

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 15, 2026

**SALE DATE: APRIL 22, 2026
NEW ISSUE, BOOK-ENTRY ONLY**

**MOODY'S RATINGS: Underlying Rating: "A1"
Washington State School District Credit Enhancement Program: "Aaa"
S&P GLOBAL RATINGS: Underlying Rating: "AA-"
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., Seattle, 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. In the further opinion of Bond Counsel, to the extent interest on the Bonds is excludable from gross income for federal income tax purposes, interest on the Bonds is also excludable from Washington taxable income for purposes of the tax imposed by the State of Washington on income received by individuals on and after January 1, 2028. See "TAX MATTERS."



**BELLEVUE SCHOOL DISTRICT NO. 405,
KING COUNTY, WASHINGTON**

**\$213,890,000*
UNLIMITED TAX GENERAL OBLIGATION
AND REFUNDING BONDS, 2026**

DATED: Date of Delivery (expected to be May 6, 2026)

DUE: December 1, as shown on the inside cover

Bellevue School District No. 405, King County, Washington (the "District") will issue its Unlimited Tax General Obligation 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 Treasury Operations Section, Finance and Business Operations Division, Department of Executive Services of King County, Washington, 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.

MATURITY SCHEDULE — See Inside Cover

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 King 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 May 6, 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.

* Preliminary, subject to change.

This is a Preliminary Official Statement, subject to correction and change. The District has authorized the distribution of the Preliminary Official Statement to prospective purchasers and others. Upon the sale of the Bonds, the District will complete and deliver an Official Statement substantially in this form.

MATURITY SCHEDULE

BELLEVUE SCHOOL DISTRICT NO. 405,
KING COUNTY, WASHINGTON

\$213,890,000*

UNLIMITED TAX GENERAL OBLIGATION AND REFUNDING BONDS, 2026

<u>Due December 1*</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP No. **</u>
2026	\$ 15,605,000				
2027	13,360,000				
2028	17,215,000				
2029	18,065,000				
2030	18,935,000				
2031	19,940,000				
2032	20,885,000				
2033	15,795,000				
2034	9,975,000				
2035	4,515,000				
2036	4,740,000				
2037	4,975,000				
2038	5,225,000				
2039	5,485,000				
2040	5,760,000				
2041	6,050,000				
2042	6,350,000				
2043	6,665,000				
2044	7,000,000				
2045	7,350,000				

* 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.

**BELLEVUE SCHOOL DISTRICT NO. 405,
KING COUNTY, WASHINGTON
12111 N.E. 1st Street
Bellevue, Washington 98005
(425) 456-4000
<http://www.bsd405.org>***

Board of Directors

Phil Bloch	President
Carolyn Watson	Vice President
Jane Aras	Member
Eugene Kolovyansky	Member
Tracy Mayclin	Member

School Administrative Staff

Dr. Kelly Aramaki	Superintendent and Secretary to the Board of Directors
Dr. Heather J. Sanchez	Chief Operating Officer
Loren Tillman	Interim Chief Financial Officer
Jack McLeod	Executive Director of Facilities and Operations
John Harrison	Chief of Staff – Policy, Legal and Public Affairs

King County Officials

John Wilson	Assessor
Carol Basile	Treasury Operations Section, Finance and Business Operations Division, Department of Executive Services of King County, Washington, as <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.
Seattle, Washington

Municipal Advisor

Piper Sandler & Co.
Seattle, Washington

* 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 King County Investment Pool,” which has been provided by the County, the information provided in “THE DISTRICT—Risk Management— *Schools Insurance Association of Washington*,” which has been provided by Clear Risk Solutions, 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
BELLEVUE SCHOOL DISTRICT NO. 405
KING COUNTY, WASHINGTON**

\$213,890,000*

UNLIMITED TAX GENERAL OBLIGATION AND REFUNDING BONDS, 2026

NOTICE IS HEREBY GIVEN that electronic bids will be received by Bellevue School District No. 405, King County, Washington (the “District”), acting by and through the District’s Interim Chief Financial Officer (the “Designated Representative”) for the purchase of the above-referenced bonds (the “Bonds”) at

7:30 a.m., Pacific Standard Time (“PST”), on April 22, 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 April 15, 2026 (the “Preliminary Official Statement”), for additional information regarding the District, the Bonds, the security therefor, and other matters.

Bid Date:	April 22, 2026
Bid Time:	7:30 a.m. PST
Electronic Bids:	PARITY Bidding System
Basis of Award	“TIC” – True Interest Cost

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 2020 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.

* 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 May 6, 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:

Due December 1	Amounts ⁽¹⁾
2026	\$ 15,605,000
2027	13,360,000
2028	17,215,000
2029	18,065,000
2030	18,935,000
2031	19,940,000
2032	20,885,000
2033	15,795,000
2034	9,975,000
2035	4,515,000
2036	4,740,000
2037	4,975,000
2038	5,225,000
2039	5,485,000
2040	5,760,000
2041	6,050,000
2042	6,350,000
2043	6,665,000
2044	7,000,000
2045	7,350,000

(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 King 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 113.000 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 through 2035 maturities, inclusive, must be a maximum of 5.00%.
- (5) The rate of interest for the 2036 through 2045 maturities, inclusive, must be 5.00%.
- (6) No bid for the Bonds will be considered with a true interest cost that exceeds 6.00 percent.
- (7) 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 April 22, 2026. The Designated Representative shall award the winning bid to the Successful Bidder pursuant to the delegated authority of Resolution No. 2026-07 adopted by the Board of Directors of the District on March 19, 2026. 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 April 22, 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 \$2,000,000 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 "A1" and S&P Global Ratings ("S&P") has assigned an underlying municipal bond rating of "AA-" 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., Seattle, 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 MATTERS” 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—*Schools Insurance Association of Washington*” which was provided by Clear Risk Solutions, or information in “FINANCIAL FACTORS—The King 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; 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
Bond and Disclosure Counsel	Lee Marchisio, Foster Garvey P.C. (206) 447-6264 lee.marchisio@foster.com
Bellevue School District No. 405	Loren Tillman Interim Chief Financial Officer (425) 456-4000 tillmanl@bsd405.org

April 15, 2026.

Bellevue School District No. 405
King County, Washington

By: /s/ Heather J. Sanchez
Chief Operating Officer

NOTICE OF SALE—EXHIBIT 1

FORM OF ISSUE PRICE CERTIFICATE—COMPETITIVE SALE

**\$213,890,000* Principal Amount
Bellevue School District No. 405
King County, Washington**

Unlimited Tax General Obligation 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 April 22, 2026, the date on which the sale of the Bonds was awarded to the Underwriter pursuant to its bid.
- (d) Issuer means Bellevue School District No. 405, King 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]

* Preliminary, subject to change.

NOTICE OF SALE—EXHIBIT 2

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

**\$213,890,000* Principal Amount
Bellevue School District No. 405
King County, Washington**

Unlimited Tax General Obligation 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 Bellevue School District No. 405, King 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.

* 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 April 22, 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

BELLEVUE SCHOOL DISTRICT NO. 405, KING COUNTY, WASHINGTON

\$213,890,000*

UNLIMITED TAX GENERAL OBLIGATION AND REFUNDING BONDS, 2026

INTRODUCTION

This Official Statement, including the cover page, the appendices attached hereto and the documents incorporated herein by reference, is being provided by Bellevue School District No. 405, King 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 \$213,890,000* aggregate principal amount of its Unlimited Tax General Obligation 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. 2026-07 of the District adopted by the District’s Board of Directors (the “Board”) on March 19, 2026, 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 \$213,890,000* 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

* 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 October 28, 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

Improvement Bonds. The new money portion of the Bonds (the “Improvement Bonds”) are authorized pursuant to the favorable results of a special election held in the District on February 11, 2020 (the “2020 Election”). The qualified electors (*i.e.*, voters) of the District authorized the issuance of no more than \$675,000,000 of unlimited tax general obligation bonds at the 2020 Election (the “Bond Authorization”). The Bond Authorization requires that bonds issued thereunder mature within 20 years of the date of delivery.

Previously, the District issued, sold and delivered three series of bonds pursuant to the Bond Authorization: (i) Unlimited Tax General Obligation Bonds, 2021A, in the aggregate principal amount of \$38,000,000, of which \$38,000,000 principal amount, plus \$825,000 of original issue premium deposited to the Capital Projects Fund, was allocable to the Bond Authorization; (ii) Unlimited Tax General Obligation Bonds, 2021B, in the aggregate principal amount of \$60,680,000, of which \$60,680,000 principal amount, plus \$15,495,000 of original issue premium deposited to the Capital Projects Fund, was allocable to the Bond Authorization; and (iii) Unlimited Tax General Obligation Bonds, 2022, in the aggregate principal amount of \$64,130,000, of which \$64,130,000 principal amount, plus \$5,870,000 of original issue premium deposited to the Capital Projects Fund, was allocable to the Bond Authorization, thereby leaving \$490,000,000 of the Bond Authorization unissued. The Improvement Bonds, of which \$90,225,000* principal amount, plus \$9,775,000* of original issue premium generated by the sale of the Bonds and deposited to the Capital Projects Fund, represent the fourth series of bonds to be issued under the Bond Authorization. Following the issuance of the Bonds, the District will have \$390,000,000* of the Bond Authorization remaining unissued (see “BONDED INDEBTEDNESS—Future Financings” herein).

* Preliminary, subject to change.

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.

The results of the 2020 Election for the Bond Authorization were certified by the Director of Elections of King County, Washington, as follows:

	<u>Number of Votes</u>	<u>Percentage</u>
Approved	15,800	64.09%
Rejected	8,854	35.91%
	<u>24,654</u>	<u>100.00%</u>

The 24,654 total votes represent 70.2 percent of those who voted in the District in the November 5, 2019, State general election (i.e., 35,104).

Refunding Bonds. Subject to market conditions, the refunding portion of the Bonds (the “Refunding Bonds”) is issued to refund, on a current basis, all or a portion of the District’s outstanding Unlimited Tax General Obligation Bonds, 2013 (the “2013 Bonds”), Unlimited Tax General Obligation Bonds, 2014 (the “2014 Bonds”), and Unlimited Tax General Obligation Bonds, 2015 (the “2015 Bonds”), and therefore, under State law, voter approval of the Refunding Bonds is not required. The aggregate principal amount of the Refunding Bonds is \$123,665,000*.

PURPOSE AND USE OF PROCEEDS

New Money Purpose

The proceeds from the sale of the Improvement Bonds will be used to: (i) rebuild Bellevue Big Picture School and the International School; (ii) expand Interlake High School; and (iii) pay the allocable share of the costs of issuing, selling and delivering the Improvement 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, all or a portion of the District’s outstanding 2013 Bonds, 2014 Bonds and 2015 Bonds identified under “—Refunding Plan” below (collectively, 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 \$489,760.62* 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 June 5, 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 costs related to the sale, issuance and delivery of the Bonds (collectively referred to herein as the “Refunding Plan”). Information on the Refunded Bonds is set forth in the table below.

	<u>Amount Outstanding</u>	<u>Refunded Maturities</u>	<u>Amount Refunded</u>	<u>Redemption Date*</u>	<u>Redemption Price**</u>
2013 Bonds	\$38,700,000	2026 – 2032	\$38,700,000	June 5, 2026	100%
2014 Bonds	46,490,000	2026 – 2033	46,490,000	June 5, 2026	100%
2015 Bonds	46,530,000	2026 – 2034	46,530,000	June 5, 2026	100%

* Preliminary, subject to change.

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

2013 Refunded Bonds*

Maturity Years (December 1)	Par Amount (\$)	Interest Rates (%)	CUSIP Numbers
2026	\$ 4,900,000	4.000%	495098WB7
2027	5,100,000	4.000	495098WC5
2028	5,300,000	4.000	495098WD3
2029	5,500,000	4.250	495098WE1
2030	5,700,000	4.250	495098WF8
2031	6,000,000	4.250	495098WG6
2032	6,200,000	4.250	495098WH4
Total	\$38,700,000		

2014 Refunded Bonds*

Maturity Years (December 1)	Par Amount (\$)	Interest Rates (%)	CUSIP Numbers
2026	\$ 5,040,000	4.000%	495098WV3
2027	5,245,000	4.000	495098WW1
2028	5,450,000	4.500	495098WX9
2029	5,695,000	4.500	495098WY7
2030	5,950,000	3.125	495098WZ4
2031	6,135,000	3.750	495098XA8
2032	6,365,000	3.750	495098XB6
2033	6,610,000	3.750	495098XC4
Total	\$46,490,000		

2015 Refunded Bonds*

Maturity Years (December 1)	Par Amount (\$)	Interest Rates (%)	CUSIP Numbers
2026	\$ 4,395,000	4.000%	495098XZ3
2027	4,575,000	4.000	495098YA7
2028	4,755,000	4.000	495098YB5
2029	4,945,000	4.000	495098YC3
2030	5,145,000	4.000	495098YD1
2031	5,350,000	4.000	495098YE9
2032	5,565,000	4.000	495098YF6
2033	5,785,000	4.000	495098YG4
2034	6,015,000	4.000	495098YH2
Total	\$46,530,000		

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

* Preliminary, subject to change.

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:

<u>Sources of Funds ⁽¹⁾</u>	<u>Improvement Bonds</u>	<u>Refunding Bonds</u>	<u>Total</u>
Principal Amount of Bonds ⁽²⁾	\$		
[Net] Original Issue Premium/(Discount)			
DSF Contribution			
Total Sources of Funds	\$		
<u>Uses of Funds ⁽¹⁾</u>			
Deposit to Capital Projects Fund	\$		
Escrow Requirements			
Deposit to Debt Service Fund			
Underwriting and Costs of Issuance ⁽³⁾			
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, 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 King 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 \$623,185,000* of voter approved debt outstanding, which represents 0.55 percent of the District’s 2026 collection year Bond Assessed Value of \$114,143,571,990. 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 3/8 of one percent (0.375%) of the Bond Assessed Value. The District currently does not have non-voted debt outstanding.

* Preliminary, subject to change.

General Obligation Debt Capacity

Bond Assessed Value (2026 Collection Year)	\$ 114,143,571,990
Total Debt:	
General Obligation Debt Capacity (5% of Bond Assessed Value)	\$ 5,707,178,599
Less: Outstanding Voter Approved Debt (includes the Bonds) ⁽¹⁾	(623,185,000)
Less: Outstanding Non-Voter Approved Debt	0
Remaining Total Debt Capacity	<u>\$ 5,083,993,599</u>
 Non-Voter Approved Debt:	
Debt Capacity (3/8 of 1% of Bond Assessed Value)	\$ 428,038,394
Less: Outstanding Non-Voter Approved Debt	0
Remaining Non-Voter Approved Debt Capacity	<u>\$ 428,038,394</u>

(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.

Outstanding Long-Term Debt

	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Principal Issued</u>	<u>Principal Outstanding ⁽¹⁾</u>
<u>Unlimited Tax General Obligation Bonds</u>				
UTGO Bonds, 2012A	11/06/12	12/01/31	\$ 100,000,000	\$ 33,795,000
UTGO Refunding Bonds, 2015	04/08/15	12/01/27	74,570,000	25,830,000
UTGO & Refunding Bonds, 2016	11/17/16	12/01/35	231,795,000	136,155,000
UTGO Bonds, 2018	05/03/18	12/01/37	89,820,000	63,100,000
UTGO Bonds, 2019	10/03/19	12/01/38	94,080,000	62,950,000
UTGO Bonds, 2021B	10/12/21	12/01/40	60,680,000	53,770,000
UTGO Bonds, 2022	12/21/22	12/01/36	64,130,000	33,695,000
The Bonds ⁽²⁾	05/06/26	12/01/45	213,890,000	<u>213,890,000</u>
 Total Unlimited Tax General Obligation Bonds				 \$ 623,185,000

(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 ⁽¹⁾		The Bonds ⁽²⁾		Total Debt Service ⁽³⁾
	Principal	Interest	Principal	Interest	
2026	\$ 46,415,000	\$ 17,357,775	\$ 15,605,000	\$ 6,089,924	\$ 85,467,699
2027	49,420,000	15,328,250	13,360,000	9,914,250	88,022,500
2028	41,095,000	13,094,900	17,215,000	9,246,250	80,651,150
2029	43,085,000	11,150,550	18,065,000	8,385,500	80,686,050
2030	45,185,000	9,111,100	18,935,000	7,482,250	80,713,350
2031	28,665,000	6,971,250	19,940,000	6,535,500	62,111,750
2032	23,375,000	5,876,900	20,885,000	5,538,500	55,675,400
2033	24,320,000	4,930,400	15,795,000	4,494,250	49,539,650
2034	25,220,000	4,031,150	9,975,000	3,704,500	42,930,650
2035	26,150,000	3,097,300	4,515,000	3,205,750	36,968,050
2036	20,390,000	2,127,700	4,740,000	2,980,000	30,237,700
2037	16,460,000	1,322,600	4,975,000	2,743,000	25,500,600
2038	10,265,000	721,550	5,225,000	2,494,250	18,705,800
2039	4,535,000	370,000	5,485,000	2,233,000	12,623,000
2040	4,715,000	188,600	5,760,000	1,958,750	12,622,350
2041	--	--	6,050,000	1,670,750	7,720,750
2042	--	--	6,350,000	1,368,250	7,718,250
2043	--	--	6,665,000	1,050,750	7,715,750
2044	--	--	7,000,000	717,500	7,717,500
2045	--	--	7,350,000	367,500	7,717,500
Total⁽³⁾	\$ 409,295,000	\$ 95,680,025	\$213,890,000	\$ 82,180,424	\$ 801,045,449

- (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, ports and other special purpose districts. Taxable property located within the District is subject to property taxes imposed by these overlapping taxing districts, including the District. The following tables set forth the outstanding principal amount of general obligation debt of the District, excluding the Refunded Bonds and 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)

Overlapping Taxing Entity	2026 Total Assessed Value	Percentage of Overlap	Outstanding General Obligation Debt	Estimated Overlapping Debt
King County	\$920,245,775,369	12.53%	\$1,089,330,818	\$ 136,493,152
Port of Seattle	920,245,775,369	12.53	419,575,000	52,572,748
City of Bellevue	100,140,581,225	90.74	273,350,135	248,037,913
City of Kirkland	52,757,245,479	0.10	94,500,466	94,500
City of Medina	8,094,334,686	100.00	251,926	251,926
City of Newcastle	6,452,421,651	0.60	3,040,000	18,240
City of Redmond	42,642,069,730	15.19	38,700,000	5,878,530
King County Hospital District No. 1	95,718,634,230	2.58	264,079,056	6,813,240
King County Hospital District No. 2	168,935,572,623	2.24	272,970,000	6,114,528
King County Fire District No. 10	15,357,605,079	1.26	525,000	6,615
Total Overlapping Debt			\$2,456,322,401	\$ 456,281,391

Note: Totals may not foot due to rounding.

Source: King County Finance and Business Operations Division and certain taxing districts.

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)	\$114,143,571,990
Estimated 2025 Population ⁽¹⁾	157,326
Debt Information:	
Direct Debt (includes the Bonds) ⁽²⁾	\$623,185,000
Estimated Overlapping Debt (as detailed above)	456,281,391
Total Direct and Overlapping Debt	\$1,079,466,391
Bonded Debt Ratios:	
Direct Debt to Bond Assessed Value	0.55%
Direct and Overlapping Debt to Bond Assessed Value	0.95%
Per Capita Bond Assessed Value	\$725,523
Per Capita Direct Debt	\$3,961
Per Capita Total Direct and Overlapping Debt	\$6,861

(1) Source: State Office of Financial Management.

(2) Preliminary, subject to change. Includes the Bonds and the District’s outstanding unlimited tax general obligation bonds, and excludes the Refunded Bonds. See “BOND INDEBTEDNESS—Outstanding Long-Term Debt” herein.

Debt Payment Record

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.

Lease and Subscription Obligations

The District routinely enters into lease 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).

<u>Lease and Subscription Obligations</u>	<u>Obligations Outstanding</u>
Outstanding Leases ⁽¹⁾	\$ 646,173
Outstanding Subscriptions ⁽²⁾	<u>2,287,027</u>
Total Lease and Subscription Obligations	\$ 2,933,200

(1) As of August 31, 2025, the District had approximately 78 leases, ranging in terms from 57 to 60 months, for copy machines.

(2) As of August 31, 2025, the District had two subscriptions, ranging in terms from 36 to 65 months, primarily for the Enterprise Resource Planning (“ERP”) system.

Source: *The District*

Future Financings

Existing Voter Authorization. Following the issuance of the Bonds, the District will have \$390,000,000* of 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 Bond Authorization within the next 18 to 24 months.

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 twelve 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 67.5 percent of the District’s total operating revenue, local sources comprise 21.4 percent, federal sources comprise three percent and other miscellaneous sources comprise 8.1 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

* Preliminary, subject to change.

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. See “DISTRICT FUNDING SOURCES—Local Funding—*EPO Levies*” herein. The District currently does not receive LEA funds and does not anticipate receiving LEA funds in calendar year 2026.

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 Legislature in the past also has set the inflationary adjustment index factor by statute for specific school years.

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. The 2026 supplemental operating budget adjusted K-12 public education spending for the remainder of the 2025-2027 biennium budget by a net reduction of approximately \$80.7 million, with reductions focusing on, among others: (1) LEA; (2) Transition to Kindergarten; and (3) school bus depreciation funding.

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 enrichment or 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 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.

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. 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. Under Engrossed Substitute Senate Bill 6260 (2026), effective June 11, 2026, the LEA reduction applies to a district having more than 25 percent of students enrolled in ALE courses and is equal to the district’s number of students enrolled in an ALE course minus the district’s average student enrollment multiplied by 25 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 2022, the qualified electors of the District approved a replacement four-year EPO Levy in amounts not to exceed \$70,000,000 for collection in 2023, \$75,000,000 for collection in 2024, \$79,000,000 for collection in 2025 and \$84,000,000 for collection in 2026. In February 2026, the qualified electors of the District approved a replacement four-year EPO Levy in amounts not to exceed \$88,300,000 for collection in 2027, \$93,200,000 for collection in 2028, \$97,900,000 for collection in 2029 and \$103,000,000 for collection in 2030.

Pursuant to the EPO Levy limitations under ESSB 5313, the District’s current maximum EPO Levy authority is the amount equal to the per student maximum. For collection year 2026, the District anticipates collecting an EPO Levy amount of approximately \$76,009,750, which results in an EPO Levy rate of approximately \$0.67 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 does not expect to 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.

In February 2022, the qualified electors of the District approved a four-year replacement Technology and Capital Projects Levy in amounts not to exceed \$54,000,000 for collection in 2023, \$56,000,000 for collection in 2024, \$58,000,000 for collection in 2025 and \$60,000,000 for collection in 2026. In February 2026, the qualified electors of the District approved a four-year Technology and Capital Projects Levy in amounts not to exceed \$64,000,000 for collection in 2027, \$67,000,000 for collection in 2028, \$70,000,000 for collection in 2029 and \$73,000,000 for collection in 2030.

The District does not have a Transportation Vehicle Levy at this time and does not anticipate seeking voter approval of 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 ⁽¹⁾

Levy Rates (Dollars per \$1,000 of Assessed Value)				
Collection Year	Bond	EPO	Capital	Total ⁽²⁾
2026	\$0.73058	\$0.66591	\$0.52565	\$1.92214
2025	0.78307	0.57822	0.53912	1.90041
2024	1.03052	0.55657	0.53038	2.11747
2023	0.96365	0.54924	0.48298	1.99587
2022	1.20216	0.64827	0.50760	2.35803
2021	1.39403	0.67372	0.52725	2.59500

Levy Collection Amounts				
Collection Year	Bond	EPO	Capital	Total ⁽²⁾
2026	\$ 83,390,963	\$76,009,750	\$60,000,000	\$219,400,713
2025	84,447,758	62,356,185	58,139,616	204,943,558
2024	108,994,719	58,866,212	56,094,493	223,955,425
2023	107,887,318	61,490,982	54,072,718	223,451,018
2022	104,644,529	56,430,209	44,185,216	205,259,988
2021	111,127,288	53,706,652	42,030,839	206,864,790

(1) Includes adjustments and administrative refunds.

(2) Totals may not foot due to rounding.

Source: King County Finance and Business Operations Division.

Assessed Value

The King 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, pursuant to RCW 43.06.010(12), the King County Executive issued an executive order on March 30, 2020, extending the first-half 2020 property tax deadline from April 30 to June 1, 2020. The executive order applied to individual residential and commercial taxpayers who pay property taxes themselves, rather than to mortgage lenders. The King County Executive has not extended any additional property tax payment deadlines. The District cannot predict what additional actions the Governor, the Legislature, the King County Executive 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 ⁽¹⁾	Ad Valorem Tax Levy ⁽²⁾	Tax Collection	
			% of Levy Collected in Year of Levy	% of Levy Collected as of 12/31/25
2026	\$114,143,571,990	\$219,400,713	⁽³⁾	⁽³⁾
2025	107,841,072,286	204,943,558	98.8	98.8
2024	105,745,972,285	223,955,425	99.1	99.7
2023	111,956,419,970	223,451,018	98.8	99.9
2022	87,045,225,976	205,259,988	98.9	99.9
2021	79,716,099,044	206,864,790	98.7	99.9

- (1) Bond Assessed Value is based upon the aggregate assessed value, and is adjusted to exclude exempt senior citizens. The District has no Timber Assessed Value.
 (2) Includes adjustments and administrative refunds.
 (3) In process of collection.

Source: King County Finance and Business Operations Division.

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 2026 levy rates for levy code area 0330 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 0330 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.

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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
King County	\$1.17410	\$1.8000 ⁽¹⁾
King County (Hospital Levy)	0.15126	0.2000
King County (EMS Levy)	0.25098	0.5000
King County (Ferry District)	0.00808	0.0750
King County (Conservation Futures)	0.06168	0.0625
King County (Transit District)	0.03832	0.0750
King County (Voted Bonds)	0.02298	n/a ⁽²⁾
King County Flood Control District	0.09419	0.5000
Library District	0.23534	0.5000
Port of Seattle	0.09877	0.4500 ⁽³⁾
Puget Sound Regional Transit Authority	0.15866	0.2500
City of Bellevue	0.96049	3.6000
State Schools	2.24959	3.6000 ⁽⁴⁾
The District (EPO Levy)	0.66591	n/a ⁽⁵⁾
The District (Bond Levy)	0.73058	n/a ⁽⁵⁾
The District (Capital Projects Levy)	0.52565	n/a ⁽⁵⁾
Total rate for King County Tax Code Area 0330:	\$7.42658	

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- (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) Voter-approved excess tax levy. Not subject to the rate and amount limitations applicable to regular property tax levies.
 - (3) Port districts have available four different levies of up to \$0.450 each. Each levy carries a specific purpose, and some require voter approval or other special circumstances.
 - (4) RCW 84.52.043(1). The levy by the State shall not exceed \$3.60 per \$1,000 assessed value adjusted to the State equalized value in accordance with the indicated ratio fixed by the State Department of Revenue to be used exclusively for the support of the common schools.
 - (5) 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: *King County Finance and Business Operations Division.*

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Largest Property Taxpayers

The following table lists the ten largest property taxpayers within the District for tax collection year 2026.

2026 Major Taxpayers

Taxpayer	Nature of Business	2026 Collection Year Assessed Value (AV)	Percentage of District's Bond AV
Microsoft Corporation	Computer Technology	\$ 4,029,682,144	3.53%
Kemper Development	Retail Mall	754,016,852	0.66
Essex Property Trust Inc.	Property Developer	589,470,000	0.52
AvalonBay Communities	Apartments	451,273,828	0.40
Bellevue Investors II DE LL	Property Developer	398,637,000	0.35
BRE Properties	Real Estate	379,174,000	0.33
1001 Office LLC	Office Building	355,949,000	0.31
Kilroy Realty	Office Building	347,975,611	0.30
Acorn Development LLC	Property Developer	347,604,800	0.30
Bellevue Investors 1 LLC	Property Developer	319,374,000	0.28
Subtotal		\$ 7,973,157,235	6.99%
All Other District Taxpayers		106,170,414,755	93.01
Total District Taxpayers		\$114,143,571,990	100.00%

Note: Totals may not foot due to rounding.

Source: King County Finance and Business Operations Division.

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 located in King County, Washington and encompasses approximately 33-square miles. The District had a 2025 estimated population of 157,326, according to the Washington State Office of Financial Management. According to the 2025 OSPI headcount, the District provides instruction to 20,670 students in grades kindergarten through twelve. 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 four-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	Occupation	Years Served	Term Expires (November)
Philip A. Bloch	President	Environmental Consultant	2	2027
Carolyn Watson	Vice President	Software Developer (Former)	10	2027
Jane Aras	Member	Special Education Teacher (Former)	4	2029
Eugene Kolovyansky	Member	Principal Product Manager	1	2027
Tracy Mayclin	Member	Accounting Manager (Former)	0	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. The Superintendent of the District is the chief executive and is appointed by and serves at the discretion of the Board. The Superintendent also serves as the Secretary to the Board. Dr. Kelly Aramaki has served in this capacity since July 2023. Dr. Aramaki has served more than 20 years in public education, starting as a teacher in the District, and then as a principal at several schools in Northshore School District and Seattle Public Schools. During his tenure, he received numerous professional honors, including the National Milken Educator Award, Washington State Elementary Principal of the Year, and the Northwest Asian Weekly Visionary Award. Dr. Aramaki later served for five years as an Executive Director of Schools in Seattle Public Schools. In 2018, he returned to the District to serve as Executive Director of Schools and was subsequently promoted to Assistant Superintendent in 2022, overseeing strategic planning, student services, and innovation, prior to his appointment as Superintendent. Dr. Aramaki holds a Bachelor of Science in Zoology from the University of Washington and a Master of Arts in Teaching from Columbia University, with an emphasis on early childhood education and the inclusion of students with special needs in general education settings. He earned a Doctorate in Educational Leadership and Policy Studies from the University of Washington in 2018.

Chief Operating Officer. As Chief Operating Officer, Dr. Heather J. Sanchez leads a broad portfolio of essential district functions, including operations, infrastructure, and student services. Prior to being appointed to this position in April 2025, Dr. Sanchez served as Chief of Schools for the District. Dr. Sanchez’s earlier roles include Director of Accelerated Programs, Choice and Innovation in Lake Washington School District, principal in both Riverview and Bellevue School Districts, and teacher, instructional coach, and gifted coordinator in New Mexico and Colorado. Dr. Sanchez holds a Doctorate in Educational Leadership and Policy Studies and an Executive Leadership and Superintendent Certification from Seattle Pacific University. She also earned a Masters of Science in Curriculum and Instruction and a K-12 Principal Credential from the University of Colorado at Colorado Springs, and a Bachelor of Science in Secondary Education from Western New Mexico University.

Interim Chief Financial Officer. As Interim Chief Financial Officer, Loren Tillman leads the Business Services department, which comprises Budget, Finance, Accounting, Purchasing, and Payroll. Before being appointed to this position on July 1, 2025, Mr. Tillman served in several positions of increasing responsibility in Business Services, including Accounts Receivable Coordinator, Accounting Manager, and Director of Accounting and Purchasing. During much of this time, he also served as the boys’ head Basketball Coach at Sammamish High School. Before joining the district, he worked for more than 20 years in private industry finance and accounting.

Executive Director of Facilities and Operations. Jack McLeod serves as Executive Director of Facilities and Operations. Mr. McLeod began his career in education at Tyee Junior High School in 1969 teaching industrial education and then moved to Interlake High School teaching vocational construction trades and graphic arts and serving as student activities coordinator. Mr. McLeod served as the District’s Vocational Director from 1993 until he was named Director of Facilities and Information Technology in 1999. In 2011, the District hired a Director of Information Technology to take over those responsibilities, and Mr. McLeod’s duties were modified to include Operations and Security in addition to Facilities. Mr. McLeod received his Bachelor of Arts and Masters in Education from Western Washington University.

Chief of Staff – Policy, Legal and Public Affairs. As Chief of Staff, John Harrison serves as liaison to the School Board; leads the development and implementation of District policies and procedures; provides strategic guidance, counsel, and technical support related to strategic and annual plans and initiatives; and leads legislative advocacy, government relations, and legal affairs. John has a Bachelor of Arts in Geography from Simon Fraser University in Burnaby, BC (Canada) a Masters degree in Administration and a post-graduate Superintendent Certificate from Western Washington University. He began his career as a high school social studies and physical education teacher in BC and was a long-time high school principal, most recently at Mercer Island High School. As a principal, he led the development and implementation of innovative curriculum and programs and created student-centered learning communities that serve all students.

Facilities

The District currently operates sixteen elementary schools (including a Spanish immersion elementary school and a dual (Mandarin-English) language elementary school), five comprehensive middle schools, four comprehensive high schools, two choice schools for grades 6-12, and one online school.

Enrollment Trends

The District provides education for students in preschool and 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.

<u>Fiscal Year</u>	<u>Historical AAFTE Enrollment⁽¹⁾</u>	<u>Fiscal Year</u>	<u>Projected FTE Enrollment</u>
2025-26	19,047	2030-31	19,107
2024-25	18,912	2029-30	19,162
2023-24	18,557	2028-29	19,210
2022-23	18,182	2027-28	19,282
2021-22	18,476	2026-27	19,307

(1) Excludes Running Start, Open Doors, Alternative Learning Experience (“ALE”) and reengagement programs, and Pre-K early learning.

Source: OSPI Reports 1251 – Summary of Full-Time Equivalent Enrollment as reported on From p223 and OSPI Report 1049 – Determination of Projected Enrollments.

Staff and Labor Relations

As of February 1, 2026, the District had approximately 1,713 full-time and 927 part-time employees, which includes 1,430 certificated and 1,210 classified employees. 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:

<u>Bargaining Unit</u>	<u>Membership</u>	<u>Agreement Expires</u>
Bellevue Education Association (Certificated)	1,467	08/31/2027
Service Employees International Union, Local 925 (Classified)		
Administrative & Instructional Support	764	08/31/2027
Transportation (Bus Drivers)	92	08/31/2028
Nutrition Services	84	08/31/2027
Warehouse Personnel	5	08/31/2028
IUOE, Local 302 (Custodians)	99	08/31/2027
International Association of Machinists Aerospace Workers, Local 160 (Mechanics)	7	08/31/2026
Maintenance Employees Association	30	08/31/2026
Other Employee Groups:		
Certified Administrators (including principals)	64	06/30/2026
CTSA	129	08/31/2026
Bellevue Coaches Association	72	07/31/2026
Cabinet	11	06/30/2026

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.

Schools Insurance Association of Washington

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

The District is a member of the Schools Insurance Association of Washington (“SIAW”). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a program or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The program was formed on September 1, 1995, when seven mid-sized school districts in the State joined together by signing an Interlocal Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. Membership as of August 31, 2024 includes 37 school districts.

The program allows members to jointly purchase insurance coverage and provide related services, such as administration, risk management, claims administration, etc. Coverage for Wrongful Act Liability, Miscellaneous Professional Liability, and Employee Benefit Liability is on a claims-made basis. All other coverages are on an occurrence basis. The program provides the following forms of group purchased insurance coverage for its members: Property, Earthquake, General Liability, Auto Liability, Equipment Breakdown, Crime, Wrongful Acts Liability, and Cyber Liability, which are included to fit the district’s various needs.

The program acquires liability insurance through their administrator, Clear Risk Solutions, which is subject to a per-occurrence self-insured retention (“SIR”) of \$500,000. Members are responsible for a standard deductible of 5,000 for each claim, while the program is responsible for the \$500,000 SIR. Insurance carriers cover insured losses over \$505,000 to the limits of each policy. Since the program is a cooperative program, there is a joint liability among the participating members towards the sharing of the \$500,000 SIR. The program also purchases a Stop Loss Policy with an attachment point of \$11,923,678, which is fully funded in its annual budget.

Property insurance is subject to a per-occurrence SIR of \$500,000. Members are responsible for a \$10,000 deductible for each claim, while the program is responsible for the \$500,000 SIR. Insurance carriers cover insured losses over \$510,000 to the limits of each policy. Equipment Breakdown insurance is subject to a per-occurrence deductible of \$10,000. Members are responsible for the deductible amount of each claim.

Privacy, Security, and Technology (Cyber) insurance is subject to a per-occurrence SIR of \$250,000. Members are responsible for a \$25,000 deductible for each claim, while the program is responsible for the remaining \$225,000 SIR.

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

The program is fully funded by its member participants. Claims are filed by members with Clear Risk Solutions, which has been contracted to perform program administration, claims adjustment and administration, and loss prevention for the program. Fees paid to the third-party administrator under this arrangement for the year ending August 31, 2024 were \$4,199,515.

A board of directors, consisting of eight members, is selected by the membership from the east and west side of the State and is responsible for conducting the business affairs of the program. The board of directors has contracted with Clear Risk Solutions to perform day-to-day administration of the program. This program has no employees

The District’s premium payment for its 2023-24 coverage was \$2,282,569.56, and for its 2024-25 coverage was \$2,530,178.97. The District’s estimated payment to SIAW for 2025-26 is \$2,769,437.73. For additional information, please see Note 13 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 for all its eligible employees 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 District’s payments for the 2023-24 fiscal year totaled \$315,051.86 against estimated reserves of \$519,240.55. The District’s payments for the 2024-25 fiscal year

were \$391,217.27 against estimated reserves of \$806,919.19. The District's payments for the 2025-26 fiscal year are estimated to be \$485,100.00 against estimated reserves of \$1,018,400.00.

Industrial Insurance. The District is self-insured for injuries incurred on the job for up to \$450,000. Insurance is purchased for claims in excess of \$450,000. Industrial insurance claims are paid by the District after claims have been approved by the Washington State Department of Labor and Industries. The District's payments for the 2023-24 fiscal year totaled \$1,183,285.51 against estimated reserves of \$1,523,332.29. The District's payments for the 2024-25 fiscal year were \$1,886,509.34 against estimated reserves of \$2,708,256.37. The District's payments for the 2025-26 fiscal year are estimated to be \$1,534,900.00 against estimated reserves of \$2,035,600.00.

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. The District maintains cyber liability insurance coverage through SIAW, and has implemented cybersecurity measures, procedures and systems to help offset these financial risks. For example, the District has implemented firewall protections that are monitored on an ongoing basis, along with supplemental security software to address firewall protection needs. Staff access to financial and student management systems requires dual-factor authentication. The District performs periodic risk assessments to support a secure technology environment and provides staff with cybersecurity awareness training and best-practice guidance. 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 OCBOA, which differs from GAAP, as the District elects to not present district-wide financial statements, or management's discussion and analysis, and long-term debt is reported on a required supplementary schedule. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

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

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

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 OCBOA. (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)

	Budget		Unaudited		Audited		
	2025-26	2024-25	2023-24	2022-23	2021-22	2020-21	2019-20
Revenues:							
Local Funds	\$ 93,118,200	\$ 81,665,830	\$ 80,443,258	\$ 75,848,590	\$ 64,886,429	\$ 61,776,239	\$ 68,748,679
State Funds	293,730,964	284,995,570	260,169,684	246,177,428	229,511,450	237,418,107	242,128,983
Federal Funds	13,202,822	13,226,162	13,827,793	23,245,896	33,956,021	10,775,789	11,122,299
Federal Stimulus	--	--	--	--	--	--	--
Other	35,200,013 ⁽¹⁾	1,883,551	2,421,869	2,953,453	1,700,507	1,865,343	2,304,675
Total Revenues	<u>435,251,999</u>	<u>381,771,114</u>	<u>356,862,605</u>	<u>348,225,367</u>	<u>330,054,407</u>	<u>311,835,479</u>	<u>324,304,637</u>
Expenditures:							
Regular Instruction	232,492,663	235,150,864	222,075,772	213,589,914	198,986,122	206,773,010	198,922,374
Federal Special Purpose Funding	--	--	1,246,724	9,936,408	7,910,457	391,022	--
Special Education Instruction	87,542,270	78,632,090	74,778,842	66,046,393	56,370,134	53,504,252	51,167,815
Vocational Education	12,286,263	12,672,033	11,151,170	10,816,395	9,776,323	9,418,552	9,309,905
Skills Center Instruction	--	--	--	--	--	--	--
Compensatory Education	18,524,751	17,582,859	15,837,484	13,337,322	12,480,503	13,176,616	13,149,948
Other Instructional Programs	3,262,839	3,351,300	3,388,393	3,464,994	2,777,820	1,942,852	2,306,498
Community Services	9,889,762	10,115,189	10,172,877	8,786,191	6,068,766	6,036,788	15,196,535
Support Services	69,253,451	65,738,497	61,867,565	60,393,950	57,800,634	49,399,713	56,115,463
Capital Outlay	-- ⁽²⁾	2,448,603	663,814	1,099,617	550,551	234,478	1,999,536
Debt Service	--	448,428	597,779	568,651	228,951	--	--
Interest and Other Charges	--	53,812	47,622	22,864	11,837	--	--
Total Expenditures	<u>433,251,999</u>	<u>426,193,674</u>	<u>401,828,042</u>	<u>388,062,700</u>	<u>352,962,098</u>	<u>340,877,284</u>	<u>348,168,075</u>
Revenues Over/(Under) Expenditures	2,000,000	(44,422,560)	(44,965,438)	(39,837,333)	(22,907,691)	(29,041,805)	(23,863,438)
Net Adjustments/Transfers	-- ⁽¹⁾	35,319,550	35,694,938	26,636,880	24,285,068	21,505,060	20,884,138
Beginning Fund Balance	(5,000,000)	8,409,188	17,679,688	30,880,142	29,502,764	36,967,901	39,947,201
Prior Year(s) Correction or Restatements	--	--	--	--	--	71,609	--
Ending Fund Balance	<u>(2,999,999)⁽³⁾</u>	<u>(693,821)</u>	<u>8,409,188</u>	<u>17,679,688</u>	<u>30,880,142</u>	<u>29,502,764</u>	<u>36,967,901</u>
Balance Sheet Information							
Restricted/Nonspendable	--	4,645,892	10,138,187	5,379,832	4,303,963	4,191,206	4,268,024
Committed/Assigned	--	1,489,716	1,899,182	2,309,816	5,958,638	6,612,231	11,032,661
Unassigned	(2,999,999)	(6,829,430)	(3,628,180)	9,990,040	20,617,541	18,699,327	21,667,217
Ending Fund Balance	<u>\$ (2,999,999)</u>	<u>\$ (693,821)</u>	<u>\$ 8,409,188</u>	<u>\$ 17,679,688</u>	<u>\$ 30,880,142</u>	<u>\$ 29,502,764</u>	<u>\$ 36,967,901</u>

(1) \$33,031,659 was transferred from the Capital Projects Fund to the General Fund for technology system related purchases out of the General Fund, and \$1,990,802 in interest earnings was transferred from the Capital Projects Fund to the General Fund.

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

(3) As of the date of this Official Statement, the District anticipates the ending General Fund Balance for the fiscal year ending August 31, 2026 will be approximately \$9.5 million.

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)

	Budget	Unaudited	Audited				
	2025-26	2024-25	2023-24	2022-23	2021-22	2020-21	2019-20
Revenues:							
Local Funds	\$ 89,572,881	\$ 95,586,844	\$108,745,404	\$106,286,902	\$107,337,708	\$105,476,728	\$89,626,354
State Funds	--	--	--	--	--	--	--
Federal Funds	--	--	--	--	--	--	--
Federal Stimulus	--	--	--	--	--	--	--
Other	--	--	--	--	--	--	--
Total Revenues	<u>89,572,881</u>	<u>95,586,844</u>	<u>108,745,404</u>	<u>106,286,902</u>	<u>107,337,708</u>	<u>105,476,728</u>	<u>89,626,354</u>
Expenditures:							
Principal	61,835,000	79,585,000	70,825,000	56,910,000	99,200,000	65,970,000	45,920,000
Interest and Other	27,043,613	27,191,088	30,848,588	32,075,889	33,304,213	33,524,727	34,911,524
Total Expenditures	<u>88,878,613</u>	<u>106,776,088</u>	<u>101,673,588</u>	<u>88,985,889</u>	<u>132,504,213</u>	<u>99,494,727</u>	<u>80,831,524</u>
Revenues Over/(Under)							
Expenditures	694,268	(10,189,244)	7,071,816	17,301,013	(25,166,505)	5,982,001	8,794,830
Net Other Sources (Uses)	--	--	--	1,087,163	3,466	--	1,326
Beginning Fund Balance	45,395,815	52,950,229	45,878,413	27,490,237	52,653,276	46,761,275	37,875,119
Prior Year(s) Correction or Restatements	--	--	--	--	--	--	--
Ending Fund Balance	<u>\$ 46,090,083</u>	<u>\$ 42,760,985</u>	<u>\$ 52,950,229</u>	<u>\$ 45,878,413</u>	<u>\$ 27,490,237</u>	<u>\$52,653,276</u>	<u>\$46,671,275</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 – Minimum Fund Balance states, in part, that it is in the best interest of the District that the Board annually maintain a set aside general fund balance within the range of 5-6% of the prior year's actual

expenditures. Should the set aside fund balance fall below the range of 5-6% of the prior year's actual expenditures, a plan to replenish the fund balance will be developed and implemented.

As described in the following section, the District is in the process of restoring fund balance to the 5-6% minimum threshold of budgeted General Fund revenues.

Financial Condition and 2024-2025 and 2025-2026 State Oversight

In connection with the District's 2023-2024 audit, the State Auditor reported a financial condition finding related to the District's budget deficit and declining fund balances. Beginning in July 2025, OSPI imposed certain conditions on the District designed to improve its financial condition, a process known as "binding conditions."

After the 2023-2024 financial reporting was finalized, the District implemented 2024-2025 cost reductions and began the process for a \$20 million spending reduction plan for 2025-2026. The District officially entered binding conditions with OSPI on July 10, 2025. Since entering binding conditions in July, the District has met bi-weekly with Puget Sound ESD and quarterly with OSPI.

The District was on track to achieve the benchmarks outlined in the binding conditions through the 2024-2025 fiscal year-end and will continue to work towards achieving the binding conditions in the future months and years through the following processes: the 2025-2026 budget implemented a \$20 million spending reduction plan; continued expenditure reductions in future years, as needed, to build back the unrestricted fund balance; enhanced budget management and monitoring of budget metrics and drivers; monthly cash flow statement preparation and analysis; budget to actual reviews, monitoring and follow-up; monthly forecasting reviews and monitoring; in addition, the District has enhanced its staff position control over its current hiring and staff monitoring processes to ensure only budgeted positions are hired; and continued evaluation of school program offerings to ensure programs offered are attracting and maintaining students.

Going forward, the District will add or enhance the processes listed above, as needed, in order to ensure binding conditions benchmarks are attained.

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 were approved at the federal level. The Coronavirus Aid, Relief, and Economic Security (CARES) Act ("ESSER I") funds were to be obligated by September 30, 2022. The Coronavirus Response and Relief Supplemental Appropriations Act, 2021 ("ESSER II") funds were to be obligated by September 30, 2023. The American Rescue Plan Act ("ESSER III") funds were to be obligated by September 30, 2024. OSPI developed an application and claiming process for ESSER II and ESSER III funds. The District's aggregate ESSER funding was \$22,214,462. The District has expended all federal ESSER funding in accordance with ESSER funding requirements.

The expiration of ESSER funding was anticipated by the District and factored into its financial planning. In advance of the discontinuation of ESSER funding, the District implemented expenditure reductions for the 2024-2025 school year and adjusted its budget to reflect enrollment trends experienced during and following the COVID-19 pandemic. These actions were taken to support long-term financial sustainability and align ongoing expenditures with available revenues in connection with ongoing work to improve the District's financial condition as described above.

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 King County Investment Pool

The following information was obtained from the County for use in this Official Statement, and neither the District nor the Municipal Advisor make any representations as to the accuracy or completeness thereof. The following information was provided by the County in February 2026.

The Treasury Operations Section of the King County Finance and Business Operations Division (the “Finance Division”) administers the County’s investments. Under Section 4.10 of the County Code, the Executive Finance Committee (the “Committee”) oversees the County’s investment practices. The Committee consists of the Chair of the County Council or his or her designee, the County Executive or his or her designee, the Chief Budget Officer, and the County Director of the Finance Division.

The County’s own funds are invested in the County’s Residual Investment Pool (the “Investment Pool”). All investments of County funds are subject to written policies and procedures adopted by the Committee. The Committee reviews the performance of the Investment Pool on a monthly basis.

In addition to investing the County’s own funds, the Treasury Operations Section also invests the funds of approximately 110 special purpose districts within the County for which the Treasury Operations Section serves as treasurer, including all school districts, fire protection districts, water districts, sewer districts, and hospital districts. Each district has the option either to invest in the Investment Pool or to direct the term and amount of each of its investments. To participate in the Investment Pool, a district must sign an interlocal agreement that governs their participation in the Investment Pool, and, to exit the Investment Pool, a district must provide the required notice prior to their anniversary date. The Treasury Operations Section selects the particular investment instruments.

As of December 31, 2025, the Investment Pool had a balance of \$10.1 billion and an effective duration of 0.92 years, and 52.5% of the portfolio had a maturity of 12 months or less, based on unaudited figures. Assets of County agencies in 2025 averaged about 56% of the Investment Pool.

The Investment Pool must maintain an effective duration of 1.5 years or less and 40% of its total value must be held in securities that mature in 12 months or less.

Under State law and the County’s current investment policy, subject to certain minimum credit and maximum maturity limitations as described therein, the County may invest in the following instruments:

- (i) Up to 100% of the portfolio in U.S. Treasury or Governmental Agency securities;
- (ii) Up to 25% of the portfolio in certificates of deposit (“CDs”) with institutions that are public depositories in the State with a maximum of 5% per issuer across investment types;
- (iii) Up to 25% of the portfolio in bankers’ acceptances with a maximum of 5% per issuer across investment types;
- (iv) Up to 100% of the portfolio in repurchase agreements, with a maximum of 25% exposure to any one repo counterparty, provided that the underlying security must be a U.S. Treasury or U.S. Agency and all underlying securities are held by a third party;
- (v) The combined total of commercial paper and corporate notes can be up to 25% of the portfolio with a maximum of 5% per issuer across investment types;
- (vi) Up to 20% in general obligation municipal bonds with a maximum of 5% per issuer;
- (vii) Up to 25% in mortgage-backed securities issued by agencies of the US. Government that pass the FFIEC (Federal Financial Institutions Examination Council) suitability test which banks use to determine lowest risk securities; and
- (viii) Up to 25% in the State’s Local Government Investment Pool.

The combined total of repurchase agreements greater than overnight, bankers’ acceptances, CDs, commercial paper, and bank corporate notes must not exceed 50% of Investment Pool assets.

The County currently does not purchase structured notes or inverse floating rate notes, and has no intention of doing so in the near future.

The County’s entire investment policy is located on the Investment Pool’s website at the following link, the contents of which are not incorporated by reference:

<http://www.kingcounty.gov/kcip>

The investment policy also includes a policy adopted by the Committee to address the circumstances under which County agencies or districts can invest funds beyond the maximum maturity limits established for the Investment Pool. This policy provides the “Pool-Plus” investment option which allows a participant in the Investment Pool to request the County to combine a portfolio of individual long-term securities in the same fund that is invested in the Investment Pool. Under the Pool-Plus option, the Investment Pool will be used for the liquidity portion of the portfolio, while the following investment types may be used for the longer term investments: U.S. Treasuries or securities with the full faith and credit of the U.S. Government backing them and senior debt obligations issued by U.S. agencies, instrumentalities or government-sponsored enterprises such as the Federal National Mortgage Association, the Federal Home Loan Bank, the Federal Farm Credit Bank, and the Federal Home Loan Mortgage Corporation.

The County has commissioned an outside financial consultant, PFM Asset Management LLC (“PFMAM”), a subsidiary of U.S. Bank Asset Management, to conduct quarterly reviews of all assets in the Investment Pool. In its most recent assessment, as of December 31, 2025, PFMAM concluded that “the County’s Investment Pool appears to provide ample liquidity, is well diversified, and is of sound credit quality.” The most recent portfolio review can be obtained at the following website, the contents of which are not incorporated by this reference):

<https://kingcounty.gov/depts/finance-business-operations/treasury/investment-pool.aspx>

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 5 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, 2025, which is not incorporated by reference into this Official Statement and which can be obtained from DRS.

The District contributed \$24,888,174 in the fiscal year ended August 31, 2024 and \$26,404,777 in the fiscal year ended August 31, 2025 to its pension plans. The District estimates it will contribute \$26,044,000 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:

Contribution Rates		
Effective Rates for 2025-2027 Biennium		
	Employer Rate⁽¹⁾	Employee Rate⁽²⁾
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 5 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 ⁽¹⁾		TRS ⁽¹⁾		SERS ⁽¹⁾	
	Plan 1	Plan 2/3	Plan 1	Plan 2/3	Plan 2/3	
EAN Liability⁽²⁾	\$10,113	\$63,150	\$7,375	\$26,857	\$10,021	
Actuarial Value of Assets⁽³⁾	8,833	63,885	6,733	26,116	9,780	
Unfunded Accrued Liability	\$ 1,280	\$ (735)	\$ 642	\$ 741	\$ 241	
Funded Ratio (%)						
As of June 30:	2024 ⁽²⁾⁽⁴⁾	87%	101%	91%	97%	98%
	2023	80	97	86	92	93
	2022	75	97	80	92	92
	2021 ⁽⁴⁾	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.

Note: Totals may not foot due to rounding.

Source: Office of the State Actuary.

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, 2025. These net pension liabilities were reported in the DRS ACFR and are based upon OSA’s Washington State 2024 Actuarial Valuation Report, August 2025. 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 7.25%, 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.

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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)

	Net Pension Liability or (Asset)⁽¹⁾	District’s Percent	District’s Share of Net Pension Liability or (Asset)
PERS Plan 1	\$1,178,996,000	0.333826%	\$ 3,935,800
TRS Plan 1	950,010,000	2.077078	19,732,448
TRS Plan 2/3	(273,207,000)	2.080174	(5,683,181)
SERS Plan 2/3	(244,649,000)	1.964164	(4,805,306)

(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 does not offer any OPEB to current or past employees that is required to be disclosed under GASB 75 and does not plan to offer any such benefits in the future. As more fully described below, District employees may participate in the multiple-employer State OPEB plan. The District currently prepares its financial reports utilizing OCBOA (see “FINANCIAL FACTORS – Accounting Policies” herein) and therefore does not anticipate it will incorporate this reporting standard into its basis of accounting.

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 285,037 members enrolled in SEBB Plan medical coverage as of February 2026.

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.

For the fiscal year 2023-24, the District paid \$42,535,847 in total to HCA-SEBB. For the fiscal year 2024-25, the District paid \$46,231,110 in total to HCA-SEBB. See Note 6 to the audited financial statements of the District for the fiscal year ended August 31, 2024, attached hereto as Appendix C.

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 162 general government agencies, 37 higher education institutions, and three component units. Additionally, there are 230 employer groups not included in the State's financial reporting that participate in the PEBB Plan. There were 418,695 members (including active and retired employees and their dependents) enrolled in PEBB Plan medical coverage as of February 2026.

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.

The District has no control over the benefits offered to retirees, the rates charged to retirees, nor the fee paid to the HCA. The District does not determine its annual required contribution, nor the net OPEB obligation associated with this plan. Accordingly, these amounts are not shown on the financial statements. This is a departure from GAAP.

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 on the eastern side of Lake Washington, east of the City of Seattle, in King County, Washington (the “County”) and encompasses approximately 33-square miles. The District encompasses most of the City of Bellevue (the “City”) and all or portions of seven other incorporated communities and cities.



Population

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

Historical Population

Year	King County	City of Bellevue	State of Washington
2025	2,411,700	158,000	8,115,100
2024	2,378,100	155,000	8,035,700
2023	2,347,800	154,600	7,951,150
2022	2,317,700	153,900	7,864,400
2021	2,287,050	152,600	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	King County		State of Washington	
	Total Personal Income (in thousands)	Per Capita Income	Total Personal Income (in thousands)	Per Capita Income
2023	\$277,642,267	\$122,235	\$632,295,984	\$80,930
2022	256,697,654	113,317	589,077,317	75,673
2021	247,438,828	109,827	570,160,963	73,651
2020	224,768,013	98,830	522,509,173	67,643
2019	210,577,444	93,612	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:

<u>Year</u>	<u>King County</u>	<u>State of Washington</u>
2024 ⁽¹⁾	\$125,485	\$97,970
2023 ⁽²⁾	119,926	94,553
2022	116,044	91,255
2021	110,351	84,155
2020	102,620	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 and City of Bellevue are shown below:

	Taxable Retail Sales	
	<u>King County</u>	<u>City of Bellevue</u>
2025 ⁽¹⁾	\$66,501,957,625	\$ 7,492,895,389
2024	88,152,585,813	10,135,646,821
2023	88,080,125,666	10,444,321,537
2022	86,667,372,188	10,549,179,201
2021	78,440,949,141	9,417,285,715
2020	66,955,895,952	7,556,514,404

(1) Through third 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 and the City of Bellevue are shown below:

<u>Year</u>	King County Residential Building Permits				
	<u>New Single Family Units</u>		<u>New Multi-Family Units</u>		<u>Total Construction Cost</u>
	<u>Number</u>	<u>Construction Cost</u>	<u>Number</u>	<u>Construction Cost</u>	
2025	2,512	\$1,258,591,238	5,941	\$1,178,381,455	\$2,436,972,693
2024	2,352	1,152,070,953	8,212	1,558,055,207	2,710,126,160
2023	2,238	1,125,326,291	8,363	1,378,995,889	2,504,322,180
2022	2,801	1,205,252,419	16,029	2,571,765,404	3,777,017,823
2021	3,251	1,257,561,067	16,298	2,657,702,046	3,915,263,113

Source: U.S. Census Bureau, most recent data as of March, 2026.

**City of Bellevue
Residential Building Permits**

Year	New Single Family Units		New Multi-Family Units		Total Construction Cost
	Number	Construction Cost	Number	Construction Cost	
2025	273	\$239,603,538	239	\$ 40,157,825	\$279,761,363
2024	254	216,781,762	335	57,418,250	274,200,012
2023	187	177,860,534	615	105,343,096	283,203,630
2022	317	246,034,205	135	24,169,112	270,203,317
2021	200	138,238,434	2,167	396,427,537	534,665,971

Source: U.S. Census Bureau, most recent data as of March, 2026.

Employment

Major employers located within the County include the following:

Puget Sound Major Employers ⁽¹⁾	
Employer	Number of Employees
Amazon.com Inc.	92,000
The Boeing Company	67,567
Microsoft Corp.	54,780
University of Washington - Seattle	53,526
Providence Swedish ⁽²⁾	45,597
MultiCare Health System	29,138
Wal-Mart Inc.	23,440
Kroeger Co. ⁽³⁾	21,000
Albertsons Cos. (dba Safeway, Haggen, Albertsons)	20,000
Virginia Mason Franciscan Health	18,000
Costco Wholesale Corp.	16,300
Starbucks Coffee Co.	12,647
Alaska Air Group Inc.	11,298
Seattle Children's Hospital	10,261
Meta Platforms ⁽⁴⁾	8,000
Washington State University	7,232
Alphabet Inc./Google Inc.	7,000
Kaiser Permanente	6,857
Nordstrom Inc.	6,800
T-Mobile US Inc.	6,773

(1) Ranked by total employees in Washington State, as of October 2025.

(2) Providence fully integrated with Swedish Health Service in March 2022, and rebranded as Providence Swedish.

(3) Kroger Co., owns grocery store chains Fred Meyer Stores and QFC.

(4) Formerly known as Facebook.

Source: Puget Sound Business Journal, publication date October 16, 2025.

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

**King County
Nonagricultural Wage & Salary Workers
and Labor Force and Employment Data**

	<i>Annual Average</i>				
	2025⁽¹⁾	2024	2023	2022	2021
Civilian Labor Force	1,378,982	1,372,055	1,362,264	1,331,094	1,278,883
Total Employment	1,320,598	1,316,450	1,309,308	1,284,731	1,219,596
Total Unemployment	58,384	55,605	52,956	46,363	59,287
Percent of Labor Force	4.2%	4.1%	3.9%	3.5%	4.6%
NAICS INDUSTRY (in thousands)	2025⁽²⁾	2024	2023	2022	2021
Total Nonfarm	1,503.8	1,490.8	1,479.2	1,470.2	1401.1
Total Private	1,316.0	1,303.5	1,306.3	1,304.0	1231.3
Goods Producing	162.7	166.5	171.0	170.3	165.8
Mining, Logging, and Construction	69.8	73.5	77.6	79.3	78.0
Manufacturing	92.9	92.9	93.3	91.0	87.7
Service Providing	1,341.1	1,324.3	1,308.2	1,299.9	1,235.3
Trade, Transportation, and Utilities	232.0	231.2	233.2	232.2	229.1
Information	131.0	130.1	134.9	141.2	134.1
Financial Activities	74.0	73.9	74.2	75.4	73.4
Professional and Business Services	316.7	313.9	314.2	322.6	295.2
Education and Health Services	208.5	200.8	194.5	188.7	183.4
Leisure and Hospitality	141.2	138.5	135.6	125.4	104.3
Other Services	49.9	48.8	48.8	48.2	46.0
Government	187.8	187.3	172.9	166.2	169.8
Workers in Labor/Management Disputes	0	0	0	0	0

(1) Labor force data for October 2025 were not available due to a temporary interruption in the national household survey administered by the U.S. Census Bureau. Annual averages reflect the average of available monthly data.

(2) Data through November.

Source: Washington State Employment Security Department.

TAX MATTERS

The following discussion of certain federal and State 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

Federal. 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.

State of Washington. During the 2026 legislative session, the Legislature enacted a new individual income tax beginning January 1, 2028. In the opinion of Bond Counsel, under existing law, to the extent interest on the Bonds is excludable from gross income for federal income tax purposes, interest on the Bonds is also excludable from Washington taxable income for purposes of the tax imposed by the State on income received by individuals on and after January 1, 2028.

General. Except as expressly stated in the opinion of Bond Counsel, a form of which is attached hereto as Appendix A, 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 opinions to reflect any facts or circumstances that may later come to Bond Counsel's attention, or any changes in law that may thereafter occur.

Additional Considerations

Collateral Tax Consequences. Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral 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.

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.

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 and Challenges. 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 and State 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.

The legislation establishing the State’s tax on individual income was enacted in the 2026 legislative session. In some circumstances, voters of the State have the ability to initiate legislation and to repeal or modify existing statutes through the powers of initiative and referendum. Direct voter action to repeal or modify the legislation is anticipated. In addition, on April 9, 2026, a complaint was filed in Klickitat County Superior Court seeking a declaratory judgment that the legislation is invalid, among other requested relief. The District makes no prediction as to the outcome of this litigation or any potential future challenges, whether any legislation will be submitted to the voters, or the outcome of any such vote. See “INITIATIVES AND REFERENDA.”

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 Service 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.

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 "A1" and S&P has assigned an underlying rating of "AA-" 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 Improvement Bonds were held on February 11, 2020. 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 is located in the seismically-active Puget Sound region, which features a number of active faults and lies along the Cascadia subduction zone—a 700-mile fault beneath the Pacific Ocean. In addition to frequent minor earthquakes, the Puget Sound region has experienced several major earthquakes in the past 50 years. These include a magnitude 6.8 earthquake in 2001 that reportedly caused more than \$2 billion in damage. The largest known earthquake in the region occurred in approximately 1700, with an estimated magnitude of 9.0. The Pacific Northwest Seismic Network estimates that an earthquake of this magnitude occurs in the region every 400 to 600 years; such an earthquake could cause extensive and even catastrophic damage within the District.

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.

Tsunami, Volcanic Activity, Wildfire and Other Natural Risks

A major earthquake in the Puget Sound region, along the Washington coast or elsewhere in the Pacific could result in a tsunami, which could reach and inundate portions of the District. Another natural hazard facing residents of the County is volcanic activity from Mt. Rainier. A large tsunami or volcanic activity could result in significant and extensive damage to the District, with sustained impacts to its people, economy, property, and infrastructure.

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 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

May __, 2026

Bellevue School District No. 405, King County, Washington

Re: Bellevue School District No. 405, King County, Washington;
\$_____ Unlimited Tax General Obligation and Refunding Bonds, 2026

We have acted as bond counsel to Bellevue School District No. 405, King 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. 2026-07 (the “Bond Resolution”) for capital purposes only, being the Projects specified in the Bond Resolution, which shall not include the replacement of equipment, pursuant to the election authorizing the Bonds, to pay costs of refunding, paying and redeeming certain outstanding unlimited tax general obligation bonds of the District, and to pay the administrative costs of the refunding and the 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.

4. To the extent interest on the Bonds is excludable from gross income for federal income tax purposes, interest on the Bonds is also excludable from Washington taxable income for purposes of the tax imposed by the State of Washington on income received by individuals on and after January 1, 2028.

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.

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

Bellevue School District No. 405

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

Published January 8, 2026

Report No. 1038675



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

January 8, 2026

Superintendent and Board of Directors
Bellevue School District No. 405
Bellevue, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on Bellevue School District No. 405'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.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Bellevue School District No. 405 September 1, 2023 through August 31, 2024

SECTION I – SUMMARY OF AUDITOR’S RESULTS

The results of our audit of Bellevue School District No. 405 are summarized below in accordance with Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Financial Statements

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

Internal Control over Financial Reporting:

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

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

Federal Awards

Internal Control over Major Programs:

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

We issued an unmodified opinion on the District’s compliance with requirements applicable to 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
84.027	Special Education Cluster (IDEA) - Special Education Grants to States
84.173	Special Education Cluster (IDEA) - Special Education Preschool Grants

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

The District did not qualify as a low-risk auditee under the Uniform Guidance.

SECTION II – FINANCIAL STATEMENT FINDINGS

See Finding 2024-001.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

SCHEDULE OF AUDIT FINDINGS AND RESPONSES

Bellevue School District No. 405 September 1, 2023 through August 31, 2024

2024-001 The District's financial condition places it at risk of being unable to meet financial obligations or provide services at current levels.

Background

An elected, five-member Board of Directors governs the District. The Board appoints a Superintendent to oversee the District's operations and approximately 2,000 employees. The District serves about 18,841 students, and for the 2023-2024 school year, its budgeted operating revenues and expenditures were \$418.3 million and \$432.6 million, respectively.

School districts must submit a balanced budget to the Office of Superintendent of Public Instruction (OSPI). Those that cannot and foresee a deficit must enter into binding conditions agreements. In July 2025, after the fiscal year-end date of August 31, 2024, the District entered a binding condition agreement with OSPI that set benchmarks for the next two school years.

Binding conditions agreements span a period determined by OSPI, and they ensure school districts can access money needed for operations. For example, the state allows school districts to receive apportionment funds before the schedule defined in state law. These agreements also empower OSPI and educational services districts to closely review school district decisions related to their current financial condition and make recommendations as needed.

State law outlines a process in which OSPI may enhance its financial oversight if a school district cannot submit a balanced budget. In January 2025, OSPI updated the binding conditions agreement with benchmarks to continue through the 2025-2026 school year.

Description of Condition

Operating margin is a measure that shows the difference between operating revenues and expenses, or if annual revenues are sufficient to cover annual expenses. The table below shows the District’s declining operating margin since 2021.

Operating margin ratio	As of the year ending August 31				
	2021	2022	2023	2024	2025*
General fund operating revenues	\$311,835,479	\$330,054,407	\$348,225,367	\$356,862,605	\$381,771,114
General fund operating expenditures	\$340,642,806	\$352,170,760	\$386,371,567	\$400,518,827	\$426,193,674
Net income as percent of revenues	-9.24%	-6.70%	-10.95%	-12.23%	-11.64%

**Unaudited data based on preliminary financial report*

The following table shows the District’s declining ending general fund balance since 2021.

Change in fund balance ratio	As of the year ending August 31				
	2021	2022	2023	2024	2025*
Beginning general fund balance	\$36,967,901	\$29,502,764	\$30,880,142	\$17,679,688	\$8,409,188
Ending general fund balance	\$29,502,764	\$30,880,142	\$17,679,688	\$8,409,188	-\$693,821
Percent change in fund balance	-20.19%	4.67%	-42.75%	-52.44%	-108.25%

**Unaudited data based on preliminary financial report*

Fund balance sufficiency shows the number of days the District could sustain operations with cash on hand. The table below shows decreases in the District’s fund balance sufficiency compared to previous years, which increases its risk of being unable to sustain operations or provide the same level of services.

As of the year ending August 31				
Fund balance sufficiency ratio	2021	2022	2023	2024
Days of operating expenditures	32	32	17	8

As a result of the continuing declines, the District could sustain only eight days of operating expenditures as of the end of the 2024 fiscal year.

The Board and executive management have taken steps to sustain operations and improve financial condition by establishing a plan that includes reducing expenditures for the 2025 and 2026 school years. The District will receive about \$79 million and \$58 million for an Educational Program & Operations and Technology & Capital Projects levies, respectively, in 2025. Additionally, an interfund loan of no more than \$13 million from the capital projects fund to the general fund was approved in May 2025 and taken out in July 2025. This will provide liquidity in the general fund for required expenditures before the receipt of tax levies and other funds for the 2026 school year.

Cause of Condition

The District’s enrollment began to decrease in fiscal years 2020-2021 and continued to decrease until fiscal years 2023-2024; it is now stable. In prior years, the District did not take necessary steps to reduce expenditures in time to ensure it could meet its financial obligations. While the Board and executive management have taken steps towards resolving the budget deficits, these steps have not been sufficient to guarantee it can meet its financial obligations and exit binding conditions.

Effect of Condition

The District has had declining operating margins and reductions in general fund balances. Furthermore, it has entered into binding condition to improve its financial condition. The District’s financial condition increases its risk of being unable to sustain operations or provide sufficient levels of service in the future. Additionally, if the District is unable to meet the binding condition benchmarks, it would require enhanced financial oversight with contract approvals. If it fails to do so, the District risks financial insolvency, including dissolution.

Recommendation

We recommend the District continue to work closely with OSPI and Puget Sound Educational Service District No. 121 to ensure the District reaches benchmarks within the binding conditions to improve its financial condition. We also recommend the Board continue to review the established formal, written comprehensive plan to address the District's financial condition and closely monitor financial operations to ensure it can meet its financial obligations.

District's Response

After the 2023-24 financial reporting was finalized, the Bellevue School District implemented 2024-25 cost reductions and began the process for \$20 million spending reductions plan for 2025-26. The Bellevue School District officially entered binding conditions with OSPI on July 10, 2025. Since entering binding conditions in July, the Bellevue School District has met bi-weekly with Puget Sound ESD and quarterly with OSPI.

The Bellevue School District is on track to achieve the benchmarks outlined in the binding conditions through the 2024-25 fiscal year-end and will continue to work towards achieving the binding conditions in the future months and years through the following processes:

- the 2025-26 budget implemented a \$20 million spending reduction plan*
- continued expenditure reductions in future years, as needed, to build back the unrestricted fund balance*
- enhanced budget management and monitoring of budget metrics and drivers*
- monthly cash flow statement preparation and analysis*
- budget to actual reviews, monitoring and follow-up*
- monthly forecasting reviews and monitoring*
- In addition, the district has enhanced its staff position control over its current hiring and staff monitoring processes to ensure only budgeted positions are hired*
- continued evaluation of school program offerings to ensure programs offered are attracting and maintaining students*

Going forward, the Bellevue School District will add or enhance the processes noted above, as needed, in order to ensure binding conditions benchmarks are attained.

Auditor's Remarks

We thank the District for its cooperation throughout the audit and the steps it is taking to address these concerns. We will review the status of the District's corrective action during our next regular audit.

Applicable Laws and Regulations

RCW 28A.505.110, Budget—Including receivables collectible in future years—Limitations. RCW 28A.505.120, Withholding state funds upon district noncompliance—Notice of. RCW 28A.505.130, Budget—Requirements for balancing estimated expenditures.

WAC 392-123-135, Interfund loans—Definition

WAC 392-123-140, Interfund loans allowable

WAC 392-123-155, Interfund loans—Full disclosure on financial statements



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Bellevue School District No. 405 September 1, 2023 through August 31, 2024

This schedule presents the status of findings reported in prior audit periods.

Audit Period: 9/1/2022 – 8/31/2023	Report Ref. No.: 1035419	Finding Ref. No.: 2023-001	Assistance Listing Number(s): 84.010
Federal Program Name and Granting Agency: Title I Grants to Local Educational Agencies and U.S. Department of Education		Pass-Through Agency Name: Office of Superintendent of Public Instruction	
Finding Caption: The District’s internal controls were inadequate for ensuring compliance with federal Title I grant requirements for assessment system security.			
Background: During the 2022–2023 school year, the District spent \$2,103,331 in Title I program funds. The District did not have the required written Test Security and Building Plans in place for Washington-Access to Instruction and Measurement (WA-AIM), Smarter Balanced all the 29 schools we reviewed that administered the following standardized tests: Assessments (SBA), World-Class Instructional Design and Assessment (WIDA), and Washington Comprehensive Assessment of Science (WCAS) A similar finding was issued in the prior year, however, based on when the District received the prior year finding, the District did not have time to adjust its process for the 2022–2023 school year.			
Status of Corrective Action: (check one) <input checked="" type="checkbox"/> Fully Corrected <input type="checkbox"/> Partially Corrected <input type="checkbox"/> Not Corrected <input type="checkbox"/> Finding is considered no longer valid			
Corrective Action Taken: <i>The Bellevue School District concurs with this finding. The District did not have a written Test Security and Building Plan (OSPI TSBP) for each school. For our corrective action, the District will create a SharePoint site to retain each school’s annual OSPI TSBP for all</i>			

standardized state tests starting with the 2023-2024 school year. The District Manager of Data, Testing & Research will provide instructions, professional development, and guidance for each school. Each school's OSPI TBSP will be retained on the SharePoint site. The District Manager of Data, Testing & Research will verify that each school complies. The Bellevue School District would like to highlight that the corrective actions were promptly initiated, with the necessary changes implemented by January 1, 2024.

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*

Bellevue School District No. 405 September 1, 2023 through August 31, 2024

Superintendent and Board of Directors
Bellevue School District No. 405
Bellevue, 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 Bellevue School District No. 405, as of and for the year ended August 31, 2024, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated December 9, 2025.

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

Our report includes information about the status of the District's financial condition. This information is more fully described in Finding 2024-001 in the Schedule of Audit Findings and Responses. The District's response to the finding was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

REPORT ON INTERNAL CONTROL OVER 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 that reads "Pat McCarthy". The signature is written in a cursive style with a large, stylized initial "P".

Pat McCarthy, State Auditor

Olympia, WA

December 9, 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

Bellevue School District No. 405 September 1, 2023 through August 31, 2024

Superintendent and Board of Directors
Bellevue School District No. 405
Bellevue, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on Each Major Federal Program

We have audited the compliance of Bellevue School District No. 405, 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

December 9, 2025

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Bellevue School District No. 405 September 1, 2023 through August 31, 2024

Superintendent and Board of Directors
Bellevue School District No. 405
Bellevue, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Unmodified and Adverse Opinions

We have audited the financial statements of Bellevue School District No. 405, as of and for the year ended August 31, 2024, and the related notes to the financial statements, as listed in the financial section of our report.

Unmodified Opinion on Regulatory Basis of Accounting (Accounting Manual)

As described in Note 1 the District has prepared these financial statements to meet the financial reporting requirements of state law and the accounting practices prescribed by the *Accounting Manual for Public School Districts in the State of Washington* (Accounting Manual). Those accounting practices differ from accounting principles generally accepted in the United States of America (GAAP). The differences in these accounting practices are also described in Note 1.

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis financial position of Bellevue School District No. 405, as of the year ended August 31, 2024, and the regulatory basis of changes in financial position thereof for the year then ended, on the basis of accounting as described in Note 1.

Adverse Opinion on U.S. GAAP

The financial statements referred to above were not intended to, and in our opinion they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Bellevue School District No. 405, as of August 31, 2024, or the changes in financial position or cash flows thereof for the year then ended, because of the significance of the matter discussed below.

Basis for Unmodified and Adverse Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and *Governmental Auditing Standards*. 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 unmodified and adverse audit opinions.

Matter Giving Rise to Adverse Opinion on U.S. GAAP

Auditing standards issued by the American Institute of Certified Public Accountants (AICPA) require auditors to formally acknowledge when governments do not prepare their financial statements, intended for general use, in accordance with GAAP. As described in Note 1 of the financial statements, the government-wide financial statements are prepared by the District in accordance with state law using accounting practices prescribed by the Accounting Manual, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Matters of Emphasis Regarding Financial Condition

As discussed in Note 19 to the financial statements and described in 2024-001 in the Schedule of Audit Findings and Responses, the District has had declining operating margins and has a fund balance deficiency. Management's evaluation of the events and conditions and management's plans to mitigate these matters are also described in Note 19. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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 Responsibility 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
- We are required to 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for

purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The Schedule of Long-Term Liabilities is also presented for purposes of additional analysis, as required by the prescribed Accounting Manual. These schedules are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Pat McCarthy, State Auditor

Olympia, WA

December 9, 2025

FINANCIAL SECTION

Bellevue School District No. 405 September 1, 2023 through August 31, 2024

FINANCIAL STATEMENTS

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Bellevue School District No. 405

Balance Sheet - Governmental Funds

August 31, 2024

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
Assets							
Cash and Cash Equivalents	8,400,076.21	1,630,412.60	52,757,555.80	144,394,276.52	3,510,422.31	0.00	210,692,743.44
Minus Warrants Outstanding	-220,920.88	-28,177.29	0.00	-25,710.25	0.00	0.00	-274,808.42
Taxes Receivable	27,784,098.34		51,327,514.83	26,331,483.76	4,119.79		105,447,216.72
Due From Other Funds	9,065,506.27	763,313.44	0.00	41,579.24	1,200.00	0.00	9,871,598.95
Due From Other Governmental Units	1,651,559.00	0.00	0.00	0.00	0.00	0.00	1,651,559.00
Accounts Receivable	10,136,995.41	14,039.16	0.00	0.00	0.00	0.00	10,151,034.57
Interfund Loans Receivable	0.00						0.00
Accrued Interest Receivable	21,459.57	5,380.92	192,673.44	524,796.39	6,852.11	0.00	751,162.43
Inventory	456,977.36	0.00		0.00			456,977.36
Prepaid Items	7,957,549.22	88,129.10			0.00	0.00	8,045,678.32
Investments	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Investments/Cash With Trustee	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Investments-Deferred Compensation	0.00						0.00
Self-Insurance Security Deposit	0.00						0.00
TOTAL ASSETS	65,253,300.50	2,473,097.93	104,277,744.07	171,266,425.66	3,522,594.21	0.00	346,793,162.37
DEFERRED OUTFLOWS OF RESOURCES:							
Deferred Outflows of Resources - Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL DEFERRED OUTFLOWS OF RESOURCES	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	65,253,300.50	2,473,097.93	104,277,744.07	171,266,425.66	3,522,594.21	0.00	346,793,162.37
LIABILITIES							
Accounts Payable	2,383,610.42	21,429.48	0.00	10,241,464.85	0.00	0.00	12,646,504.75
Contracts Payable Current	0.00	0.00					0.00
Accrued Interest Payable	0.00						0.00

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

Bellevue School District No. 405

Balance Sheet - Governmental Funds

August 31, 2024

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
Accrued Salaries	-165,902.26	0.00	0.00	0.00	0.00	0.00	-165,902.26
Anticipation Notes Payable	0.00		0.00		0.00		0.00
LIABILITIES:							
Payroll Deductions and Taxes Payable	14,883,280.67	0.00	0.00	0.00	0.00	0.00	14,883,280.67
Due To Other Governmental Units	130,044.86	0.00	0.00	0.00	0.00	0.00	130,044.86
Deferred Compensation Payable	0.00			0.00			0.00
Estimated Employee Benefits Payable	544,235.47						544,235.47
Due To Other Funds	806,092.68	32,692.93	0.00	9,032,813.34	0.00	0.00	9,871,598.95
Interfund Loans Payable	0.00		0.00	0.00	0.00		0.00
Deposits	10,000.00	0.00	0.00	0.00	0.00		10,000.00
Unearned Revenue	2,416,380.04	122,912.44	0.00	0.00	0.00		2,539,292.48
Matured Bonds Payable			0.00				0.00
Matured Bond Interest Payable			0.00				0.00
Arbitrage Rebate Payable	0.00		0.00	0.00	0.00		0.00
TOTAL LIABILITIES	21,007,741.88	177,034.85	0.00	19,274,278.19	0.00	0.00	40,459,054.92
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue	8,052,271.82	0.00	0.00	0.00	0.00	0.00	8,052,271.82
Unavailable Revenue - Taxes Receivable	27,784,098.34		51,327,514.83	26,331,483.76	4,119.79		105,447,216.72
TOTAL DEFERRED INFLOWS OF RESOURCES	35,836,370.16	0.00	51,327,514.83	26,331,483.76	4,119.79	0.00	113,499,488.54
FUND BALANCE:							
Nonspendable Fund Balance	8,414,526.58	88,129.10	0.00	0.00	0.00	0.00	8,502,655.68
Restricted Fund Balance	1,723,660.11	2,207,933.98	52,950,229.24	84,129,012.30	3,518,474.42	0.00	144,529,310.05
Committed Fund Balance	45,472.82	0.00	0.00	20,757,987.36	0.00	0.00	20,803,460.18
Assigned Fund Balance	1,853,709.00	0.00	0.00	20,773,664.05	0.00	0.00	22,627,373.05

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

Bellevue School District No. 405

Balance Sheet - Governmental Funds

August 31, 2024

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
Unassigned Fund Balance	-3,628,180.05	0.00	0.00	0.00	0.00	0.00	-3,628,180.05
TOTAL FUND BALANCE	8,409,188.46	2,296,063.08	52,950,229.24	125,660,663.71	3,518,474.42	0.00	192,834,618.91
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE	65,253,300.50	2,473,097.93	104,277,744.07	171,266,425.66	3,522,594.21	0.00	346,793,162.37

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

Bellevue School District No. 405

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

For the Year Ended August 31, 2024

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
REVENUES:							
Local	80,443,258.22	5,093,399.39	108,745,404.23	59,742,094.01	76,791.00		254,100,946.85
State	260,169,684.08		0.00	0.00	1,756,886.64		261,926,570.72
Federal	13,827,793.46		0.00	0.00	0.00		13,827,793.46
Other	2,421,868.75			0.00	0.00	0.00	2,421,868.75
TOTAL REVENUES	356,862,604.51	5,093,399.39	108,745,404.23	59,742,094.01	1,833,677.64	0.00	532,277,179.78
EXPENDITURES:							
CURRENT:							
Regular Instruction	222,075,771.58						222,075,771.58
Special Education	74,778,842.16						74,778,842.16
Vocational Education	11,151,169.87						11,151,169.87
Skill Center	0.00						0.00
Compensatory Programs	15,837,483.83						15,837,483.83
Other Instructional Programs	3,388,392.94						3,388,392.94
Federal Stimulus COVID-19	1,246,724.27						1,246,724.27
Community Services	10,172,876.65						10,172,876.65
Support Services	61,867,565.37						61,867,565.37
Student Activities/Other		4,647,460.03				0.00	4,647,460.03
CAPITAL OUTLAY:							
Sites				12,233,621.59			12,233,621.59
Building				56,696,166.73			56,696,166.73
Equipment				4,756,987.49			4,756,987.49
Instructional Technology				7,105,629.53			7,105,629.53
Energy				2,572,372.50	0.00		2,572,372.50
Transportation Equipment					730,172.73		730,172.73
Sales and Lease						0.00	0.00
Other	663,814.46						663,814.46
DEBT SERVICE:							
Principal	597,779.09		70,825,000.00	0.00	0.00		71,422,779.09

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

Bellevue School District No. 405

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

For the Year Ended August 31, 2024

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
Interest and Other Charges	47,622.17		30,848,588.28	0.00	0.00		30,896,210.45
Bond/Levy Issuance				0.00	0.00		0.00
TOTAL EXPENDITURES	401,828,042.39	4,647,460.03	101,673,588.28	83,364,777.84	730,172.73	0.00	592,244,041.27
REVENUES OVER (UNDER) EXPENDITURES	-44,965,437.88	445,939.36	7,071,815.95	-23,622,683.83	1,103,504.91	0.00	-59,966,861.49
OTHER FINANCING SOURCES (USES) :							
Bond Sales & Refunding Bond Sales	0.00		0.00	0.00	0.00		0.00
Long-Term Financing	460,002.53			0.00	0.00		460,002.53
Transfers In	35,210,528.12		0.00	0.00	0.00		35,210,528.12
Transfers Out (GL 536)	0.00		0.00	-35,210,528.12	0.00		-35,210,528.12
Other Financing Uses (GL 535)	0.00		0.00	0.00	0.00		0.00
Other	24,407.75		0.00	49,520.49	0.00		73,928.24
TOTAL OTHER FINANCING SOURCES (USES)	35,694,938.40		0.00	-35,161,007.63	0.00	0.00	533,930.77
EXCESS OF REVENUES/OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	-9,270,499.48	445,939.36	7,071,815.95	-58,783,691.46	1,103,504.91	0.00	-59,432,930.72
BEGINNING TOTAL FUND BALANCE	17,679,687.94	1,850,123.72	45,878,413.29	184,444,355.17	2,414,969.51	0.00	252,267,549.63
Accounting Changes and Error Corrections	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ENDING TOTAL FUND BALANCE	8,409,188.46	2,296,063.08	52,950,229.24	125,660,663.71	3,518,474.42	0.00	192,834,618.91

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

Bellevue School District No. 405

Statement of Fiduciary Net Position

August 31, 2024

	Custodial Funds	Private Purpose Trust
ASSETS:		
Imprest Cash	0.00	0.00
Cash On Hand	0.00	0.00
Cash On Deposit with Cty Treas	0.00	16,270.57
Minus Warrants Outstanding	0.00	0.00
Due From Other Governmental Units	0.00	0.00
Accounts Receivable	0.00	0.00
Accrued Interest Receivable	0.00	65.43
Investments	0.00	0.00
Investments/Cash With Trustee	0.00	0.00
Other Assets	0.00	0.00
Capital Assets, Land	0.00	0.00
Capital Assets, Buildings	0.00	0.00
Capital Assets, Equipment	0.00	0.00
Accum Depreciation, Buildings	0.00	0.00
Accum Depreciation, Equipment	0.00	0.00
TOTAL ASSETS	0.00	16,336.00
LIABILITIES:		
Accounts Payable	0.00	0.00
Due To Other Governmental Units	0.00	0.00
TOTAL LIABILITIES	0.00	0.00
NET POSITION:		
Restricted for:		
Restricted For Intact Trust Principal	0.00	0.00
Restricted for Individuals, Organizations, and Other Governments - CF	0.00	0.00
Restricted for Individuals, Organizations, and Other Governments - PPT	0.00	0.00
Restricted For Other Purposes	0.00	16,336.00
TOTAL NET POSITION	0.00	16,336.00

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

Bellevue School District No. 405
Statement of Changes in Fiduciary Net Position
For the Year Ended August 31, 2024

	Custodial Funds	Private Purpose Trust
ADDITIONS:		
Contributions:		
Private Donations	0.00	2,500.00
Employer		0.00
Members		0.00
Other	0.00	0.00
TOTAL CONTRIBUTIONS	0.00	2,500.00
Investment Income:		
Net Appreciation (Depreciation) in Fair Value	0.00	0.00
Interest and Dividends	0.00	816.76
Less Investment Expenses	0.00	0.00
Net Investment Income	0.00	816.76
Other Additions:		
Rent or Lease Revenue	0.00	0.00
Total Other Additions	0.00	0.00
TOTAL ADDITIONS	0.00	3,316.76
DEDUCTIONS:		
Benefits	0.00	0.00
Refund of Contributions	0.00	0.00
Administrative Expenses	0.00	0.00
Scholarships	0.00	
Other	0.00	5,000.00
TOTAL DEDUCTIONS	0.00	5,000.00
Net Increase (Decrease)	0.00	-1,683.24
Net Position - Beginning Balance	0.00	18,019.24
Accounting Changes and Error Corrections	0.00	0.00
NET POSITION--ENDING	0.00	16,336.00

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

BELLEVUE SCHOOL DISTRICT NO. 405
NOTES TO THE FINANCIAL STATEMENTS
September 1, 2023 Through August 31, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

- (1) Districtwide statements, as defined in GAAP, are not presented.
- (2) A Schedule of Long-Term Liabilities is presented as supplementary information.
- (3) Supplementary information required by GAAP is not presented.
- (4) Property Taxes collected after the end of the fiscal period are not considered available for revenue accrual as described below.

Fund Accounting

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

Governmental Funds

General Fund

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

Capital Projects Funds

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

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

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

Debt Service Fund

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

Special Revenue Fund

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

Permanent Funds

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

Fiduciary Funds

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

Private-Purpose Trust Fund

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

Custodial Funds

These funds are used to account for assets that the District holds on behalf of others in a purely custodial capacity.

Measurement focus, basis of accounting, and fund financial statement presentation

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

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

Budgets

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

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

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

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

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

The government's fund balance classifications policies and procedures.

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

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

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

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

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

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

The Superintendent and Deputy Superintendent of Finance and Operations are the only persons who have the authority to create Assignments of fund balance.

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

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

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

Cash and Cash Equivalents

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

Receivables and Payables

The only receivables and payables not expected to be collected within one year are \$8,191,374.41 of Leases Receivable in the General Fund due to the accounting and reporting requirements for GASB Statement No. 87.

Capitalization Threshold for Leases and Subscription-Based Information Technology Arrangements (SBITAs)

The District follows the modified accrual basis of accounting in its treatment of leases and SBITAs. Agreements are evaluated regarding the lease term, payments, and discount rates as well as materiality to the District's financial position. The District's capitalization threshold for recognition of leases and SBITAs is \$100,000. Arrangements that are considered short term or do not meet capitalization thresholds are treated as revenues and expenditures in the current year.

Inventory

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

NOTE 2: DEPOSITS AND INVESTMENTS

The King County Treasurer is the *ex officio* treasurer for the District and holds all accounts of the District. In accordance with state investment laws, the District's governing body has entered into

a formal interlocal agreement with King County to have all funds not required for immediate expenditure be invested in the King County Investment Pool (the "Pool"). The funds invested are the District's funds as well as the Private-Purpose Trust and Custodial Funds for which the District has fiduciary responsibility but does not own. All of the District's investments in the Pool are considered to be cash equivalents due to the availability of those funds to the District. The district's deposits at US Bank are mostly covered by federal depository insurance (FDIC). As of August 31, 2024, the District had the following cash in financial institutions:

Government Funds	Carrying Amount	Fair Value	Effective Duration
King County Treasurer's Investment Pool	\$210,452,579	\$211,946,793	1.09 years
U.S. Bank	\$ 236,264	\$236,264	
Total Cash Deposits:	<u>\$210,688,843</u>	<u>\$212,183,057</u>	
Private Purpose Trust and Custodial Funds			
King County Treasurer's Investment Pool	\$16,271	\$16,386	1.09 years
U.S. Bank	\$ _____	\$ _____	
Total cash Deposits:	<u>\$16,271</u>	<u>\$16,386</u>	
Total Cash Deposits with Financial Instructions:	<u>\$210,705,114</u>	<u>\$212,199,443</u>	

The district's participation in the King County Investment Pool is voluntary and the pool does not have a credit rating. The district reports its investment in the pool at the fair value amount, which is not the same as the value of the pool per share. The fair value of the district's investment in the pool is measured using a net asset value (NAV) as determined by the pool. The effective duration of the pool was 1.09 years as of August 31, 2024

Impaired Investments

As of August 31, 2024, all impaired commercial paper investments have completed enforcement events. The King County Impaired Investment Pool (Impaired Pool) held one commercial paper asset where the Impaired Pool accepted an exchange offer and is receiving the cash flows from the investment's underlying securities. King County expects the monthly distributions to continue for at least five to ten years. The Impaired Pool also held the residual investments in one commercial paper asset that was part of completed enforcement events where the Impaired Pool accepted the cash-out option. According to the County, the District's share of the Impaired Investment Pool principal is \$61,522 and the district's fair value of these investments is \$32,591. However, in 2008 when the five commercial paper assets (Victoria Finance LLC, two in Mainsail II LLC, Rhinebridge LLC, and Cheyne Financial LLC) were first determined to be impaired, the investment environment was volatile and uncertain. It was not known whether these impaired, assets would have any value and be sold or restructured or whether any investor would itself remain viable. Accordingly, the District chose to be conservative and record a loss greater than

that recommended by the County, As of August 31, 2024, the loss recorded by the district is equal to the principal in the Impaired Pool, and, therefore, these assets are not shown in the district's financial statements. As cash is received by the County on these investments, the retainage balances are reduced, the cash is placed in the Pool member's unrestricted cash accounts, and the district recognizes revenue, thus reducing the overall loss.

Interest Rate Risk

As of August 31, 2024, the Pool's average duration was 1.09 years. As a means of limiting its exposure to rising interest rates, securities purchased in the Pool must have a final maturity, or weighted average life, no longer than five years. While the Pool's market value is calculated on a monthly basis, unrealized gains and losses are not distributed to participants. The Pool distributes earnings monthly using an amortized cost methodology.

Credit Risk

As of August 31, 2024, the district's investment in the Pool was not rated by a nationally recognized statistical rating organization (NRSRO). In compliance with state statutes, Pool policies authorize investments in U.S. Treasury securities, U.S. agency securities and mortgage-backed securities, corporate notes (rated at least "A"), municipal securities (rated at least "A" by two NRSROs), commercial paper (rated at least the equivalent of "A-1"), certificates of deposit issued by qualified public depositories, repurchase agreements, and the Local Government Investment Pool managed by the Washington State Treasurer's office.

NOTE 3: SIGNIFICANT CONTINGENT LIABILITIES

Litigation

The District is party to various pending legal actions arising out of the normal conducts of its operations. While final resolution of these proceedings is not feasible to predict, in the opinion of the Administration, the ultimate liability, if any, is not likely to materially affect the operations and the financial position of the District.

NOTE 4: SIGNIFICANT EFFECTS OF SUBSEQUENT EVENTS

Budget Deficit

Subsequent to the 2023–2024 fiscal year-end, the District has continued to experience a growing budget deficit. This non-recognized subsequent event does not require adjustment to the 2023–2024 financial statements but is disclosed due to its potential material impact on future operations. Contributing factors include a continued decline in student enrollment, inflationary pressures, and a notable increase in Materials, Supplies, and Operating Costs (MSOCs). In response, the District has initiated and continues to implement expenditure reductions to mitigate the impact of the deficit and restore fiscal stability.

Enrollment

The District continued to experience a decline in student enrollment during and following the 2023–2024 school year. This trend, which began in the 2019–2020 school year, is expected to persist over the next decade due to continued demographic shifts, including lower regional and national birthrates, as well as limited housing affordability in the area.

As enrollment remains a primary driver of state funding, the decline has had a direct impact on the District’s revenue and operational planning. In response, the District has taken several steps to align staffing and facility use with actual enrollment, including the consolidation of two elementary schools, reductions in building-based staffing, and adjustments through attrition and position eliminations. These efforts have continued into the current year as part of a broader strategy to reduce expenditures and maintain long-term fiscal sustainability.

Additionally, the District is exploring ways to stabilize and grow enrollment through innovative program offerings, improved access to choice programs, and expanded outreach efforts aimed at attracting and retaining students.

Litigation Settlement

Subsequent to the fiscal year-end, the District reached a post-verdict settlement in the Knopp/Choi matter, a lawsuit stemming from a student transportation incident. The settlement was funded in full by the District’s insurance provider. Although this event does not result in a direct financial obligation to the District, it is disclosed as a recognized subsequent event due to its nature and timing relative to the issuance of the financial statements.

Levy Certification

On November 7, 2024, the Board of Directors authorized the King County to collect Education and Operations Levy funds on behalf of the District up to the amount permitted by law. While the voters approved up to \$79 million in property taxes to be assessed in 2024 and collected in 2025, the final levy collections are limited by the amount authorized in statute (RCW 84.52.0531) and any excess amount authorized by the voters must be reduced. Based on the final 2025 levy calculations released from the Office of the Superintendent of Public Instruction, the estimated amount to be collected in 2025 is approximately \$62 million.

NOTE 5: PENSION PLANS

General Information

The Washington State Department of Retirement Systems (DRS), a department within the primary government of the state of Washington, prepares a stand-alone annual comprehensive financial report that includes financial statements and required supplementary information for each pension plan. The pension plan’s basic financial statement is accounted for using the accrual basis of accounting. The measurement date of the pension plans is June 30. Benefit

payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

The Collective Net Pension Liability (Asset)

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

The Collective Net Pension Liability or (Asset) as of June 30, 2024				
	Total Pension Liability	Plan fiduciary net position	Participating employers’ net pension liability or (Asset)	Plan fiduciary net position as a percentage of the total pension liability
PERS 1	11,141,258,000	9,364,420,000	1,776,838,000	84.05%
SERS 2/3	10,201,439,000	10,235,276,000	(33,837,000)	100.33%
TRS 1	8,237,102,000	7,127,805,000	1,109,297,000	86.53%
TRS 2/3	27,509,649,000	27,309,259,000	200,390,000	99.27%

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

Membership Participation

Substantially all school district full-time and qualifying part-time employees participate in one of the following three contributory, multi-employer, cost-sharing statewide retirement systems managed by DRS: Teachers’ Retirement System (TRS), Public Employees’ Retirement System (PERS) and School Employees’ Retirement System (SERS).

Membership & Plan Benefits

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

[TRS Plan Information](#)

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, 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 Plan Information

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, multiple-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 services. 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 Plan Information

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, multiemployer retirement system comprised of two separate plans for membership purposes. SERS Plan 2 is a defined benefit plan and SERS Plan 3 is a defined benefit plan with a defined contribution component.

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.

Plan Contributions

The employer contribution rates for PERS, TRS, and SERS (Plans 1, 2, and 3) and the TRS and SERS Plan 2 employee contribution rates are established by the Pension Funding Council based upon the rates set by the Legislature. The methods used to determine the contribution requirements are established under state statute in accordance with Chapters 41.40 and 41.45 RCW for PERS, Chapters 41.35 and 41.45 RCW for SERS, and Chapters 41.32 and 41.45 RCW for TRS. Employers do not contribute to the defined contribution portions of TRS Plan 3 or SERS Plan 3. Under current law the employer must contribute 100 percent of the employer-required contribution. The employee contribution rate for Plan 1 in PERS and TRS is set by statute at six percent and does not vary from year to year.

The employer and employee contribution rates for all plans were effective as of September 1, 2023. PERS contribution rates changed on July 1, 2024. The pension plan contribution rates (expressed as a percentage of covered payroll) for fiscal year 2024 are listed below:

	From this date	Through this date	Member rate	Employer rate	
PERS 1	7/1/2023	6/30/2024	6.00%	9.53%	
PERS 1	7/1/2024	8/31/2024	6.00%	9.03%	
SERS 2	9/1/2023	8/31/2024	7.76%	10.93%	
SERS 3	9/1/2023	8/31/2024	*	10.93%	**
TRS 1	9/1/2023	8/31/2024	6.00%	9.70%	

	From this date	Through this date	Member rate	Employer rate	
TRS 2	9/1/2023	8/31/2024	8.05%	9.70%	
TRS 3	9/1/2023	8/31/2024	*	9.70%	**
<i>Note: The Employer rates include .0020 DRS administrative expense.</i>					
* – TRS and SERS Plan 3 Employee Contribution Variable from 5% to 15% based on rate selected by the employee member.					
** – TRS and SERS Plan 2/3 Employer Contributions for defined benefit portion only.					

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

At June 30, 2024, the school district reported a total liability of **\$34,483,982** for its proportionate shares of the individual plans’ collective net pension liability and **\$664,984** for its proportionate shares of net pension assets. Proportions of net pension amounts are based on annual contributions for each of the employers participating in the DRS administered plans. At June 30, 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	2,096,734	5,110,738	4,848,822	14,638,516
Proportionate Share of the Net Pension Liability (Asset)	6,223,561	(664,984)	24,127,053	4,133,368

At June 30, 2024, the school district’s percentage of the proportionate share of the collective net pension amount was as follows and the change in the allocation percentage from the prior period is illustrated below.

Change in Proportionate Shares	PERS 1	SERS 2/3	TRS 1	TRS 2/3
Current year proportionate share	0.350260%	1.965256%	2.174986%	2.062662%
Prior year proportionate share	0.340956%	1.920169%	2.029573%	2.027377%
Net difference percentage	0.009304%	0.045087%	0.145413%	0.035285%

Actuarial Assumptions

The total pension liabilities for TRS 1, TRS 2/3, PERS 1 and SERS 2/3 were determined by actuarial valuation as of June 30, 2022, with the results rolled forward to June 30, 2024, 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%

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 were 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.

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, 2024 are summarized in the following table:

TRS 1, TRS 2/3, PERS 1, and SERS 2/3		
Asset Class	Target Allocation	% Long-term Expected Real Rate of Return
Fixed Income	19.00%	2.10%
Tangible Assets	8.00%	4.50%
Real Estate	18.00%	4.80%
Global Equity	30.00%	5.60%
Private Equity	25.00%	8.60%

The inflation component used to create the above table was 2.50% and represents WSIB's long-term estimate of broad economic inflation consistent with their 2023 CMAs.

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).

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following table presents the Bellevue School District's proportionate share of the collective net pension liability or asset calculated using the discount rate of 7.00%, as well as what the net pension liability or asset would be if it were calculated using a discount rate that is 1 percentage-point lower (6.00%) or 1 percentage-point higher (8.00%) than the current rate. Amounts are calculated using the school district's specific allocation percentage, by plan, to determine the proportionate share of the collective net pension liability or asset.

Sensitivity of the Net Pension Liability or Asset to Changes in the Discount Rate			
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
PERS 1	\$2,613,684,000	\$1,776,838,000	\$1,042,904,000
Allocation Percentage	0.350260%	0.350260%	0.350260%
Proportionate Share	\$9,154,701	\$6,223,561	\$3,652,880
SERS 2/3	\$1,399,115,000	(\$33,837,000)	(\$1,213,237,000)
Allocation Percentage	1.965256%	1.965256%	1.965256%

Sensitivity of the Net Pension Liability or Asset to Changes in the Discount Rate			
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate Share	\$27,496,191	(\$664,984)	(\$23,843,213)
TRS 1	\$1,717,438,000	\$1,109,297,000	\$574,595,000
Allocation Percentage	2.174986%	2.174986%	2.174986%
Proportionate Share	\$37,354,034	\$24,127,053	\$12,497,360
TRS 2/3	4,682,796,000	200,390,000	(3,441,878,000)
Allocation Percentage	2.062662%	2.062662%	2.062662%
Proportionate Share	\$96,590,239	\$4,133,368	(\$70,994,299)

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

The state, through the Health Care Authority (HCA), administers a defined benefit other post-employment benefit (OPEB) plan that is not administered through a qualifying trust. The Public Employees Benefits Board (PEBB), created within the HCA, is authorized to design benefits, and determine the terms and conditions of employee and retired employee participation and coverage, including establishment of eligibility criteria for both active and retired employees. Benefits purchased by PEBB include medical, dental, life insurance and long-term disability insurance.⁽⁵⁾

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

Employers participating in the plan include the state of Washington (which includes general government agencies and higher education institutions), political subdivisions and tribal governments. Additionally, the PEBB plan is available to the retirees of the K–12 school districts and ESDs. The District’s retirees (approximately 1226) are eligible to participate in the PEBB plan under this arrangement.

Eligibility

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

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

Medical Benefits

Upon retirement, members are permitted to receive medical benefits. Retirees pay the following monthly rates for pre-65 medical coverage for 2024.

Members not eligible for Medicare			
(or enrolled in Part A only)	Type of Coverage		
Descriptions	Employee	Employee & Spouse	Full Family
Kaiser Permanente NW Classic	\$ 1,039.18	\$ 2,072.40	\$ 2,847.32
Kaiser Permanente NW CDHP	\$ 907.72	\$ 1,808.12	\$ 2,439.67
Kaiser Permanente WA Classic	\$ 933.56	\$ 1,861.16	\$ 2,556.86
Kaiser Permanente WA Value	\$ 919.37	\$ 1,832.77	\$ 2,517.83
Kaiser Permanente WA Sound Choice	\$ 777.41	\$ 1,548.87	\$ 2,127.45
Kaiser Permanente WA CDHP	\$ 738.98	\$ 1,470.63	\$ 1,975.63
UMP Plus-UW Medicine Accountable Care Network	\$ 816.50	\$ 1,627.04	\$ 2,234.95
UMP CDHP	\$ 747.79	\$ 1,488.26	\$ 1,999.87
UMP Select	\$ 766.61	\$ 1,527.27	\$ 2,097.76
Kaiser Permanente NW Classic	\$ 1,039.18	\$ 2,072.40	\$ 2,847.32
Kaiser Permanente NW CDHP	\$ 907.72	\$ 1,808.12	\$ 2,439.67

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

Members enrolled in Part A and B of Medicare	Type of Coverage		
Descriptions	Employee	Employee & Spouse¹	Full Family¹
Kaiser Permanente NW Senior Advantage	\$ 193.95	\$ 381.94	\$ 1,156.86
Kaiser Permanente WA Medicare Plan	\$ 188.62	\$ 371.29	N/A
Kaiser Permanente WA Classic	N/A	N/A	\$ 1,066.99
Kaiser Permanente WA Value	N/A	N/A	\$ 1,056.34

Kaiser Permanente WA Sound Choice	N/A	N/A	\$ 949.88
UMP Classic	\$ 532.94	\$ 1,059.92	\$ 1,679.21
Note 1: Employee–Spouse and Full Family with two Medicare eligible subscribers.			

Funding Policy

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

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

The SEBB collects benefit premiums from all school district entities for covered employees. The premium includes a fee, established in state law. The purpose of this fee is to cover the impact of the subsidized rate of health care benefits for school retirees who elect to purchase their health care benefits through the state Health Care Authority PEBB plan. The amount collected is set forth in the state’s operating budget and is subject to change on an annual basis. This amount is not actuarially determined and is not placed in a trust to pay the obligations for post-employment health care benefits.

For the fiscal year 2023-24, the Bellevue School District paid \$42,535,846.56 in total to HCA-SEBB.

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

For further information on the results of the actuarial valuation of the employer provided subsidies associated with the state’s PEBB plan, refer to the [Office of the State Actuary](#). The plan does not issue a separate report; however, additional information is included in the State of Washington Annual Comprehensive Financial Report, which is available on the [OFM](#) website

NOTE 7: LEASES

Lessee: The Bellevue School District is a lessee for another entity’s nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. Leases entered into after GASB Statement 87 implementation, September 1, 2021, are

recognized as an Expenditure and an Other Financing Source in the District's financial statements based on present value for the entire term of the lease. The District recognizes leases with total payments over the lease term of \$100,000 or greater, grouped by lease type. The District is committed under various leases for seventy-six (76) copier machines located in schools and offices. The leasing arrangements are as follows: Each of the District's copier leases are for noncancellable terms ranging from 57-60 months. Present value is determined by the discount rates of the lessor.

As of August 31, 2024, the principal and interest requirements to maturity are as follows:

Year ended August 31	Principal	Interest	Total
2025	\$236,365.26	\$ 51,010.98	\$287,376.24
2026	\$250,236.46	\$ 37,139.78	\$287,376.24
2027	\$201,312.86	\$ 22,662.38	\$223,975.24
2028	\$144,120.63	\$ 9,050.45	\$153,171.08
2029	\$ 42,215.98	\$ 963.02	\$ 43,179.00
Total	\$874,251.19	\$120,826.61	\$995,077.80

Changes in lease liabilities are reported in the Schedule of Long-Term Liabilities.

Lease of Capital Assets (owned by the District)

Lessor: The Bellevue School District is a lessor for noncancellable lease of buildings and land considered excess capacity. At the commencement of the leases, the District measured the lease receivable at present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, and subsequently amortized on a straight-line basis over the remaining terms of the lease. Leases entered into prior to GASB Statement 87 implementation are measured using the implementation date of September 1, 2021. The district uses judgement and analysis to determine discount rates for leases.

A brief description of leasing arrangements are as follows:

Three Points Elementary School Property: The District owns a surplus school building located on NE 28th Street which it leases to Bellevue Christian School. The current lease commenced on July 1, 2017 and terminates on June 30, 2029.

Land Leases, Cell Towers: The District has twelve (12) land lease agreements which grant tenants the right to use a portion of the property for the placement of communications facilities. Current leases have termination dates ranging from 05/31/2024 to 04/30/2054.

Lease income includes principal and interest for the fiscal year ended August 31, 2024 as detailed below:

	Lease Income
Three Point Elementary School Property	\$198,492.00
Cell Towers	\$305,984.47
Total Lease Income	\$504,476.47

NOTE 8 SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)

Beginning in school year 2023, the District implemented guidance for the presentation and disclosures of Subscription-Based Information Technology Arrangements (SBITA), as required by the School District Accounting Manual. These changes were in response to the provisions of GASB Statement No. 96. SBITA's entered into after GASB Statement 96 are recognized as an Expenditure and an Other Financing Source in the District's financial statements based on present value for the entire term of the arrangement. The District recognizes leases with payments over the term of \$100,000 or greater.

In school year 2024, the District has one arrangement that meets the criteria for SBITA reporting. This item is for Right! Systems Barracuda Email protection and archiving service and includes three years of equal annual payments.

The principal and interest requirements to maturity are as follows:

Year ended August 31	Principal	Interest	Total
2025	\$35,291.84	\$2,404.16	\$37,696.00
2026	\$36,474.12	\$1,221.88	\$37,696.00
Total	\$71,765.96	\$3,626.04	\$75,392.00

Changes in total lease liabilities are reported in the Schedule of Long-Term Liabilities.

NOTE 9 – CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS, INCLUDING ENCUMBRANCES

Construction in Progress

The District has active construction projects as of August 31, 2024:

Project	Project Authorization Amount	Expended as of 08/31/2024	Additional Local Funds Committed
<i>Elementary Schools</i>			
Puesta del Sol	\$70,000,000	\$65,595,529	\$4,404,471
<i>High Schools</i>			

Newport Modernization	140,000,000	99,210,016	40,789,984
Transitions	35,000,000	22,707,654	12,292,346
Bellevue Baseball Field Upgrade	1,940,000	1,886,483	53,517
Total	\$246,940,000	\$189,399,682	\$57,540,318

Encumbrances

Encumbrance accounting is employed in governmental funds. Purchase orders, contracts, and other commitments for the expenditure of moneys are recorded in order to reserve a portion of the applicable appropriation. Encumbrances lapse at the end of the fiscal year and may be re-encumbered the following year. The following encumbrance amounts were re-encumbered by fund on September 1, 2024.

Fund	Amount
General Fund	\$14,785,488.88
ASB Fund	113,271.59
Capital Projects Fund	31,773,690.15
Total	\$46,672,450.62

NOTE 10: REQUIRED DISCLOSURES ABOUT CAPITAL ASSETS

The District’s capital assets are insured in the amount of \$1,550,371,984 for fiscal year 2024. In the opinion of the District’s insurance consultant, the amount is sufficient to adequately fund replacement of the District’s assets.

NOTE 11: LONG-TERM DEBT

Long-Term Debt

The following is a summary of changes in long-term debt of the District for the fiscal year ended August 31, 2024:

Governmental activities	Balance at Sept. 1, 2023	Increases	Decreases	Balance at Aug. 31, 2024	Due within One Year
General Obligation Bonds	\$750,370,000	\$ 0	\$70,825,000	\$679,545,000	\$79,585,000.00

Detail of Bond Issues

Long-term debt at August 31, 2024, consisted of the following individual issues:

Issue Name	Amount Authorized	Annual Installments	Final Maturity	Interest Rate(s)	Amount Outstanding
General Obligation Bonds					

Issue Name	Amount Authorized	Annual Installments	Final Maturity	Interest Rate(s)	Amount Outstanding
2012 GO	\$100,000,000	\$4,745,000- \$6,205,000	12/1/2031	5.00 – 3.00%	\$43,350,000
2013 GO	\$100,000,000	\$4,400,000- \$6,200,000	12/1/2032	5.00-4.00%	\$47,800,000
2014 GO	\$95,000,000	\$4,615,000- \$6,610,000	12/1/2033	5.00- 3.125%	\$55,950,000
2015 GO Refunding	\$74,570,000	\$11,640,000- \$13,155,000	12/1/2027	5.00-3.00%	\$49,750,000
2015 GO	\$90,145,000	\$3,990,000- \$6,015,000	12/1/2034	5.00-4.00%	\$54,710,000
2016 GO & Refunding	\$231,795,000	\$5,805,000- \$23,350,000	12/1/2035	5.00-3.00%	\$171,945,000
2018 GO	\$89,820,000	\$3,670,000- \$6,530,000	12/1/2037	5.00-4.00%	\$70,620,000
2019 GO	\$94,080,000	\$3,350,000- \$5,905,000	12/1/2038	5.00-3.00%	\$69,815,000
2021B GO	\$60,680,000	\$2,310,000- \$4,715,000	12/01/2040	5.00-4.00%	\$58,505,000
2022 GO	\$64,130,000	\$3,055,000- \$23,405,000	12/01/2036	5.00%	\$57,100,000
Total					\$679,545,000

Amortization Schedule

The annual requirements to amortize bonded debt outstanding as of August 31, 2024, including interest, are as follows:

Years Ending August 31	Bonds		
	Principal	Interest	Total
2025	\$79,585,000.00	\$27,187,587.50	\$106,772,587.50
2026	\$58,945,000.00	\$23,919,462.50	\$82,864,462.50
2027	\$60,750,000.00	\$21,339,500.00	\$82,089,500.00
2028	\$64,340,000.00	\$18,622,962.50	\$82,962,962.50
2029	\$56,600,000.00	\$15,911,987.50	\$72,511,987.50
2030-2034	\$245,575,000.00	\$43,419,543.75	\$288,994,543.75
2035-2039	\$104,500,000.00	\$9,590,025.00	\$114,090,025.00
2040-2041	\$9,250,000.00	\$373,600.00	\$9,623,600.00
Total	\$679,545,000.00	\$160,364,668.75	\$839,909,668.75

At August 31, 2024, the District had \$52,757,555.80 available in the Debt Service Fund to service the general obligation bonds.

Bonds Authorized But Unissued

2020 Bond Authorization

On February 11, 2020, the voters of the District voted in favor of a ballot measure to authorize the sale of \$675,000,000 of unlimited tax general obligation bonds for continuation of the rebuilding, constructing, equipping, modernizing, and improving the facilities of the District.

On September 23, 2021, the board approved a resolution authorizing the issuance and sale of general obligation bonds. The bonds dated October 12, 2021, in the aggregate amount of \$98,680,000 plus \$16,320,000 of premium generated by the sale of bonds was the first series of bonds issued under the 2020 bond authorization. The bonds were issued in two parts; 2021A bonds (\$38,000,000 plus \$825,000 premium) and 2021B bonds (\$60,680,000 plus \$15,495,000 premium). The final maturity date for the 2021A bonds was 06/01/2022.

Following the October 12, 2021 sale, the District had a total of \$560,000,000 bonds authorized but unissued at the end of the 2021-22 fiscal year.

On November 3, 2022, the board approved a resolution authorizing the issuance and sale of general obligation bonds. The bonds dated December 21, 2022, in the aggregate amount of \$64,130,000 plus \$5,870,000 of premium generated by the sale of bonds was the second series of bonds issued under the 2020 bond authorization.

Following the December 21, 2022 sale, the District had a total of \$490,000,000 bonds authorized but unissued at the end of the 2022-23 fiscal year.

Short-Term Debt

The District had no short-term borrowings during the year ending August 31, 2024.

NOTE 12: INTERFUND BALANCES AND TRANSFERS

In the 2023-24 fiscal year, there was no interfund loan activity to disclose.

In the 2023-24 fiscal year, there were transfers that totaled \$29,309,005.30 from the Capital Projects Fund to the General Fund for expenditures associated with the application and modernization of technology systems for operations and instruction including, but not limited to continued support of training, ongoing licensing and fees for capital and instructional technology systems, and ongoing training related to the installation and integration of these products and services. In addition, there was a transfer of \$5,901,522.82 from the Capital Projects Unrestricted Fund to the General Fund to move CPF Unrestricted Interest Income earned between the fiscal years 2013 through 2023 to General Fund. The total of all transfers was \$35,210,528.12 as of Aug 31, 2024.

The following table depicts interfund transfer activity:

Transferred From (Fund) 535 or 536	Transferred To (Fund) 965 9900 or 9901	Amount	Description
Capital Projects Fund 536	General Fund 9901	\$29,309,005.30	Technology-related transactions
Capital Projects Fund 536	General Fund 9901	\$ 5,901,522.82	Prior years - CPF Unrestricted Interest to GF
TOTAL:		\$35,210,528.12	

NOTE 13: ENTITY RISK MANAGEMENT ACTIVITIES

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District mitigates these risks through participation in an insurance pool for property and liability coverage and a combination of self-insurance for unemployment compensation and industrial injury.

Property and Liability Insurance

Bellevue School District is a member of Schools Insurance Association of Washington (SIAW). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a program or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The program was formed on September 1, 1995, when seven mid-sized school districts in the state of Washington joined together by signing an Interlocal Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. Membership as of August 31, 2024 includes 37 school districts.

The program allows members to jointly purchase insurance coverage and provide related services, such as administration, risk management, claims administration, etc. Coverage for Wrongful Acts Liability, Miscellaneous Professional Liability, and Employee Benefit Liability is on a claims-made basis. All other coverages are on an occurrence basis. The program provides the following forms of group purchased insurance coverage for its members: Property, Crime, Earthquake, General Liability, Auto Liability, Equipment Breakdown, Wrongful Acts Liability, and Cyber Liability, which are included to fit the district’s various needs.

The program acquires Liability insurance through their administrator, Clear Risk Solutions, which is subject to a per-occurrence **Self-Insured Retention (SIR) of \$500,000**. Members are responsible for a standard deductible of \$5,000 for each claim (some member deductibles vary), while the program is responsible for the **\$500,000 SIR**. Insurance carriers cover insured losses over **\$505,000** to the limits of each policy. Since the program is a cooperative program, there is a joint liability among the participating members towards the sharing of the **\$500,000 SIR**. The

program also purchases a Stop Loss Policy with an **attachment point of \$11,923,678**, which is fully funded in its annual budget.

Property insurance is subject to a per-occurrence **SIR of \$500,000**. Bellevue School District is responsible for a \$50,000 deductible for each claim (some member deductibles vary), while the program is responsible for the **\$500,000 SIR**. Insurance carriers cover insured losses over **\$510,000** to the limits of each policy. Equipment Breakdown insurance is subject to a per-occurrence deductible of \$50,000. Members are responsible for the deductible amount of each claim.

Privacy, Security, and Technology (Cyber) insurance is subject to a per-occurrence **SIR of \$250,000**. Members are responsible for a \$25,000 deductible for each claim, while the program is responsible for the remaining **\$225,000 SIR**.

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

The program is fully funded by its member participants. Claims are filed by members with Clear Risk Solutions, which has been contracted to perform program administration, claims adjustment and administration, and loss prevention for the program. Fees paid to the third-party administrator under this arrangement for the year ending **August 31, 2024, were \$4,199,515**.

A board of directors, consisting of eight members, is selected by the membership from the east and west side of the state and is responsible for conducting the business affairs of the program. The board of directors has contracted with Clear Risk Solutions to perform day-to-day administration of the program. This program has no employees.

Commercial Insurance

The District continues to carry commercial insurance for all other risks of loss, including excess workers' compensation, excess catastrophic medical, and storage tank pollution liability. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Unemployment Insurance & Industrial Insurance (Worker's Compensation)

The District is self-insured for unemployment compensation for all its eligible employees. Unemployment compensation claims are paid by the Washington State Department of Employment Security and then reimbursed by the District.

The District is self-insured for injuries incurred on the job for up to \$450,000. Insurance is purchased for claims in excess of \$450,000. Industrial insurance claims are paid by the District after claims have been approved by the Washington State Department of Labor and Industries.

Beginning in August 1995, the District established and continues to maintain estimated liability reserves for payment of future unemployment compensation and industrial insurance claims. The District charges each program at a rate estimated to provide coverage for the current year's claims plus required reserves for surety. All expenses related to the program are charged directly to the liability accounts.

The District reports all of its risk management activities, including claim settlements and judgments in its General Fund.

At August 31, 2024, the amount of liabilities totaled \$204,189 and \$340,047 for Unemployment and Industrial Insurance, respectively. This liability is the District's best estimate based on available information. Changes in the reported liability since September 1, 2021, resulted in the following:

Unemployment Insurance				
Fiscal Year	9/1/20XX Liability	Current Year Claims and Changes in Estimates	Claim Payments	8/31/20XX Balance
2022-23	\$ 482,784	\$ (147,000)	\$ 223,566	\$ 112,218
2023-24	\$ 112,218	\$ 406,998	\$ 315,027	\$ 204,189

Industrial Insurance				
Fiscal Year	9/1/20XX Liability	Current Year Claims and Changes in Estimates	Claim Payments	8/31/20XX Balance
2022-23	\$ 1,574,828	\$ 203,813	\$ 1,008,722	\$ 769,919
2023-24	\$ 769,919	\$ 753,414	\$ 1,183,286	\$ 340,047

NOTE 14: PROPERTY TAXES

Property tax revenues are collected as the result of special levies passed by the voters in the District. Taxes are levied on January 1. The taxpayer has the obligation of paying all taxes on April 30 or one-half then and one-half on October 31. Typically, slightly more than half of the collections are made on the April 30 date. The tax collections occurring after the end of the fiscal period are unavailable for revenue accrual. Therefore, the fall portion of property taxes is not accrued as revenue. Instead, the property taxes due after the end of the fiscal period are recorded as a deferred inflow of resources.

Tax Abatements

As of December 31, 2023, the County provides tax abatement through four programs - the

Current Use Program, the Historic Preservation Program, the Single-family Dwelling Improvement Program, and the Multifamily Housing Property Tax Exemption program. Of these, King County has entered into agreements that affect the levy rate assessed by the District in two of the four programs – the Current Use Program and the Single-family Dwelling Improvement Program. Both of these programs are property tax abatements. The property tax system in the state of Washington is budget-based, which means the taxing authority determines a budget or dollar amount and adjusts the rates for the taxpayers based on the assessed valuation of their property. The tax abatements did not result in a reduction or loss of revenue to the District because, pursuant to state law, these taxes were effectively reallocated to other property taxpayers. Only tax abatement programs that are material and attributable to activities in Bellevue School District are disclosed below.

Current Use Programs

The Current Use Programs provide property tax abatements to landowners to voluntarily preserve open space, farmland or forestland via four programs on their property pursuant to RCW 84.33.130 and RCW 84.34.010.

Public Benefit Rating System (PBRS) enrollment and associated tax savings are based on a point system. Points are awarded for each PBRS resource category a property qualifies for such as protecting buffers to streams and wetlands, ground water protection, preserving significant wildlife habitat, conserving farmland and native forestland and preserving historic landmarks.

Timber Land enrollment requires a property to have between five and twenty acres of manageable forestland, and be zoned accordingly. Land participating in this program must be devoted primarily to the growth, harvest and management of forest crops for commercial purposes and must be managed according to an approved forest stewardship plan.

Farm and Agricultural Land enrollment requires land to be used for the production of livestock or agricultural commodities for commercial purposes.

Forestland enrollment requires a property to have more than twenty acres of eligible forestland primarily devoted to the growth and harvest of timber.

An owner of land desiring current use classification must submit an application to the County Assessor. Once enrolled, a participating property is assessed at a “current use” value, which is lower than the “highest and best use” assessment value that would otherwise apply to the property.

When land no longer meets the requirements for the respective classifications, abated taxes and applicable penalties and interest are collected.

Single-family Dwelling Improvement Program

The Single-family Dwelling Improvement Program provides property tax abatement to encourage home improvements to single-family dwellings under RCW 84.36.400. Any physical improvement to single-family dwellings upon real property shall be exempt from taxation for the three (3) assessment years subsequent to the completion of the improvement. Abatement is obtained through application by the property owner, including proof that the improvements have been made and equal 100 percent of the additional property tax resulting from the increase in assessed value as a result of the improvements, not to exceed 30 percent of the pre-improvement value of the structure.

Below summarizes the tax abatement programs and the total amount of taxes abated during the calendar year ended December 31, 2023.

Tax Abatement Program	Total Amount of Taxes Abated
Single-Family Dwelling Improvement	\$2,342.75
Current Use	\$106,729.94

NOTE 15: JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS

King County Directors' Association

The District is a member of the King County Director's Association (KCDA). KCDA is a purchasing cooperative designed to pool the member districts' purchasing power. The district joined KCDA on May 22, 1964 and has remained in the joint venture ever since. The District's current equity of \$435,943.90 is the accumulation of the annual assignment of KCDA's operating surplus based upon the percentage derived from KCDA's total sales to the District compared to all other districts applied against paid administrative fees. The District may withdraw from the joint venture and will receive its equity in ten annual allocations of merchandise or 15 annual payments.

Puget Sound Joint Purchasing Cooperative

The District is a member of the Puget Sound Joint Cooperative (PSJPC). PSJPC is an organization comprised of approximately 131 school districts throughout the State of Washington formed to ensure that member districts receive competitive bid pricing for food, supplies and commodity processing. The primary focus of the joint purchasing agency is Child Nutrition Programs. The District became a member on September 1, 2009 and pays a fee that is based on the total equivalent lunches as reported on the last OSPI report 1800 D – Expenditures and Revenues per Equivalent Lunch, with a minimum fee of \$150. Annual fees are determined by the Cooperative Board and are assessed to each member district to reimburse the Cooperative for administrative,

legal, insurance, and other costs. For the 2023-24 fiscal year, the District paid an annual fee of \$1,000.

Washington Network for Innovative Careers (WaNIC)

The District operates a Satellite Campus of the Washington Network for Innovative Careers (WaNIC) Skill Center, hosted by the Lake Washington School District. A Skill Center is a regional cooperative program, designed to enhance the availability and offering of career and technical education programs by avoiding unnecessary duplication of course offerings and allowing for participation from multiple districts.

The WANIC Skills Center was created by an agreement of seven member districts. In the agreement, the Lake Washington School District is designated as the host district and fiscal agent for the Skill Center, responsible for accounting and fiscal matters relating to the Skill Center. The Skill Center is governed by an Administrative Council, comprised of the superintendents of all participating districts, or their assigned representatives. Administration of the Skills Center is handled through a director who is an employee of the Lake Washington School District.

A Satellite Campus is considered an extension of the Skill Center Core Campus. Satellite campuses do not report enrollment apart from the Core Campus, and so do not receive apportionment funding directly from the State. The District is responsible for hiring the teachers who will work on the Satellite Campus program(s), but as the District does not receive direct state funding, it requires that the Core Campus reimburse the District for the cost of the instructors.

NOTE 16: FUND BALANCE CLASSIFICATION DETAILS

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

	General Fund	ASB Fund	Capital Projects Fund	Debt Service Fund	Transportation Vehicle Fund
Nonspendable Fund Balance					
Inventory and Prepaid Items	\$8,414,526.58	\$88,129.10			
Restricted Fund Balance					
For Fund Purpose		\$2,207,933.98			\$3,518,474.42
For Carryover of Restricted Revenues	\$859,626.33				
For Carryover of Food Service Revenue	\$319,798.31				
For Debt Service				\$52,950,229.24	
For Self-Insurance	\$544,235.47				
Restricted from Bond Proceeds			\$84,109,012.30		
Restricted from Other Proceeds			\$20,000.00		
Committed Fund Balance					

	General Fund	ASB Fund	Capital Projects Fund	Debt Service Fund	Transportation Vehicle Fund
Committed from Levy Proceeds			\$20,757,987.36		
Other Purposes	\$45,472.82				
Assigned Fund Balance					
Other Purposes	\$1,853,709.00		\$20,773,664.05		
Unassigned Fund Balance	\$(3,628,180.05)				
Total Fund Balance	\$8,409,188.46	\$2,296,063.08	\$125,660,663.71	\$52,950,229.24	\$3,518,474.42

The Board of Directors has established a minimum fund balance policy for the General Fund to ensure financial stability and provide for contingencies. Policy 6022 recommends that the District maintains a minimum fund balance between 5–6% of the prior year’s actual expenditures.

Portions of fund balance that are set aside for the purpose of meeting this policy are recorded on the financial statements as Committed, Assigned and Unassigned Fund Balance. These portions equal **\$(1,728,998)** at year-end, is **(0.4%)** of the District’s 2023–24 General Fund expenditures.

To address the fund balance decline, the District implemented \$13,224,000 in budget reductions for the 2024–25 school year. These reductions are currently being monitored to assess their actual impact.

NOTE 17: DEFINED CONTRIBUTION PENSION AND OPEB PLANS ⑤

457 Plan – Deferred Compensation Plan

District employees have the option of participating in a deferred compensation plan as defined in §457 of the Internal Revenue Code that is administered by the State of Washington’s Department of Retirement Systems. The District made employer contributions to the plan for some certified administrators at a contribution rate of \$6,500 annually. All other certificated administrators receive employer contributions through the 403(b) Plan. The employer contribution rate is set by a union contract. For the year ended August 31, 2024, the District contributed \$20,700 to the Plan and had a \$2,100 liability for contributions at year end.

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

The District offers a tax deferred annuity plan for its employees. The plan permits participants to defer a portion of their salary until future years under two types of deferrals: elective deferrals (employee contribution) and non-elective (discretionary) employer contributions. The employer contribution rate for the Superintendent and cabinet members is set by the District’s governing body, and by a union contract for certificated administrators.

During the 2023-24 fiscal year, the District made employer contributions to the plan for some certificated administrators at a contribution rate of \$6,500 annually. For cabinet members, the contribution rate was \$12,000 annually. For the Deputy Superintendents, the contribution rate was \$30,000 annually for one cabinet contract, and all others were at \$12,000 annually.

The District complies with IRS regulations that require school districts to have a written plan to include participating investment companies, types of investments, loans, transfers, and various requirements. The plan is administered by a third party administrator, Carruth Compliance Consulting, Inc. Plan assets are assets of the District employees, not the school district, and are therefore not reflected on the financial statements. For the year ended August 31, 2024, the District made \$632,650 in employer contributions to the plan and had a \$49,695 liability for contributions at year end.

NOTE 18: TERMINATION BENEFITS

Compensated Absences

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

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

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

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

As of August 31, 2024, the amount of accrued sick and vacation leave was \$338,660.91 and \$4,212,889.62 respectively, both of which are reported in the Schedule of Long-Term Liabilities.

No unrecorded liability exists for other employee benefits.

NOTE 19: FINANCIAL CONDITION

Starting on July 10, 2025, the District was placed into binding conditions with the state pursuant to RCW 28A.505.110.

As a part of binding conditions, a plan was created to assist the District to return to financial stability. This included staffing and contract reductions for fiscal year 2026. As a part of the plan, the District must meet the following conditions:

1. Monthly budget status reports presented to the school board must be shared electronically with PSESD and OSPI within one week of the board meeting and no later than the end of the subsequent calendar month.
2. A quarterly meeting to review current financial status will be held with PSESD and OSPI to include review of the following: budgeted to actual expenditures and revenues, enrollment trends, current staffing levels, and a current two fiscal year cash flow projection (current fiscal year and next fiscal year). These meetings will be scheduled by OSPI after considering the required individuals' calendar availability no later than July 31, 2025. These meetings must include, at a minimum, the Superintendent and Business Official of the school district. The President of the School Board is recommended but not required to attend these meetings.
3. The actual ending general fund balance in the F-196 for the 2024–25 school year, submitted in November 2025, is greater than (\$5,900,000). This is the current projected ending fund balance in the approved budget.
4. The budgeted ending general fund balance in the F-195, adopted by August 1, 2025, for the 2025–26 school year, is greater than (\$3,000,000).
5. The actual general fund balance in the F-196 that is submitted to OSPI in November 2026, is greater than (\$3,000,000).
6. The budgeted general fund balance in the F-195, adopted by August 30, 2026, for the 2026–27 school year, is not less than \$1,000,000.
7. The actual general fund balance in the F-196 that is submitted to OSPI in November 2027, is not less than \$1,000,000.
8. The District reviews and adopts a 4-year strategic financial plan to meet the fund balance policy range as documented in School Board Policy 6022.
9. All financial reports and documents submitted to OSPI and PSESD will be on the modified basis of accounting and include all debt incurred by the district including interfund loans, non-voted debt, and voted debt.

Bellevue School District No. 405

Schedule of Long-Term Liabilities

For the Year Ended August 31, 2024

Description	Beginning Outstanding Debt September 1, 2023	Amount Issued / Increased	Amount Redeemed / Decreased	Ending Outstanding Debt August 31, 2024	Amount Due Within One Year
Voted Debt					
Voted Bonds	750,370,000.00	0.00	70,825,000.00	679,545,000.00	79,585,000.00
LOCAL Program Proceeds Issued in Lieu of Bonds	0.00	0.00	0.00	0.00	0.00
Non-Voted Debt and Liabilities					
Non-Voted Bonds	0.00	0.00	0.00	0.00	0.00
LOCAL Program Proceeds	0.00	0.00	0.00	0.00	0.00
Leases	1,083,793.70	498,627.80	636,404.35	946,017.15	271,657.10
Contracts Payable	0.00	0.00	0.00	0.00	0.00
Claims & Judgements	0.00	0.00	0.00	0.00	0.00
Compensated Absences	4,847,727.85	4,956,099.93	4,931,745.71	4,872,082.07	4,551,550.53
Long-Term Notes	0.00	0.00	0.00	0.00	0.00
Anticipation Notes Payable	0.00	0.00	0.00	0.00	0.00
Lines of Credit	0.00	0.00	0.00	0.00	0.00
Other Non-Voted Debt	0.00	0.00	0.00	0.00	0.00
Other Liabilities					
Non-Voted Notes Not Recorded as Debt	0.00	0.00	0.00	0.00	0.00
Net Pension Liabilities:					
Net Pension Liabilities TRS 1	25,704,890.00	0.00	1,577,836.00	24,127,054.00	
Net Pension Liabilities TRS 2/3	0.00	4,133,368.00	0.00	4,133,368.00	
Net Pension Liabilities SERS 2/3	0.00	0.00	0.00	0.00	
Net Pension Liabilities PERS 1	7,783,112.00	0.00	1,559,551.00	6,223,561.00	
Total Long-Term Liabilities	789,789,523.55	9,588,095.73	79,530,537.06	719,847,082.22	84,408,207.63

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

Refer to the notes to the financial statements for more information.

**Bellevue School District No. 405
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2025**

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		
Child Nutrition Cluster								
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via WA OSPI)	School Breakfast Program	10.553	N/A	400,373	-	400,373	-	
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via WA OSPI)	National School Lunch Program	10.555	N/A	2,594,574	-	2,594,574	-	
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via WA OSPI)	National School Lunch Program	10.555	N/A	676,820	-	676,820	-	4
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via WA OSPI)	National School Lunch Program	10.555	N/A	319,798	-	319,798	-	
				Total ALN 10.555:		3,591,192		
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via WA OSPI)	Summer Food Service Program for Children	10.559	N/A	8,890	-	8,890	-	
				Total Child Nutrition Cluster:		4,000,455		
U.S. Dept of Education (via WA OSPI)	Title I Grants to Local Educational Agencies	84.01	GT--01298	2,956,694	-	2,956,694	-	
Special Education Cluster (IDEA)								

The accompanying notes are an integral part of this schedule.

**Bellevue School District No. 405
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2025**

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 WA OSPI)	Special Education Grants to States	84.027	AP-OSPI-3975	4,284,105	-	4,284,105	-	2
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, EDUCATION, DEPARTMENT OF (via WA OSPI)	Special Education Grants to States	84.027	AP-OSPI-7617	619,245	-	619,245	-	
			Total ALN 84.027:	4,903,350	-	4,903,350	-	
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, EDUCATION, DEPARTMENT OF (via WA OSPI)	Special Education Preschool Grants	84.173	GT--01452	78,530	-	78,530	-	2
			Total Special Education Cluster (IDEA):	4,981,880	-	4,981,880	-	
Office of Career, Technical, and Adult Education, EDUCATION, DEPARTMENT OF (via WA OSPI)	Career and Technical Education -- Basic Grants to States	84.048	GT--01379	106,947	-	106,947	-	2
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via WA OSPI)	English Language Acquisition State Grants	84.365	GT--01298	481,646	-	481,646	-	2

The accompanying notes are an integral part of this schedule.

**Bellevue School District No. 405
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2025**

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 WA OSPI)	Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	GT--01298	466,424	-	466,424	-	2
Total Federal Awards Expended:				12,994,046	-	12,994,046	-	

The accompanying notes are an integral part of this schedule.

Bellevue School District No. 405
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ending August 31, 2025

Note 1 - Basis of Accounting

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

Note 2 - Federal De Minimis Indirect Rate

The Bellevue School District has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance. Bellevue School District used the following Federal Indirect rates in 24-25
2.31% 24-25 Restricted Rate

Note 3- Program Costs/Matching Contributions

The amounts shown as current year expenses represent only the federal grant portion of the program costs. Entire program costs, including the Bellevue School District's local matching share, may be more than shown. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 4- Non Cash Awards

The amount of food commodities reported on the schedule is the value of food commodities distributed by the Bellevue School District during the current year and priced as prescribed by the U.S. Department of Agriculture.

Note 5- Schoolwide Programs

The Bellevue School District operated a "schoolwide program" in four elementary buildings and one middle school. 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 programs: Title I (84.010) \$2,148,022.

Note 6 - Transferability

As allowed by federal regulations, the Bellevue School District elected to transfer program funds. The district expended \$221,205 from its Title IV, Part A Student Support and Academic Enrichment Program (84.424) on allowable activities of the Title I, Part A Grants to Local Educational Agencies (84.010). This amount is reflected in the expenditures of Title I, Part A Grants to Local Educational Agencies (84.010).

Additional Footnote - Multiple Grants per Federal ALN

Certain programs have more than one grant and are listed separately on the Schedule of Expenditures of Federal Awards. To provide more clarity, additional information is provided below:

	ALN	Other ID	Amount
National School Lunch Program:			
National School Lunch Program (NSLP)	10.555	N/A	\$2,594,574
National School Lunch Program - Commodities	10.555	N/A	\$676,820
Supply Chain Assistance Funds	10.555	N/A	\$319,798
Total			\$3,591,192
Safety Net	84.027	AD-SNHNI-74	\$619,245
Total			\$4,903,350



CORRECTIVE ACTION PLAN FOR FINDINGS REPORTED UNDER UNIFORM GUIDANCE

Bellevue School District No. 405 September 1, 2023 through August 31, 2024

This schedule presents the corrective action planned by the District for findings reported in this report 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).

Finding ref number: 2024-001	Finding caption: The District's financial condition places it at risk of being unable to meet financial obligations or provide services at current levels.
Name, address, and telephone of District contact person: Loren Tillman, Interim Chief Financial Officer 12111 N.E. 1 st Street Bellevue, WA 98005 (425) 456-4424	
Corrective action the auditee plans to take in response to the finding: <i>The Bellevue School District continues to work closely with Puget Sound ESD and OSPI towards achieving the binding conditions laid out in the July 10, 2025 binding conditions letter and any future amendments to that letter. The district has made reductions in expenditures starting in the 2025 fiscal year with significant reductions occurring in the 2026 fiscal year. The District, Puget Sound ESD and OSPI continue to monitor financial operations to ensure the district returns to financial health. At the end of fiscal year 2025 the district is ahead of current binding conditions.</i>	
Anticipated date to complete the corrective action: August 31, 2028	

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. Additionally, we share regular news and other information via an email subscription service and social media channels.

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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 undefeased 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