimulus	31,761,692	28,955,189	2,806,503
Special Instruction	71,109,661	70,589,867	519,794
Vocational Instruction	15,954,690	13,740,541	2,214,149
Skills Center	5,430,786	5,611,916	(181,130)
Compensatory Instruction	43,736,692	45,515,473	(1,778,781)
Other Instructional Programs	2,771,438	3,762,730	(991,292)
Community Services	20,419,981	16,972,265	3,447,716
Support Services	57,085,742	91,200,231	(34,114,489)
Extracurricular Activities	2,512,223	1,901,509	610,714
Unallocated Interest Expense	-	21,727,146	(21,727,146)
<b>Totals</b>	<b>\$ 269,985,033</b>	<b>\$ 594,913,213</b>	<b>\$ (324,928,180)</b>



### THE SCHOOL DISTRICT'S FUNDS (Fund Financial Statements)

At the end of the 2024 fiscal year, total governmental fund balance was \$155.9 million (as presented in the balance sheets under the governmental financial statement section), which is \$36.8 million more than last year's fund balance of \$119.2 million. This increase is primarily a result of issuance of bond funds in the capital projects fund. (See Exhibit 4) As presented in the bottom chart below, the General Fund comprises 45% and the Capital Projects Fund comprises 42% of total fund balance on August 31, 2024.



The table below presents a summary of the General Fund revenues and expenditures for fiscal years 2024 and 2023. The significant changes are explained below the table. A graphical presentation of revenues and expenditures follows.

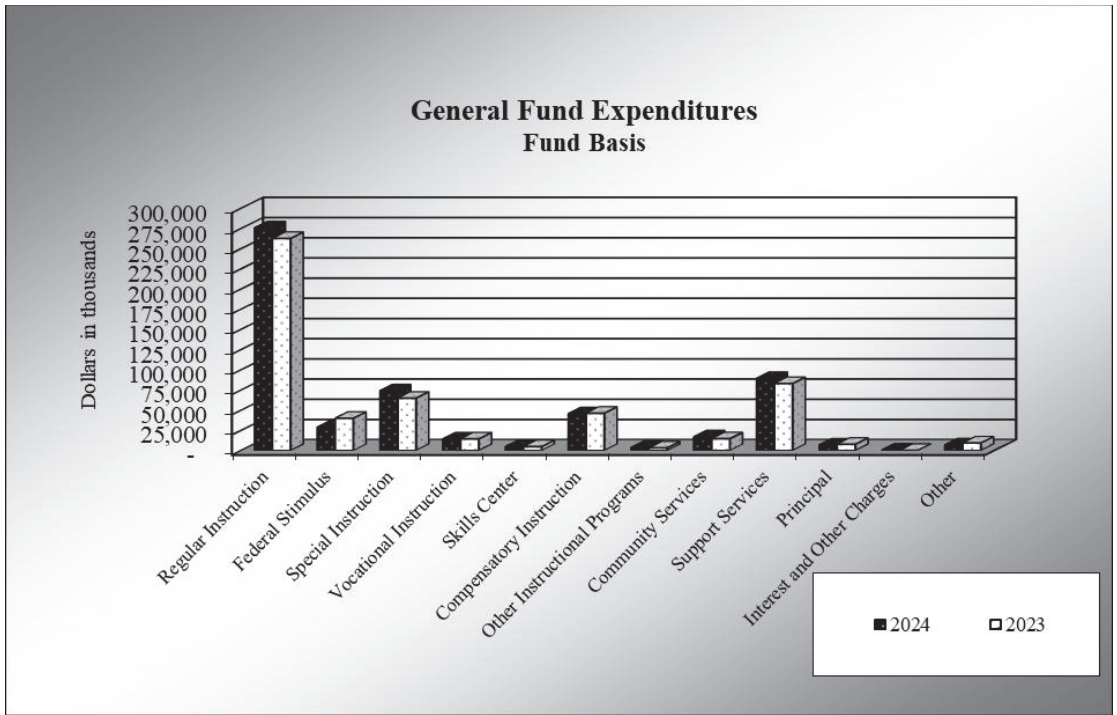
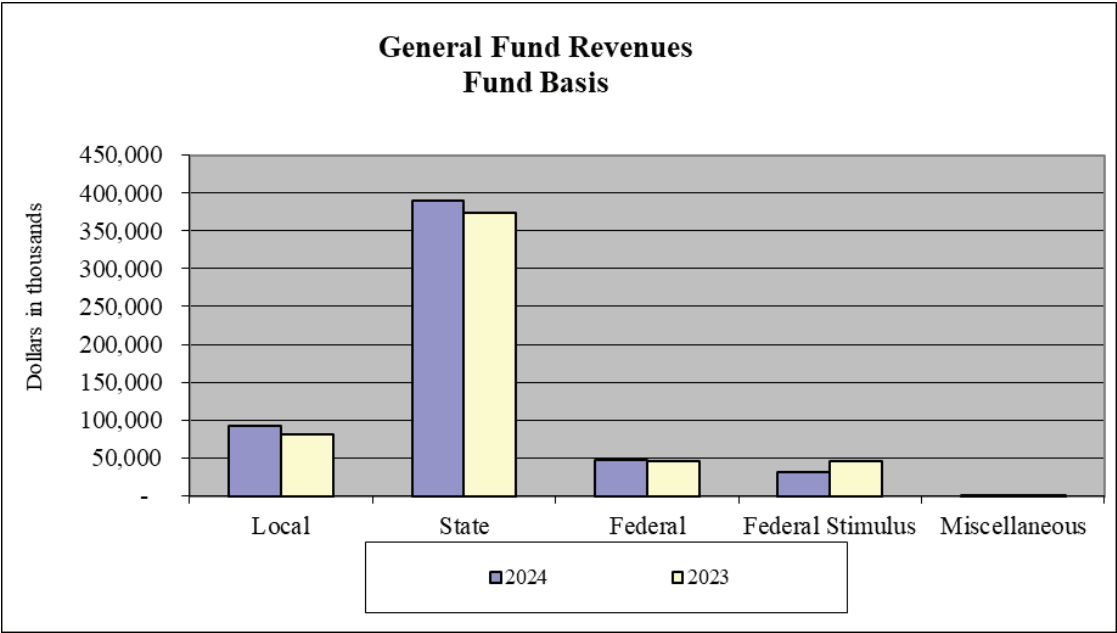
**General Fund  
August 31, 2024**

	2024	2023	Percent Change
<b>Revenues</b>			
Local	\$ 92,539,301	\$ 80,992,083	14.26%
State	389,277,309	373,401,116	4.25
Federal	47,459,191	46,478,596	2.11
Federal Stimulus	31,522,656	46,024,677	(31.51)
Miscellaneous	1,595,777	1,537,381	3.80
<b>Total Revenues</b>	<u>\$ 562,394,234</u>	<u>\$ 548,433,853</u>	<u>2.55%</u>
<b>Expenditures</b>			
Regular Instruction	\$ 275,670,088	\$ 262,508,032	5.01%
Federal Stimulus	28,955,189	39,888,819	(27.41)
Special Instruction	73,928,936	64,703,611	14.26
Vocational Instruction	14,244,739	14,366,396	(0.85)
Skills Center	4,825,909	4,729,835	2.03
Compensatory Instruction	45,515,473	46,098,734	(1.27)
Other Instructional Programs	3,762,730	3,165,204	18.88
Community Services	16,969,813	14,504,210	17.00
Support Services	89,244,542	82,913,559	7.64
<b>Debt Payment</b>			
Principal	6,802,493	7,661,858	(11.22)
Interest and Other Charges	593,239	121,745	387.28
<b>Capital Outlay</b>			
Other	6,943,136	9,300,357	(25.35)
<b>Total Expenditures</b>	<u>\$ 567,456,287</u>	<u>\$ 549,962,360</u>	<u>3.18%</u>

Local revenues increased during the year. The increase in local funding reflects the educational program and operations levy approved by voters in 2018.

Federal Stimulus revenues represent the district's federal COVID relief funding. It consists of allocations from the Coronavirus Aid, Relief, and Economic Security Act (CARES), the Elementary and Secondary School Emergency Relief Fund (ESSER Fund), and American Rescue Plan - Elementary and Secondary Schools Emergency Relief Fund (ARP-ESSER). These funds were used to restore and maintain high-quality learning environments, and to take comprehensive action to mitigate learning loss and unique needs due to COVID-19.

The capital outlay expenditures represent the district's commitment to maintaining district facilities and equipment at an acceptable level. The district has been monitoring the budget very closely and has developed a process for requesting and prioritizing the purchases of capital equipment in the General Fund. The amount presented for each year reflects procurement of the highest priority items.



The table below presents a summary of the Capital Projects Fund. The district is in the fourth phase of the long-range capital improvement plan. Under this plan, the district continues to renovate or replace district facilities. Funding for projects has been provided through the use of funds in bonds issued and a state matching program.

**Capital Projects Fund**  
**August 31, 2024**

	<b>2024</b>	<b>2023</b>	<b>Percent Change</b>
<b>Revenues</b>			
Local	\$ 1,723,330	\$ 1,536,924	12.13%
State	16,059,360	12,470,437	28.78%
Federal	1,137,877	-	0.00%
<b>Total Revenues</b>	<b>\$ 18,920,567</b>	<b>\$ 14,007,361</b>	<b>35.08%</b>
<b>Expenditures</b>			
Debt Service			
Other	222,223	380,683	(41.63%)
Capital Outlay			
Other	\$ 26,621,326	\$ 142,356,438	(81.30%)
<b>Total Expenditures</b>	<b>\$ 26,843,549</b>	<b>\$ 142,737,121</b>	<b>(81.19%)</b>

**Other Funds**

The Debt Service Fund reflects the collection of property taxes used for payment of bonded debt. See Note 11 for a detailed description of debt outstanding.

The Associated Student Body Fund reflects student body activity for the year. Both revenues and expenditures have rebounded to historical trends as activities restarted after the COVID-19 closure. Given the nature of the Associated Student Body Fund, the expenditures will vary from year to year based on the success of athletic teams and non-athletic extracurricular trips that occur.

**Budgetary Highlights**

Adopted budgeted authority is a prerequisite to expenditures in the governmental funds. The budgeted expenditures lapse at the end of the fiscal year. The board may adopt a revised or supplemental expenditure budget after a public hearing anytime during the fiscal year. There was one board adopted budget revisions during 2023-2024 to increase the grant contingency budget to accommodate the additional grant awards received.

Due to reduced state funding and increased post COVID-19 operating costs, the 2023-2024 budget was adopted with a \$5.0 million deficit. The district administration made an intentional decision to manage expenditures resulting in underspend across all expenditure categories, preserve fund balance for future years. A detailed comparison of budget to actual for the General Fund is presented in Schedule A-1.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of the 2023-2024 fiscal year, the district had \$1.5 billion invested in a broad range of capital assets, including technology, equipment, and school buildings. This amount represents a net increase (including additions and deletions) of \$29.8 million or 2% percent.

The district has a long-range capital improvement plan that was originally adopted in 2003. The capital plan is financed with General Obligation Bonds. The projects established in the first phase of the plan approved by voters in 2003 are

complete. The projects included the renovation of two high schools, replacement of three elementary schools, athletic facility improvements, technology, and infrastructure to support technology.

The second phase of the long-range capital improvement plan was started in 2009 when district voters approved a \$288 million bond. All of those General Obligation Bonds have been sold to fund the second phase of projects. The second phase included replacing or renovating four elementary schools, renovating one high school, replacing one middle school gymnasium, technology, infrastructure to support technology and a variety of smaller capital improvements across the district.

The third phase of the long-range capital improvement plan was started in 2015 when district voters approved a \$145 million bond. The first installment of the general obligation bonds was sold in December 2015 with the remaining balance of bonds, (\$46,000,000) sold in February 2018. The third phase includes replacing or renovating four elementary schools, replacement of a middle school, replacement of a middle school gymnasium, addition of classrooms at selected sites, technology, infrastructure to support technology and a variety of smaller capital improvements across the district.

The fourth phase of the long-range capital improvement plan was started in 2018 when district voters approved a \$495.3 million bond. The first installment of the general obligation bonds, (\$100,000,000) was sold in February 2019 with the remaining balance to be issued over the next five years. The fourth phase includes replacing or renovation three middle schools, constructing three new middle schools, replacing On Track Academy, replacing, or renovating Albi Stadium, technology, infrastructure to support technology and a variety of smaller capital improvements across the district.

The district's fiscal year 2023-2024 capital projects budget is \$130.3 million. The budget will be used for construction of the third and fourth phase of bond projects and locally funded projects. Projects funded by bonds authorized by voters in 2015 are scheduled to continue through 2022 and projects funded by bonds authorized by voters in 2018 are scheduled to continue through 2025. The construction in progress of \$2.9 million as of August 31, 2024, consists of bond projects.

Additional information on capital assets is included in the notes to the financial statements, Note 4.

### **Capital Assets As of August 31, 2024**

	Historical Cost	Accumulated Depreciation	Net Capital Assets
Capital Assets, Net of Accumulated Depreciation, where applicable:			
Land	\$ 26,562,046	\$ -	\$ 26,562,046
Land Improvements	52,679,766	34,404,728	18,275,038
Buildings and Improvements	1,309,741,067	405,067,606	904,673,461
Other Equipment & Machinery	22,350,479	16,012,772	6,337,707
Construction-in-progress	2,934,828	-	2,934,828
Capital Asset, Net of Accumulated Amortization			
Right-to-use Lease Assets	965,159	337,493	627,666
Right-to-use Subscription Assets	39,675,727	12,026,555	27,649,172
Total	<u>\$ 1,454,909,072</u>	<u>\$ 467,849,154</u>	<u>\$ 987,059,918</u>

### **Debt**

At year end, the district had \$608.3 million in unlimited tax general obligation bonds outstanding. Additional information on debt is included in the notes to the financial statements, Note 11.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The district serves the City of Spokane and some adjacent areas in Spokane County. The economic indicators for the region were showing growth with increased job creation, decreased unemployment, and increasing property values prior to COVID-19. Subsequent to March 2020, when Governor Inslee issued a Stay Home Stay Healthy order, only essential services operated. This initially caused the unemployment rate to increase, however, as normal operations have resumed in

most industries and the unemployment rate has decreased. With the ability for employees to perform remote work, Spokane saw an influx of people relocating or purchasing second homes. The result of this influx has been increases in property assessed values in excess of historical trends. Spokane has not experienced a population outflow as people return to in-person work.

Spokane County is the largest labor market in eastern Washington and northern Idaho. The diversified economy includes logistics and distribution, transportation/warehousing, advanced manufacturing, health services, finance/insurance, information technology, government including education, and agriculture. The benefit of the diverse economy has resulted in less significant impacts to Spokane than other metropolitan areas.

Manufacturing has a solid base due to hydropower generation, rail, and interstate highways. Fairchild Air Force Base is the county's largest employer. The health sciences continue to grow with the hospital systems and the University District campuses which train a health care workforce, attract research development and biotechnology, and provide jobs in the health care sector.

The 2024-2025 expenditures for governmental funds of the district are budgeted at \$693.3 million. The 2024 property tax rate was \$3.83 per thousand dollars of assessed value for the amounts collected in both the General Fund and the Debt Service Fund. The property tax collections for the General Fund represent approximately 15.5% of fund revenues in the 2024-2025 budget.

The district budgeted in the 2024-25 fiscal year for student enrollment to stabilize at post COVID-19 levels, a budgeted enrollment increase of 10. Actual enrollment for the 2023-2024 school year came in 93 students over budget. Due to the COVID-19 pandemic the district has experienced a decline in enrollment, similar to many other districts. Recovery of enrollment lost during the pandemic has shown very slow growth which is expected to stabilize. In addition, the county birth rate has been declining, which may impact future enrollment. It is important to note that the district staffs to the number of students, therefore, the reduced revenue has a corresponding expenditure reduction.

The district has taken a proactive approach to engage the community and staff in establishing priorities to be applied during the budget process. Management held staff meetings, public forums, and online surveys to establish and revise district priorities and strategies to increase enrollment. As the district returns to slow enrollment growth and economic growth in the community, these strategies will be used to direct additional investment of resources. These priorities will be updated as necessary and will inform future budget development.

The school board and district management are committed to maintaining General Fund budgeted fund balance sufficient to provide stability of programs and to maintain sound financial practices. School Board Policy number 6022 – Minimum Fund Balance has a target of minimum committed, assigned, and unassigned (CAU) fund balance in the range of 5-6%. The August 31, 2024, actual General Fund CAU fund balance of \$42.6 million is 7.5% of actual expenditures. The 2024-2025 budget was adopted with a budgeted ending CAU fund balance of 5.6% of budgeted General Fund expenditures. The August 31, 2024, ending fund balance exceeded the budgeted September 1, 2024, beginning fund balance providing additional resources for fiscal year 2025. Future spending plans will be adjusted to sustain the district investments in human capital. The district is taking proactive steps to meet the minimum fund balance goals and sustainable operations. The school board and district management will continue to keep staff and the community involved in the district's budget development process.

**SPOKANE PUBLIC SCHOOLS**  
**STATEMENT OF NET POSITION**  
**AUGUST 31, 2024**

			<b>Primary Government</b>
	<b>Note #</b>		<b>Governmental Activities</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	1F, 3	\$	160,836,668
Cash with Fiscal Agent	1F		50,000
Property Tax Receivable	1F		64,183,675
Accounts Receivables, Net (less lease receivable)			1,611,255
Lease Receivable	6		4,957
Due from Other Governments	5		22,501,087
Inventories	1F		2,105,100
Prepaid Items			10,662,167
Net Pension Asset	8		789,633
Capital Assets, Net of Accumulated Depreciation, where applicable:			
Land	4		26,562,046
Land Improvements	4		18,275,038
Buildings & Improvements	4		904,673,461
Other Equipment & Machinery	4		6,337,707
Construction-in-progress	4		2,934,828
Capital Asset, Net of Accumulated Amortization			
Right-to-use Lease Assets	4, 6		627,666
Right-to-use Subscription Assets	4, 7		27,649,172
<b>TOTAL ASSETS</b>			<b>1,249,804,460</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension	8		92,079,231
OPEB	9		22,296,346
Refunding Bonds	10		2,988,300
<b>TOTAL DEFERRED OUTFLOWS</b>			<b>117,363,877</b>
<b>LIABILITIES</b>			
Accounts Payable			36,658,119
Accrued Wages & Benefits Payable			4,283,246
Due to Other Governments	5		42,706
Unearned Grant Revenue			5,805,898
Long-Term Liabilities	6, 7, 10, 11		
Lease Liability			518,727
Subscription Liability			20,886,282
Due within one year			38,692,421
Due in more than one year			840,416,976
<b>TOTAL LIABILITIES</b>			<b>947,304,375</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension	8		22,784,736
OPEB	9		97,157,473
Lease	6		204,739
Refunding Bonds	10		1,433,588
<b>TOTAL DEFERRED INFLOWS</b>			<b>121,580,536</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets			335,613,959
Restricted for:	1K		
Pension Asset			789,633
Debt Service			71,556,489
Legal Obligations			41,591,864
Unrestricted			(151,268,519)
<b>TOTAL NET POSITION</b>		<b>\$</b>	<b>298,283,426</b>

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



**SPOKANE PUBLIC SCHOOLS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED AUGUST 31, 2024**

		PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
					PRIMARY GOVERNMENT
Functions/Programs	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Primary Government</b>					
<b>Governmental Activities:</b>					
Regular Instruction	\$ 294,936,346	\$ 1,242,990	\$ 17,959,138	\$ -	\$ (275,734,218)
Federal Stimulus	28,955,189	-	31,761,692	-	2,806,503
Special Instruction	70,589,867	3,931	71,105,730	-	519,794
Vocational Instruction	13,740,541	11,160	15,897,377	46,153	2,214,149
Skills Center	5,611,916	137,078	5,293,708	-	(181,130)
Compensatory Education	45,515,473	-	43,736,692	-	(1,778,781)
Other Instructional Programs	3,762,730	125,138	2,635,800	10,500	(991,292)
Community Services	16,972,265	8,948,901	11,471,080	-	3,447,716
Support Services	91,200,231	3,493,356	36,395,148	17,197,238	(34,114,489)
Extracurricular Activities (ASB)	1,901,509	1,982,465	529,758	-	610,714
Unallocated Interest Expense	21,727,146	-	-	-	(21,727,146)
<b>Total Governmental Activities</b>	<b>\$ 594,913,213</b>	<b>15,945,019</b>	<b>236,786,123</b>	<b>17,253,891</b>	<b>(324,928,180)</b>

**General Revenues**

## Taxes:

Property Taxes, levies for maintenance and operations	81,431,700
Property Taxes, levies for debt service	57,114,509
Unallocated State Apportionment & Others	232,656,747
Gain on Sale of Equipment & Property	25,561
Interest and Investment Earnings	4,279,240

**Total General Revenues****375,507,557****Changes in Net Position****50,579,577****Net Position - Beginning**

247,703,849

**Net Position - Ending****\$ 298,283,426**

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

**SPOKANE PUBLIC SCHOOLS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**August 31, 2024**

Exhibit 3

	<b>GENERAL FUND</b>	<b>SPECIAL REVENUE FUND (ASB)</b>	<b>DEBT SERVICE FUND</b>
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 85,062,668	\$ 2,649,695	\$ 16,222,537
Cash with Fiscal Agent	50,000	-	-
Property Tax Receivable	37,808,765	-	26,669,945
Accounts Receivables, Net (less lease receivable)	1,610,265	970	-
Lease Receivable	2,471	-	-
Due from Other Funds	110,238	-	-
Due from Other Government Units	11,700,675	-	-
Inventories at Cost	2,105,100	-	-
Prepaid items	10,662,167	-	-
<b>TOTAL ASSETS</b>	<b>\$ 149,112,349</b>	<b>\$ 2,650,665</b>	<b>\$ 42,892,482</b>
<b>LIABILITIES:</b>			
Accounts Payable	\$ 26,280,221	\$ 113,261	\$ -
Accrued Wages & Benefits Payable	9,122,384	1,056	-
Due to Other Funds	1,702,936	110,238	-
Due to Other Governmental Units	42,706	-	-
Matured Bonds & Interest Payable	-	-	-
Unearned Grant Revenue	5,805,898	-	-
<b>TOTAL LIABILITIES</b>	<b>42,954,145</b>	<b>224,555</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenue - Property Taxes	36,126,789	-	25,485,556
Unavailable Revenue - Lease	204,739	-	-
<b>TOTAL DEFERRED INFLOWS</b>	<b>36,331,528</b>	<b>-</b>	<b>25,485,556</b>
<b>FUND BALANCES</b>			
Non-spendable Inventory and Prepaids	12,767,267	-	-
Restricted for Debt Service	7,300,000	-	17,406,926
Restricted for Self Insurance	1,320,000	-	-
Restricted for State Match	-	-	-
Restricted for Bond Proceeds	-	-	-
Restricted for Other	5,840,288	-	-
Restricted Special Revenue Funds	-	2,426,110	-
Assigned to Other Items (See Note 11)	1,792,213	-	-
Assigned to Fund Purpose (See Note 11)	-	-	-
Unassigned Fund Balance	40,806,908	-	-
<b>TOTAL FUND BALANCES</b>	<b>69,826,676</b>	<b>2,426,110</b>	<b>17,406,926</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>			
	<b>\$ 149,112,349</b>	<b>\$ 2,650,665</b>	<b>\$ 42,892,482</b>

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

**SPOKANE PUBLIC SCHOOLS**  
**BALANCE SHEET (CONTINUED)**  
**GOVERNMENTAL FUNDS**  
**August 31, 2024**

Exhibit 3

	<b>CAPITAL PROJECTS FUND</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>
<b>ASSETS:</b>		
Cash and Cash Equivalents	\$ 56,901,768	\$ 160,836,668
Cash with Fiscal Agent	-	50,000
Property Tax Receivable	-	64,478,710
Accounts Receivables, Net (less lease receivable)	20	1,611,255
Lease Receivable	-	2,471
Due from Other Funds	1,702,936	1,813,174
Due from Other Government Units	10,800,412	22,501,087
Inventories at Cost	-	2,105,100
Prepaid items	-	10,662,167
<b>TOTAL ASSETS</b>	<b>\$ 69,405,136</b>	<b>\$ 264,060,632</b>
<b>LIABILITIES:</b>		
Accounts Payable	\$ 3,127,207	\$ 29,520,689
Accrued Wages & Benefits Payable	27,885	9,151,325
Due to Other Funds	-	1,813,174
Due to Other Governmental Units	-	42,706
Matured Bonds & Interest Payable	-	-
Unearned Grant Revenue	-	5,805,898
<b>TOTAL LIABILITIES</b>	<b>3,155,092</b>	<b>46,333,792</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable Revenue - Property Taxes	-	61,612,345
Unavailable Revenue - Lease	-	204,739
<b>TOTAL DEFERRED INFLOWS</b>	<b>-</b>	<b>61,817,084</b>
<b>FUND BALANCES</b>		
Non-spendable Inventory and Prepaids	-	12,767,267
Restricted for Debt Service	100,000	24,806,926
Restricted for Self Insurance	-	1,320,000
Restricted for State Match	19,238,199	19,238,199
Restricted for Bond Proceeds	27,444,817	27,444,817
Restricted for Other	-	5,840,288
Restricted Special Revenue Funds	-	2,426,110
Assigned to Other Items (See Note 11)	-	1,792,213
Assigned to Fund Purpose (See Note 11)	19,467,028	19,467,028
Unassigned Fund Balance	-	40,806,908
<b>TOTAL FUND BALANCES</b>	<b>66,250,044</b>	<b>155,909,756</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>		
	<b>\$ 69,405,136</b>	<b>\$ 264,060,632</b>

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

**SPOKANE PUBLIC SCHOOLS  
RECONCILIATION  
BALANCE SHEET/STATEMENT OF NET POSITION  
AUGUST 31, 2024**

	<b>Total Governmental Funds</b>	<b>Long-Term Assets, Liabilities *</b>	<b>Reclassifications and Eliminations*</b>	<b>Statement of Net Position Totals</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 160,836,668	\$ -	\$ -	\$ 160,836,668
Cash with Fiscal Agent	50,000	-	-	50,000
Property Tax Receivable	64,478,710	(295,035)	-	64,183,675
Accounts Receivables, Net (less lease receivable)	1,611,255	-	-	1,611,255
Lease Receivable	2,471	2,486	-	4,957
Due from Other Funds	1,813,174	-	(1,813,174)	-
Due from Other Governments	22,501,087	-	-	22,501,087
Inventories	2,105,100	-	-	2,105,100
Prepaid Items	10,662,167	-	-	10,662,167
Net Pension Asset	-	789,633	-	789,633
Capital Assets, Net	-	987,059,918	-	987,059,918
<b>TOTAL ASSETS</b>	<b>264,060,632</b>	<b>987,557,002</b>	<b>(1,813,174)</b>	<b>1,249,804,460</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension Experience Differences	-	50,688,596	-	50,688,596
Pension Assumption Changes	-	35,907,025	-	35,907,025
Pension Changes in Proportions	-	251,282	-	251,282
Pension Contributions	-	5,232,328	-	5,232,328
OPEB Contributions	-	4,868,383	-	4,868,383
OPEB Assumptions Changes	-	16,997,359	-	16,997,359
OPEB Experience Differences	-	430,604	-	430,604
Refunding Bonds	-	2,988,300	-	2,988,300
<b>TOTAL DEFERRED OUTFLOWS</b>	<b>-</b>	<b>117,363,877</b>	<b>-</b>	<b>117,363,877</b>
<b>TOTAL ASSETS &amp; DEF OUTFLOWS</b>	<b>\$ 264,060,632</b>	<b>\$ 1,104,920,879</b>	<b>\$ (1,813,174)</b>	<b>\$ 1,367,168,337</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ 29,520,689	\$ 7,137,430	\$ -	\$ 36,658,119
Wages, Benefits & Other Payables	9,151,325	-	(4,868,079)	4,283,246
Due to Other Funds	1,813,174	-	(1,813,174)	-
Due to Other Governments	42,706	-	-	42,706
Unearned Grant Revenue	5,805,898	-	-	5,805,898
Long-Term Liabilities	-	895,646,327	4,868,079	900,514,406
<b>TOTAL LIABILITIES</b>	<b>46,333,792</b>	<b>902,783,757</b>	<b>(1,813,174)</b>	<b>947,304,375</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue	-	-	-	-
Unavailable Revenue-Property Taxes	61,612,345	(61,612,345)	-	-
Pension Experience Differences	-	436,326	-	436,326
Pension Assumption Changes	-	2,210,469	-	2,210,469
Pension Changes in Proportions	-	2,506,644	-	2,506,644
Pension Investment Earnings	-	17,631,297	-	17,631,297
OPEB Experience Differences	-	16,120,795	-	16,120,795
OPEB Assumption Changes	-	81,036,678	-	81,036,678
Unavailable Revenue-Lease	204,739	-	-	204,739
Refunding Bonds	-	1,433,588	-	1,433,588
<b>TOTAL DEFERRED INFLOWS</b>	<b>61,817,084</b>	<b>59,763,452</b>	<b>-</b>	<b>121,580,536</b>
<b>FUND BALANCES/NET POSITION</b>				
Total Fund Balances/Net Position	155,909,756	142,373,670	-	298,283,426
<b>TOTAL LIABILITIES AND FUND BALANCES/NET POSITION</b>	<b>\$ 264,060,632</b>	<b>\$ 1,104,920,879</b>	<b>\$ (1,813,174)</b>	<b>\$ 1,367,168,337</b>

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

\* See Note 2

**SPOKANE PUBLIC SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**(CONTINUED)**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2024**

Exhibit 4

	<b>GENERAL FUND</b>	<b>SPECIAL REVENUE FUND (ASB)</b>	<b>DEBT SERVICE FUND</b>
<b>REVENUES</b>			
Local	\$ 92,539,301	\$ 2,397,161	\$ 58,222,936
State	389,277,309	-	-
Federal	47,459,191	-	-
Federal Stimulus	31,522,656	-	-
Miscellaneous	1,595,777	-	-
<b>TOTAL REVENUES</b>	<b>562,394,234</b>	<b>2,397,161</b>	<b>58,222,936</b>
<b>EXPENDITURES</b>			
<b>Current Operating:</b>			
Regular Instruction	275,670,088	-	-
Federal Stimulus	28,955,189	-	-
Special Instruction	73,928,936	-	-
Vocational Instruction	14,244,739	-	-
Skills Center	4,825,909	-	-
Compensatory Instruction	45,515,473	-	-
Other Instructional Programs	3,762,730	-	-
Community Services	16,969,813	-	-
Support Services	89,244,542	-	-
Student Activities	-	1,901,509	-
<b>Debt Service:</b>			
Principal	6,802,493	-	36,590,000
Interest and Other Charges	593,239	-	27,044,622
<b>Capital Outlay:</b>			
Other	6,943,136	17,387	-
<b>TOTAL EXPENDITURES</b>	<b>567,456,287</b>	<b>1,918,896</b>	<b>63,634,622</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(5,062,053)</b>	<b>478,265</b>	<b>(5,411,686)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of Bonds	-	-	-
Bond Sales and Refunding Bond Sales	-	-	18,265,001
Issuance of Bonds Premium	-	-	852,610
Sale of Equipment & Property	64,453	-	-
Subscription Financing	4,372,887	-	-
Bond Refunding Principal Repayment	-	-	(19,100,000)
<b>TOTAL OTHER FINANCING SOURCES AND USES</b>	<b>4,437,340</b>	<b>-</b>	<b>17,611</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(624,713)</b>	<b>478,265</b>	<b>(5,394,075)</b>
<b>Fund Balance - Beginning</b>	<b>70,451,389</b>	<b>1,947,845</b>	<b>22,801,001</b>
<b>Fund Balance - Ending</b>	<b>\$ 69,826,676</b>	<b>\$ 2,426,110</b>	<b>\$ 17,406,926</b>

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

**SPOKANE PUBLIC SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**(CONTINUED)**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2024**

Exhibit 4

	<b>CAPITAL PROJECTS FUND</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>
<b>REVENUES</b>		
Local	\$ 1,723,330	\$ 154,882,728
State	16,059,360	405,336,669
Federal	1,137,877	48,597,068
Federal Stimulus	-	31,522,656
Miscellaneous	-	1,595,777
<b>TOTAL REVENUES</b>	<b>18,920,567</b>	<b>641,934,898</b>
<b>EXPENDITURES</b>		
<b>Current Operating:</b>		
Regular Instruction	-	275,670,088
Federal Stimulus	-	28,955,189
Special Instruction	-	73,928,936
Vocational Instruction	-	14,244,739
Skills Center	-	4,825,909
Compensatory Instruction	-	45,515,473
Other Instructional Programs	-	3,762,730
Community Services	-	16,969,813
Support Services	-	89,244,542
Student Activities	-	1,901,509
<b>Debt Service:</b>		
Principal	-	43,392,493
Interest and Other Charges	222,223	27,860,084
<b>Capital Outlay:</b>		
Other	26,621,326	33,581,849
<b>TOTAL EXPENDITURES</b>	<b>26,843,549</b>	<b>659,853,354</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(7,922,982)</b>	<b>(17,918,456)</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Issuance of Bonds	46,905,000	46,905,000
Bond Sales and Refunding Bond Sales	-	18,265,001
Issuance of Bonds Premium	3,318,027	4,170,637
Sale of Equipment & Property	-	64,453
Subscription Financing		
Bond Refunding Principal Repayment	-	(19,100,000)
<b>TOTAL OTHER FINANCING SOURCES AND USES</b>	<b>50,223,027</b>	<b>50,305,091</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>42,300,045</b>	<b>32,386,635</b>
<b>Fund Balance - Beginning</b>	<b>23,949,999</b>	<b>119,150,234</b>
<b>Fund Balance - Ending</b>	<b>\$ 66,250,044</b>	<b>\$ 151,536,869</b>

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

**SPOKANE PUBLIC SCHOOLS**

Exhibit 4A

**RECONCILIATION**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE/STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2024**

	<b>Total Governmental Funds</b>	<b>Long-Term Revenue, Expenses *</b>	<b>Capital Related Items *</b>
<b>REVENUES</b>			
Property Taxes	\$ 135,103,434	\$ 3,442,775	\$ -
Local Non-Taxes	19,779,294	-	-
State	405,336,669	-	-
Federal	48,597,068	-	-
Federal Stimulus	31,522,656	-	-
Miscellaneous	1,595,777	89,553	-
<b>TOTAL REVENUES</b>	<b>641,934,898</b>	<b>3,532,328</b>	<b>-</b>
<b>EXPENDITURES/EXPENSES</b>			
<b>Current:</b>			
Regular Instruction	275,670,088	(14,269,653)	33,535,911
Federal Stimulus	28,955,189	-	-
Special Instruction	73,928,936	(3,594,348)	255,279
Vocational Instruction	14,244,739	(653,398)	149,200
Skills Center	4,825,909	(196,158)	982,165
Compensatory Education	45,515,473	-	-
Other Instructional Programs	3,762,730	-	-
Community Services	16,969,813	-	2,452
Support Services	89,244,542	(6,026,820)	5,989,235
Student Activities	1,901,509	-	-
<b>Debt Service:</b>			
Principal	43,392,493	-	-
Interest and Other Charges	27,860,084	-	-
<b>Capital Outlay</b>			
Other	33,581,849	-	(31,588,575)
<b>TOTAL EXPENDITURES/EXPENSES</b>	<b>659,853,354</b>	<b>(24,740,377)</b>	<b>9,325,667</b>
<b>EXCESS OF REVENUES OVER/UNDER EXPENDITURES</b>	<b>(17,918,456)</b>	<b>28,272,705</b>	<b>(9,325,667)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of Bonds	46,905,000	-	-
Bond Sales and Refunding Bond Sales	18,265,001	-	-
Issuance of Bonds Premium	4,170,637	-	-
Sale of Equipment & Property	64,453	(38,892)	-
Payment to Bond Refunding Escrow Agent	(19,100,000)	-	-
Long-term Financing	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>50,305,091</b>	<b>(38,892)</b>	<b>-</b>
<b>NET CHANGE FOR THE YEAR</b>	<b>\$ 32,386,635</b>	<b>\$ 28,233,813</b>	<b>\$ (9,325,667)</b>

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

\*See Note 2

**SPOKANE PUBLIC SCHOOLS**

Exhibit 4A

**RECONCILIATION**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE/STATEMENT OF ACTIVITIES (CONTINUED)  
FOR THE YEAR ENDED AUGUST 31, 2024**

	<b>Long-Term Debt Transactions *</b>	<b>Statement of Activities Totals</b>
<b>REVENUES</b>		
Property Taxes	\$ -	\$ 138,546,209
Local Non-Taxes	-	19,779,294
State	-	405,336,669
Federal	-	48,597,068
Federal Stimulus	-	31,522,656
Miscellaneous	-	1,685,330
<b>TOTAL REVENUES</b>	<b>-</b>	<b>645,467,226</b>
<b>EXPENDITURES/EXPENSES</b>		
<b>Current:</b>		
Regular Instruction	-	294,936,346
Federal Stimulus	-	28,955,189
Special Instruction	-	70,589,867
Vocational Instruction	-	13,740,541
Skills Center	-	5,611,916
Compensatory Education	-	45,515,473
Other Instructional Programs	-	3,762,730
Community Services	-	16,972,265
Support Services	-	89,206,957
Student Activities	-	1,901,509
<b>Debt Service:</b>		
Principal	(43,392,493)	-
Interest and Other Charges	(6,132,938)	21,727,146
<b>Capital Outlay</b>		
Other	-	1,993,274
<b>TOTAL EXPENDITURES/EXPENSES</b>	<b>(49,525,431)</b>	<b>594,913,213</b>
<b>EXCESS OF REVENUES OVER/UNDER EXPENDITURES</b>	<b>49,525,431</b>	<b>50,554,013</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Issuance of Bonds	(46,905,000)	-
Bond Sales and Refunding Bond Sales	(18,265,001)	-
Issuance of Bonds Premium	(4,170,637)	-
Sale of Equipment & Property	-	25,561
Payment to Bond Refunding Escrow Agent	19,100,000	-
Long-term Financing	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(50,240,638)</b>	<b>25,561</b>
<b>NET CHANGE FOR THE YEAR</b>	<b>\$ (715,207)</b>	<b>\$ 50,579,574</b>

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

\*See Note 2



**SPOKANE PUBLIC SCHOOLS**  
**STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY**  
**FUNDS**  
**AUGUST 31, 2024**

	<b>Custodial Funds</b>	<b>Private-Purpose Trusts</b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 354,407	\$ 89,462
<b>TOTAL ASSETS</b>	<b>\$ 354,407</b>	<b>\$ 89,462</b>
<b>LIABILITIES</b>		
Accounts Payable	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>		
Restricted for Trust Prinicipal	-	75,000
Restricted for Scholarships	354,407	-
Restricted for Other Purposes	-	14,462
<b>TOTAL NET POSITION</b>	<b>\$ 354,407</b>	<b>\$ 89,462</b>

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

**SPOKANE PUBLIC SCHOOLS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY**  
**FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2024**

	<b>Custodial Funds</b>	<b>Private- Purpose Trusts</b>
<b>ADDITIONS</b>		
Donations	\$ 170,990	\$ -
Investment Earnings	-	2,522
<b>Total Additions</b>	<b>170,990</b>	<b>2,522</b>
<b>DEDUCTIONS</b>		
Scholarships	170,706	-
<b>Total Deductions</b>	<b>170,706</b>	<b>-</b>
<b>Change in Net Position</b>	<b>284</b>	<b>2,522</b>
Net Position, Beginning of the Year	354,123	86,939
Net Position, End of the Year	<b>\$ 354,407</b>	<b>\$ 89,461</b>

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

**SPOKANE SCHOOL DISTRICT NO. 81**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**AUGUST 31, 2024**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Spokane Public Schools (SPS) is a municipal corporation organized pursuant to Title 28A of the Revised Code of Washington (RCW) for the purpose of providing public school services to students in grades K-12. Oversight responsibility for the school district's operations is vested with the independently elected board of directors. Management of the school 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.

For financial reporting purposes, SPS includes all funds and organizations that are controlled by or dependent on the district's board of directors or administrative staff. Because the district has organizations that appear to be related to district operations, an evaluation of these related organizations for determination of component units was performed using the criteria established in GASB 39. Control by or dependence on the district was determined based on budget adoption, taxing authority, outstanding debt secured by the general obligation of the district, obligation of the district to finance any deficits that may occur, or receipt of significant subsidies from the district. The total net position of and annual contribution from each related organization was evaluated for materiality to the district as a whole. The following related organizations were reviewed and determined not to be component units:

*Related Organizations*

The Spokane Public Schools Foundation (SPS Foundation) was organized on June 21, 2006, in the state of Washington for the purpose of supporting Spokane Public Schools. The SPS Foundation is a legally separate entity managed by a board of eleven directors who are nominated by the foundation board. Spokane Public Schools is not responsible for management or finances of the SPS Foundation. Financial information for the SPS Foundation is not presented in the financial statements.

The Greater Spokane League, a legally separate entity, was organized for the exclusive purpose of supporting the high school activities programs for athletics and debate. It is managed by a board of seventeen members including the principal from each of the participating high schools, five of whom are employees of Spokane Public Schools. Spokane Public Schools is not financially responsible for the Greater Spokane League. Financial information for the Greater Spokane League is not presented in the financial statements.

Various parent/teacher associations, organizations and/or groups (PTAs), all of which are legally separate entities, were organized for the purpose of increasing the opportunities for parents to be involved in the educational activities of their children. The boards of directors and/or officers of the PTAs are not appointed by the board of directors of Spokane Public Schools. Spokane Public Schools is not financially responsible for these parent/teacher associations, organizations and/or groups. Financial information for the PTAs is not presented in the financial statements.

B. Basis of Presentation

Spokane Public Schools' financial reports, as reflected by the accompanying financial statements, conform to Generally Accepted Accounting Principles. The accounts of the school district are organized based on funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds in this report are grouped, within the financial statements in this report, into basic financial statements as follows:

Governmentwide Financial Statements

Overall governmental activities are reported here without displaying individual funds or fund types and display information about the district as a whole.

Governmentwide financial statements use the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. The governmentwide financial statements consist of the following:

**Statement of Net Position** – The Statement of Net Position reports all financial and capital resources. Capital assets (land, land improvements, building, building improvements, vehicles, equipment, leases and subscriptions) are reported at historical cost, net of accumulated depreciation, where applicable. In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. The deferred outflows of resources represent a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The district has deferred outflows of resources related to pension plans, other post-employment benefits and refunding bonds. In addition to liabilities, the statement of financial position also presents a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to future periods that will not be recognized as an inflow of resources (revenue) until that time. The district has deferred inflows related to pension plans, other post-employment benefits, leases and refunding bonds.

**Statement of Activities** – The Statement of Activities demonstrates the degree to which the direct expenses of a given function/program are offset by program revenues. The expenses and revenues are reported as follows:

**Expenses** – Expenses are reported by function/program and include direct and indirect expenses. Depreciation and amortization expenses are allocated to direct expenses if they can be specifically identified with a function/program. Interest expenses may be considered direct (interest on long-term debt when borrowing is essential to the creation or continuing existence of a program) or indirect expenses (interest on long-term liabilities).

**Revenues** – The revenues are divided into program revenues and general revenues. Program revenues consist of two major categories: charges for services, and grants and contributions. Charges for services consist of customers, parents or students who purchase, use, or directly benefit from goods or services. Examples of charges for services are payments for before and after school care, and breakfast and lunch payments. Grants and contributions are restricted to meeting the operational or capital requirements of a particular function. All revenues not associated with a program are defined as general revenues. General revenues include general apportionment from the state of Washington, local property taxes, investment earnings and special items. Revenues are recognized when they are earned and measurable on a full accrual basis.

#### Fund Financial Statements

Governmental fund reporting focuses primarily on the sources, uses, and balances of current financial resources and often has a budgetary orientation. Governmental Fund reporting includes General, Special Revenue (Associated Student Body Fund), Capital Projects, and Debt Service Funds. These funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. “Measurable” means the amount of the transaction can be determined and the district considers all revenues available if they are collected within 60 days after year-end to pay liabilities of the current period with the exception of property taxes which is 30 days. Grants and related items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Expenditures are recorded when the related fund liability is incurred, except for the unmatured principal and interest, which are recorded when due. Financial resources are usually appropriated in other funds for transfer to a debt service fund in the period in which maturing debt principal and interest must be paid. Such amounts are not current liabilities of the debt services fund. Long-term liabilities are not recognized as governmental fund liabilities.

#### GOVERNMENTAL FUNDS

##### General Fund

This fund is the general operating fund of the district. It is used to account for all expendable financial resources, except those required to be accounted for in another fund. The revenues of the General Fund are derived primarily from the state of Washington, local property taxes, and federal grants. In keeping with the principle of as few funds as necessary, food services, maintenance, data processing, printing, and transportation activities are included in this fund.

These activities are statutorily assigned to the General Fund and principally serve and receive their support from the General Fund.

#### Special Revenue Fund (Associated Student Body Fund)

This fund is used to account for the extracurricular fees collected from a variety of fundraising events for students. Disbursements require the joint approval of the appropriate student body organization and the district's board of directors. This fund is accounted for as a special revenue fund since the financial resources legally belong to the school.

#### Debt Service Fund

This fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related expenditures. Fund revenues are derived primarily from local property taxes.

#### Capital Projects Fund

This fund is used to account for resources set aside for the acquisition and construction of capital assets. It includes net rental income and net proceeds from the sale of real property. This fund must be used when projects are financed wholly or in part by bond issues, intergovernmental resources, major private donations, or insurance recoveries. Expenditures in this fund may also be for energy capital improvements to existing buildings and the purchase of certain initial equipment for existing buildings.

#### FIDUCIARY FUNDS

The financial statements for fiduciary funds use the economic resources measurement focus and the accrual basis of accounting. Fiduciary fund reporting focuses on net positions and changes in net position. A trust fund is used by the district in its fiduciary capacity as trustee or agent for assets held for individuals, private organizations, and other governments. These funds include private-purpose trust funds which require a formal trust agreement. The entire income and principal of a private-purpose trust may be disbursed in the course of its operation. Additionally, fiduciary funds include a custodial fund. The authority to use the resources comes from the donor who specifies a use or range of allowable uses. The district has adopted the provisions of GASB Statement No. 84 Fiduciary Activities. The objective of this statement is to enhance the consistency and comparability of fiduciary activity reporting by states and local governments in addition to improve accountability of governments in their roles as fiduciaries.

The fiduciary funds consist of trust funds receiving donations from private individuals and foundations for student needs and scholarships.

Fiduciary funds are not presented in the governmentwide financial statements. The district has one custodial fund and one private-purpose fund. They are presented separately in Exhibits 5 and 6.

#### MAJOR AND NONMAJOR FUNDS

The district considers all governmental funds presented as major funds.

### C. Budgetary Data

#### General Budgetary Policies

School district accounting systems provide the basis for the budgetary control. RCW 28A.505 and Washington Administrative Code (WAC) Chapter 392-123 mandate school district budget policies and procedures. The budget is adopted by the board after a public hearing. The board adopted budget is a prerequisite to expenditures in the General, Special Revenue, Debt Service, and Capital Projects Funds. Management is authorized to modify specific accounts within the overall fund budgeted expenditures. The board may adopt a revised or supplemental budget for expenditures after a public hearing anytime during the fiscal year. There was one budget revision at the fund level during the fiscal year 2023-2024 to increase the grant contingency budget to accommodate the additional grant awards received. If the local school district budget does not comply with the budget procedures established by RCW 28A.505, the superintendent of public instruction shall give written notice to the board of directors for the local school district that shall, within thirty days from the date the notice is issued, submit a revised budget which meets the requirements of RCW 28A.505.

Adopted budgeted expenditures lapse at the end of the fiscal period. In addition, pursuant to law, actual expenditures cannot exceed the adopted budget at the fund level.

#### Budgetary Basis of Accounting

For budget and accounting purposes, revenues and expenditures are recognized on the modified accrual basis of accounting as prescribed by law for all governmental and fiduciary funds. Fund balance is budgeted as an available resource and pursuant to law, the budgeted ending fund balance cannot be negative. The basis of budgeting is the same as GAAP, therefore no reconciliation is included.

#### Encumbrances

Encumbrance accounting is employed in governmental funds. Purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve a portion of the applicable appropriation. Encumbrances are closed at the end of the fiscal year and reopened the following year. Encumbrances were closed on August 31, 2024, and were re-encumbered on September 1, 2024. See Note 14 for details.

### D. Measurement Focus and Basis of Accounting

#### Measurement Focus

Governmentwide financial statements measure and report all assets (both financial and capital), deferred outflow of resources, liabilities, deferred inflows of resources, revenues, expenses, gains, and losses using the economic resources measurement. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), and financial position.

The governmental fund financial statements (General Fund, Special Revenue Fund, Debt Service Fund and Capital Projects Fund) utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

The Fiduciary Funds are used to account for resources legally held in trust for the benefit of specifically named organizations (not to support district operations) or expenditures that are to assist the poor or infirm. They are reported on the accrual basis of accounting and utilize an economic resources measurement focus. Custodial funds include donations that are administered by the district to provide necessities for students, not district operations. The private purpose trust is a non-expendable trust that was established through a donor’s will.

The district does not have any proprietary funds.

#### Basis of Accounting

In the governmentwide Statement of Net Position and the Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset is used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this method, revenues are recognized when they become measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Property taxes receivable are measurable; however, only that portion collected within 30 days of the end of the year is available. Categorical program claims and inter-district billings are measurable and available and are therefore accrued. The district accrues property taxes collections for 30 days after the fiscal year end and revenues related to grants that have been and/or will be claimed.

Expenditures are recognized under the modified accrual basis of accounting when the related fund liability is incurred. The fund liability is incurred when the goods or services have been received. The one exception to this rule is the recognition of principal and interest on general long-term debt, which is recognized when due.

E. Eliminations and Reclassifications

In the process of aggregating data for the governmentwide Statements of Net Position and the Statement of Activities, the interfund receivables and payables within governmental funds, except those with fiduciary funds, were eliminated. Interfund services are not eliminated from the governmentwide presentation.

F. Assets, Liabilities and Net Position

Deposits and Investments

The county treasurer is the ex-officio treasurer for the school district. In this capacity, the county treasurer receives deposits and makes investment transactions on the district's behalf.

In the absence of district policy, the district follows applicable investment statutes which authorize the district to deposit or invest in (1) securities, certificates, notes, bonds, short-term securities, or other obligations of the United States, (2) any state bank or trust company, national banking association, stock savings bank, mutual savings bank, savings and loan association, and (3) any branch bank engaged in banking in this state in accordance with RCW 30.04.300 if the institution has been approved by the Washington Public Deposit Protection Commission to hold public deposits and has segregated eligible collateral having a value of not less than its maximum liability.

The district's deposits are held by qualified public depositories and are protected from loss by the Washington Public Deposit Protection Commission and the Federal Deposit Insurance Corporation.

The district uses the US Bank as its fiscal agent for bond principal and coupon redemption.

Property Taxes

Property tax revenues are collected as the result of special levies passed by the voters in the school district. In accordance with the RCW 84.60.020, the tax assessment date is January 1 of the calendar year of collection. The tax lien date is January 1 of the year of collection and taxes receivable are recognized as of that date. Current year taxes are due in full as of April 30 and are delinquent after that date. However, without incurring penalty, the taxpayer may elect to pay one-half of the taxes due by April 30, with the remaining one-half of the taxes due October 31 and delinquent after that date. Typically, a little more than half of taxes due are collected on the April 30 date. In governmental fund financial statements, property tax revenue which is measurable but not available (taxes that are not expected to be collected within 30 days after the current period) is recorded as a receivable and deferred inflow of resources. In governmentwide financial statements, property tax revenue, net of estimated uncollectible, is accrued at year-end.

Due From/To Other Funds

Interfund receivables and payables and the associated revenues and expenditures/expenses are recorded in the respective funds on governmental fund financial statements. Interfund receivables and payables are eliminated in governmentwide financial statements, except those with fiduciary funds, which are reclassified as a third-party receivable. The interfund balances are temporary and are regularly cleared by issuance of a warrant.

Due from/to Other Governments

This account represents receivables and payables for federal, state, and local grants. Grant revenues are recorded in the year in which the related expenditures are incurred.

Inventories

Consumable inventories are valued at cost using the first-in, first-out (FIFO) method. The cost is recorded as an expenditure at the time individual inventory items are consumed. Reported inventories are offset by a non-spendable fund balance which is equal to the reported inventory level to indicate that a portion of the fund balance is not available for future expenditures. United States Department of Agriculture (USDA) commodity inventory, included in the inventory total, consists of food donated by the USDA. It is valued at the prices paid by the USDA for the commodities. A comparison to market value is not considered necessary.

Prepays

Prepaid assets are accounted under the consumption method. Assets are recorded as prepaid if the life of the asset extends past the fiscal year. Prepaid assets are amortized over the life of the asset. Reported prepaids are offset by a

non-spendable fund balance which is equal to the reported prepaid balance to indicate that a portion of the fund balance is not available for future expenditures.

G. Bond Discount and Bond Premiums

In governmental funds, bond discounts and premiums are recognized in the period of issuance. In governmentwide financial statements, they are amortized using the straight-line method over the life of the bonds.

H. Capital Assets

Capital assets, which include property, buildings and improvements, equipment, leases and subscriptions, are reported in the applicable governmental activities in the governmentwide financial statements. Assets acquired after 1980 are presented at historical cost. Assets acquired before 1980 are presented at estimated historical cost if actual was not available. The district defines capital assets as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized but are charged to expenditures in the current period. In governmental fund financial statements, there is no depreciation for capital assets. Donated assets are recorded at their acquisition value. However, depreciation is charged to expense and allocated to various functions/programs in governmentwide financial statements in compliance with GASB Statement No. 34. See Note 4 for details.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Site Improvements	15 years
Buildings	50 years
Building Improvements	20 years
Equipment and Vehicles	3-12 years
Leases and Subscriptions	based on contract

Land and construction in progress are not depreciated.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures upon acquisition.

I. Deferred Outflows and Inflows of Resources

The district has adopted the provisions of GASB Statement No. 63 Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, Net Position, and GASB Statement No. 65 Items Previously Reported and Assets and Liabilities. The objective of these statements is to enhance the usefulness of financial reporting.

In addition to assets and liabilities, the statement of financial position will report separate sections for deferred inflows and outflows of resources. As separate financial statement elements, deferred inflows and outflow of resources represent flows of resources into and out of the district that apply to future period(s) and will not be recognized as an inflow of resources (revenue) or outflow of resources (expenditures) until that time.

In governmental fund financial statements, deferred inflows of resources consist of amounts collected before revenue recognition criteria are met, and receivables which, under the modified accrual basis of accounting, are measurable but not yet available, e.g., unavailable property tax revenues, unavailable revenues from federal, state, and local grants, and unavailable revenues on long-term receivables. In governmentwide financial statements, property taxes less estimated uncollectibles are fully accrued; therefore, there are no unavailable property tax revenues in these statements. However, in governmentwide financial statements, deferred inflows and/or outflows of resources are recorded for the differences between projected and actual pension experience, the differences between projected and actual investment earnings, changes in proportions of the total pension liability, changes in assumptions used to calculate the pension liability, contributions made after the valuation date of the pension liability, changes in assumptions used to calculate the liability for other post-employment benefits, leases, and the difference between the reacquisition price and the net carrying amount for refunding of bonds. Please refer to Notes 7, 9, 10 and 11 for more details.



J. Compensated Absences

Under the provisions of RCW 28A.400, up to 180 days of sick leave accumulated by district employees is reimbursed at retirement at the rate of one day for each four days of accrued leave. Employees earn sick leave at a rate of twelve days per year and may accumulate such leave to a maximum of 180 days. This statute also provides for an annual buyout of an amount up to the maximum annual accumulation of twelve days, cashed out at the same rate of one day for each four days of accrued sick leave earned and not used in the prior calendar year. For buyout purposes at retirement, employees may accumulate such leave to a maximum of 180 days, including the annual accumulation, as of December 31 of each year under provisions of WAC 392.136.020.

The accumulation of the maximum allowable vested sick leave at a ratio of one for four days and unpaid vacation leave are reported under long-term liabilities in the Statement of Net Position. A portion of compensated absences is reported in the fund financial statements. This balance is reclassified to long term debt in the governmentwide financial statements. See Note 11.

There are no unrecorded liabilities for employee benefits or other post-employment benefits.

K. Net Position (Governmentwide Financial Statements)

The “Net Investment in Capital Assets” component consists of capital assets net of accumulated depreciation and amortization and reduced by the outstanding balances of any bonds (net of bond proceeds not expended), mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The “Restricted Net Position” component reports the assets where constraints are placed by external laws, regulations, or legislation. Therefore, they are available for disbursements only for specific purposes (i.e., debt service, capital projects, pension and others). The “Unrestricted Net Position” are assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

L. Fund Balances (Governmental Fund Financial Statements)

The fund balance designations for the governmental fund financial statements are as follows:

Non-spendable accounts represent those portions of the fund balance that cannot be spent either because they are not in a spendable form (inventories and prepaids) or are legally required to be maintained intact.

Restricted fund balances are those amounts that are restricted for specific purposes. These restrictions may be either externally imposed by creditors, grantors, contributors, laws, regulations, or imposed by law through constitutional provisions or enabling legislation. Included in this fund balance category are uninsured risk, unexpended state capital match proceeds, special revenue fund (Associated Student Body Funds) balance, compensated absence balance, Skill Center, and debt service fund balance.

Committed fund balance are those amounts that can be used for specific purposes pursuant to constraints imposed by resolution of the board of directors. These committed fund balances cannot be used for any other purposes unless the board takes action to change or remove the original limitations. The district has no commitments as of August 31, 2024.

The assigned fund balance comprises amounts the district intends to use for a specific purpose. Authority for making these assignments rests with the superintendent, pursuant to Policy 1500 – Board Relations with Superintendent. The assignment in the Capital Projects fund reflects the fact that all funds, which are not otherwise restricted, are assigned to be used for projects which are deemed allowable as Capital. A detailed list of assignments is available in Note 13.

The district adopted a minimum fund balance policy to provide a buffer against unforeseen risk and financial uncertainty. Annually, as part of the budget development process, the School Board will review the total of the committed, assigned, and unassigned minimum fund balances (CAU). The total shall be in the range of 5-6% of the actual expenditures of the most recently completed fiscal year (e.g., one fiscal year prior to the current year of operations). In the event the CAU total fund balance “reserve” falls below the benchmark range of 5-6%, a plan to replenish the fund will be developed and implemented. In the event the set-aside fund balance exceeds the benchmark range, a plan for one-time use of the additional amount may be proposed by the Board of Directors.

Unassigned fund balance includes all resources not reported in the other four classifications and is only reported in the General Fund. These are the only resources on the balance sheet that are truly available for any purpose.

When resources meeting more than one of the classifications (excluding non-spendable) are comingled in an account, assuming that an expenditure meets the constraints of the classification, the assumed order of spending is restricted first, committed second, and finally assigned.

## 2. RECONCILIATION BETWEEN GOVERNMENTAL FUND FINANCIAL STATEMENTS AND GOVERNMENTWIDE FINANCIAL STATEMENTS

### Balance Sheet/Statement of Net Position (Exhibit 3A)

- a. Property tax levies that will not be collected for several months after year-end are not considered “available” under the modified accrual basis of accounting. Therefore, taxes receivable is presented with corresponding deferred inflow of resources in the fund financial statements. Since revenue for the taxes receivable is not recognized in the fund financial statements, an allowance for uncollectible accounts is also not recorded. Under full accrual accounting, taxes are considered “available” when levied. In the Statement of Activities, the unavailable revenue for taxes receivable of **\$61,612,345** is recognized as revenue and a corresponding allowance for uncollectible accounts of **\$295,035** is recorded.
- b. When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the cost of those assets is reported as expenditures in governmental funds.

However, the Statement of Net Position includes those capital assets among the assets for the district as a whole.

Cost of Capital Assets	\$1,454,909,070
Accumulated Depreciation	(467,849,153)
Capital Assets Net of Depreciation	<b><u>\$987,059,918</u></b>

- c. Accrued interest payable on long-term debt is not reflected in fund financial statements. **\$7,137,430** of accrued interest on long-term debt is recorded in the Statement of Net Position.
- d. Long-term liabilities of **\$900,514,406** are not included in the fund financial statements. All liabilities, current and non-current, are included in the governmentwide statements.
- e. In the fund financial statements, interfund payables and receivables are recorded as a result of general operations. In the conversion of fund financial statements to governmentwide financial statements, all of the governmental funds are consolidated and presented as a total. Since they are consolidated into one fund for presentation, the interfund payables and receivables between governmental funds are eliminated. The interfund payables and receivables between governmental funds and fiduciary funds are reclassified to accounts payable and accounts receivable. **\$1,813,174** of interfund balances between governmental funds are eliminated.
- f. Effective September 1, 2014, the district implemented GASB Statement 68, Accounting and Financial Reporting for Pensions. The statement requires the district to report a portion of the liabilities of the pension plans with which our employees participate. The net pension asset of **\$789,633** and pension liability of **\$42,839,042** are recorded. In addition, the actuarial study resulted in total deferred outflows of **\$92,079,231** and total deferred inflows of **\$22,784,736** being recorded.
- g. Effective September 1, 2017, the district implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The statement requires the district to report a portion of the liabilities of the pension plans with which our employees participate. This resulted in total deferred outflows of **\$22,296,346** and total deferred inflows of **\$97,157,473** being recorded.
- h. Deferred inflows of **\$1,433,588** were recorded due to the issuance of the 2021 Unlimited General Obligation Refunding Bonds.

- i. Deferred outflows of **\$2,988,300** were recorded due to the issuance of the 2015B Unlimited General Obligation Refunding Bonds and the 2017B Unlimited General Obligation Refunding Bonds.

Statement of Revenues, Expenditures, and Changes in Fund Balances/Statements of Activities (Exhibit 4A)

- j. Property tax levies that do not provide current financial resources are reported as deferred inflows of resources in the fund financial statements, but as revenue in the governmentwide financial statement increase of **\$3,442,775** of tax revenue is recorded in the conversion from fund financial statements to the statement of activities.
- k. The net amount of **\$24,740,377** represents the current year compensated absences, workers compensation, OPEB and Net Pension liability adjustments. The long-term portion of compensated absences and the full amount of workers compensation liability were not reported as expenditures in governmental funds. However, it is reported in the statement of activities as an expense, allocated to various applicable programs. The portion of compensated absences and workers compensation recorded in the fund statements of **\$4,868,079** is reclassified as a portion of long-term debt.
- l. When capital assets (land, buildings, and equipment) are purchased or constructed to be used in governmental activities, the cost of those assets is reported as expenditures in governmental funds. However, the Statement of Net Position includes those capital assets among the assets of the district as a whole.

In addition, capital assets were sold for **\$89,553**. In the statement of activities, only the gain/(loss) on the sale of capital assets is reported, while in fund financial statements, the proceeds of the sale of capitalized assets increase financial resources and are reported as other financing sources.

Capital Outlay	(\$223,345)
Depreciation	<u>133,792</u>
Difference	<u><b>(\$89,553)</b></u>

- m. Repayment of principal on debt of **\$36,590,000**, **\$180,411 for leases**, and **\$6,622,082 for subscriptions** was reported as an expenditure in the fund financial statements. In the statement of activities, the repayment of debt is not reflected, as it is a reduction of the debt presented in the Statement of Net Position.
- n. Premiums related to bond issues in 2023, 2022, 2021, 2019, 2017, 2015, 2014, 2013 and 2012 are being amortized over the life of the bonds. The current year amortization of premium is **\$6,794,709**. Bond discounts related to bond issues in 2019, 2013, 2011 and 2005 are also amortized over the life of the bonds. The current year amortization of discount is **\$23,463**. Deferred outflows related to bonds issued in 2015 and 2017 are amortized over the life of the bonds. The current year amortization of deferred outflows is **\$640,825**. Deferred inflows related to bonds issued in 2021 are amortized over the life of the bonds. The current year amortization of deferred inflows is **\$129,966**. Accrued interest payable is not recognized in the fund financial statements. The increase in accrued interest payable as of August 31, 2024, of **\$127,447** is presented as a decrease to expenses.

3. DEPOSITS AND INVESTMENTS

Deposits

The district's cash and cash equivalents are considered to be cash on hand, demand deposits and investments in the Spokane County Investment Pool (SCIP).

At fiscal year-end, the carrying amount of the district's deposits was \$161,330,536. Of this amount \$161,306,225 was insured by federal depository insurance (FDIC and FSLIC) or by collateral held in a multiple financial institution collateral pool administered by the Public Deposit Protection Commission. These deposits are invested as part of the SCIP by the Spokane County treasurer for the benefit of the district. The SCIP has historically maintained a \$1 per share net asset value. The carrying amount of investments in the pool approximates fair value. The remaining \$24,311 of cash is retained at sites throughout the district for starting cash and petty cash transactions.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity to changes in market interest rates. The SCIP has a formal investment policy that limits investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates. The average maturity of an investment in the SCIP was 1.61 years as of August 2024. In addition, the investment portfolio is structured to meet the cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.

#### Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments that can be held by government agencies to safe high-quality securities. The investments authorized under the investment policy are limited to federal government-backed securities, certificates of deposit, bankers' acceptance, repurchase agreements (under certain conditions), local and state government bonds (limited to one of the highest three credit ratings), registered warrants, corporate notes, commercial paper, direct district notes and the Washington State and Local Government Investment Pool. The SCIP limits the maximum percentage of the portfolio that may be invested in an individual class of investment requiring diversification to minimize credit risk.

The Washington State Auditor's Office and the Finance Committee of Spokane County provide regulatory guidance. The Pool is not registered with the SEC and has not obtained or provided any legally binding guarantees. A credit rating for the SCIP is not available. Additional information on the investment policies of the pool is available on the Spokane County website at <https://www.spokanecounty.org/798/Financial-Information>.

#### 4. CHANGES IN CAPITAL ASSETS

Purchases of equipment with a unit cost in excess of \$5,000 are capitalized and depreciated in governmentwide financial statements. The district's property valuation of buildings and contents for insurance purposes was \$1,615,890,896 on

August 31, 2024. In the opinion of the district's insurance consultant, this amount is sufficient to adequately fund replacement of the district's assets. There have been no significant reductions to the insurance coverage.

	Balance 8/31/2023	Additions	Deletions	Balance 8/31/2024
Governmental Activities:				
Capital Assets - Not Depreciated:				
Land	\$ 26,562,046	\$ -	\$ -	\$ 26,562,046
Construction in Progress	175,021,301	24,460,845	(196,547,318)	2,934,828
Total Capital Assets - Not Depreciated	<u>201,583,347</u>	<u>24,460,845</u>	<u>(196,547,318)</u>	<u>29,496,874</u>
Capital Assets - Depreciated:				
Land Improvements	51,690,399	989,368	-	52,679,767
Buildings and Improvements	1,113,523,346	196,217,721	-	1,309,741,067
Other Equipment & Machinery	20,956,994	1,561,438	(167,954)	22,350,478
Right-to-use Lease Assets	1,326,875	-	(361,716)	965,159
Right-to-use Subscription Assets *	36,035,359	4,871,341	(1,230,973)	39,675,727
Total Capital Assets - Depreciated	<u>1,223,532,973</u>	<u>203,639,868</u>	<u>(1,760,643)</u>	<u>1,425,412,198</u>
Less Accumulated Depreciation:				
Land Improvements	(31,642,366)	(2,762,362)	-	(34,404,728)
Building and Improvements	(375,876,992)	(29,190,614)	-	(405,067,606)
Other Equipment & Machinery	(14,713,928)	(1,435,978)	137,134	(16,012,772)
Right-to-use Lease Assets	(515,434)	(178,453)	356,394	(337,493)
Right-to-use Subscription Assets *	(5,503,597)	(7,346,833)	823,875	(12,026,555)
Total Accumulated Depreciation	<u>(428,252,317)</u>	<u>(40,914,240)</u>	<u>1,317,403</u>	<u>(467,849,154)</u>
Total Capital Assets - Depreciated, Net	<u>795,280,656</u>	<u>162,725,628</u>	<u>(443,240)</u>	<u>957,563,044</u>
Governmental Activities Capital Assets, Net	<u>\$ 996,864,003</u>	<u>\$ 187,186,473</u>	<u>\$ (196,990,558)</u>	<u>\$ 987,059,918</u>

\* Restated in accordance with GASB 96, Subscription-Based Information Technology Arrangements

Depreciation Expense was charged to governmental activities as follows:

Regular Instruction	\$ 29,911,107
Special Instruction	2,847
Vocational Instruction	33,388
Skill Center	953,339
Community Services	2,452
Support Services	2,485,821
Total Capital Assets Depreciation	<u>\$ 33,388,954</u>

Amortization Expense was charged to governmental activities as follows:

	Leases	Subscriptions
Regular Instruction	\$ 44,300	\$ 4,359,595
Special Education	-	252,432
Vocational Education	-	115,812
Skills Center	-	28,826
Support Services	134,153	2,590,168
Total Capital Amortization	<u>\$ 178,453</u>	<u>\$ 7,346,833</u>

##### 5. INTERFUND AND OTHER GOVERNMENT TRANSACTIONS

As of August 31, 2024, short-term interfund receivables and payables in governmental funds that resulted from general operating transactions in governmental fund financial statements were as follows:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 110,238	\$ 1,702,936
Special Revenue Fund	-	110,238
Capital Projects Fund	1,702,936	-
Total	<u>\$ 1,813,174</u>	<u>\$ 1,813,174</u>

Interfund balances are a result of transactions that have occurred in one fund that have been reclassified to the appropriate fund.

As of August 31, 2024, receivables from other governments consist of the following receivables related to grants and apportionment:

	General	Capital Projects
Federal Communications Commission	\$ 85,199	\$ 801,896
Federal Emergency Management Agency	76,963	-
Department of Children, Youth, and Families	1,301,129	-
Department of Education	142,933	-
Department of Justice	32,945	-
Office of Superintendent of Public Instruction	9,952,216	-
WA Principals Education Foundation	16,125	-
Public Facilities District	-	1,393,948
City of Spokane	-	345,004
State of Washington	93,165	8,259,564
Total	<u>\$ 11,700,675</u>	<u>\$ 10,800,412</u>

As of August 31, 2024, payables to other governments consist of the following payables related to grants and use taxes:

	General
State of Washington	42,706
	<u>\$ 42,706</u>

## 6. LEASES

### A. Leases as a Lessor

As a lessor, the district recognizes a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for leases of assets held as investments, certain regulated leases, short-term leases, and leases that transfer ownership of the underlying asset to lessee. The district does not have any leases of assets held as investment or leases that transfer ownership of the underlying asset to lessee. As a lessor, the asset underlying the lease is not derecognized. The lease receivable is measured at the present value of the lease payments expected to be received during the lease term. The deferred inflow of resources is measured at the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that relate to future periods.

### B. Lease Receivable

For the year ended August 31, 2024, the financial statements include the reporting requirements under GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

As of 08/31/2024, Spokane Public Schools (Spokane County, WA) had 2 active leases. The leases have receipts that range from \$2,500 to \$222,000 and interest rates that range from 0.5770% to 3.0180%. As of 08/31/2024, the total combined value of the lease receivable is \$4,957, the total combined value of the short-term lease receivable is \$2,471, and the combined value of the deferred inflow of resources is \$204,738. The leases had \$0 of Variable Receipts and \$0 of Other Receipts, not included in the Lease Receivable, within the Fiscal Year.

Principal and Interest Expected to Maturity are as follows:

Fiscal Year	Principal Payments	Interest Payments	Total Payments
2025	\$ 2,471	\$ 29	\$ 2,500
2026	2,486	14	2,500
	<u>\$ 4,957</u>	<u>\$ 43</u>	<u>\$ 5,000</u>

For the fiscal years ended August 31, 2024, the district reported lease revenue of \$207,472 and interest revenue of \$7,701 resulting in an ending lease receivable of \$4,957.

	Balance as of August 31, 2023	Additions	Reductions	Balance as of August 31, 2024
<i>Land</i>				
247 W Main Ave.	7,414	-	2,457	4,957
<i>Total Land Lease Receivable</i>	<u>7,414</u>	<u>-</u>	<u>2,457</u>	<u>4,957</u>
<i>Other</i>				
3911 South Regal Street - KSPS	215,497	-	215,497	-
<i>Total Other Lease Receivable</i>	<u>215,497</u>	<u>-</u>	<u>215,497</u>	<u>-</u>
<b>Total Lease Receivable</b>	<u>\$ 222,911</u>	<u>\$ -</u>	<u>\$ 217,954</u>	<u>\$ 4,957</u>

The amounts of inflows of resources recognized in this reporting period for Deferred Inflows of Resources as a result of a lease is \$220,564 with an ending balance of \$204,738.

	Balance as of August 31, 2023	Additions	Reductions	Balance as of August 31, 2024
<i>Land</i>				
247 W Main Ave.	7,370	-	2,512	4,858
<i>Total Land Deferred Inflow of Resources</i>	7,370	-	2,512	4,858
<i>Other</i>				
3911 South Regal Street - KSPS	417,933	-	218,052	199,881
<i>Total Other Deferred Inflow of Resources</i>	417,933	-	218,052	199,881
<b>Total Deferred Inflow of Resources</b>	<b>\$ 425,303</b>	<b>\$ -</b>	<b>\$ 220,564</b>	<b>\$ 204,739</b>

#### C. Leases as a Lessee

A lessee should recognize a lease liability and a lease asset at the commencement of the lease term unless the lease is a short-term lease, or it transfers ownership of the underlying asset. The lease liability should be measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease asset should be measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs.

#### D. Leases Payable

For the year ended 8/31/2024, the financial statements include the reporting requirements under GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

As of 08/31/2024, Spokane Public Schools (Spokane County, WA) had 25 active leases. The leases have payments that range from \$427 to \$79,017 and interest rates that range from 0.2180% to 2.3100%. As of 08/31/2024, the total combined value of the lease liability is \$635,613, the total combined value of the short-term lease liability is \$116,885. The combined value of the right to use asset, as of 08/31/2024 of \$965,158 with accumulated amortization of \$337,495 is included within the Lease Class activities table found below. The leases had \$0 of Variable Payments and \$0 of Other Payments, not included in the Lease Liability, within the Fiscal Year.

Principal and Interest Expected to Maturity are as follows:

Fiscal Year	Principal Payments	Interest Payments	Total Payments
2025	\$ 116,885	\$ 7,092	\$ 123,977
2026	114,526	5,870	120,396
2027	76,236	4,767	81,003
2028	76,577	3,764	80,341
2029	76,237	2,780	79,017
2030 - 2032	175,152	2,636	177,788
	<b>\$ 635,613</b>	<b>\$ 26,909</b>	<b>\$ 662,522</b>



	Balance as of August 31, 2023	Additions	Reductions	Balance as of August 31, 2024
<i>Equipment</i>				
Vehicle #22QSJ3	20,309	-	20,309	-
Vehicle #22QWKP	9,905	-	9,905	-
Vehicle #22QWKT	9,793	-	9,793	-
Vehicle #22QWL2	9,905	-	9,905	-
Vehicle #22QWL9	10,279	-	10,279	-
Vehicle #22QWLG	9,905	-	9,905	-
Vehicle #22QWLK	10,405	-	10,405	-
Vehicle #22QWLW	18,339	-	18,339	-
Vehicle #22QWM4	18,339	-	18,339	-
Vehicle #22QWMB	18,944	-	18,944	-
Vehicle #22R77H	15,310	-	15,310	-
Vehicle #22R77M	13,692	-	13,692	-
Vehicle #22R77R	13,692	-	13,692	-
Vehicle #22R77S	13,692	-	13,692	-
Vehicle #22R77V	13,692	-	13,692	-
Vehicle #22R95L	13,026	-	13,026	-
Vehicle #22T9ZC	12,795	-	12,795	-
Vehicle #234W62	13,851	-	13,851	-
Vehicle #235BBV	25,494	-	25,494	-
Vehicle #235CVD	20,790	-	20,790	-
Vehicle #235CVK	20,790	-	20,790	-
Vehicle #239DJS	48,769	-	48,769	-
Canon - Copiers	217,955	-	-	217,955
<i>Total Equipment Lease Assets</i>	579,671	-	361,716	217,955
<i>Land Improvements</i>				
WSDOT LCHS Parking	747,204	-	-	747,204
<i>Total Land Improvement Lease Assets</i>	747,204	-	-	747,204
<b>Total Lease Assets</b>	1,326,875	-	361,716	965,159

For the fiscal years ended August 31, 2024, the district reported lease payments of \$188,806 and interest expense of \$8,395 resulting in an ending lease liability of \$635,611.

	Balance as of August 31, 2023	Additions	Reductions	Balance as of August 31, 2024
<i>Equipment</i>				
Vehicle #22QJSJ3	2,965	-	2,965	-
Vehicle #22QWKP	432	-	432	-
Vehicle #22QWKT	428	-	428	-
Vehicle #22QWL2	432	-	432	-
Vehicle #22QWL9	826	-	826	-
Vehicle #22QWLG	432	-	432	-
Vehicle #22QWLK	836	-	836	-
Vehicle #22QWLW	2,677	-	2,677	-
Vehicle #22QWM4	2,677	-	2,677	-
Vehicle #22QWMB	3,323	-	3,323	-
Vehicle #22R77H	2,685	-	2,685	-
Vehicle #22R77M	1,101	-	1,101	-
Vehicle #22R77R	1,101	-	1,101	-
Vehicle #22R77S	1,101	-	1,101	-
Vehicle #22R77V	1,101	-	1,101	-
Vehicle #22R95L	1,047	-	1,047	-
Vehicle #22T9ZC	1,868	-	1,868	-
Vehicle #234W62	4,654	-	4,654	-
Vehicle #235BBV	9,419	-	9,419	-
Vehicle #235CVD	6,172	-	6,172	-
Vehicle #235CVK	6,172	-	6,172	-
Vehicle #239DJS	19,632	-	19,632	-
Canon - Copiers	133,055	-	44,178	88,877
<i>Total Equipment Lease Liability</i>	204,136	-	115,259	88,877
<i>Land Improvements</i>				
WSDOT LCHS Parking	618,234	-	71,499	546,734
<i>Total Land Improvement Lease Liability</i>	618,234	-	71,499	546,734
<b>Total Lease Liability</b>	<b>822,370</b>	<b>-</b>	<b>186,758</b>	<b>635,611</b>

The amount of amortization expense recognized in this reporting period for the lease assets is \$178,453 and resulting in an ending lease asset balance of \$965,159.

	Balance as of August 31, 2023	Additions	Reductions	Balance as of August 31, 2024
<i>Equipment</i>				
Vehicle #22QSI3	17,746	2,563	20,309	-
Vehicle #22QWKP	9,730	175	9,905	-
Vehicle #22QWKT	9,672	121	9,793	-
Vehicle #22QWL2	9,547	358	9,905	-
Vehicle #22QWL9	9,816	463	10,279	-
Vehicle #22QWLG	9,547	358	9,905	-
Vehicle #22QWLK	9,923	482	10,405	-
Vehicle #22QWLW	16,044	2,295	18,339	-
Vehicle #22QWM4	16,064	2,275	18,339	-
Vehicle #22QWMB	16,123	2,821	18,944	-
Vehicle #22R77H	12,818	2,492	15,310	-
Vehicle #22R77M	12,853	839	13,692	-
Vehicle #22R77R	13,074	618	13,692	-
Vehicle #22R77S	12,687	1,005	13,692	-
Vehicle #22R77V	12,753	939	13,692	-
Vehicle #22R95L	12,086	940	13,026	-
Vehicle #22T9ZC	11,113	1,682	12,795	-
Vehicle #234W62	9,286	4,565	13,851	-
Vehicle #235BBV	16,102	8,051	24,153	-
Vehicle #235CVD	14,924	5,866	20,790	-
Vehicle #235CVK	14,924	5,866	20,790	-
Vehicle #239DJS	29,858	14,930	44,788	-
Canon - Copiers	85,749	44,299	-	130,048
<i>Total Equipment Lease Accumulated Amortization</i>	382,436	104,003	356,394	130,048
<i>Land Improvements</i>				
WSDOT LCHS Parking	132,997	74,449	-	207,446
<i>Total Land Improvement Lease Accumulated Amortization</i>	132,997	74,449	-	207,446
<b>Total Lease Accumulated Amortization</b>	515,434	178,452	356,394	337,493
<b>Total Lease Assets, Net</b>	811,441	(178,452)	5,322	627,666

7. SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)

A. General Information

For the year ended August 31, 2024, the financial statements include the reporting requirements under GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset. For additional information, refer to the disclosures below.

As of 08/31/2024, Spokane Public Schools (Spokane County), WA had 124 active subscriptions. The subscriptions have payments that range from \$0 to \$630,488 and interest rates that range from 1.9120% to 3.8280%. As of 08/31/2024, the total combined value of the subscription liability is \$26,448,435, and the total combined value of the short-term subscription liability is \$5,562,155. The combined value of the right to use asset, as of 08/31/2024 of \$39,675,726 with accumulated amortization of \$12,026,554 is included within the Subscription Class activities table found below. The subscriptions had \$0 of Variable Payments and \$0 of Other Payments, not included in the Subscription Liability, within the Fiscal Year.

Principal and Interest Expected to Maturity are as follows:

Fiscal Year	Principal Payments	Interest Payments	Total Payments
2025	\$ 5,562,155	\$ 639,174	\$ 6,201,329
2026	5,645,789	502,366	6,148,156
2027	4,503,737	362,308	4,866,045
2028	3,838,999	246,747	4,085,745
2029	3,015,579	151,541	3,167,120
2030-2034	3,790,431	187,869	3,978,300
	\$ 26,356,690	\$ 2,090,005	\$ 28,446,695

For the fiscal years ended August 31, 2024, the district reported subscription payments of \$7,206,927 and interest expense of \$584,844 resulting in an ending subscription liability of \$26,448,436.

	Balance as of August 31, 2023	Additions	Reductions	Balance as of August 31, 2024
<i>Software</i>				
002608 230509 Siemens Industry Advantage Svc	63,580	-	24,947	38,633
002616 221659 Follett - Desitny Textbook - Flett/Yasuhara	2,137	-	2,137	-
002616 230454 Follett - Desitny Textbook	143,723	-	64,629	79,094
002616 231863 Follett - Desitny Textbook - Peperzak	476	-	476	-
002669 231156 Micro Computer Aruba WLAN and Software	43,895	-	7,155	36,740
002669 231532 Micro Computer AT-Cloud-Plus-1	14,160	-	3,382	10,778
003289 211420 GoodHeart Willcox - HS Health	75,508	-	11,685	63,823
003304 230631 OSPI K-20 Network Access	31,409	-	5,832	25,577
005415 230413 National Computer (Learnkey) Adobe Pro	18,681	-	6,001	12,680
005603 221782 College Board - Springboard G6-G11 ELA	2,402,574	-	220,303	2,182,271
005922 171410 Math Learning Center - Bridges (Elem Math Adoption)	9,217	-	2,221	6,996
005945 230431 Savvas Learning - MathXL	62,608	-	20,345	42,263
006013 171663 NW Textbook - WA MyWorld (Elem SS Adoption)	40,856	-	40,856	-
006013 181420 NW Textbook -Carnegie Learning - Algebra I/Geometry	343,756	-	64,996	278,760
006013 193581 NW Textbook -Carnegie Learning - Algebra II	189,139	-	29,269	159,870
006013 231571 Northwest Textbook Depository - World Language (Spanish Adoption)	-	190,164	40,791	149,373
006290 230913 Washington State School Directors Assoc - Renew Board Docs	30,229	-	9,886	20,343
011995 240946 Renaissance Learning Accelerated Reader, Star Reading	-	212,771	55,926	156,845
013514 231178 Govconnection Inc Kemp VLM5000 Maintenance	18,151	-	5,847	12,304
015174 230615 Brightly Software - Asset Essentials	119,323	15,287	46,007	88,603
016590 221511 Ednetics Inc FY22-23 DUO-EDU-S	10,151	-	1,932	8,219
016590 230627 Ednetics Inc 22-23 Smartnet US	26,814	-	8,604	18,210
017316 171586 Gibbs M Smith Inc - Our Home WA	46,933	-	15,291	31,642
017703 230606 Blackboard Inc - Mass Notification	32,857	-	32,857	-
017703 230608 Blackboard Inc - School Wires Core	42,257	-	42,257	-
017703 230623 Blackboard Inc - Mobile Comm/App Store	32,395	-	32,395	-
017703 X521442K Blackboard Inc - SSAS/ICM Custom	185,929	-	185,929	-
018168 211528 Carnegie Learning - Zhen Bang!	8,569	-	2,070	6,499
018168 230463B Carnegie Learning - Mathia	606,755	80,307	120,000	567,062
018807 X521450J AVID Center College Readiness	454,429	57,431	174,944	336,916
021483 211690 Cengage Learning - ELD	53,040	-	12,813	40,227
021483 211860 Cengage Learning - AP Chem	17,498	-	4,227	13,271
021483 230441 Cengage Learning - Mindtap Dental	3,900	-	1,275	2,625
021483 231695 Cengage Learning Inc Infosec IQ security training	137,936	-	21,012	116,924
021794 241667 Lenovo United Absolute Installs 23-24 SY	-	382,493	59,808	322,685
022226 230408A School Health = Focused Fitness Welnet	7,132	-	2,318	4,814
023135 230641 Solarwinds Inc Samanage Help Desk System	223,203	-	35,462	187,741
023273 221837 Northwest Evaluation - MAP (Assessment)	559,305	-	87,436	471,869
024136 211057 Advanced Classroom Technologies Inc Smartlearning	31,491	-	10,299	21,192
024139 230604 Borderlan Security - Fortigate	520,859	-	99,159	421,700
024231 230601 Cerium Networks Inc Avaya Essential	915,609	-	145,468	770,141
024421 230634 Integrated Register-Intouch Cash Receipting	110,840	-	20,694	90,146
025011 230618 Perfectforms Inc Perfect Forms License	11,908	-	2,292	9,616
026641 220633 Jatheon Technologies Inc Jatheon Care Xpand and Ecore Support	218,267	-	41,553	176,714
027190 230540 Precision Exams	71,478	-	23,376	48,102
028366 230175 Heartland - Mosaic	162,273	-	24,637	137,636
028426 230154 Nutri Link Technologies Cloud Online	17,660	-	5,739	11,921
028509 230614/230633 Frontline - Asset Management - TipWeb	329,613	-	52,368	277,245
028509 231725 Frontline - Asset Management - Inventory & implementation	190,752	-	190,752	-
028574 220842 MobyMax LLC - Moby Suite	163,717	-	39,549	124,168
028581 230620 Computer Technology Link Corporation Exagrid Support	77,443	-	14,907	62,536
028969 X605675G Fulcrum Management - Thoughtexchange	83,318	5,839	30,283	58,874
029146 230603 OETC Adobe Creative Cloud Desktop Application	141,208	-	34,306	106,902
029146 230639 OETC Microsoft Defender/Office 365 Annual Subscription	1,212,285	-	185,347	1,026,938
029146 230890 OETC Microsoft EEs Annual Subscription yr 3 of 3	836,886	179,878	173,070	843,694
029501 221790 KE2 Therm Solutions Smart Access	7,275	-	2,364	4,911

029563 210425X Dreambox (Assessment)	979,277	-	236,565	742,712
029563 221804 Dreambox Learning - Reading Plus	7,400	-	2,420	4,980
029687 211571 Lexia Learning - Lexia Core 5 (Assessment)	1,992,523	-	307,004	1,685,519
029687 231495 Lexia LETRS	618,659	-	618,659	-
029687 240448 Lexia PowerUp Literacy	-	30,320	8,000	22,320
029851 221542 Severin - PowerSchool School Choice	345,004	-	54,813	290,191
029851 230609 Severin - PowerSchool BusinessPlus/Student/PD Choice/Talent Ed	5,679,815	-	520,808	5,159,007
029851 231834 Severin - PowerSchool Canvas	213,357	-	31,555	181,802
030050 230152 PCS Revenue Control Systems	42,907	-	6,708	36,199
030216 211834 NEWSELA - 7-12 World History	374,972	-	122,170	252,802
030325 230826 Characterstrong - Tier 1 Elem/MS/HS Digital Toolkit	128,412	-	41,996	86,416
030325 240488 Characterstrong - Tier 2 Elem/MS/HS Digital Toolkit	-	345,613	90,643	254,970
030396 211825 ExploreLearning - Gizmos - Secondary Science	22,359	-	22,359	-
031484 240397 Literably Inc	-	248,830	65,400	183,430
031539 230624 JAMF Holdings Inc JAMF License Subscription/Device Management	129,801	17,681	27,233	120,249
031636 230632 Docusign Inc Docusign 504 Module	17,354	-	5,657	11,697
032472 220404 Common Goal Systems Inc Teacherease	470,535	50,406	90,986	429,955
032584 221756 No Tears Learning, Learning without Tears	116,335	-	37,804	78,531
032595 230621 Governmentjobs Com Inc NeoGov	180,087	32,964	44,239	168,812
032637 230602 Schoollinks Inc - Schoollinks Platform	311,104	-	185,551	125,553
032992 193746/231543 Mystery Science (Elem Science Adoption)	130,936	-	42,822	88,114
033414 230640 E-Builder	741,094	-	113,660	627,434
033459 230403 Momentive Inc - SurveyMonkey	23,135	-	22,923	212
033555 230448 New Perspectives Online	6,965	-	2,236	4,729
033762 240483 Riverside Assessment Cognitive Abilities	-	119,249	31,275	87,974
033797 230485 Illuminate Education DNA Software Bundle	52,816	-	16,954	35,862
033846 230437B School Data Solutions - ALE	29,520	-	9,654	19,866
034015 230482 Enome Inc - Goalbook	401,783	-	131,399	270,384
034351 221512 AEON - Flex Curriculum	22,228	-	5,370	16,858
03437 2210459 Quavers Marvelous Music	273,442	-	52,057	221,385
034426 230484A Nearpod Inc	39,008	-	9,230	29,778
034426 230484B Nearpod Inc	38,641	-	9,138	29,503
034533 221872 Savvas Learning ADOBE PHOTOSHO	11,892	-	3,864	8,028
034533 230431 Savvas Learning MATHXL	62,608	-	34,009	28,599
034780 220401 N2Y LLC - Sped - NEWS-2-YOU	391,513	-	61,205	330,308
034780 230486 N2Y LLC - NEWS2YOU	54,893	-	6,889	48,004
034834 230617 Zoho Corp ME OPMGR PROED	56,601	-	8,737	47,864
034869 221812 K12 Insight - Lets Talk	216,648	-	70,853	145,795
034884 230407 Ascend Learning - Anatomy/Phys/Med Term	54,004	-	17,661	36,343
034905 230635 Salesforce.com Tableau Data MG	184,223	-	28,336	155,887
035002 230473 PTC Inc - Onshape Classroom	56,332	-	18,423	37,909
035101 230399 STUKENT INC - Student Licenses	20,872	4,153	8,500	16,525
035290 230622 Ledger Software - Prime	113,127	-	36,675	76,452
035314 230444A Edmentum Inc - APEX Learning	24,555	-	24,555	-
035314 230444L Edmentum Inc - APEX Learning	4,333	-	4,333	-
035314 230444N Edmentum Inc - APEX Learning	21,666	-	21,666	-
035314 230444X Edmentum Inc - APEX Learning	231,095	-	85,290	145,805
035324 230505 Project Lead the Way	178,241	-	58,292	119,949
035374 221363 Open Text Inc.- Enterprise Tier	42,798	-	5,342	37,456
035374 230637 Open Text Inc Liquid Office/Intelligent Capture/Content Server	229,504	-	46,331	183,173
035375 221362/230616 Cadence - Hosting	303,096	-	39,983	263,113
035488 220398 BC Technologies - Final Forms	151,689	-	24,100	127,589
035519 231778 Class Intercom	-	60,034	15,745	44,289
035582 221794 Carahsoft Tech - Qualtrics - Assessment	572,053	-	93,851	478,202
035670 230390 Pathful Inc - Pathful Connect	188,340	-	35,856	152,484
035793 230943 Instructional Empowerment Learning Services Intl	7,295	-	1,723	5,572
035795 240287 Fifth Asset Inc - Debtbook	-	81,065	14,403	66,662
036077 241630 TextHelp Accommodations in Reading, Read & Write Subscription	-	142,464	37,348	105,116
036107 231663 Raptor - Emergency Mgmt	670,961	-	104,264	566,697
036107 231663 Raptor - Volunteer	152,487	-	23,696	128,791

036109 231688 Great Minds - Wit & Wisdom - Elementary ELA Adoption K-5 - Digital PD	-	384,663	40,475	344,188
036126 231687 Instructure Inc Canvas LMS Cloud 5 years	-	1,047,133	212,008	835,125
036127 231686 Apptegy Website and mobile app development	-	651,574	115,950	535,624
036193 240609 Active Internet Community Engagement	-	172,411	45,218	127,193
036193 240610 Active Internet Community Engagement	-	132,172	34,664	97,508
036193 240624 Active Internet Blackboard Mas	-	35,159	35,159	-
036249 230613 Questica Inc Annual Openbook	81,065	18,923	32,668	67,320
036367 241369 Red Rover Tech	-	136,773	5,241	131,532
<i>Total Software Subscription Liability</i>	28,632,765	4,835,757	7,020,085	26,448,436
<b>Total Subscription Liability</b>	28,632,765	4,835,757	7,020,085	26,448,436

The amount of amortization expense recognized in this reporting period for the subscription assets is \$4,672,117 and resulting in an ending subscription asset balance of \$39,675,727.

	Balance as of August 31, 2023	Additions	Reductions	Balance as of August 31, 2024
<i>Software</i>				
002608 230509 Siemens Industty Advantage Svc	88,461	-	-	88,461
002616 221659 Follett - Desitny Textbook - Flett/Yasuhara	6,425	-	6,425	-
002616 230454 Follett - Desitny Textbook	211,100	-	-	211,100
002616 231863 Follett - Desitny Textbook - Peperzak	1,663	-	-	1,663
002669 231156 Micro Computer Aruba WLAN and Software	43,895	-	-	43,895
002669 231532 Micro Computer AT-Cloud-Plus-1	17,975	-	-	17,975
003289 211420 GoodHeart Willcox - HS Health	87,275	-	-	87,275
003304 230631 OSPI K-20 Network Access	44,255	-	-	44,255
005415 230413 National Computer (Learnkey) Adobe Pro	25,377	-	-	25,377
005603 221782 College Board - Springboard G6-G11 ELA	2,668,814	-	-	2,668,814
005922 171410 Math Learning Center - Bridges (Elem Math Adoption)	11,659	-	-	11,659
005945 230431 Savvas Learning - MathXL	84,553	-	-	84,553
006013 171663 NW Textbook - WA MyWorld (Elem SS Adoption)	82,648	-	82,648	-
006013 181420 NW Textbook -Carnegie Learning - Algebra I/Geometry	418,407	-	-	418,407
006013 193581 NW Textbook -Carnegie Learning - Algebra II	224,009	-	-	224,009
006013 231571 Northwest Textbook Depository - World Language (Spanish Adoption)	-	190,164	-	190,164
006290 230913 Washington State School Directors Assoc - Renew Board Docs	40,693	-	-	40,693
011995 240946 Renaissance Learning Accelerated Reader, Star Reading	-	212,771	-	212,771
013514 231178 Govconnection Inc Kemp VLM5000 Maintenance	24,622	-	-	24,622
015174 230615 Brightly Software - Asset Essentials	161,147	15,287	-	176,434
016590 221511 Ednetics Inc FY22-23 DUO-EDU-S	12,333	-	-	12,333
016590 230627 Ednetics Inc 22-23 Smartnet US	36,445	-	-	36,445
017316 171586 Gibbs M Smith Inc - Our Home WA	63,300	-	-	63,300
017703 230606 Blackboard Inc - Mass Notification	66,341	-	66,341	-
017703 230608 Blackboard Inc - School Wires Core	85,323	-	85,323	-
017703 230623 Blackboard Inc - Mobile Comm/App Store	65,409	-	65,409	-
017703 X521442K Blackboard Inc - SSAS/ICM Custom	375,414	-	375,414	-
018168 211528 Carnegie Learning - Zhen Bang!	10,835	-	-	10,835
018168 230463B Carnegie Learning - Mathia	714,755	80,307	-	795,062
018807 X521450J AVID Center College Readiness	613,714	57,431	-	671,145
021483 211690 Cengage Learning - ELD	67,068	-	-	67,068
021483 211860 Cengage Learning - AP Chem	22,126	-	-	22,126
021483 230441 Cengage Learning - Mindtap Dental	5,250	-	-	5,250
021483 231695 Cengage Learning Inc Infosec IQ security training	162,686	-	-	162,686
021794 241667 Lenovo United Absolute Installs 23-24 SY	-	382,493	-	382,493
022226 230408A School Health = Focused Fitness Welnet	9,632	-	-	9,632
023135 230641 Solarwinds Inc Samanage Help Desk System	262,932	-	-	262,932
023273 221837 Northwest Evaluation - MAP (Assessment)	652,337	-	-	652,337
024136 211057 Advanced Classroom Technologies Inc Smartlearning	42,392	-	-	42,392
024139 230604 Borderlan Security - Fortigate	627,885	-	-	627,885
024231 230601 Cerium Networks Inc Avaya Essential	1,078,584	-	-	1,078,584
024421 230634 Integrated Register-Intouch Cash Receipting	135,349	-	-	135,349
025011 230618 Perfectforms Inc Perfect Forms License	14,428	-	-	14,428
026641 220633 Jatheon Technologies Inc Jatheon Care Xpand and Ecore Support	306,432	-	-	306,432
027190 230540 Precision Exams	96,221	-	-	96,221
028366 230175 Heartland - Mosaic	192,947	-	-	192,947
028426 230154 Nutri Link Technologies Cloud Online	23,850	-	-	23,850
028509 230614/230633 Frontline - Asset Management - TipWeb	444,493	-	-	444,493
028509 231725 Frontline - Asset Management - Inventory & implementation	227,662	-	227,662	-
028574 220842 MobyMax LLC - Moby Suite	207,017	-	-	207,017
028581 230620 Computer Technology Link Corporation Exagrid Support	93,831	-	-	93,831
028969 X605675G Fulcrum Management - Thoughtexchange	112,159	5,839	-	117,998
029146 230603 OETC Adobe Creative Cloud Desktop Application	178,214	-	-	178,214
029146 230639 OETC Microsoft Defender/Office 365 Annual Subscription	1,364,773	-	-	1,364,773
029146 230890 OETC Microsoft EEs Annual Subscription yr 3 of 3	970,943	179,878	-	1,150,821
029501 221790 KE2 Therm Solutions Smart Access	9,825	-	-	9,825



029563 210425X Dreambox (Assessment)	1,238,277	-	-	1,238,277
029563 221804 Dreambox Learning - Reading Plus	12,351	-	-	12,351
029687 211571 Lexia Learning - Lexia Core 5 (Assessment)	2,671,502	-	-	2,671,502
029687 231495 Lexia LETRS	1,686,010	-	-	1,686,010
029687 240448 Lexia PowerUp Literacy	-	30,320	-	30,320
029851 221542 Severin - PowerSchool School Choice	439,712	-	-	439,712
029851 230609 Severin - PowerSchool BusinessPlus/Student/PD Choice/Talent Ed	6,309,221	-	-	6,309,221
029851 231834 Severin - PowerSchool Canvas	220,099	-	-	220,099
030050 230152 PCS Revenue Control Systems	50,712	-	-	50,712
030216 211834 NEWSELA - 7-12 World History	505,733	-	-	505,733
030325 230826 Characterstrong - Tier 1 Elem/MS/HS Digital Toolkit	172,863	-	-	172,863
030325 240488 Characterstrong - Tier 2 Elem/MS/HS Digital Toolkit	-	345,613	-	345,613
030396 211825 ExploreLearning - Gizmos - Secondary Science	45,309	-	45,309	-
031484 240397 Literably Inc	-	248,830	-	248,830
031539 230624 JAMF Holdings Inc JAMF License Subscription/Device Management	155,135	17,681	-	172,816
031636 230632 Docusign Inc Docusign 504 Module	23,371	-	-	23,371
032472 220404 Common Goal Systems Inc Teacherease	554,288	50,406	-	604,694
032584 221756 No Tears Learning, Learning without Tears	157,112	-	-	157,112
032595 230621 Governmentjobs Com Inc NeoGov	218,196	32,964	-	251,160
032637 230602 Schoolinks Inc - Schoolinks Platform	418,796	-	120,969	297,827
032992 193746/231543 Mystery Science (Elem Science Adoption)	190,962	-	-	190,962
033414 230640 E-Builder	999,728	-	-	999,728
033459 230403 Momentive Inc - SurveyMonkey	31,428	-	22,811	8,617
033555 230448 New Perspectives Online	9,465	-	-	9,465
033762 240483 Riverside Assessment Cognitive Abilities	-	119,249	-	119,249
033797 230485 Illuminate Education DNA Software Bundle	71,774	-	-	71,774
033846 230437B School Data Solutions - ALE	39,739	-	-	39,739
034015 230482 Enome Inc - Goalbook	670,629	-	-	670,629
034351 221512 AEOU - Flex Curriculum	28,106	-	-	28,106
03437 2210459 Quavers Marvelous Music	332,242	-	-	332,242
034426 230484A Nearpod Inc	49,681	-	-	49,681
034426 230484B Nearpod Inc	49,216	-	-	49,216
034533 221872 Savvas Learning ADOBE PHOTOSHO	16,060	-	-	16,060
034533 230431 Savvas Learning MATHXL	84,553	-	19,159	65,394
034780 220401 N2Y LLC - Sped - NEWS-2-YOU	462,725	-	-	462,725
034780 230486 N2Y LLC - NEWS2YOU	62,832	-	-	62,832
034834 230617 Zoho Corp ME OPMGR PROED	77,024	-	-	77,024
034869 221812 K12 Insight - Lets Talk	361,615	-	-	361,615
034884 230407 Ascend Learning - Anatomy/Phys/Med Term	72,363	-	-	72,363
034905 230635 Salesforce.com Tableau Data MG	203,143	-	-	203,143
035002 230473 PTC Inc - Onshape Classroom	75,832	-	-	75,832
035101 230399 STUKENT INC - Student Licenses	28,097	4,153	-	32,250
035290 230622 Ledger Software - Prime	152,964	-	-	152,964
035314 230444A Edmentum Inc - APEX Learning	33,055	-	33,055	-
035314 230444L Edmentum Inc - APEX Learning	5,833	-	5,833	-
035314 230444N Edmentum Inc - APEX Learning	29,166	-	29,166	-
035314 230444X Edmentum Inc - APEX Learning	231,095	-	10,290	220,805
035324 230505 Project Lead the Way	239,941	-	-	239,941
035374 221363 Open Text Inc.- Enterprise Tier	54,497	-	-	54,497
035374 230637 Open Text Inc Liquid Office/Intelligent Capture/Content Server	249,863	-	-	249,863
035375 221362/230616 Cadence - Hosting	351,096	-	-	351,096
035488 220398 BC Technologies - Final Forms	173,669	-	-	173,669
035519 231778 Class Intercom	-	60,034	-	60,034
035582 221794 Carahsoft Tech - Qualtrics - Assessment	881,705	-	-	881,705
035670 230390 Pathful Inc - Pathful Connect	224,340	-	-	224,340
035793 230943 Instructional Empowerment Learning Services Intl	9,295	-	-	9,295
035795 240287 Fifth Asset Inc - Debtbook	-	81,065	-	81,065
036077 241630 TextHelp Accommodations in Reading, Read & Write Subscription	-	142,464	-	142,464
036107 231663 Raptor - Emergency Mgmt	739,030	-	-	739,030
036107 231663 Raptor - Volunteer	158,899	-	-	158,899
036109 231688 Great Minds - Wit & Wisdom - Elementary ELA Adoption K-5 - Digital PD	-	384,663	-	384,663

036109 231688 Great Minds - Wit & Wisdom - Elementary ELA Adoption K-5 - Digital PD	-	384,663	-	384,663
036126 231687 Instructure Inc Canvas LMS Cloud 5 years	-	1,078,357	-	1,078,357
036127 231686 Aptegy Website and mobile app development	-	651,574	-	651,574
036193 240609 Active Internet Community Engagement	-	172,411	-	172,411
036193 240610 Active Internet Community Engagement	-	132,172	-	132,172
036193 240624 Active Internet Blackboard Mas	-	35,159	35,159	-
036249 230613 Questica Inc Annual Openbook	109,127	18,923	-	128,050
036367 241369 Red Rover Tech	-	141,133	-	141,133
<i>Total Software Subscription Assets</i>	36,035,359	4,871,341	1,230,973	39,675,727
<b>Total Subscription Asset</b>	36,035,359	4,871,341	1,230,973	39,675,727

<i>Subscription Accumulated Amortization</i>	Balance as of August 31, 2023	Additions	Reductions	Balance as of August 31, 2024
<i>Software</i>				
002608 230509 Siemens Industty Advantage Svc	26,538	26,538	-	53,076
002616 221659 Follett - Desitny Textbook - Flett/Yasuhara	3,212	3,213	6,425	-
002616 230454 Follett - Desitny Textbook	52,775	52,775	-	105,550
002616 231863 Follett - Desitny Textbook - Peperzak	139	832	-	971
002669 231156 Micro Computer Aruba WLAN and Software	4,776	7,316	-	12,092
002669 231532 Micro Computer AT-Cloud-Plus-I	1,848	4,435	-	6,283
003289 211420 GoodHeart Willcox - HS Health	12,331	12,331	-	24,662
003304 230631 OSPI K-20 Network Access	7,376	7,376	-	14,752
005415 230413 National Computer (Learnkey) Adobe Pro	5,622	6,344	-	11,966
005603 221782 College Board - Springboard G6-G11 ELA	265,554	265,554	-	531,108
005922 171410 Math Learning Center - Bridges (Elem Math Adoption)	2,332	2,332	-	4,664
005945 230431 Savvas Learning - MathXL	21,138	21,138	-	42,276
006013 171663 NW Textbook - WA MyWorld (Elem SS Adoption)	41,324	41,324	82,648	-
006013 181420 NW Textbook -Carnegie Learning - Algebra I/Geometry	69,735	69,735	-	139,470
006013 193581 NW Textbook -Carnegie Learning - Algebra II	32,001	32,001	-	64,002
006013 231571 Northwest Textbook Depository - World Language (Spanish Adoption)	-	38,033	-	38,033
006290 230913 Washington State School Directors Assoc - Renew Board Docs	9,325	10,173	-	19,498
011995 240946 Renaissance Learning Accelerated Reader, Star Reading	-	53,193	-	53,193
013514 231178 Govconnection Inc Kemp VLM5000 Maintenance	3,283	6,156	-	9,439
015174 230615 Brightly Software - Asset Essentials	40,287	45,383	-	85,670
016590 221511 Ednetics Inc FY22-23 DUO-EDU-S	2,056	2,056	-	4,112
016590 230627 Ednetics Inc 22-23 Smartnet US	8,352	9,111	-	17,463
017316 171586 Gibbs M Smith Inc - Our Home WA	15,825	15,825	-	31,650
017703 230606 Blackboard Inc - Mass Notification	33,171	33,170	66,341	-
017703 230608 Blackboard Inc - School Wires Core	42,661	42,662	85,323	-
017703 230623 Blackboard Inc - Mobile Comm/App Store	32,704	32,705	65,409	-
017703 X521442K Blackboard Inc - SSAS/ICM Custom	187,707	187,707	375,414	-
018168 211528 Carnegie Learning - Zhen Bang!	2,167	2,167	-	4,334
018168 230463B Carnegie Learning - Mathia	102,108	115,492	-	217,600
018807 X521450J AVID Center College Readiness	153,428	172,572	-	326,000
021483 211690 Cengage Learning - ELD	13,414	13,414	-	26,828
021483 211860 Cengage Learning - AP Chem	4,425	4,425	-	8,850
021483 230441 Cengage Learning - Mindtap Dental	1,312	1,312	-	2,624
021483 231695 Cengage Learning Inc Infosec IQ security training	5,322	18,076	-	23,398
021794 241667 Lenovo United Absolute Installs 23-24 SY	-	54,642	-	54,642
022226 230408A School Health = Focused Fitness Welnet	2,408	2,408	-	4,816
023135 230641 Solarwinds Inc Samanage Help Desk System	6,439	37,999	-	44,438
023273 221837 Northwest Evaluation - MAP (Assessment)	93,191	93,191	-	186,382
024136 211057 Advanced Classroom Technologies Inc Smartlearning	10,598	10,598	-	21,196
024139 230604 Borderlan Security - Fortigate	104,648	104,648	-	209,296
024231 230601 Cerium Networks Inc Avaya Essential	154,083	154,083	-	308,166
024421 230634 Integrated Register-Intouch Cash Receipting	22,558	22,558	-	45,116
025011 230618 Perfectforms Inc Perfect Forms License	2,405	2,405	-	4,810
026641 220633 Jatheon Technologies Inc Jatheon Care Xpand and Ecore Support	50,557	50,557	-	101,114
027190 230540 Precision Exams	24,055	24,055	-	48,110
028366 230175 Heartland - Mosaic	27,564	27,564	-	55,128

028426 230154 Nutri Link Technologies Cloud Online	5,962	5,962	-	11,924
028509 230614/230633 Frontline - Asset Management - TipWeb	63,499	63,499	-	126,998
028509 231725 Frontline - Asset Management - Inventory & implementation	7,464	37,322	44,786	-
028574 220842 MobyMax LLC - Moby Suite	41,403	41,403	-	82,806
028581 230620 Computer Technology Link Corporation Exagrid Support	15,638	15,638	-	31,276
028969 X605675G Fulcrum Management - Thoughtexchange	23,367	29,662	-	53,029
029146 230603 OETC Adobe Creative Cloud Desktop Application	44,034	44,034	-	88,068
029146 230639 OETC Microsoft Defender/Office 365 Annual Subscription	112,173	224,346	-	336,519
029146 230890 OETC Microsoft EEs Annual Subscription yr 3 of 3	161,824	197,799	-	359,623
029501 221790 KE2 Therm Solutions Smart Access	2,456	2,456	-	4,912
029563 210425X Dreambox (Assessment)	247,655	247,655	-	495,310
029563 221804 Dreambox Learning - Reading Plus	3,088	3,088	-	6,176
029687 211571 Lexia Learning - Lexia Core 5 (Assessment)	381,643	381,643	-	763,286
029687 231495 Lexia LETRS	281,002	843,005	-	1,124,007
029687 240448 Lexia PowerUp Literacy	-	7,580	-	7,580
029851 221542 Severin - PowerSchool School Choice	62,816	62,816	-	125,632
029851 230609 Severin - PowerSchool BusinessPlus/Student/PD Choice/Talent Ed	573,566	573,566	-	1,147,132
029851 231834 Severin - PowerSchool Canvas	6,174	31,306	-	37,480
030050 230152 PCS Revenue Control Systems	7,245	7,245	-	14,490
030216 211834 NEWSELA - 7-12 World History	126,433	126,433	-	252,866
030325 230826 Characterstrong - Tier 1 Elem/MS/HS Digital Toolkit	43,216	43,216	-	86,432
030325 240488 Characterstrong - Tier 2 Elem/MS/HS Digital Toolkit	-	86,403	-	86,403
030396 211825 ExploreLearning - Gizmos - Secondary Science	22,654	22,655	45,309	-
031484 240397 Literably Inc	-	62,208	-	62,208
031539 230624 JAMF Holdings Inc JAMF License Subscription/Device Management	25,856	29,392	-	55,248
031636 230632 Docusign Inc Docusign 504 Module	5,839	5,839	-	11,678
032472 220404 Common Goal Systems Inc Teacherease	79,184	87,585	-	166,769
032584 221756 No Tears Learning, Learning without Tears	39,278	39,278	-	78,556
032595 230621 Governmentjobs Com Inc NeoGov	36,366	42,959	-	79,325
032637 230602 Schoollinks Inc - Schoollinks Platform	104,699	64,376	-	169,075
032992 193746/231543 Mystery Science (Elem Science Adoption)	47,741	47,741	-	95,482
033414 230640 E-Builder	142,818	142,818	-	285,636
033459 230403 Momentive Inc - Surveymonkey	4,954	3,055	-	8,009
033555 230448 New Perspectives Online	1,775	2,366	-	4,141
033762 240483 Riverside Assessment Cognitive Abilities	-	29,812	-	29,812
033797 230485 Illuminate Education DNA Software Bundle	17,943	17,943	-	35,886
033846 230437B School Data Solutions - ALE	9,935	9,935	-	19,870
034015 230482 Enome Inc - Goalbook	167,657	167,657	-	335,314
034351 221512 AEOU - Flex Curriculum	5,621	5,621	-	11,242
03437 2210459 Quavers Marvelous Music	55,374	55,374	-	110,748
034426 230484A Nearpod Inc	10,281	12,420	-	22,701
034426 230484B Nearpod Inc	6,425	9,843	-	16,268
034533 221872 Savvas Learning ADOBE PHOTOSHO	4,015	4,015	-	8,030
034533 230431 Savvas Learning MATHXL	21,138	14,752	-	35,890
034780 220401 N2Y LLC - Sped - NEWS-2-YOU	66,104	66,104	-	132,208
034780 230486 N2Y LLC - NEWS2YOU	7,929	8,976	-	16,905
034834 230617 Zoho Corp ME OPMGR PROED	10,235	11,132	-	21,367
034869 221812 K12 Insight - Lets Talk	90,404	90,404	-	180,808
034884 230407 Ascend Learning - Anatomy/Phys/Med Term	18,091	18,091	-	36,182
034905 230635 Salesforce.com Tableau Data MG	16,844	30,625	-	47,469
035002 230473 PTC Inc - Onshape Classroom	17,789	19,348	-	37,137
035101 230399 STUKENT INC - Student Licenses	7,024	8,408	-	15,432
035290 230622 Ledger Software - Prime	38,241	38,241	-	76,482
035314 230444A Edmentum Inc - APEX Learning	8,264	23	8,287	-
035314 230444L Edmentum Inc - APEX Learning	1,458	4	1,462	-
035314 230444N Edmentum Inc - APEX Learning	7,292	20	7,312	-
035314 230444X Edmentum Inc - APEX Learning	57,774	54,344	-	112,118
035324 230505 Project Lead the Way	59,985	59,985	-	119,970
035374 221363 Open Text Inc.- Enterprise Tier	6,812	6,812	-	13,624
035374 230637 Open Text Inc Liquid Office/Intelligent Capture/Content Server	23,135	55,525	-	78,660
035375 221362/230616 Cadence - Hosting	43,887	43,887	-	87,774
035488 220398 BC Technologies - Final Forms	24,585	24,585	-	49,170
035519 231778 Class Intercom	-	15,009	-	15,009
035582 221794 Carahsoft Tech - Qualtrics - Assessment	173,925	173,925	-	347,850
035670 230390 Pathful Inc - Pathful Connect	35,832	37,390	-	73,222
035793 230943 Instructional Empowerment Learning Services Intl	2,295	2,295	-	4,590
035795 240287 Fifth Asset Inc - Debtbook	-	19,853	-	19,853
036077 241630 TextHelp Accommodations in Reading, Read & Write Subscription	-	9,695	-	9,695

036107 231663 Raptor - Emergency Mgmt	29,172	116,689	-	145,861
036107 231663 Raptor - Volunteer	6,272	25,089	-	31,361
036109 231688 Great Minds - Wit & Wisdom - Elementary ELA Adoption K-5 - Digital PD	-	34,969	-	34,969
036126 231687 Instructure Inc Canvas LMS Cloud 5 years	-	205,401	-	205,401
036127 231686 Aptegy Website and mobile app development	-	108,596	-	108,596
036193 240609 Active Internet Community Engagement	-	43,103	-	43,103
036193 240610 Active Internet Community Engagement	-	33,043	-	33,043
036193 240624 Active Internet Blackboard Mas	-	35,159	35,159	-
036249 230613 Questica Inc Annual Openbook	27,282	33,589	-	60,871
036367 241369 Red Rover Tech	-	21,209	-	21,209
<i>Total Software Subscription Accumulated Amortization</i>	<i>5,503,597</i>	<i>7,346,833</i>	<i>823,875</i>	<i>12,026,555</i>
<b>Total Subscription Accumulated Amortization</b>	<b>5,503,597</b>	<b>7,346,833</b>	<b>823,875</b>	<b>12,026,555</b>
<b>Total Subscription Assets, Net</b>	<b>30,531,762</b>	<b>(2,475,492)</b>	<b>407,098</b>	<b>27,649,172</b>

## 8. PENSIONS

### A. General Information

The Legislature established the Public Employees' Retirement System (PERS) in 1947. PERS retirement benefit provisions are established in chapters 41.34 and 41.40 RCW and may be amended only by the Legislature.

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 (ACFR) 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.

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of pension plans administered by DRS and additions to/deductions from the plans' net position have been determined on the same basis as they are reported by the plans.

Detailed information about the pension plans' fiduciary net position is available in the separately issued DRS ACFR. 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 <http://www.drs.wa.gov/>.

### **Membership Participation**

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

Membership by retirement system program as of June 30, 2023:

Program	Active Members	Inactive Vested Members	Retired Members
TRS	81,943	12,869	56,902
PERS	509	147	39,461
SERS	67,478	17,566	29,705

Membership by retirement system program as of June 30, 2024:

Program	Active Members	Inactive Vested Members	Retired Members
TRS	81,419	13,484	57,933
PERS	395	126	37,768
SERS	68,450	17,946	32,064

Certificated public employees are members of TRS. Noncertificated public employees are members of PERS (if Plan 1) or SERS. Plan 1 under the TRS and PERS programs are defined benefit pension plans whose members joined the system on or before September 30, 1977. TRS 1 and PERS 1 are closed for new entrants.

TRS was established in 1938, and its retirement provisions are contained in Chapters 41.32 and 41.34 RCW. TRS eligibility for membership requires service as a certificated, public-school employee working in an instructional, administrative, or supervisory capacity. 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 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 a single plan for accounting purposes.

TRS Plan 1 provides retirement, disability, and death benefits. Retirement benefits are calculated using 2% of the member's Average Final Compensation (AFC) times the member's years of service – up to a maximum of 60%. AFC is the average of the member's two consecutive highest-paid fiscal years.

Members are eligible for retirement at any age after 30 years of service, 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, and an optional cost-of-living adjustment (COLA).

TRS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits for Plan 2 are calculated using 2% of the member's Average Final Compensation (AFC) times the member's years of service. Retirement defined benefits for Plan 3 are calculated using 1% of AFC times the member's years of service. AFC is the monthly average of the member's 60 consecutive highest-paid service credit months. TRS Plan 2/3 has no cap on years of service credit.

Members are eligible for retirement with a full benefit at age 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 retirement benefits are actuarially reduced to reflect the choice of a survivor benefit.

Other TRS Plan 2/3 benefits include a Cost-of-Living Adjustment (COLA) based on the Consumer Price Index, capped at 3% annually.

Annuities purchased with plan 3 defined contributions that are invested within the WSIB TAP are considered defined benefits. Plan 3 WSIB TAP annuities are actuarially reduced if a survivor benefit is chosen and TAP annuities include a COLA of 3% annually.

TRS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. Members are eligible to withdraw their defined contribution upon separation. Members have multiple withdrawal options, including purchase of an annuity.

PERS was established in 1947, and its retirement benefit provisions are contained in Chapters 41.34 and 41.40 RCW. PERS is a cost-sharing, multi-employer retirement system. PERS Plan 1 provides retirement, disability, and death benefits. Retirement benefits are determined as 2% times the member's Average Final Compensation (AFC) times the member's years of service. 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.

PERS Plan 1 retirement benefits are actuarially reduced if a survivor benefit is chosen. Members retiring from inactive status before age 65 may also receive actuarially reduced benefits. Other benefits include an optional Cost-of-Living Adjustment (COLA).

SERS was established by the legislature in 1998, and the plan became effective in 2000. SERS retirement benefit provisions are established in Chapters 41.34 and 41.35 RCW. SERS members include classified employees of school districts and educational service districts.

SERS is a cost-sharing, multi-employer 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.

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 a single plan for accounting purposes.

SERS provides retirement, disability, and death benefits. Retirement benefits for Plan 2 are calculated as 2% times the member's Average Final Compensation (AFC) times the member's years of service. Defined benefits for Plan 3 are calculated using 1% times the member's AFC times the member's years of service. AFC is the monthly average of the member's 60 consecutive highest-paid service credit months.

Members are eligible for retirement with a full benefit at age 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 Plan 2/3 retirement benefits are actuarially reduced if a survivor benefit is chosen.

Other SERS Plan 2/3 benefits include a Cost-of-Living Adjustment (COLA) based on the Consumer Price Index, capped at 3% annually.

SERS 3 defined contributions benefits are totally dependent on employee contributions and the investment earnings on those contributions. Annuities purchased with plan 3 defined contributions that are invested within the WSIB TAP are considered defined benefits. Plan 3 WSIB TAP annuities are actuarially reduced if a survivor benefit is chosen and TAP annuities include a 3% annually.

#### B. 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, Chapters 41.34 and 41.35 RCW for SERS, and Chapters 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.

Employee contribution rates, expressed as a percentage of covered payroll for 2024 were as follows:

Plan	7/1/24 Rate	7/1/23 Rate
PERS 1	6.00%	6.00%
	9/1/24 Rate	9/1/23 Rate
TRS 1	6.00%	6.00%
TRS 2	8.05%	8.05%
TRS 3	varies *	varies *
SERS 2	7.76%	7.76%
SERS 3	varies *	varies *

\* - Variable from 5% to 15% based on rate selected by the member.

Employer contribution rates:

Plan	7/1/24 Rate	7/1/23 Rate
PERS 1	9.03%	10.39%
	9/1/24 Rate	9/1/23 Rate
TRS 1	9.70%	14.69%
TRS 2	9.70%	14.69%
TRS 3	9.70%	14.69% **
SERS 2	10.93%	11.79%
SERS 3	10.93% **	11.79% **

Note: The DRS administrative rate of 0.0020 is included.

\*\* - Defined benefit portion only.

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

Plan		FY 23-24	FY 22-23	FY 21-22
Plan 1 TRS	\$	5,962,267	\$15,950,606	\$14,769,027
Plan 2 TRS		173,438	165,429	154,560
Plan 3 TRS		20,704,578	19,748,379	18,450,922
Plan 1 PERS		2,451,464	2,750,369	2,465,021
Plan 2 SERS		2,796,563	2,551,209	2,259,252
Plan 3 SERS		3,272,171	2,985,090	2,643,480



C. The Collective Net Pension Liability

The collective net pension liabilities for the pension plans the district participated in are reported in the following tables:

Net Pension Liability as of June 30, 2024:

Dollars in Thousands	PERS 1	SERS 2/3	TRS 1	TRS 2/3
Total Pension Liability	\$ 11,141,258	\$ 10,201,439	\$ 8,237,102	\$ 27,509,649
Plan fiduciary net position	(9,364,420)	(10,235,276)	(7,127,805)	(27,309,259)
Participating employers' net pension liability	1,776,838	(33,837)	1,109,297	200,390
Plan fiduciary net position as a percentage of the total pension liability	84.05%	100.33%	86.53%	99.27%

D. The District's Proportionate Share of the Net Pension Liability (NPL)

On June 30, 2024, the District reported a total liability of \$42,049,409 for its proportionate shares of the individual plans' collective net pension liability. The district's proportionate share of the collective net pension liability is based on annual contributions for each of the employers participating in the DRS administered plans. On June 30, 2024, the district's proportionate share of each plan's net pension liability is reported below:

June 30, 2024	PERS 1	SERS 2/3	TRS 1	TRS 2/3
District's Annual Contributions	\$ 2,451,464	\$ 6,068,734	\$ 5,962,267	\$ 20,878,016
Proportionate Share of the Net Pension Liability or (Asset)	7,276,474	(789,633)	29,667,399	5,895,169

On June 30, 2024, the district's percentage of the proportionate share of the collective net pension liability was as follows and the change in the allocation percentage from the prior year is illustrated below:

Allocation Percentages	PERS 1	SERS 2/3	TRS 1	TRS 2/3
Current year proportionate share of the Net Pension Liability	0.409518%	2.333639%	2.674432%	2.941848%
Prior year proportionate share of the Net Pension Liability	0.403616%	2.270080%	2.955337%	2.942926%
Net difference percentage	0.005903%	0.063559%	(0.280905%)	(0.001078%)

E. Actuarial Assumptions

Capital Market Assumptions (CMAs) and expected rates of return by asset class are provided by the Washington State Investment Board. The Office of the State Actuary relied on the CMAs in the selection of the long-term expected rate of return for reporting purposes.

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, 2022, with the results rolled forward to June 30, 2023, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation	2.75% total economic inflation, 3.25% salary inflation
Salary increases	In addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
Investment rate of return	7.00%



#### F. 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, 2023, valuation was based on the results of the 2013–2018 Demographic Experience Study Report and the 2023 Economic Experience Study. Additional assumptions for subsequent events and law changes are current as of the 2023 actuarial valuation report.

#### G. Long-term Expected Rate of Return

OSA selected a 7.00% 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, 2023, are summarized in the following table:

TRS1, TRS 2/3, PERS 1, and SERS 2/3		
Asset Class	Target Allocation	Long-term Expected
		Real Rate of Return
Fixed Income	19.00%	2.10%
Tangible Assets	8.00%	4.50%
Real Estate	18.00%	4.80%
Public Equity	30.00%	5.60%
Private Equity	25.00%	8.60%

The inflation component used to create the above table is 2.20% and represents WSIB's long-term estimate of broad economic inflation consistent with their 2021 CMAs.

#### H. Discount Rate

The discount rate used to measure the total pension liability was 7.00%. 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 7.00% on pension plan investments was applied to determine the total pension liability or (asset).

#### I. Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The Pension Plans reported collective Deferred Outflows of Resources and collective Deferred Inflows of Resources related to the individual plans. On August 31, 2024, the district reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experiences	\$ -	\$ -
Net difference between projected and actual earnings on pension plan investments	-	(582,244)
Changes in assumptions or other inputs	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	380,544	-
TOTAL	\$ 380,544	\$ (582,244)

SERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experiences	\$ 10,375,714	\$ -
Net difference between projected and actual earnings on pension plan investments	-	(3,279,436)
Changes in assumptions or other inputs	5,816,046	(68,420)
Changes in proportion and differences between contributions and proportionate share of contributions	160,518	(671,442)
Contributions subsequent to the measurement date	991,654	-
TOTAL	\$ 17,343,932	\$ (4,019,298)

TRS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experiences	\$ -	\$ -
Net difference between projected and actual earnings on pension plan investments	-	(2,793,981)
Changes in assumptions or other inputs	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	591,683	-
TOTAL	\$ 591,683	\$ (2,793,981)

TRS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experiences	\$ 40,312,882	\$ (436,326)
Net difference between projected and actual earnings on pension plan investments	-	(10,975,636)
Changes in assumptions or other inputs	30,090,979	(2,142,049)
Changes in proportion and differences between contributions and proportionate share of contributions	90,765	(1,835,202)
Contributions subsequent to the measurement date	3,268,446	-
TOTAL	\$ 73,763,073	\$ (15,389,214)

\$5,232,327 was reported as Deferred Outflows of Resources related to pensions resulting from district contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal period rather than in the current fiscal period.

Other amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized in pension expense as follows:

Year ended August 31	PERS 1	SERS 2/3	TRS 1	TRS 2/3
2025	\$ (963,572)	\$ (430,741)	\$(4,661,304)	\$ (6,248,276)
2026	495,036	6,553,021	2,439,290	18,202,734
2027	(52,415)	3,119,249	(242,687)	8,174,404
2028	(61,294)	1,754,921	(329,280)	7,922,698
2029	-	1,223,230	-	8,413,462
Thereafter	-	113,300	-	18,640,390

#### J. Pension Expense (Benefit)

The district recognizes a pension expense for its proportionate share of the collective pension expense. This is determined by using the district's proportionate share of the collective net pension liability. For the year ending August 31, 2024, primarily due to investment performance, the district recognized a total negative pension expense as follows:

Pension Expense (benefit)	
PERS 1	\$ 136,858
SERS 2/3	4,146,884
TRS 1	(2,440,692)
TRS 2/3	12,667,235
TOTAL	\$ 14,510,285

#### K. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The table below presents the district's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate. Amounts are calculated by plan using the district's allocation percentage.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
PERS 1 NPL	\$ 2,613,684,000	\$ 1,776,838,000	\$ 1,042,904,000
Allocation Percentage	0.40951815%	0.40951815%	0.40951815%
Proportionate Share of Collective NPL	\$ 10,703,510	\$ 7,276,474	\$ 4,270,881
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
SERS 2/3 NPL	\$ 1,399,115,000	\$ (33,837,000)	\$ (1,213,237,000)
Allocation Percentage	2.33363855%	2.33363855%	2.33363855%
Proportionate Share of Collective NPL	\$ 32,650,287	\$ (789,633)	\$ (28,312,566)
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
TRS 1 NPL	\$ 1,717,438,000	\$ 1,109,297,000	\$ 574,595,000
Allocation Percentage	2.67443247%	2.67443247%	2.67443247%
Proportionate Share of Collective NPL	\$ 45,931,720	\$ 29,667,399	\$ 15,367,155
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
TRS 2/3 NPL	\$ 4,682,796,000	\$ 200,390,000	\$ (3,441,878,000)
Allocation Percentage	2.94184770%	2.94184770%	2.94184770%
Proportionate Share of Collective NPL	\$ 137,760,726	\$ 5,895,169	\$ (101,254,809)

L. Aggregate Pension Amounts

The following table represents the aggregate pension amounts for all plans subject to the requirements of GASB Statement No. 68 for the year 2024:

<u>Aggregate Pension Amount - All Plans</u>	
Pension liabilities	\$ (42,839,042)
Pension Asset	789,633
Deferred outflows of resources	92,079,231
Deferred inflows of resources	(22,784,736)
Pension expense (benefit)	7,353,861

Historical trend information showing TRS and PERS progress in accumulating sufficient assets to pay benefits when due is presented in the Department of Retirement System's June 30, 2024, annual comprehensive financial report (ACFR). Refer to this report for detailed trend information. It is available at <http://www.drs.wa.gov/> or from:

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

9. OTHER POST EMPLOYMENT BENEFITS (OPEB)

The state, through the Health Care Authority (HCA), administers a multi-employer other post-employment benefit plan. Per RCW 41.05.065, the Public Employees Benefits Board (PEBB), created within the HCA, is authorized to design benefits, and determine the terms and conditions of employee and retired employee participation and coverage, including establishment of eligibility criteria for both active and retired employees. Programs include medical, dental, life and long-term disability.

The relationship between the PEBB OPEB plan and its member employers, 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 effect at the time of each valuation. A substantive plan is one in which the plan terms are understood by the employers and plan members. This understanding is based on communications between the HCA, employers, and plan members, and the historical pattern of practice with regard to the sharing of benefit costs. The understanding by the employer and plan members is that there is no contractual obligation to continue the substantive plan as an employee benefit on an ongoing basis. Nevertheless, the actuarial assumption used in valuations presented in this footnote assumes that this substantive plan will be carried forward into the future.

According to state law, the State of Washington collects a fee from all school district entities which are not currently active members of the state Health Care Authority but participate in the state retirement system. Starting in January 2020, the state Health Care Authority started the State Employees Benefits Board (SEBB). The SEBB Programs administers health insurance and other benefits to all school district employees. The not currently active members fee has now been rolled into the per month payment for active employees. This assessment of the district is subject to change annually. Participation in the PEBB is limited to the district's retirees.

The PEBB OPEB plan is funded on a pay-as-you-go basis and is reported by the State of Washington using the modified accrual basis and the current financial resources measurement focus. The PEBB OPEB plan has no assets and does not issue a publicly available financial report.

**Employees Covered by Benefit Terms.** Employers participating in the PEBB plan include the State of Washington which includes general government agencies, higher education institutions, and component units. Additionally, there are 76 of the state's K-12 schools and educational service districts (ESDs), and 249 political subdivisions and tribal governments not included in the state's financial reporting that participate in the PEBB plan. The plan is also available to the retirees of the remaining 227 K-12 schools, charter schools, and ESDs. The district's retirees are eligible to participate in the PEBB plan under this arrangement. Membership in the PEBB plan for the district consisted of the following:

Summary of Plan Participants  
As of July 1, 2022

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Active Employees	4,068
Retirees Receiving Benefits	2,146 *

\* as of 7/1/22 measurement date

The PEBB retiree OPEB plan is available to employees who elect to continue coverage at the time they retire and pay the administratively established premiums under the provisions of the retirement system to which they belong. Retirees' access to the PEBB plan depends on the retirement eligibility of their respective retirement system. PEBB members are covered in the following retirement systems: PERS, TRS and SERS. However, not all employers who participate in these plans offer PEBB to retirees.

**Benefits Provided.** Per RCW 41.05.022, retirees who are not yet eligible for Medicare benefits may continue participation in the state's non-Medicare community-rated health insurance risk pool on a self-pay basis. Retirees in the non-Medicare risk pool receive an implicit subsidy. The implicit subsidy exists because retired members pay a premium based on a claims experience for active employees and other non-Medicare retirees. The subsidy is valued using the difference

between the age-based claims costs and the premium. In calendar year 2023 and 2024, the average weighted implicit subsidy was valued at \$366 per adult unit per month.

Retirees who are enrolled in both Parts A and B of Medicare may participate in the state's Medicare community-rated health insurance risk pool. Medicare retirees receive an explicit subsidy in the form of reduced premiums. Annually, the HCA administrator recommends an amount for the next calendar year's explicit subsidy for inclusion in the Governor's budget. The final amount is approved by the state Legislature. In calendar year 2020 - 2023, the explicit subsidy was up to \$183 per member per month and remained at \$183 in 2024.

**Contribution Information.** Administrative costs as well as implicit and explicit subsidies are funded by required contributions (RCW 41.05.050) from participating employers. The subsidies provide monetary assistance for medical benefits.

Upon retirement, members are permitted to receive medical benefits. Retirees pay monthly rates for pre-65 medical coverage for 2024. Rates can be found on the Washington State Health Care Authority found: <https://www.hca.wa.gov/sebb-benefits-admins/administrative-tools-and-resources/sebb-program-rates#K12schooldistrictscharterschoolsandrepresentedemployeesofESDs>.

Each participating employer in the plan is required to disclose additional information with regard to funding policy, the employer's annual OPEB costs and contributions made, the funded status and funding progress of the employer's individual plan, and actuarial methods and assumptions used.

**Actuarial Assumptions.** The total OPEB liability was determined using the following methodologies:

Actuarial valuation date	7/1/2022
Actuarial measurement date	8/31/2022 & 8/31/2023
Actuarial cost method	Individual entry age
Amortization method	The recognition period for the assumption changes is 10 years. This is equal to the average expected remaining service lives of all active and inactive members.
Asset valuation method	N/A - no assets

In order to calculate the beginning total OPEB liability balance under GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pension Plans, an actuarial valuation was performed with a valuation date of July 1, 2022, was performed. The forward projection reflects the plan's assumed service cost, assumed interest, and expected benefit payments.

Projections of benefits for financial reporting purposes are based on the terms of the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members (active employees and retirees) to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation rate	2.35%
Projected salary changes	3.25%

Mortality rates were based on the RP-2000 Combined Healthy Table and Combined Disabled Table published by the Society of Actuaries. The Office of the State Actuary applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis, meaning members are assumed to receive additional mortality improvements in each future year throughout their lifetime.

Most demographic actuarial assumptions, including mortality and when members are expected to terminate and retire, were based on the results of the 2007-2012 Experience Study Report performed by the Washington State Public Retirement Systems.

**Discount Rate.** Since OPEB benefits are funded on a pay-as-you-go basis, the discount rate used to measure the total OPEB liability was set equal to the 20-year tax-exempt municipal bond yield, or 3.59 percent for the August 31, 2022, measurement date and 3.81 percent for the August 31, 2023, measurement date.

Changes in assumptions resulted from an increase in the 20-year tax-exempt municipal bond yield discount rate resulting in an overall decrease in total OPEB liability for the measurement date of August 31, 2023

Health and Life Insurance trend rates used were as follows:

Year Ending June 30	Pre-65 Retiree Claims and Contributions (1)	Post-65 Retiree Contributions (2)	Post-65 Retiree Claims (3)
2024	5.60%	6.80%	9.50%
2025	5.50%	6.90%	9.10%
2026	5.00%	4.90%	5.20%
2027	4.90%	4.80%	5.10%
2037	4.50%	4.50%	4.60%
2047	4.40%	4.30%	4.40%
2057	4.40%	4.30%	4.30%
2067	4.20%	4.20%	4.20%
2077	3.80%	3.80%	3.80%

(1) Used to project annual increase to total cost of pre-65 medical benefits, and retiree contributions for pre-65 medical benefits.

(2) Used to project annual increase to Total Cost for post-65 medical benefits.

(3) Used to project annual increase to explicit subsidy for post-65 medical benefits.

**Total OPEB Liability.** As of August 31, 2024, the district reported a total OPEB liability of \$143.2 million. The current portion of the total OPEB liability is \$4,868,383.

### Changes in Total OPEB Liability

The following table presents the change in the total OPEB liability as of the August 31, 2024, reporting date:

Changes in total OPEB liability	
OPEB liability, August 31, 2023	\$ 141,749,027
Changes for the year	
Service cost	5,826,749
Interest on total OPEB liability	5,213,411
of plan change	-
of economic/demographic gains or	-
Effect of assumptions changes or inputs	(4,825,393)
Expected benefit payments	(4,752,710)
Net changes in total OPEB liability	1,462,057
OPEB liability, August 31, 2024	143,211,084

**Sensitivity of the Total Liability to Changes in the Discount Rate.** The following presents the total OPEB liability of the district as an employer calculated using the discount rate of 3.81 percent, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.81 percent) or 1 percentage point higher (4.81 percent) than the current rate:

	1% Decrease (2.81%)	Current Discount Rate (3.81%)	1% Increase (4.81%)
Total OPEB liability	\$ 167,144,256	\$ 143,211,084	\$ 123,917,374

**Sensitivity of Total OPEB Liability to Changes in the Health Care Cost Trend Rates.** The following represents the total OPEB liability of the state as an employer, calculated using current health care trend rates, as well as what the total OPEB liability would be if it were calculated using health care trend rates that are 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	\$ 119,999,398	\$ 143,211,084	\$ 173,445,529

**OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB.** For the year ending August 31, 2024, the district recognized OPEB expense of (\$200,078).

On August 31, 2024, the district reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Difference between expected and actual experiences	\$ (16,120,795)	\$ 430,604
Changes in assumptions or other inputs	(81,036,678)	16,997,359
Contributions subsequent to the measurement date	-	4,868,383
TOTAL	\$ (97,157,473)	\$ 22,296,346



Amounts reported as deferred outflows of resources related to OPEB resulting from transactions made subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the subsequent fiscal period rather than in the fiscal period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB for the district will be recognized in OPEB expense in the fiscal years ended August 31 as follows:

Year ended August 31	
2024	\$ (10,968,329)
2025	(8,521,159)
2026	(8,367,568)
2027	(8,560,242)
2028	(11,788,459)
Thereafter	(31,525,753)

The following table represents the aggregate OPEB amounts subject to the requirements of GASB Statement No. 75 for the year 2024:

OPEB Amounts	
OPEB liabilities	\$ 143,211,084
Deferred outflows of resources	22,296,346
Deferred inflows of resources	(97,157,473)
OPEB expense (benefit)	(200,078)

#### 10. LONG-TERM DEBT

Bonds payable on August 31, 2024, consists of eleven issues: General Obligation Refunding Bonds of 2012, General Obligation Bonds of 2012, , General Obligation Bonds of 2014, General Obligation 2015B, General Obligation 2015C, Refunding Bonds of 2017B, General Obligation Bonds of 2017C, General Obligation Bonds of 2019, General Obligation and Refunding Bonds 2021, General Obligation 2022, and General Obligation and Refunding Bonds 2023. Principal and interest is payable on June 1 and December 1.

In June 2012, the board issued \$38,310,000 of general obligation refunding bonds. The proceeds from these bonds were to refund the majority of the outstanding 2005 bond issue. Interest rates on the general obligation bonds are fixed at 2.000% to 5.250% depending on the year of maturity. The bonds will be retired on December 1, 2024. All 2005 bonds have been called and redeemed.

In November 2012, the board issued \$50,000,000 in 20-year property tax-supported general obligation bonds as the sixth installment of funding for the projects authorized by voters in March 2009. The funding will be used for construction of various district projects, including the replacement or renovation of four elementary schools, modernization of one high school, replacement of a middle school gymnasium, high school field improvements, technology, and infrastructure to support technology and various building improvements. Interest rates on the general obligation bonds are fixed at 3.000 to 4.000%, depending on the year of maturity. The bonds will be retired on December 1, 2032.

In December 2014, the board issued \$25,525,000 in 19-year property tax-supported general obligation bonds as the eighth and final installment of funding for the projects authorized by voters in March 2009. The funding will be used for construction of various district projects, including the replacement or renovation of four elementary schools, modernization of one high school, replacement of a middle school gymnasium, high school field improvements, technology, and infrastructure to support technology and various building improvements. Interest rates on the general obligation bonds are fixed at 4.500 to 5.500%, depending on the year of maturity. The bonds will be retired on December 1, 2033.

In December 2015, the board issued \$36,055,000 of general obligation refunding bonds. The proceeds from these bonds were to refund the outstanding 2009 bond issue. Interest rates on the general obligation bonds are fixed at 2.250% to 5.000% depending on the year of maturity. The bonds will be retired on December 1, 2026.

In December 2015, the board issued \$29,000,000 in 19-year property tax-supported general obligation bonds as the second installment of funding for the projects authorized by voters in February 2015. The funding will be used for construction of various district projects, including the replacement or renovation of four elementary schools, replacement of a middle school, replacement of a middle school gymnasium, improvements at two high schools, technology, and infrastructure to support technology and various building improvements. Interest rates on the general obligation bonds are fixed at 4.000%. The bonds will be retired on December 1, 2034.

In November 2017, the board issued \$64,320,000 of general obligation refunding bonds. The proceeds from these bonds were to refund the outstanding 2011 bond issue. Interest rates on the general obligation bonds are fixed at 4.000% to 5.000% depending on the year of maturity. The bonds will be retired on December 1, 2030.

In November 2017, the board issued \$29,320,000 in 18-year property tax-supported general obligation bonds as the fourth installment of funding for the projects authorized by voters in February 2015. The funding will be used for construction of various district projects, including the replacement or renovation of four elementary schools, replacement of a middle school, replacement of a middle school gymnasium, improvements at two high schools, technology, and infrastructure to support technology and various building improvements. Interest rates on the general obligation bonds are fixed at 4.000% to 5.000% depending on the year of maturity. The bonds will be retired on December 1, 2035.

In February 2019, the board issued \$127,910,000 in 18-year property tax-supported general obligation bonds as the fifth installment of funding for the projects authorized by voters in February 2015 and first installment of funding for the projects authorized by voters in November 2018. The 2015 authorization funding will be used for construction of various district projects, including the replacement or renovation of four elementary schools, replacement of a middle school, replacement of a middle school gymnasium, improvements at two high schools, technology, and infrastructure to support technology and various building improvements. The 2018 authorization funding will be used for construction of three new middle schools, renovation, or replacement of three middle schools, On-Track Academy and Albi Stadium, construction of a commons for Lewis and Clark high school renovations at Libby Center, technology, and infrastructure to support technology and various building improvements. Interest rates on the general obligation bonds are fixed at 5.000%. The bonds will be retired on December 1, 2036.

On April 8, 2021, the board issued \$172,775,000 in 19-year property tax supported general obligation bonds as the second installment of funding for the projects authorized by voters in November 2020. The 2018 authorization funding will be used for construction of three new middle schools, renovation, or replacement of three middle schools, On-Track Academy and Albi Stadium, construction of a commons for Lewis and Clark high school renovations at Libby Center, technology, and infrastructure to support technology and various building improvements. Interest rates on the general obligation bonds are fixed at 5.000% to 5.25% depending on the year of maturity. The bonds will be retired on December 1, 2040.

On April 8, 2021, the board issued \$58,010,000 in 18-year property tax supported general obligation bonds as the third installment of funding for the projects authorized by voters in November 2020. The 2018 authorization funding will be used for construction of three new middle schools, renovation, or replacement of three middle schools, On-Track Academy and Albi Stadium, construction of a commons for Lewis and Clark high school renovations at Libby Center, technology, and infrastructure to support technology and various building improvements. The proceeds from these bonds were to refund the outstanding 2010B and 2010C bond issues. Interest rates on the general obligation bonds are fixed at 4.000% to 5.000% depending on the year of maturity. The bonds will be retired on December 1, 2029.

On December 8, 2022, the board issued \$91,150,000 in 18-year property tax supported general obligation bonds as the fourth installment of funding for the projects authorized by voters in November 2020. The 2018 authorization funding will be used for construction of three new middle schools, renovation, or replacement of three middle schools, On-Track Academy and Albi Stadium, construction of a commons for Lewis and Clark high school renovations at Libby Center, technology, and infrastructure to support technology and various building improvements. Interest rates on the general obligation bonds are fixed at 5.000%. The bonds will be retired on December 1, 2038.

On October 17, 2023, the board issued \$49,500,000, in 10-year property tax supported general obligation bonds as the fifth installment of funding for the projects authorized by voters in November 2020. The 2018 authorization funding will be used for construction of three new middle schools, renovation, or replacement of three middle schools, On-Track Academy and Albi Stadium, construction of a commons for Lewis and Clark high school renovations at Libby Center, technology, and infrastructure to support technology and various building improvements. Interest rates on the general obligation bonds are fixed at 4.000% to 5.000%. The bonds will be retired on December 1, 2034.

On October 17, 2023, the board issued \$20,500,000 of general obligation refunding bonds. The proceeds from these bonds were to refund the outstanding 2013 bond issue. Interest rates on the general obligation bonds are fixed at 4.000% to 5.000% depending on the year of maturity. The bonds will be retired on December 1, 2034.

The following is a summary of general obligation long-term debt transactions of the district for the year ended August 31, 2024:

	Balance 8/31/2023	Additions	Reductions	Balance 8/31/2024
Serial Bonds Payable	\$ 598,840,000	\$ 65,170,000	\$ 55,690,000	\$ 608,320,000
Vacation Leave Payable	5,044,000	1,628,264	1,570,264	5,102,000
Sick Leave Payable	4,776,000	1,338,144	1,141,144	4,973,000
Workers Compensation	3,194,278	-	294,725	2,899,553
Lease Payable	822,370	-	186,758	635,611
Subscription Payable	28,632,765	4,835,757	7,020,085	26,448,436
Total OPEB Liability	141,749,027	11,040,160	9,578,103	143,211,084
Net Pension Liability	46,643,311	9,509,523	13,313,792	42,839,042
Subtotal	829,701,751	93,521,848	88,794,871	834,428,726
Unamortized Premium	68,861,031	4,170,637	6,794,707	66,236,961
Unamortized Discount	(174,744)	-	(23,463)	(151,281)
Net Long -Term Debt	\$ 898,388,039	\$ 97,692,485	\$ 95,566,115	\$ 900,514,406

Debt service requirements for bonds are funded out of the Debt Service Fund with the revenue sources being property taxes and investment income. On August 31, 2024, the district had \$17,406,926 available in the Debt Service Fund to service the general obligation bonds. Workers' compensation, Net OPEB Obligation and Net Pension Obligation debt service requirements are funded out of the General Fund.

Annual Requirements to Amortize Bond and Interest Debt as of August 31, 2024:

Year Ending August 31	Principal	Interest	Total
2025	23,790,000	26,185,600	49,975,600
2026	18,280,000	25,133,850	43,413,850
2027	21,160,000	24,231,275	45,391,275
2028	24,710,000	23,209,625	47,919,625
2029	29,745,000	21,948,900	51,693,900
2030-2034	180,735,000	87,374,875	268,109,875
2035-2039	243,115,000	42,223,800	285,338,800
2040-2041	66,785,000	2,718,100	69,503,100
Total	\$ 608,320,000	\$ 253,026,025	\$ 861,346,025

### Bonds Authorized but Unissued

There are \$45,300,000 of bonds that are authorized but unissued bonds as of August 31, 2024.

### Bond Premium and Discount

The premium on bonds is amortized over the life of the bonds using the straight-line method. The unamortized premium as of August 31, 2024, is as follows:

Bond Series	Premium	Unamortized Premium
2023 Unlimited General Obligation Bonds	\$ 852,610	\$ 781,559
2023 Unlimited General Obligation Bonds Refunding Bond	3,318,027	3,041,525
2022 Unlimited General Obligation Bonds	9,229,381	8,332,080
2021 Unlimited General Obligation Bonds	28,089,379	22,757,599
2021B Unlimited General Obligation Refunding Bonds	1,339,856	1,085,532
2021C Unlimited General Obligation Refunding Bonds	6,856,924	5,555,378
2019 Unlimited General Obligation Bonds	18,572,975	12,639,941
2017B Unlimited General Obligation Refunding Bonds	12,445,475	5,983,401
2017C Unlimited General Obligation Bonds	3,324,442	2,077,777
2015B Unlimited General Obligation Refunding Bonds	6,807,095	1,392,360
2015C Unlimited General Obligation Bonds	1,847,322	996,582
2014 Unlimited General Obligation Bonds	2,251,989	1,096,363
2013 Unlimited General Obligation Bonds	520,257	-
2012 Unlimited General Obligation Bonds	831,670	343,064
2012 Unlimited General Obligation Refunding Bonds	7,690,009	153,800
Total	<u>\$ 103,977,411</u>	<u>\$ 66,236,961</u>

The discount on bonds is amortized over the life of the bonds using the straight-line method. The unamortized discount as of August 31, 2024, is as follows:

Bond Series	Discount	Unamortized Discount
2019 Unlimited General Obligation Bonds	117,374	79,880
2013 Unlimited General Obligation Bonds	123,195	54,033
2011 Unlimited General Obligation Bonds	46,080	15,360
2005 Unlimited General Obligation Bonds	157,315	2,008
Total	<u>\$ 443,964</u>	<u>\$ 151,281</u>

The deferred outflows on refunding bonds are amortized over the life of the bonds using the straight-line method. The unamortized deferred outflows as of August 31, 2024, are as follows:

Bond Series	Deferred Outflows	Unamortized Deferred Outflows
2017B Unlimited General Obligation Refunding Bonds	\$ 5,025,937	\$ 2,416,316
2015B Unlimited General Obligation Refunding Bonds	2,796,364	571,984
Total	<u>\$ 7,822,301</u>	<u>\$ 2,988,300</u>

The deferred inflows on refunding bonds are amortized over the life of the bonds using the straight-line method. The unamortized deferred inflows as of August 31, 2024, are as follows:

Bond Series	Deferred Inflows	Unamortized Deferred Inflows
2021B Unlimited General Obligation Refunding Bonds	\$ 2,017,633	\$ 1,176,952
2021C Unlimited General Obligation Refunding Bonds	321,752	256,636
Total	<u>\$ 2,339,385</u>	<u>\$ 1,433,588</u>

#### Prior and Current-Year Defeasance of Debt

In prior and current years, the district defeased certain general obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the district's financial statements. On August 31, 2024, \$0 of bonds outstanding were considered defeased.

#### Debt Covenants

The district is in compliance with all debt covenants.

#### Arbitrage Rebate

The district has provided for no arbitrage liability related to the outstanding bond issues. Arbitrage will be monitored at the calculation period prescribed by the Internal Revenue Service.

#### Short-Term Debt

The district has no short-term debt.

### 11. RISK MANAGEMENT

#### Unemployment Insurance

The district has elected to maintain a self-insurance program for unemployment benefits in accordance with RCW 51.14.020. Actual employee benefits are paid by the Washington State Department of Employment Security and then reimbursed by the district.

The following is a summary of activity for the fiscal year:

	2024	2023	2022	2021
Beginning Balance	\$ 1,257,203	\$ 1,229,441	\$ 1,235,700	\$ 1,494,533
Amount Added to Reserve	98,070	97,796	98,338	84,637
	1,355,273	1,327,237	1,334,038	1,579,170
Amount Deducted from Reserve	(138,645)	(70,034)	(104,597)	(343,470)
Ending Balance	\$ 1,216,628	\$ 1,257,203	\$ 1,229,441	\$ 1,235,700

#### Workers Compensation

The district has been self-insured since January 1, 1982. The district has historically purchased both per occurrence and aggregate stop-loss reinsurance protection. The district has a \$425,000 per occurrence self-insured retention.

The workers compensation claims management has been assigned to Sedgwick CMS. The following is a summary of activity for the fiscal year:

	2024	2023	2022	2021
Beginning Balance	\$ 2,922,435	\$ 2,374,279	\$ 1,536,403	\$ 1,078,572
Amount Added to Reserve	2,395,872	3,195,926	3,448,691	3,039,593
	5,318,307	5,570,205	4,985,094	4,118,165
Amount Deducted from Reserve	(3,125,228)	(2,647,770)	(2,610,815)	(2,581,762)
Ending Balance	\$ 2,193,079	\$ 2,922,435	\$ 2,374,279	\$ 1,536,403

In addition to the above balances, a restriction of fund balance in the amount of \$1,320,000 has been established in the General Fund to cover any loss for which an estimated liability has not been established or insurance coverage has not been secured. In the governmentwide financial statements, an estimated liability, including case reserves and incurred but not reported of \$2,899,553 and \$3,194,278 as of August 31, 2024, and 2023 respectively is reported as a long-term liability. The estimate of ultimate loss, including incurred but not reported, loss development estimates and assessments, is calculated in an actuarial study prepared by a public accounting firm based on data from the preceding fiscal years.

#### Risk Management Pool

The district is a member of the Washington Schools Risk Management Pool (Pool). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The Pool was formed in 1986 when educational service districts and school districts in the state of Washington joined together by signing the Cooperative Risk Management Pool Account Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. Over 90 schools and educational service districts participate in the Pool.

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

Members make an annual contribution to fund the Pool. The Pool acquires reinsurance and excess insurance from unrelated carriers subject to a per-occurrence self-insured retention of \$1 million for property risk and \$1.5 million for liability risk shared by the Pool. Reinsurance or Excess carriers cover losses over the self-insured retention to the maximum limits of each policy. Members are responsible for varied deductibles for both liability and property claims. Since the Pool is a cooperative program, there is a joint liability among the participating members.

Members contract to remain in the Pool for a minimum of three years and must give notice three years before terminating participation. The Cooperative Risk Management Pool Account Agreement is renewed automatically each year after the initial three-year period. Even after termination, a member is still responsible for their share of contributions to the Pool for any unresolved, unreported, and in process claims for the period they were a signatory to the Cooperative Risk Management Pool Account Agreement.

The Pool is fully funded by its member participants. The district paid \$2,685,893 to the Pool for the fiscal year ended August 31, 2024. Settled claims resulting from this risk have not exceeded insurance coverage in any of the past three fiscal years.

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

## 12. FUND BALANCE (GOVERNMENTAL FUNDS)

Fund balance as of August 31, 2024, is comprised of:

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund
Non-spendable inventory and prepaids	\$ 12,767,267	\$ -	\$ -	\$ -
Restricted - debt service	7,300,000	-	17,406,926	100,000
Restricted - self insurance	1,320,000	-	-	-
Restricted - state match	-	-	-	19,238,199
Restricted - bond proceeds	-	-	-	27,444,817
Restricted - Food Services carryover	3,761,310	-	-	-
Restricted - other (Skill Center)	2,078,978	-	-	-
Restricted - Associated Student Body	-	2,426,110	-	-
Restricted Fund Balance	14,460,288	2,426,110	17,406,926	46,783,016
Assigned - capital projects	940,000	-	-	19,467,028
Assigned - child care	656,447	-	-	-
Assigned - other	195,766	-	-	-
Assigned Fund Balance	1,792,213	-	-	19,467,028
Unassigned Fund Balance	14,226,306	-	-	-
Unassigned Minimum Fund Balance	26,580,602	-	-	-
Total Fund Balance	\$ 69,826,676	\$ 2,426,110	\$ 17,406,926	\$ 66,250,044

## 13. ENCUMBRANCES

Encumbrances represent contracts (including construction contracts), purchase orders, and other commitments to purchase which were fully liquidated and re-established for the remaining commitment balances in the next year. As of August 31, 2024, encumbrances of \$16,540,972, \$144,194,868, and \$100,357 were outstanding for the General Fund, Capital Projects Fund, and ASB Fund, respectively.



14. TAX ABATEMENTS

District property tax revenues were reduced by \$1,546,601 from multi-family housing property tax exemption agreements entered into by the City of Spokane. This represents the only tax abatement applicable to the district, therefore the use of a quantitative threshold to determine which tax abatements to report is not required.

15. JOINT VENTURE

The district is the host district for the NEWTECH Skill Center, a regional program designed to provide career and technical education opportunities to students in participating districts. The purpose of a Skill Center is to enhance the career and technical education course offerings among districts by avoiding unnecessary duplication of courses.

The NEWTECH Skill Center was created through an agreement of the eleven member districts. The Skill Center is governed by an Administrative Council, comprised of the superintendents, or their appointed representatives, of each member district. The Skill Center administration is managed through a director, employed by the district.

As host district, the district has the following responsibilities:

1. Employ staff of the Skill Center.
2. Act as fiscal agent for the Skill Center and maintain separate accounts and fund balances for each fund.
3. Review and adopt the Skill Center budget as a part of the district's overall budget.
4. Provide such services as may be mutually agreed upon by the district and the Skill Center.

Sources of Funding

The Skill Center is primarily funded by state apportionment, based on the number of students who attend the Skill Center. Other sources of income include federal grants from the Carl D. Perkins program, tuition and fees, and payments from member districts.

Financial Operations

Financial operations are included in these financial statements in the amount of revenues totaling \$5,430,787 and expenditures totaling \$5,532,314. Comparable revenues and expenditures totaled \$4,867,133 and expenditures totaling \$5,034,116, respectively, during the preceding year.

Unspent Funds

Any funds remaining at the end of the year from NEWTECH operations are recorded as a restriction of the district's General Fund balance and are to be used for financing future operations of NEWTECH. Member districts do not have claim to any unspent funds of NEWTECH.

The following districts are member districts of the Skill Center: Spokane School District, Mead School District, Freeman School District, East Valley School District, Cheney School District, West Valley School District, Deer Park School District, Central Valley School District, Riverside School District, Nine Mile School District and Medical Lake School District.

The Newport School District, Davenport School District and Colville School District operate satellite campuses of the NEWTECH Skill Center. A satellite campus is not eligible to claim those students who attend for purposes of receiving direct funding from the state. The Newport School District, Davenport School District and Colville School District are required to provide the staffing for the satellite campus programs. As the fiscal agent for the Skill Center, Spokane Public School district reimburses the satellite district for their costs through the interlocal agreement.

16. CONTINGENT LIABILITIES

Spokane Public Schools participates in a number of federally assisted grant programs principally funded by the Department of Education, the Bureau of Indian Affairs, the Comprehensive Employment Training Act, and others. These programs are subject to program compliance audits by the grantors or their representatives. The audits of some of these programs for, or including, the year ended August 31, 2024, either have not yet been conducted or are still pending final action and acceptance by the grantors. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. Spokane Public Schools expects such amounts, if any, to be immaterial. The district is not aware of any material violations of contractual provisions or other finance-related provisions.



## 17. SUBSEQUENT EVENT

### COVID-19

Much of the initial fiscal uncertainty related to the COVID-19 pandemic was mitigated by federal relief funding from the Elementary and Secondary School Emergency Relief Fund (“ESSER”). Three federal allocations for pandemic relief have been approved at the federal level. The Coronavirus Aid, Relief, and Economic Security (CARES) Act (“ESSER I”) funds were allocated in summer 2020 with funds expended through fiscal year 2023-24. The Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (“ESSER II”) and the American Rescue Plan Act (“ESSER III”) funds became available in fiscal year 2020-21 and OSPI developed an application and claiming process for ESSER II and ESSER III funds. The estimated amount of ESSER funding across all three ESSER packages for the District was \$124 million. As of August 31, 2024, the District has expended all federal ESSER funding in accordance with ESSER funding requirements. District planning regarding discontinuation of federal ESSER funding is incorporated into the four-year budget forecast.

### Bond Sale

On December 10, 2024, the district held a competitive bond sale and accepted bids for the \$20,500,000 of bonds authorized by voters in 2018. Bond delivery and funding is scheduled for October 17, 2023. The bonds have an interest cost of 5%. The district has \$25,300,000 authorized but unissued bonds.

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SPOKANE PUBLIC SCHOOLS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED AUGUST 31, 2024**

	BUDGETED AMOUNTS		ACTUAL AMOUNT	FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Local	\$ 88,864,248	\$ 91,354,958	\$ 92,539,301	\$ 1,184,343
State	387,518,524	390,728,881	389,277,309	(1,451,572)
Federal	46,410,584	46,424,874	47,459,191	1,034,317
Federal Stimulus	31,702,789	31,702,789	31,522,656	(180,133)
Other	1,997,996	2,282,639	1,595,777	(686,862)
TOTAL REVENUES	556,494,141	562,494,141	562,394,234	(99,907)
EXPENDITURES				
CURRENT				
Regular Instruction	272,443,574	272,893,256	275,670,088	(2,776,832)
Federal Stimulus	28,251,209	28,904,904	28,955,189	(50,285)
Special Instruction	76,510,590	76,285,730	73,928,936	2,356,794
Vocational Instruction	14,708,976	14,815,597	14,244,739	570,858
Skills Center	4,377,860	3,814,462	4,825,909	(1,011,447)
Compensatory Education	46,340,147	47,491,102	45,515,473	1,975,629
Other Instructional Programs	5,330,461	4,179,366	3,762,730	416,636
Community Services	19,975,563	20,024,025	16,969,813	3,054,212
Support Services	92,443,256	90,158,262	89,244,542	913,720
CAPITAL OUTLAY				
Other	6,743,912	6,743,912	6,943,136	(199,224)
DEBT SERVICE				
Principal	-	6,607,679	6,802,493	(194,814)
Interest	-	587,419	593,239	(5,820)
TOTAL EXPENDITURES	567,125,548	572,505,714	567,456,287	5,049,427
Excess of Revenues Over/ (Under) Expenditures	(10,631,407)	(10,011,573)	(5,062,053)	4,949,520
OTHER FINANCING SOURCES/(USES)				
Sale of Equipment	35,000	35,000	64,453	29,453
Long-Term Financing	5,000,000	5,000,000	4,372,887	(627,113)
Total Other Financing Sources/(Uses)	5,035,000	5,035,000	4,437,340	(597,660)
Excess of Revenues & Other Financing Sources Over/(Under) Expenditures & Other Uses	(5,596,407)	(4,976,573)	(624,713)	4,351,860
FUND BALANCE - September 1	68,960,009	68,960,009	70,451,389	1,491,380
FUND BALANCE - August 31	\$ 63,363,602	\$ 63,983,436	\$ 69,826,676	\$ 5,843,240

The basis of budgeting is the same as GAAP.

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SPOKANE PUBLIC SCHOOLS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**SPECIAL REVENUE FUND (ASSOCIATED STUDENT BODY FUND)**  
**FOR THE YEAR ENDED AUGUST 31, 2024**

	BUDGETED AMOUNTS		ACTUAL AMOUNT	FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
General	\$ 817,000	\$ 817,000	\$ 834,894	\$ 17,894
Athletics	817,000	817,000	774,699	(42,301)
Classes	620,000	620,000	581,318	(38,682)
Clubs	247,000	247,000	206,250	(40,750)
<b>Total Revenues</b>	<b>2,501,000</b>	<b>2,501,000</b>	<b>2,397,161</b>	<b>(103,839)</b>
<b>EXPENDITURES</b>				
General	628,000	729,000	649,756	79,244
Athletics	1,022,000	945,000	540,160	404,840
Classes	687,000	676,000	539,968	136,032
Clubs	259,000	246,000	189,012	56,988
<b>Total Expenditures</b>	<b>2,596,000</b>	<b>2,596,000</b>	<b>1,918,896</b>	<b>677,104</b>
<b>Excess of Revenues Over/ (Under) Expenditures</b>	<b>(95,000)</b>	<b>(95,000)</b>	<b>478,265</b>	<b>573,265</b>
<b>FUND BALANCE - September 1</b>	<b>1,881,000</b>	<b>1,881,000</b>	<b>1,947,845</b>	<b>66,845</b>
<b>FUND BALANCE - August 31</b>	<b>\$ 1,786,000</b>	<b>\$ 1,786,000</b>	<b>\$ 2,426,110</b>	<b>\$ 640,110</b>

The basis of budgeting is the same as GAAP.

REQUIRED SUPPLEMENTARY INFORMATION  
SPOKANE PUBLIC SCHOOLS  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
FOR THE YEAR ENDED JUNE 30, 2024

Schedule A-3

	2024	2023	2022	2021	2020
<b>PERS 1</b>					
District's Proportion of the Net Pension Liability	0.409518%	0.403616%	0.402214%	0.399880%	0.408400%
District's Proportionate Share of the Net Pension Liability	\$ 7,276,474	\$ 9,213,461	\$ 11,199,124	\$ 4,883,474	\$ 14,418,712
District's covered Payroll	\$ 78,359,384	\$ 71,510,251	\$ 62,788,767	\$ 60,842,597	\$ 60,686,517
District's Proportional Share of the Net Pension Liability (Amount) as a Percentage of its Covered Payroll	9.29%	12.88%	17.84%	8.03%	23.76%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.05%	80.16%	76.56%	88.74%	68.64%
<b>SERS 2/3</b>					
District's Proportion of the Net Pension Liability	2.333639%	2.270080%	2.190507%	2.370747%	2.301333%
District's Proportionate Share of the Net Pension Liability	\$ (789,633)	\$ (3,249,483)	\$ (5,884,798)	\$ (25,454,642)	\$ 12,242,263
District's covered Payroll	\$ 78,205,869	\$ 71,333,645	\$ 62,533,346	\$ 60,505,809	\$ 60,298,003
District's Proportional Share of the Net Pension Liability (Amount) as a Percentage of its Covered Payroll	-1.01%	-4.56%	-9.41%	-42.07%	20.30%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.33%	101.54%	103.17%	114.15%	92.45%
<b>TRS 1</b>					
District's Proportion of the Net Pension Liability	2.674432%	2.955337%	2.878117%	2.799950%	2.826708%
District's Proportionate Share of the Net Pension Liability	\$ 29,667,399	\$ 37,429,850	\$ 54,736,896	\$ 18,852,008	\$ 68,089,355
District's covered Payroll	\$ 259,618,224	\$ 247,871,554	\$ 231,226,501	\$ 207,810,008	\$ 204,322,930
District's Proportional Share of the Net Pension Liability (Amount) as a Percentage of its Covered Payroll	11.43%	15.10%	23.67%	9.07%	33.32%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.53%	85.09%	78.24%	91.42%	70.55%
<b>TRS 2/3</b>					
District's Proportion of the Net Pension Liability	2.941848%	2.942926%	2.908852%	2.787442%	2.825572%
District's Proportionate Share of the Net Pension Liability	\$ 5,895,169	\$ (3,614,354)	\$ (5,724,213)	\$ (76,621,408)	\$ 43,400,243
District's covered Payroll	\$ 259,080,667	\$ 247,373,883	\$ 230,704,278	\$ 206,989,336	\$ 203,149,643
District's Proportional Share of the Net Pension Liability (Amount) as a Percentage of its Covered Payroll	2.28%	-1.46%	-2.48%	-37.02%	21.36%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	99.27%	100.49%	100.86%	120.29%	91.72%

GASB 68 was implemented for the fiscal year ended August 31, 2015.  
No information prior to August 31, 2015 is available.

Source: Spokane School District No. 81

REQUIRED SUPPLEMENTARY INFORMATION  
SPOKANE PUBLIC SCHOOLS  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
(CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2024

Schedule A-3

	2019	2018	2017	2016	2015
<b>PERS 1</b>					
District's Proportion of the Net Pension Liability	0.451779%	0.428955%	0.431661%	0.414966%	0.406944%
District's Proportionate Share of the Net Pension Liability	\$ 17,372,492	\$ 19,157,278	\$ 20,482,642	\$ 22,285,631	\$ 21,286,953
District's covered Payroll	\$ 62,570,580	\$ 56,450,044	\$ 53,153,529	\$ 49,020,243	\$ 45,172,709
District's Proportional Share of the Net Pension Liability (Amount) as a Percentage of its Covered Payroll	27.76%	33.94%	38.53%	45.46%	47.12%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67.12%	63.22%	61.24%	57.03%	59.10%
<b>SERS 2/3</b>					
District's Proportion of the Net Pension Liability	2.562688%	2.548529%	2.553870%	2.584312%	2.548690%
District's Proportionate Share of the Net Pension Liability	\$ 6,009,452	\$ 7,621,683	\$ 12,602,710	\$ 16,972,910	\$ 10,351,531
District's covered Payroll	\$ 62,034,312	\$ 55,744,619	\$ 52,173,367	\$ 47,798,022	\$ 43,849,012
District's Proportional Share of the Net Pension Liability (Amount) as a Percentage of its Covered Payroll	9.69%	13.67%	24.16%	35.51%	23.61%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	96.31%	94.77%	90.79%	86.52%	90.92%
<b>TRS 1</b>					
District's Proportion of the Net Pension Liability	3.091993%	3.130566%	3.125426%	3.109003%	3.079276%
District's Proportionate Share of the Net Pension Liability	\$ 76,551,647	\$ 91,431,067	\$ 94,489,992	\$ 106,148,740	\$ 97,555,829
District's covered Payroll	\$ 207,240,362	\$ 183,893,961	\$ 173,810,804	\$ 156,727,763	\$ 148,851,192
District's Proportional Share of the Net Pension Liability (Amount) as a Percentage of its Covered Payroll	36.94%	49.72%	54.36%	67.73%	65.54%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.37%	66.52%	65.58%	62.07%	65.70%
<b>TRS 2/3</b>					
District's Proportion of the Net Pension Liability	3.086892%	3.143578%	3.139666%	3.107343%	3.126996%
District's Proportionate Share of the Net Pension Liability	\$ 18,599,574	\$ 14,149,685	\$ 28,977,331	\$ 42,673,051	\$ 26,385,651
District's covered Payroll	\$ 206,084,725	\$ 182,725,358	\$ 172,174,438	\$ 154,671,074	\$ 146,231,733
District's Proportional Share of the Net Pension Liability (Amount) as a Percentage of its Covered Payroll	9.03%	7.74%	16.83%	27.59%	18.04%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	96.36%	96.88%	93.14%	88.72%	92.48%

GASB 68 was implemented for the fiscal year ended August 31, 2015.  
No information prior to August 31, 2015 is available.

Source: Spokane School District No. 81

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
FOR THE YEAR ENDED AUGUST 31, 2024

Schedule A-4

	2024	2023	2022	2021	2020
<b>PERS 1</b>					
Contractually Required Plan Member Contribution	\$ 2,451,464	\$ 2,750,369	\$ 2,465,021	\$ 2,978,655	\$ 2,894,704
Contributions in Relation to the Contractually Required Plan Member Contributions	\$ 2,451,464	\$ 2,750,369	\$ 2,465,021	\$ 2,978,655	\$ 2,894,704
Contribution Deficiency (Excess)	-	-	-	-	-
District's covered Payroll	\$ 79,203,922	\$ 72,807,340	\$ 63,686,523	\$ 60,982,258	\$ 60,130,984
Contribution as a Percentage of covered Payroll	3.10%	3.78%	3.87%	4.88%	4.81%
<b>SERS 2/3</b>					
Contractually Required Plan Member Contribution	\$ 6,068,734	\$ 5,536,299	\$ 4,902,732	\$ 4,991,627	\$ 5,039,188
Contributions in Relation to the Contractually Required Plan Member Contributions	\$ 6,068,734	\$ 5,536,299	\$ 4,902,732	\$ 4,991,627	\$ 5,039,188
Contribution Deficiency (Excess)	-	-	-	-	-
District's covered Payroll	\$ 79,050,980	\$ 72,635,173	\$ 63,454,700	\$ 60,649,618	\$ 59,775,745
Contribution as a Percentage of covered Payroll	7.68%	7.62%	7.73%	8.23%	8.43%
<b>TRS 1</b>					
Contractually Required Plan Member Contribution	\$ 5,962,267	\$ 15,950,606	\$ 14,769,027	\$ 15,389,044	\$ 14,632,615
Contributions in Relation to the Contractually Required Plan Member Contributions	\$ 5,962,267	\$ 15,950,606	\$ 14,769,027	\$ 15,389,044	\$ 14,632,615
Contribution Deficiency (Excess)	-	-	-	-	-
District's covered Payroll	\$ 260,372,983	\$ 250,567,171	\$ 235,500,667	\$ 208,570,681	\$ 202,399,132
Contribution as a Percentage of covered Payroll	2.29%	6.37%	6.27%	7.38%	7.23%
<b>TRS 2/3</b>					
Contractually Required Plan Member Contribution	\$ 20,878,016	\$ 19,913,808	\$ 18,605,482	\$ 16,868,618	\$ 16,756,114
Contributions in Relation to the Contractually Required Plan Member Contributions	\$ 20,878,016	\$ 19,913,808	\$ 18,605,482	\$ 16,868,618	\$ 16,756,114
Contribution Deficiency (Excess)	-	-	-	-	-
District's covered Payroll	\$ 259,829,052	\$ 250,064,882	\$ 235,021,452	\$ 207,827,742	\$ 201,266,840
Contribution as a Percentage of covered Payroll	8.04%	7.96%	7.92%	8.12%	8.33%

GASB 68 was implemented for the fiscal year ended August 31, 2015.  
No information prior to August 31, 2015 is available.

Source: Spokane School District No. 81

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS**  
**(CONTINUED)**  
**FOR THE YEAR ENDED AUGUST 31, 2024**

Schedule A-4

	2019	2018	2017	2016	2015
<b>PERS 1</b>					
Contractually Required Plan Member Contribution	\$ 3,290,101	\$ 2,922,803	\$ 2,623,767	\$ 2,441,677	\$ 1,885,446
Contributions in Relation to the Contractually Required Plan Member Contributions	\$ 3,290,101	\$ 2,922,803	\$ 2,623,767	\$ 2,441,677	\$ 1,885,446
Contribution Deficiency (Excess)	-	-	-	-	-
District's covered Payroll	\$ 63,360,078	\$ 57,143,312	\$ 53,711,895	\$ 49,722,544	\$ 45,477,041
Contribution as a Percentage of covered Payroll	5.19%	5.11%	4.88%	4.91%	4.15%
<b>SERS 2/3</b>					
Contractually Required Plan Member Contribution	\$ 5,307,830	\$ 4,758,685	\$ 3,594,208	\$ 3,298,601	\$ 2,495,908
Contributions in Relation to the Contractually Required Plan Member Contributions	\$ 5,307,830	\$ 4,758,685	\$ 3,594,208	\$ 3,298,601	\$ 2,495,908
Contribution Deficiency (Excess)	-	-	-	-	-
District's covered Payroll	\$ 62,823,450	\$ 56,477,297	\$ 52,773,146	\$ 48,543,495	\$ 44,182,858
Contribution as a Percentage of covered Payroll	8.45%	8.43%	6.81%	6.80%	5.65%
<b>TRS 1</b>					
Contractually Required Plan Member Contribution	\$ 15,707,994	\$ 13,436,521	\$ 10,911,733	\$ 10,169,734	\$ 6,916,266
Contributions in Relation to the Contractually Required Plan Member Contributions	\$ 15,707,994	\$ 13,436,521	\$ 10,911,733	\$ 10,169,734	\$ 6,916,266
Contribution Deficiency (Excess)	-	-	-	-	-
District's covered Payroll	\$ 211,116,666	\$ 185,986,718	\$ 173,487,560	\$ 161,738,988	\$ 150,050,481
Contribution as a Percentage of covered Payroll	7.44%	7.22%	6.29%	6.29%	4.61%
<b>TRS 2/3</b>					
Contractually Required Plan Member Contribution	\$ 16,816,596	\$ 14,780,245	\$ 11,864,297	\$ 10,992,261	\$ 8,407,193
Contributions in Relation to the Contractually Required Plan Member Contributions	\$ 16,816,596	\$ 14,780,245	\$ 11,864,297	\$ 10,992,261	\$ 8,407,193
Contribution Deficiency (Excess)	-	-	-	-	-
District's covered Payroll	\$ 209,951,599	\$ 184,867,357	\$ 171,970,598	\$ 159,705,481	\$ 147,552,979
Contribution as a Percentage of covered Payroll	8.01%	8.00%	6.90%	6.88%	5.70%

GASB 68 was implemented for the fiscal year ended August 31, 2015.  
No information prior to August 31, 2015 is available.

*Source: Spokane School District No. 81*

REQUIRED SUPPLEMENTARY INFORMATION  
SPOKANE PUBLIC SCHOOLS  
SCHEDULE OF CHANGES IN TOTAL OPEB (OTHER POST-EMPLOYMENT BENEFITS) LIABILITY  
AND RELATED RATIOS  
FOR THE YEAR ENDED AUGUST 31, 2024

Schedule A-5

	2024	2023	2022	2021
<b>TOTAL OPEB LIABILITY</b>				
Service Cost	\$ 5,826,749	\$ 11,655,277	\$ 11,057,600	\$ 11,509,697
Interest on Total OPEB Liability	5,213,411	5,062,428	4,891,681	6,722,732
Changes of benefit terms	-	-	-	-
Effect of Economic/Demographic Gains (Losses)	-	(14,139,475)	-	(8,371,600)
Effect of Assumption Changes or Inputs	(4,825,393)	(83,287,920)	2,443,029	(8,765,325)
Expected Benefit Payments	(4,752,710)	(4,870,292)	(4,684,151)	(4,605,431)
Net Change in Total OPEB Liability	1,462,057	(85,579,982)	13,708,159	(3,509,927)
Total OPEB Liability, Beginning	141,749,027	227,329,009	213,620,850	217,130,777
Total OPEB Liability, Ending	\$ 143,211,084	\$ 141,749,027	\$ 227,329,009	\$ 213,620,850
Covered Employee Payroll	\$ 338,705,773	\$ 311,045,634	\$ 279,614,101	\$ 273,216,440
Total OPEB Liability as a Percent of Covered Employee Payroll	42.28%	45.57%	81.30%	78.19%

Data is reported utilizing the most recent information available  
(measurement date of August 31, 2022)  
Assets have not been accumulated in a trust to pay related benefits.

Source: Spokane School District No. 81



REQUIRED SUPPLEMENTARY INFORMATION  
SPOKANE PUBLIC SCHOOLS  
SCHEDULE OF CHANGES IN TOTAL OPEB (OTHER POST-EMPLOYMENT BENEFITS) LIABILITY  
AND RELATED RATIOS (CONTINUED)  
FOR THE YEAR ENDED AUGUST 31, 2024

Schedule A-5

	2020	2019	2018
<b>TOTAL OPEB LIABILITY</b>			
Service Cost	\$ 8,229,802	\$ 7,894,426	\$ 9,303,248
Interest on Total OPEB Liability	6,997,330	6,076,259	5,255,474
Changes of benefit terms	-	-	-
Effect of Economic/Demographic Gains (Losses)	-	1,353,332	-
Effect of Assumption Changes or Inputs	35,510,361	(8,111,453)	(21,480,724)
Expected Benefit Payments	(4,125,324)	(3,791,970)	(3,433,307)
Net Change in Total OPEB Liability	46,612,169	3,420,594	(10,355,309)
Total OPEB Liability, Beginning	170,518,606	167,098,012	177,453,321
Total OPEB Liability, Ending	\$ 217,130,775	\$ 170,518,606	\$ 167,098,012
Covered Employee Payroll	\$ 274,489,541	\$ 243,094,707	\$ 227,199,455
Total OPEB Liability as a Percent of Covered Employee Payroll	79.10%	70.14%	73.55%

Data is reported utilizing the most recent information available  
(measurement date of August 31, 2022)  
Assets have not been accumulated in a trust to pay related benefits.

Source: Spokane School District No. 81

**Spokane School District No. 81**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended August 31, 2024**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
<b>Child Nutrition Cluster</b>								
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via OSPI)	School Breakfast Program	10.553	10.553, 619804	4,081,818	-	4,081,818	-	
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via OSPI)	National School Lunch Program	10.555	10.555, 6198	10,102,208	-	10,102,208	-	
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via OSPI)	National School Lunch Program	10.555	10.555, 619811	842,339	-	842,339	-	
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF	National School Lunch Program	10.555	10.555	-	1,249,667	1,249,667	-	4
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via OSPI)	National School Lunch Program	10.555	10.555	74,190	-	74,190	-	
		<b>Total ALN 10.555:</b>		<b>11,018,737</b>	<b>1,249,667</b>	<b>12,268,404</b>	-	
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via OSPI)	Summer Food Service Program for Children	10.559	10.559, 619809	264,612	-	264,612	-	
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via OSPI)	Fresh Fruit and Vegetable Program	10.582	10.582, 619801	506,099	-	506,099	-	
		<b>Total Child Nutrition Cluster:</b>		<b>15,871,266</b>	<b>1,249,667</b>	<b>17,120,933</b>	-	
DEFENSE HUMAN RESOURCES ACTIVITY, DEPT OF DEFENSE	ROTC Language and Culture Training Grants	12.357	-	-	88,855	88,855	-	6

*The accompanying notes are an integral part of this schedule.*

**Spokane School District No. 81**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended August 31, 2024**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	Juvenile Justice and Delinquency Prevention	16.540	-	-	5,092	5,092	-	
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	STOP School Violence	16.839	-	-	308,076	308,076	-	
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	STOP School Violence	16.839	-	-	203,642	203,642	-	
<b>Total ALN 16.839:</b>				-	<b>511,718</b>	<b>511,718</b>	-	
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE	CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	-	-	85,425	85,425	-	
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via Dept. of Commerce)	CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	OPR 2023-0849	300,000	-	300,000	-	
<b>Total ALN 21.027:</b>				<b>300,000</b>	<b>85,425</b>	<b>385,425</b>	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	Title I Grants to Local Educational Agencies	84.010	84.010A, GT-- 00656	30,946	-	30,946	-	5
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	Title I Grants to Local Educational Agencies	84.010	84.010A, GT-- 00657	32,089	-	32,089	-	5

*The accompanying notes are an integral part of this schedule.*

**Spokane School District No. 81**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended August 31, 2024**

	Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
					From Pass- Through Awards	From Direct Awards	Total		
	OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	Title I Grants to Local Educational Agencies	84.010	84.010A, GT-- 00658	49,999	-	49,999	-	5
	OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	Title I Grants to Local Educational Agencies	84.010	84.010A, GT-- 00659	31,239	-	31,239	-	5
	OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	Title I Grants to Local Educational Agencies	84.010	84.010A, GT-- 00660	49,999	-	49,999	-	5
	OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	Title I Grants to Local Educational Agencies	84.010	84.010A, GT-- 00661	32,089	-	32,089	-	5
	OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	Title I Grants to Local Educational Agencies	84.010	84.010A, GT-- 00662	55,000	-	55,000	-	5
	OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	Title I Grants to Local Educational Agencies	84.010	84.010A, GT-- 00664	32,089	-	32,089	-	5
	OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	Title I Grants to Local Educational Agencies	84.010	84.010A, GT-- 00668	25,947	-	25,947	-	5

*The accompanying notes are an integral part of this schedule.*

**Spokane School District No. 81**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended August 31, 2024**

Federal Agency (Pass-Through Agency)	Expenditures					
	Federal Program	ALN Number	Other Award Number	From Pass- Through Awards	From Direct Awards	Total
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	Title I Grants to Local Educational Agencies	84.010	84.010A, GT-- 00669	27,979	-	27,979
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	Title I Grants to Local Educational Agencies	84.010	84.010A, GT-- 00670	29,202	-	29,202
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	Title I Grants to Local Educational Agencies	84.010	84.010A, GT-- 00862	36,088	-	36,088
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	Title I Grants to Local Educational Agencies	84.010	84.010A, GT-- 00973	35,709	-	35,709
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	Title I Grants to Local Educational Agencies	84.010	84.010A, GT-- 00974	33,683	-	33,683
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	Title I Grants to Local Educational Agencies	84.010	84.010A, GT-- 00975	45,125	-	45,125
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	Title I Grants to Local Educational Agencies	84.010	84.010A, GT-- 00976	27,881	-	27,881
					Passed through to Subrecipients	Note

*The accompanying notes are an integral part of this schedule.*

**Spokane School District No. 81**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended August 31, 2024**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	Title I Grants to Local Educational Agencies	84.010	84.010A, GT-- 01087	13,639,802	-	13,639,802	-	3
<b>Special Education Cluster (IDEA)</b>				<b>14,214,866</b>	-	<b>14,214,866</b>	-	
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, EDUCATION, DEPARTMENT OF (via OSPI)	Special Education Grants to States	84.027	84.027A, GT- 00643	79,842	-	79,842	-	5
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, EDUCATION, DEPARTMENT OF (via OSPI)	Special Education Grants to States	84.027	84.027A, GT-- 00882	7,100,838	-	7,100,838	-	5
<b>Total ALN 84.027:</b>				<b>7,180,680</b>	-	<b>7,180,680</b>	-	
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, EDUCATION, DEPARTMENT OF (via OSPI)	Special Education Preschool Grants	84.173	84.173A, GT-- 00882	176,474	-	176,474	-	5
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, EDUCATION, DEPARTMENT OF (via OSPI)	Special Education Preschool Grants	84.173	84.173A, GT-- 01194	9,999	-	9,999	-	5

*The accompanying notes are an integral part of this schedule.*

**Spokane School District No. 81**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended August 31, 2024**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, EDUCATION, DEPARTMENT OF (via OSPI)	Special Education Preschool Grants	84.173	84.173A, GT-- SNHIN-00083	54,029	-	54,029	-	5
		<b>Total ALN 84.173:</b>			-	<b>240,502</b>	-	
		<b>Total Special Education Cluster (IDEA):</b>			-	<b>7,421,182</b>	-	
Office of Career, Technical, and Adult Education, EDUCATION, DEPARTMENT OF (via OSPI)	Career and Technical Education -- Basic Grants to States	84.048	84.048, GT-- 01404	370,780	-	370,780	-	
		84.048	84.048, GT-- 01743	106,073	-	106,073	-	
		<b>Total ALN 84.048:</b>			-	<b>476,853</b>	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF	Indian Education Grants to Local Educational Agencies	84.060		-	258,654	258,654	-	6
		84.060		-	28,821	28,821	-	6
		<b>Total ALN 84.060:</b>			<b>287,475</b>	<b>287,475</b>	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	Education for Homeless Children and Youth	84.196	84.196A, GT-- 00797	104,974	-	104,974	-	5

*The accompanying notes are an integral part of this schedule.*

**Spokane School District No. 81**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended August 31, 2024**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	Twenty-First Century Community Learning Centers	84.287	84.287, GT- *C19*-00011	340,790	-	340,790	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	Twenty-First Century Community Learning Centers	84.287	X5811138	118,828	-	118,828	-	
<b>Total ALN 84.287:</b>				<b>459,618</b>	<b>-</b>	<b>459,618</b>	<b>-</b>	
OFFICE OF POSTSECONDARY EDUCATION, EDUCATION, DEPARTMENT OF	Gaining Early Awareness and Readiness for Undergraduate Programs	84.334		-	395,207	395,207	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	English Language Acquisition State Grants	84.365	GT--01087	383,374	-	383,374	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	84.367A, GT-- 01087	1,123,015	-	1,123,015	-	5
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via OSPI)	Student Support and Academic Enrichment Program	84.424	84.424A, GT-- 01087	1,073,194	-	1,073,194	-	5

*The accompanying notes are an integral part of this schedule.*



**Spokane School District No. 81**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended August 31, 2024**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425U, 138181	31,220,533	-	31,220,533	-	5
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425U, 145508	27,142	-	27,142	-	5
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425U, 145561	14,767	-	14,767	-	5
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425W, 459612	260,214	-	260,214	-	5
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425V, 6109	221,889	-	221,889	-	5
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425D, 619815	1,691,876	-	1,691,876	-	5
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via OSPI)	COVID 19 - Education Stabilization Fund	84.425	0139043	17,147	-	17,147	-	
<b>Total ALN 84.425:</b>				<b>33,453,568</b>	<b>-</b>	<b>33,453,568</b>	<b>-</b>	
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via OSPI)	Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	590003	122,376	-	122,376	-	

*The accompanying notes are an integral part of this schedule.*

**Spokane School District No. 81**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended August 31, 2024**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via OSPI)	Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	GT-01582	282,855	-	282,855	-	
				405,231	-	405,231	-	
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via OSPI)	Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	GT-01762	154,709	-	154,709	-	
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via DCYF/SOWA/ORIA)	Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	DC2E7EB0- 1268	211,000	-	211,000	-	
			Total ALN 93.243:	405,231	-	365,709	-	
Medicaid Cluster								
CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF	Medical Assistance Program	93.778		-	176,279	176,279	-	
CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF	Medical Assistance Program	93.778		-	383,265	383,265	-	
CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF	Medical Assistance Program	93.778		-	47,737	47,737	-	

*The accompanying notes are an integral part of this schedule.*

**Spokane School District No. 81**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended August 31, 2024**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures				Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total			
CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF	Medical Assistance Program	93.778	-	-	6,689	6,689		-	
	Medical Assistance Program	93.778	-	-	4,162	4,162		-	
	Medical Assistance Program	93.778	-	-	10,000	10,000		-	
<b>Total Medicaid Cluster:</b>				-	<b>628,132</b>	<b>628,132</b>		-	
<b>Total Federal Awards Expended:</b>				<b>75,652,850</b>	<b>3,251,571</b>	<b>78,904,421</b>		-	

The accompanying notes are an integral part of this schedule.

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**Spokane Public Schools, District #81  
Spokane County  
EIN: 91-6001582**

**Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended August 31, 2024**

**Note 1 – Basis of Accounting**

This Schedule is prepared on the same basis of accounting as the district's financial statements. The 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 Indirect Cost Rate**

The amount expended includes an indirect cost recovery using an approved indirect cost rate ranging from 2.78%-10.96% depending on the maximum allowable rate for each respective grant. Overall, the district collected \$5,047,030.61 in indirect costs. The district has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Note 3 – Schoolwide Programs**

The district operates a "schoolwide program" in twenty-five elementary schools, seven middle schools, one high school, and two alternative schools. 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 district in its schoolwide program: Title I (84.010) \$14,214,866.

**Note 4 – Noncash Awards**

The amount of commodities reported on the Schedule is the market value food distributed by the Spokane Public Schools during current year and priced as prescribed by United States Department of Agriculture.

**Note 5 – ALN Alpha**

ALN including alpha included in Other Award notes for pass through awards. For non-pass-through awards, the alpha character is listed in the district grant inventory if available.

**Note 6 – Program Costs**

The amounts shown as current year expenditures represent only the federal grant portion of the program costs. Entire program costs, including the district's portion, are 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.

## 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.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, [www.sao.wa.gov](http://www.sao.wa.gov). Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

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- Main telephone:  
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**APPENDIX D**

**WASHINGTON STATE SCHOOL DISTRICT CREDIT ENHANCEMENT PROGRAM**

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## **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 the following page.

*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 defeased portion of the June 2021 maturity of those Series 2012C Bonds, which portion was itself defeased in May 2021. In conjunction with preparing its 2024 annual filings, the State discovered that its 2023 annual disclosure report was not linked to the CUSIPs for one school district (College Place School District) that had issued bonds guaranteed under the School Bond Guarantee Program. The State has updated its procedures for identifying outstanding school district CUSIP numbers and has not otherwise identified any failure within the past five years to comply in any material respect with its prior undertakings.

## 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 1/23/2025