

PRELIMINARY OFFICIAL STATEMENT DATED \_\_\_\_\_, 2013

NEW ISSUE  
BOOK-ENTRY ONLY  
NOT BANK QUALIFIED

MOODY'S RATING:

See "OTHER MATTERS - Ratings"

WASHINGTON STATE SCHOOL DISTRICT CREDIT ENHANCEMENT PROGRAM:

(See "OTHER MATTERS—Ratings" and

APPENDIX C—"Washington State School District Credit Enhancement Program" herein.)

*In the opinion of Pacifica Law Group LLP, Bond Counsel, assuming compliance with certain covenants of the District, interest on the Bonds is excludable from gross income for federal income tax purposes under existing law. Interest on the Bonds is not an item of tax preference for purposes of either individual or corporate alternative minimum tax. Interest on the Bonds may be indirectly subject to corporate alternative minimum tax and certain other taxes imposed on certain corporations. See "LEGAL MATTERS—Tax Matters" herein for a discussion of the opinion of Bond Counsel.*

**\$26,835,000\***

**WOODLAND SCHOOL DISTRICT NO. 404,  
COWLITZ AND CLARK COUNTIES, WASHINGTON  
UNLIMITED TAX GENERAL OBLIGATION BONDS, 2013**



**Bonds Dated: Date of Delivery**

**Due: December 1, as set forth on inside cover**

The Woodland School District No. 404, Cowlitz and Clark Counties, Washington (the "District") Unlimited Tax General Obligation Bonds, 2013 (the "Bonds") will be issued as fully registered bonds in the name of Cede & Co., as Bondowner and as nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Individual purchase and sale of the Bonds will initially be made in book-entry form only. Purchasers will not receive certificates representing their ownership of the Bonds. See "DESCRIPTION OF THE BONDS."

The Bonds will be issued in denominations of \$5,000 or any integral multiple thereof within a maturity. Interest on the Bonds will be payable on June 1, 2014 and semiannually thereafter on December 1 and June 1 of each year until their maturity. Principal of the Bonds will be payable by the fiscal agency of the State of Washington, currently The Bank of New York Mellon, New York, New York, to DTC which, in turn, will remit such principal and interest to the DTC participants for subsequent disbursement to the Beneficial Owners of the Bonds, as described herein under "DESCRIPTION OF THE BONDS—Book-Entry Only System/The Depository Trust Company."

The Bonds are subject to redemption prior to maturity as described herein. See "DESCRIPTION OF THE BONDS—Redemption Provisions."

The Bonds are being issued for the purpose of providing funds to construct, equip, acquire and make certain capital improvements to the facilities of the District and to pay the costs of issuing the Bonds. See "SOURCES AND USES OF FUNDS—Purpose."

The Bonds constitute general obligations of the District. The District irrevocably covenants that, unless the principal of and interest on the Bonds are paid from other sources, it will make annual levies of taxes without limitation as to rate or amount upon all of the property in the District subject to taxation in amounts sufficient to pay such principal and interest as the same shall become due. The full faith, credit and resources of the District are hereby 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 Cowlitz or Clark Counties, the State of Washington or any political subdivision thereof other than the District. See "SECURITY FOR THE BONDS."

*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 C attached hereto and titled "WASHINGTON STATE SCHOOL DISTRICT CREDIT ENHANCEMENT PROGRAM."*

The District has not designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

The Bonds are offered when, as and if issued, subject to the approving legal opinion of Pacifica Law Group LLP, Seattle, Washington, Bond Counsel. It is expected that delivery of the Bonds will be made through the facilities of DTC in New York, New York, by *Fast Automated Securities Transfer*, on or about December 10, 2013.

**[UNDERWRITER]**

\* Preliminary, subject to change.

Dated: \_\_\_\_\_

*This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.*

**\$26,835,000\***  
**WOODLAND SCHOOL DISTRICT NO. 404,**  
**COWLITZ AND CLARK COUNTIES, WASHINGTON**  
**UNLIMITED TAX GENERAL OBLIGATION BONDS, 2013**

**Maturity Schedule\***

<b>Due December 1*</b>	<b>Maturity Amount*</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>Price</b>	<b>CUSIP† No.</b>
2017	\$ 665,000	%	%		
2018	260,000				
2019	360,000				
2020	465,000				
2021	580,000				
2022	700,000				
2023	835,000				
2024	875,000				
2025	955,000				
2026	1,040,000				
2027	1,135,000				
2028	725,000				
2029	810,000				
2030	905,000				
2031	915,000				
2032	940,000				
2033	1,075,000				
2034	1,130,000				
2035	1,195,000				
2036	2,290,000				
2037	4,310,000				
2038	4,670,000				

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\* Preliminary, subject to change.

† Copyright 2013 CUSIP Global Services. CUSIP is a registered trademark of the American Bankers Association. These CUSIP numbers were provided by CUSIP Global Services and are not intended to create a database and do not serve in any way as a substitute for the CUSIP Global Services. CUSIP numbers are provided for convenience of reference only. CUSIP numbers are subject to change. The District takes no responsibility for the accuracy of such CUSIP numbers.

**WOODLAND SCHOOL DISTRICT NO. 404**

800 3rd Street  
Woodland, WA 98674  
(360) 841-2700  
www.woodlandschools.org\*

<b>Board of Directors</b>	<b>Title</b>	<b>Term Expiration</b>
Jim Bays	President - Director District 1	2016
Janice Watts	Director District 2	2016
Tina Cayton	Director District 3	2016
Bill Woodard	Director District 4	2014
Jeremy Stuart	Director District 5	2014

**Administration**

Michael Green	Superintendent
Stacy Brown	Business Manager

**Cowlitz County Officials**

Terry McLaughlin	Assessor
Kathy Hanks	Treasurer

**Bond Counsel**

Pacifica Law Group LLP  
Seattle, Washington

**Financial Advisor**

Public Financial Management, Inc.  
Seattle, Washington

**Bond Registrar**

The Bank of New York Mellon  
New York, New York

\* 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.

*No dealer, broker, sales representative or other person has been authorized by the District or the Underwriter to give any information or to make any representations with respect to the Bonds other than those contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the District or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.*

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

*The information set forth or included in this Official Statement has been provided by the District and from other sources believed by the District to be reliable but is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall create any implication that there has been no change in the financial condition or operations of the District described herein since the date hereof.*

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

*To permit the Underwriter to comply with Rule 15c2-12 of the Securities and Exchange Commission, the District has deemed this Preliminary Official Statement final as of its date, except for the omission of offering prices, interest rates, selling compensation, principal amounts, delivery date, ratings and other terms of the Bonds depending on the foregoing matters.*

*Certain statements contained in this Official Statement reflect not 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, the words “estimate,” “forecast,” “project,” “anticipate,” “expect,” “intend,” “believe” and other similar expressions are intended to identify forward-looking statements. The forward-looking statements in this Official Statement are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by such statements. All estimates, projections, forecasts, assumptions and other forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth in this Official Statement. The District specifically disclaims any obligation to update any forward-looking statements to reflect occurrences or unanticipated events or, circumstances after the date of this Official Statement, except as otherwise expressly provided in “OTHER MATTERS—Continuing Disclosure Undertaking.”*

*The Bonds have not been registered with the Securities and Exchange Commission under the Securities Act of 1933, in reliance upon a specific exemption contained in such act. The Bonds may, however, be subject to registration or qualification under the securities laws of various states, and may not be transferred in violation of such state laws. The registration or qualification of the Bonds in accordance with applicable provisions of the securities laws of the states in which the Bonds have been registered or qualified, if any, and exemption from registration or qualification in other states, shall not be regarded as a recommendation thereof. No state nor any state or federal agency has passed upon the merits of these Bonds or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.*

*The CUSIP numbers herein were obtained from CUSIP Global Services. The District makes no representation as to the accuracy thereof. CUSIP is a registered trademark of the American Bankers Association. CUSIP numbers are included in this Official Statement for convenience of the holders and potential holders of the Bonds. The CUSIP numbers were provided by CUSIP Global Services and are not intended to create a database and do not serve in any way as a substitute for the CUSIP Global Services. No assurance can be given that the CUSIP numbers for the Bonds will remain the same after the date of issuance and delivery of the Bonds.*

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**\$26,835,000\***  
**WOODLAND SCHOOL DISTRICT NO. 404**  
**COWLITZ AND CLARK COUNTIES, WASHINGTON**

**UNLIMITED TAX GENERAL OBLIGATION BONDS, 2013**

**INTRODUCTION**

This Official Statement, including the cover page, the appendices attached hereto and the documents incorporated herein by reference, is being provided by Woodland School District No. 404, Cowlitz and Clark Counties, Washington (the "District"), to furnish information in connection with the issuance of \$26,835,000\* aggregate principal amount of its Unlimited Tax General Obligation Bonds, 2013 (the "Bonds"). Unless otherwise defined in this Official Statement, capitalized terms used herein will have the meanings or meanings as set forth in the Bond Resolution (as defined herein) authorizing the issuance of the Bonds.

The Bonds are issued pursuant to the laws of Washington State (the "State"), including chapters 28A.530, 39.36, and 39.46 of the Revised Code of Washington, as amended ("RCW"), and Resolution No. \_\_\_\_\_ of the District adopted on November 12, 2013, authorizing the issuance of the Bonds (the "Bond Resolution"). This Official Statement is qualified in its entirety by references to 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. This Official Statement is not to be construed as a contract or agreement between the District's Board of Directors (the "Board") and purchasers or holders of any of the Bonds.

**DESCRIPTION OF THE BONDS**

**General**

The Bonds will be issued in denominations of \$5,000 or any integral multiple thereof within a maturity. The Bonds will bear interest at the rates and mature on the dates set forth on the inside cover of this Official Statement. Interest on the Bonds will be paid on June 1, 2014 and semiannually thereafter on December 1 and June 1 of each year until their maturity or early redemption.

The Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository for the Bonds. Individual purchases will initially be made in book-entry form only. Purchasers will not receive certificates representing their beneficial ownership interest in the Bonds so purchased.

The District has requested that the Cowlitz County Treasurer, as *ex officio* treasurer of the District, adopt the system of registration for the Bonds approved by the State Finance Committee of the State of Washington (the "Committee"). Pursuant to chapter 43.80 RCW, the Committee designates one or more fiscal agencies ("Fiscal Agency") for bonds issued within the State of Washington. The Committee currently is under contract with The Bank of New York Mellon, New York, New York, to serve as Fiscal Agency. The Fiscal Agency will act as bond registrar (the "Bond Registrar") under the terms of the Bond Resolution.

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\* Preliminary, subject to change.

In order to meet payment requirements for interest on and principal of the Bonds as the same becomes due and payable, the District will remit money to the Bond Registrar. The Bond Registrar will remit payment to DTC in accordance with the terms of the DTC procedures as then in effect. Principal of the Bonds will be paid to registered owners upon presentation and surrender of the Bonds at maturity or upon earlier redemption to the office of the Bond Registrar in New York, New York. See “Book-Entry Only System/The Depository Trust Company.”

### **Redemption Provisions**

The Bonds maturing on or after December 1, 2024 are subject to redemption at the option of the District on or after December 1, 2023, in whole or in part on any date (with maturities to be selected by the District), at a price of par plus accrued interest, if any, to the date of redemption.

For as long as the Bonds are in book-entry only form, if fewer than all of the Bonds of a maturity are called for redemption, the selection of Bonds within a maturity to be redeemed shall be made by DTC, in accordance with its operational procedures then in effect. See Appendix D attached hereto. If the Bonds are no longer held in book-entry only form, then the Bond Registrar will select Bonds for redemption as provided in the Bond Resolution.

*Notice of Redemption.* For so long as the Bonds are held in uncertificated form, notice of redemption (which notice may be conditional) shall be given in accordance with the operational arrangements of DTC as then in effect, and neither the District nor the Bond Registrar will provide any notice of redemption to any Beneficial Owners. Thereafter (if the Bonds are no longer held in uncertificated form), unless waived by any owner of Bonds to be redeemed, official notice of any such redemption (which redemption may be conditioned by the Bond Registrar on the receipt of sufficient funds for redemption or otherwise) shall be given by the Bond Registrar on behalf of the District by mailing a copy of an official redemption notice by first-class mail at least 20 days and not more than 60 days prior to the date fixed for redemption to the registered owner of the Bond or Bonds to be redeemed at the address shown on the register maintained by the Bond Registrar or at such other address as is furnished in writing by such registered owner to the Bond Registrar.

*Effect of Redemption.* Unless the District has revoked a notice of redemption (or unless the District provided a conditional notice and the conditions for redemption set forth therein are not satisfied), official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the District shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest.

### **Purchase of Bonds for Retirement**

The District has reserved the right and option to purchase any or all of the Bonds offered to the District at any time at any price deemed reasonable by the District.

### **Defeasance**

In the event that cash and/or certain “governmental obligations” of the United States, maturing at such time or times and bearing interest to be earned thereon in amounts sufficient to redeem and retire the Bonds or any of them in accordance with their terms, are set aside in a special account to effect such redemption or retirement and such money and the principal of and interest on such obligations are irrevocably set aside and pledged for such purpose, then such Bonds shall cease to be entitled to any lien, benefit or security of the Bond Resolution except the right to receive the funds so set aside and pledged, and such Bonds shall be deemed not to be outstanding.

“Government obligations” is defined in the Bond Resolution to have the meaning specified in RCW 39.53.010, as it may be amended from time to time, which currently means any of the following: (a) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America, and bank certificates of deposit secured by such obligations; (b) bonds, debentures, notes, participation certificates or other obligations issued by the Banks for Cooperatives, the Federal Intermediate Credit Bank, the Federal Home Loan Bank system, the Export-Import Bank of the United States, Federal Land Banks or the Federal National Mortgage Association; (c) public housing bonds and project notes fully secured by contracts with the United States; and (d) obligations of financial institutions insured by the Federal Deposit Insurance Corporation or the Federal

Savings and Loan Insurance Corporation, to the extent insured or to the extent guaranteed as permitted under any other provision of State law.

### **Book-Entry Only System/The Depository Trust Company**

DTC will act as initial securities depository for the Bonds. The Bonds will be issued as fully registered bonds in the name of Cede & Co., as nominee of DTC. One fully registered Bond will be issued for each maturity of the Bonds in the principal amount of such maturity and will be deposited with DTC. See APPENDIX D—“Book-Entry Only System.”

If DTC or any other successor depository resigns from its functions as depository, and no substitute depository can be obtained, or the District determines that it is in the best interest of the beneficial owners of the Bonds that such Bonds be provided in certificated form, the ownership of such Bonds may then be transferred to any person or entity as provided in the Bond Resolution, and will no longer be held in fully immobilized form. In such case, the District will request the Bond Registrar to issue the Bonds in appropriate denominations and registered in the names of the appropriate persons.

Neither the District nor the Bond Registrar has any responsibility or obligation to DTC participants or the persons for whom they act as nominees with respect to the Bonds for: (1) the accuracy of any records maintained by DTC or any DTC participant; (2) the payment by DTC or any DTC participant of any amount in respect of the principal of or interest on the Bonds; (3) any notice which is permitted or required to be given to Registered Owners under the Bond Resolution (except such notices as required to be given by the District to the Bond Registrar or to DTC); or (4) any consent given or other action taken by DTC as the Registered Owner. For so long as any of the Bonds are held in fully immobilized form, DTC or its successor depository shall be deemed to be the Registered Owner for all purposes, and all references to the Registered Owners means DTC (or any successor depository) or its nominee and does not mean the beneficial owners.

## **SOURCES AND USES OF FUNDS**

### **Purpose**

The qualified electors of the District authorized the issuance of \$52,835,000 in unlimited tax general obligation bonds at a special election duly called, noticed and held on April 17, 2012 (the “Bond Authorization”) to provide funds to construct and equip a new high school including new athletic practice and playing fields, stands and a track, modernize and make improvements to elementary and middle school facilities and replace the gymnasium at Yale Elementary School, as authorized by District Resolution No. 2553, adopted on February 13, 2012. See “DEBT INFORMATION—Authorization of Voted General Obligation Bonds” below.

Proceeds of the Bonds will be used (a) to finance a portion of the costs of projects approved by the Bond Authorization (the “Projects”), and (b) to pay costs related to the issuance and sale of the Bonds.

*[Remainder of Page Intentionally Left Blank]*



## Sources and Uses

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

<b>Sources</b>	
Principal Amount of Bonds <sup>(1)</sup>	\$ 26,835,000
[Net] Original Issue Premium/(Discount)	
<b>Total Sources</b>	<hr/> <hr/>
<b>Uses</b>	
Deposit to Capital Projects Fund	
Deposit to Debt Service Fund	
Costs of Issuance <sup>(2)</sup>	
<b>Total Uses</b>	<hr/> <hr/>

<sup>(1)</sup> Preliminary, subject to change.

<sup>(2)</sup> Issuance costs include legal fees, financial advisor fees, underwriter's discount, and other costs incurred in connection with the issuance of the Bonds.

## SECURITY FOR THE BONDS

### Full Faith and Credit Pledge

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

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

Bond owners do not have a security interest in particular revenues or assets of the District. The obligation to pay debt service on the Bonds is not an obligation of Cowlitz County (the "County"), Clark 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 C attached hereto.

### No Acceleration

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

## DEBT INFORMATION

### Limits of Indebtedness

Under State statutes a school district may incur non-voted debt not to exceed 3/8 of one percent of the assessed value of taxable property within a school district, as discussed below. With the approval of the voters, a school district may incur total indebtedness, including non-voted debt, not to exceed five percent of the assessed value of taxable property within the school district.

### Authorization of Non-Voted Debt

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. It is unlawful for an officer or an employee of the District to incur liabilities in excess of budgetary appropriations.

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, grants or the sale of bonds. These short-term obligations must 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, as amended, authorizes school districts to incur long-term indebtedness for acquisition of real or personal property and to finance structural changes and additions to buildings without a vote of the people through the issuance of bonds payable out of the District's ordinary revenues.

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

### Authorization of Voted General Obligation Bonds

Unlimited tax general obligation bonds, such as the Bonds, require an approving vote, and any election to validate general obligation bonds must have a voter turnout of at least 40% of those who voted in the last state general election. Of those voting, 60% must vote in the affirmative. The qualified electors of the District authorized the issuance of \$52,835,000 in unlimited tax general obligation bonds at a special election duly called, noticed and held on April 17, 2012. See "SOURCES AND USES OF FUNDS—Purpose" herein. On August 15, 2012, the District issued \$26,000,000 of its Unlimited Tax General Obligation Bonds, 2012 under the Bond Authorization. The Bonds are the second and final series of Bonds issued through the Bond Authorization. The results of the District's Bond Authorization election have been certified by the Cowlitz County Auditor and are as follows:

	<u>Number of Votes</u>	<u>% of Votes</u>
Yes	2,180	64.98%
No	1,175	35.02
Total	3,355	100.00%

The election question for the Bond Authorization states that the bonds will mature over a period not to exceed 25 years from the date of issue.

**District's Debt Capacity (as of October 1, 2013)**

District's Taxable Assessed Valuation (2013 collection year)		\$ 1,251,125,141
<i>Non-Voted General Obligation Debt Capacity:</i>		
Legal Limit Without Vote (3/8 of 1% of Assessed Value)		4,691,719
Outstanding Non-Voted Debt		<u>(311,728)</u>
Remaining Non-Voted Debt Capacity		<u>\$ 4,379,991</u>
<i>Voted and Non-Voted General Obligation Debt Capacity:</i>		
Legal Limit With Vote (5% of Assessed Value)		\$ 62,556,257
Outstanding Voted Bond Debt (Voted Portion)	\$ 31,600,000	
The Bonds <sup>(1)</sup>	26,835,000	
Outstanding Non-Voted Debt	<u>311,728</u>	
Outstanding Debt	<u>\$ 58,746,728</u>	<u>(58,746,728)</u>
Remaining Debt Capacity		<u>\$ 3,809,529</u>

<sup>(1)</sup> Preliminary, subject to change.

Source: Woodland School District and Cowlitz and Clark County Assessor's Offices.

**Direct and Estimated Overlapping Debt**

Bonded General Obligation Debt (including the Bonds) <sup>(1)</sup>			\$ 58,435,000
Lease Obligations (Operating Leases) <sup>(1)</sup>			<u>311,728</u>
Direct Debt			\$ 58,746,728
	G.O. Debt Outstanding <sup>(1)</sup>	Percentage Overlap	Estimated Overlapping Debt
City of Woodland	\$ 4,364,173	100.00%	\$ 4,364,173
Cowlitz County <sup>(2)</sup>	43,585,000	12.29	5,354,685
Clark County <sup>(2)</sup>	105,880,000	10.80	11,435,040
Fire District No. 7	324,197	98.49	319,307
Port of Kalama	2,125,000	0.91	19,427
Port of Woodland	<u>1,363,251</u>	48.17	<u>656,693</u>
Total Estimated Overlapping Debt	\$ 157,641,621		<u>\$ 22,149,325</u>
Total Direct & Estimated Overlapping Debt			<u>\$ 80,896,053</u>

<sup>(1)</sup> Preliminary, subject to change. As of October 1, 2013.

<sup>(2)</sup> Excludes proprietary-type debt, component unit debt, public facilities district debt financed from special taxes and hotel/motel tax financed debt.

Source: Cowlitz and Clark County Assessor's Offices, the City and certain other issuers listed.

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**Bonded Debt Ratio<sup>(1)</sup>**

District Taxable Assessed Valuation (2013 collection year)	\$	1,251,125,141
Woodland School District Population <sup>(2)</sup>		12,130
Direct Debt to Assessed Valuation <sup>(3)</sup>		4.70%
Direct & Estimated Overlapping Debt to Assessed Valuation <sup>(3)</sup>		6.47%
Per Capita Assessed Valuation	\$	103,143
Per Capita Direct Debt <sup>(3)</sup>	\$	4,843
Per Capita Direct & Estimated Overlapping Debt <sup>(3)</sup>	\$	6,669

<sup>(1)</sup> Preliminary, subject to change.

<sup>(2)</sup> Estimate.

<sup>(3)</sup> Includes the Bonds.

Source: Woodland School District.

**Schedule of General Obligation Indebtedness**

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

<u>Unlimited Tax General Obligation Bonds</u>	<u>Date of Issue</u>	<u>Date of Final Maturity</u>	<u>Amount Outstanding<sup>(1)</sup></u>
UTGO Bonds, 2005	11/15/2005	12/01/2024	\$ 3,125,000
UTGO Refunding, 2012	03/06/2012	12/01/2016	2,475,000
UTGO Bonds, 2012	08/15/2012	12/01/2036	26,000,000
UTGO Bonds, 2013 (the Bonds) <sup>(2)</sup>	12/10/2013	12/01/2038	26,835,000
<b>UTGO Bond Total</b>			<u>\$ 58,435,000</u>
<u>Limited General Obligation Bonds</u>			
LGO Bond, 2012	07/13/2012	06/01/2016	\$ 311,728
<b>LGO Bond Total</b>			<u>\$ 311,728</u>
 <b>Long Term Debt Outstanding</b>			 <u><u>\$ 58,746,728</u></u>

<sup>(1)</sup> Borrowings do not include short-term internal fund borrowings.

<sup>(2)</sup> Preliminary, subject to change.

Source: Woodland School District.

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

Calendar Year Ending (December 31)	Existing Debt Service			2013 Bonds <sup>(1)</sup>			Total Debt Service <sup>(2)</sup>
	Principal	Interest <sup>(3)</sup>	Debt Service	Principal	Interest	Debt Service	
2013	\$ 1,625,000	\$ 502,048	\$ 2,127,048	--	--	--	\$ 2,127,048
2014	1,765,000	966,801	2,731,801	--	\$ 1,198,738	\$ 1,198,738	3,930,539
2015	815,000	925,064	1,740,064	--	1,229,475	1,229,475	2,969,539
2016	855,000	911,249	1,766,249	--	1,229,475	1,229,475	2,995,724
2017	220,000	895,568	1,115,568	\$ 665,000	1,229,475	1,894,475	3,010,043
2018	740,000	886,768	1,626,768	260,000	1,216,175	1,476,175	3,102,943
2019	765,000	862,408	1,627,408	360,000	1,208,375	1,568,375	3,195,783
2020	790,000	836,940	1,626,940	465,000	1,197,575	1,662,575	3,289,515
2021	815,000	810,340	1,625,340	580,000	1,183,625	1,763,625	3,388,965
2022	840,000	782,740	1,622,740	700,000	1,166,225	1,866,225	3,488,965
2023	870,000	753,970	1,623,970	835,000	1,138,225	1,973,225	3,597,195
2024	1,000,000	723,800	1,723,800	875,000	1,104,825	1,979,825	3,703,625
2025	1,100,000	689,200	1,789,200	955,000	1,069,825	2,024,825	3,814,025
2026	1,200,000	656,200	1,856,200	1,040,000	1,031,625	2,071,625	3,927,825
2027	1,300,000	620,200	1,920,200	1,135,000	990,025	2,125,025	4,045,225
2028	1,400,000	581,200	1,981,200	725,000	944,625	1,669,625	3,650,825
2029	1,500,000	539,200	2,039,200	810,000	912,000	1,722,000	3,761,200
2030	1,600,000	494,200	2,094,200	905,000	871,500	1,776,500	3,870,700
2031	1,800,000	444,600	2,244,600	915,000	826,250	1,741,250	3,985,850
2032	2,000,000	387,000	2,387,000	940,000	780,500	1,720,500	4,107,500
2033	2,100,000	322,000	2,422,000	1,075,000	733,500	1,808,500	4,230,500
2034	2,300,000	248,500	2,548,500	1,130,000	679,750	1,809,750	4,358,250
2035	2,500,000	168,000	2,668,000	1,195,000	623,250	1,818,250	4,486,250
2036	1,700,000	68,000	1,768,000	2,290,000	563,500	2,853,500	4,621,500
2037	--	--	--	4,310,000	449,000	4,759,000	4,759,000
2038	--	--	--	4,670,000	233,500	4,903,500	4,903,500
	<u>\$ 31,600,000</u>	<u>\$ 15,075,996</u>	<u>\$ 46,675,996</u>	<u>\$ 26,835,000</u>	<u>\$ 23,811,038</u>	<u>\$ 50,646,038</u>	<u>\$ 97,322,034</u>

(1) Numbers rounded to the nearest dollar. Numbers may not foot due to rounding.

(2) Preliminary, subject to change.

(3) Excludes June 1, 2013 payment.

## Introduction

The District's primary sources of revenue are local property taxes, state funds and federal funds. Collectively, these sources comprised approximately 90.99% of the District's total general, associated student body, capital projects and transportation fund revenues in the fiscal year ending August 31, 2012. In addition, the District receives income from local non-tax sources, including tuition, sales of goods and supplies, food service, investment earnings, fines and damages, rentals and other miscellaneous sources. These additional revenues comprised approximately 9.01% of total funding, exclusive of voter approved debt service funds, in the fiscal year ending August 31, 2012.

## Local Funding

Pursuant to RCW 84.52.053 and Article VII, Section 2(a) of the State Constitution and upon voter approval, school districts in the State are authorized to levy property taxes for various purposes including maintenance and operation, capital projects, and the construction, modernization and remodeling of District facilities. Historically, each of these excess property tax levies were required to be approved by 60% of those voting and the number of yes votes must equal or exceed 40% of those voting in the last general election. Commencing in 2008, the voter approval requirement for levies became a simple majority. School districts may submit special levies for maintenance and operation for up to four years subject further to the limitations described herein. Capital projects levies can range in term from one year up to six years. The District currently imposes a maintenance and operation levy. See “Maintenance and Operation Levies” below.

The historical aggregate levy rates imposed by the District for all purposes are shown in the table that follows:

### District Tax Levy Rates

Calendar Year	Maintenance & Operations	Bond	Total
2013	\$2.57763	\$2.23798	\$4.8156
2012	2.33000	1.19280	3.5313
2011	2.17405	1.23457	3.4086
2010	2.03005	1.22046	3.2505
2009	1.84195	1.17975	3.0217

*Source: Woodland School District.*

## Assessed Valuation Determination

The Cowlitz and Clark County Assessors (the “County Assessors”) determine the value of all real and personal property throughout their respective Counties (the “Counties”) (including the District) which is subject to ad valorem taxation. The Assessors are elected officials whose duties and methods of determining value are prescribed and controlled by statute and by detailed regulations promulgated by the Department of Revenue of the State of Washington. For tax purposes the assessed value of property is 100% of its actual value. Each County Assessor’s determination is subject to revision by the respective Board of Equalization for each of the Counties and, for certain property, subject to further revisions by the State Board of Equalization. After all administrative procedures are completed, the District’s Board of Directors receives the Assessors’ final certificates of assessed value of property within the District.

## Tax Collection Procedure

Property taxes are levied in specific amounts, and the rate for all taxes levied for all taxing districts in each respective county is determined, calculated, and fixed by the Assessors based upon the assessed valuation of the property within the various taxing districts. The Assessors extend the taxes to be levied within each taxing district upon a property tax roll, which contains the total amount of taxes to be so levied and collected. The property tax roll is delivered by January 15th to each respective county treasurer (the “County Treasurers”), who bill and collect the taxes as certified. All such taxes are due and payable on the 30th of April of each year; but if the amount due from a taxpayer exceeds fifty dollars, one-half may be paid then and the balance no later than October 31st of that year. Delinquent taxes are subject to interest at the rate of one percent per month until paid. In addition, a penalty of three percent will be assessed on June 1st of the year in which the tax was due; and eight percent on December 1st of the year the tax was due.

The method of giving notice of payment of taxes due, the County Treasurers’ accounting for the money collected, the distribution of the taxes among the various taxing districts, notices of delinquency, and collection procedures are all covered by detailed statutes. The lien for property taxes is prior to all other liens or encumbrances of any kind on

real or personal property subject to taxation except for federal tax liens. By law, the County Treasurers may commence foreclosure of a tax lien on real property after three years have passed since the first delinquency.

The State's courts have not decided whether the Homestead Law (chapter 6.13 RCW) may give the occupying homeowner a right to retain the first \$125,000 of proceeds of the forced sale of the family residence or other "homestead" property for delinquent general property taxes. (See *Algona v. Sharp*, 30 Wn. App. 837, P.2d 627 (1982), holding the homestead right superior to the improvement district assessment). The United States Bankruptcy Court for the Western District of Washington has held that the Homestead Exemption applies to the lien for property taxes, while the State Attorney General has taken the position that it does not.

The following tables detail the tax collection record for the District's maintenance and operation levy. The collection record for the maintenance and operation levy is representative of the collection record for all local option taxes levied by the District.

**Maintenance and Operations Tax Collections for Cowlitz County (as of September 30, 2013)**

Year Collected	Assessed Valuation <sup>(1)</sup>	Amounts Levied	Tax Collection <sup>(2)</sup>	
			Year Due %	To Date %
2013	\$ 1,121,872,668	\$ 2,917,178	(3)	(3)
2012	1,165,888,726	2,787,976	96.84%	98.17%
2011	1,177,128,119	2,647,876	95.24	98.89
2010	1,193,170,733	2,497,720	94.43	99.70
2009	1,214,285,013	2,260,974	93.20	99.92
2008	1,095,196,407	2,055,849	95.38	99.95

<sup>(1)</sup> Assessed value includes timber assessed value.

<sup>(2)</sup> Tax collections have been adjusted to include supplements and cancellations.

<sup>(3)</sup> In process of collection.

Source: Cowlitz County Assessor's and Treasurer's Offices.

**Maintenance and Operations Tax Collections for Clark County (as of September 30, 2013)**

Year Collected	Assessed Valuation <sup>(1)</sup>	Amounts Levied	Tax Collection <sup>(2)</sup>	
			Year Due %	To Date %
2013	\$ 129,119,224	\$ 332,477	(3)	(3)
2012	133,551,181	311,433	96.47%	98.16%
2011	139,121,487	301,808	95.83	97.05
2010	150,584,955	305,010	96.25	98.15
2009	181,775,901	334,398	96.44	99.65
2008	187,777,818	346,605	96.04	99.85
2007	173,279,339	330,042	96.95	99.97

<sup>(1)</sup> Assessed value includes timber assessed value.

<sup>(2)</sup> Tax collections have been adjusted to include supplements and cancellations.

<sup>(3)</sup> In process of collection.

Source: Clark County Treasurer's Office.

## **Maintenance and Operations Levies**

The maintenance and operation levy (the “M&O levy”) must be approved by the voters of the District. The voter approval requirement for M&O levies is a simple majority. The State Constitution allows school districts to submit M&O levies for up to four years and gives school districts the authority to levy local property taxes provided the voters of the district approve the levy with a simple majority in favor. In 1977 when the State assumed additional responsibility for funding schools, the Washington State Legislature (the “Legislature”) limited school district M&O levy authority by passing the levy lid law. This law establishes the maximum amount of a school district’s M&O 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 M&O levies to be grandfathered in and exceed the 10 percent limit. In 1987 the levy lid limit was increased to 20 percent. In 1994, the levy base increased to 24 percent.

The Local Effort Assistance Program (“LEA”) 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. The levy equalization percentage is currently 12 percent.

Beginning in 2001 portions of the state property tax and state lottery revenues were dedicated to the Student Achievement Fund, per Initiative 728 (“I-728”). I-728 directed that, beginning in 2004, school districts receive Student Achievement Fund allocations in the amount of \$450 per full-time-equivalent (“FTE”) student, with the amount to increase by designated amounts in proceeding years. The 2003 Legislature revised the per-pupil payments to a lower amount, to increase in subsequent years. In 2009-11 payments were again reduced – from planned per-pupil allocations of \$458.10 and \$463.58 in school years 2009-10 and 2010-11, respectively, to \$131.20 and \$99.32. The I-728 payments were eliminated for the 2010-2011 school year and have also been eliminated in the 2011-2013 State Operating Budget.

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 2009-11, lawmakers suspended the inflation increases in I-732.

The Legislature provides funding for additional staffing in K-4 classrooms beyond basic education. All districts receive this enhanced allocation, except for the 2009-11 biennium. The Legislature, in 2010, approved Laws of 2010, Chapter 237 (Chapter 237), enhancing the levy authority of school districts. For levy collections through calendar year 2017 a district’s levy base will include the amounts the districts would have received from state funding for I-728 and I-732. Districts are allowed to include in their levy bases any cuts to the kindergarten through four class-size funding.

The District does not expect to seek an additional increase of its levy amounts during the term of collection of its current levy pursuant to the 2010 Supplemental Levy Act.

The requirement that the Office of the Superintendent of Public Instruction (“OSPI”) must offset the amount added to a district’s levy base is removed. The levy lid is increased by four percent, including districts which are currently grandfathered above 24 percent. For non-grandfathered districts, such as the District, the maximum levy percentage is increased from 24 percent to 28 percent in 2011 through 2017 and returns to 24 percent every year thereafter. The levy-equalization percentage is increased to 14 percent for calendar years 2011 through 2017 and returns to 12 percent in calendar year 2018.

Additional levies to provide for subsequently-enacted increases affecting the districts’ levy base or maximum levy percentages may be authorized by voters during the term of the levy collection period.

In the fiscal year ended August 31, 2012, local maintenance and operation taxes comprised 13.95% of total general fund, associated student body fund, capital projects fund and transportation vehicle fund revenues.



School districts are allowed to submit special levies for maintenance and operation expenses for up to four years. In February of 2012, a two-year District replacement maintenance and operations levy was approved by electors voting in the election. The maintenance and operations levy amount scheduled for collection this year is as follows:

**Replacement Maintenance and Operations Levy**

<u>Collection Year</u>	<u>Levy Amount</u>
2013	\$ 3,250,000
2014	3,400,000

This District anticipates seeking voter approval on a three year replacement Maintenance and Operations Levy in February, 2014.

**Multi-Year Capital Projects Levies**

The District has not sought and does not plan to seek voter approval for Multi-Year Capital Projects Levies.

**State Funding**

The Washington Basic Education Act of 1977 provides for the full funding of “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 the handicapped by the State. Legislation passed in 1979 recognized the State’s responsibility to fund bilingual and remediation programs. The Washington State Legislature, at its discretion, may provide funds for other special programs, including, but not limited to, vocational-technical institutes, gifted education and others. State funding is based primarily on average full-time equivalent student enrollment.

The State’s largest General Fund expenditures are for education, social and health services and corrections. Approximately 44.23% of the State’s General Fund budget is for supporting public education. The State’s General Fund has experienced revenue shortfalls. Recent State budgets, including the budget adopted by the Legislature for the 2011-2013 biennium, have reduced State funding for public education. [The reductions in 2011 reflect a decrease in funding for teacher salaries.][update]

**Federal Funding**

The District receives federal funding from the following sources: Federal Revenue for Federal Forests, Supplemental Handicapped Assistance, Remedial Education, Free and Reduced Lunch Program, and various other special purpose programs. In the fiscal year ended August 31, 2012, federal funds comprised 6.76% of total general fund, associated student body fund, capital projects fund and transportation vehicle fund revenues.

**Other Sources of Funding**

In the fiscal year ended August 31, 2012 “local non-tax”, and “other districts and grants and student activities” comprised 9.01% of total general fund, associated student body fund, capital projects fund and transportation vehicle fund revenues.

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**Combined Balance Sheet (All Funds)  
(Fiscal Year Ending August 31)**

	<b>Audited 2008</b>	<b>Audited 2009</b>	<b>Audited 2010</b>	<b>Audited 2011</b>	<b>Audited 2012</b>
<b>Assets:</b>					
Cash & Cash Equivalent	\$ 813,592	\$ 887,558	\$ 7,040,858	\$ 1,116,967	\$ 15,644,537
Less: Outstanding Warrants	(561,773)	(721,035)	(628,645)	(785,742)	(906,907)
Taxes Receivable	1,789,520	1,972,240	2,101,487	2,195,022	2,128,486
Due From Other Funds	0	194,035	0	0	0
Due From Other Governmental Units	113,192	217,212	265,563	150,895	451,969
Accounts Receivable	10,500	16,058	8,723	51,841	24,635
Inventory	0	0	0	0	0
Prepaid Items	107,392	97,921	50,399	250,849	150,513
Investments	6,646,200	6,434,583	2,034,777	8,365,636	19,768,699
<b>Total Assets</b>	<b>\$8,918,623</b>	<b>\$9,098,572</b>	<b>\$10,873,162</b>	<b>\$11,345,468</b>	<b>\$37,261,932</b>
<b>Liabilities</b>					
Accounts Payable	\$ 338,917	\$ 244,030	\$ 537,257	\$ 175,879	\$ 504,950
Accrued Salaries	25,648	6,770	9,236	10,077	10,168
Payroll Deductions/Taxes Payable	38,924	2,456	3,229	2,958	3,006
Due to Other Governmental Units					
Due to Other Funds		194,035			
Deposits			400	400	
Deferred Revenue	1,832,049	2,014,791	2,194,424	2,264,405	2,195,293
<b>Total Liabilities</b>	<b>\$2,235,538</b>	<b>\$2,462,083</b>	<b>\$2,744,546</b>	<b>\$2,453,719</b>	<b>\$2,713,416</b>
<b>Fund Balance</b>					
Reserve of Fund Balance	\$ 375,006	\$ 390,007	\$ 414,760	\$ 407,668	\$ 31,624,796
Unreserved Designated Fund Balance	157,602	137,830	160,737	274,045	173,708
Unreserved Undesignated Fund Balance	6,150,477	6,108,653	7,553,120	8,210,036	2,750,012
<b>Total Fund Balance</b>	<b>\$6,683,085</b>	<b>\$6,636,490</b>	<b>\$8,128,617</b>	<b>\$8,891,749</b>	<b>\$34,548,516</b>
<b>Total Liabilities/Fund Balance</b>	<b>\$8,918,623</b>	<b>\$9,098,572</b>	<b>\$10,873,162</b>	<b>\$11,345,468</b>	<b>\$37,261,932</b>

Source: Washington State Audit Reports and the District.

**Comparative General Fund Income/Expense Statement  
(Fiscal Year Ending August 31)**

	<b>Audited 2008</b>	<b>Audited 2009</b>	<b>Audited 2010</b>	<b>Audited 2011</b>	<b>Audited 2012</b>	<b>Budget 2013</b>	<b>Budget 2014</b>
<b>Revenues</b>							
Local Taxes	\$ 2,888,564	\$ 2,886,587	\$ 3,220,258	\$ 3,428,531	\$ 3,527,510	\$ 3,581,415	\$3,632,490
State Funds	14,733,520	14,571,532	14,284,202	14,341,045	14,824,860	14,803,164	16,822,537
Federal Funds	1,109,120	1,232,802	1,259,903	1,287,413	1,495,033	1,939,260	1,989,186
Federal Stimulus	0	1,002,947	918,586	633,945	6,853	0	0
Other	781,433	956,228	976,416	973,850	1,249,461	1,112,186	1,000,280
<b>Total Revenues</b>	<b>\$ 19,512,637</b>	<b>\$ 20,650,096</b>	<b>\$ 20,659,365</b>	<b>\$ 20,664,784</b>	<b>\$ 21,103,717</b>	<b>\$ 21,436,025</b>	<b>\$ 23,444,493</b>
<b>Expenditures</b>							
<b>Current:</b>							
Basic Education	\$ 9,538,797	\$ 9,024,403	\$ 9,464,426	\$ 9,652,547	\$ 10,271,839	\$ 10,276,610	\$ 11,467,884
Special Education	1,538,611	1,742,124	1,556,202	1,741,165	1,997,334	2,030,373	2,090,458
Vocational Education	547,368	546,847	565,044	605,518	643,089	642,340	656,533
Compensatory Education	1,611,291	1,585,752	734,745	703,182	821,787	1,034,244	1,295,512
Other Instructional Programs	89,571	78,878	38,540	20,927	20,455	386,509	387,437
Community Services	264,013	223,227	121,871	147,319	152,985	141,781	108,306
Support Services	5,498,020	5,826,741	6,253,029	6,713,133	6,853,040	6,839,309	7,220,978
Federal Stimulus	0	982,066	884,950	637,162	6,868	0	0
<b>Debt Service:</b>							
Principal	0	0	0	0	0	0	0
Interest	204	37	0	0	0	0	0
<b>Capital Outlay:</b>							
Equipment	0	0	0	0	0	0	0
Other	45,911	209,129	398,488	14,860	40,541	0	0
<b>Total Expenditures</b>	<b>\$ 19,133,786</b>	<b>\$ 20,219,204</b>	<b>\$ 20,017,295</b>	<b>\$ 20,235,813</b>	<b>\$ 20,807,939</b>	<b>\$ 21,351,166</b>	<b>\$ 23,227,108</b>
Excess of Revenues Over (Under) Expenditures	\$ 378,852	\$ 430,893	\$ 642,071	\$ 428,971	\$ 295,778	\$ (121,877)	\$ 0
<b>Other Financing Sources (Uses):</b>							
Transfers In	0	90,000	0	235,000	235,000	125,000	0
Long Term Financing	0	0	0	0	0	0	0
Transfers Out	(194,163)	(193,904)	(186,559)	0	0	(206,736)	(217,385)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (194,163)</b>	<b>\$ (103,904)</b>	<b>\$ (186,559)</b>	<b>\$ 235,000</b>	<b>\$ 235,000</b>	<b>\$ (206,736)</b>	<b>\$ (217,385)</b>
Excess of Revenues Over (Under) Expenditures and Other Sources	\$ 184,689	\$ 326,989	\$ 455,512	\$ 663,971	\$ 530,778	\$ (121,877)	\$ 0
Fund Balance at Beginning of Year (As Restated)	805,289	989,977	1,316,966	1,772,478	2,436,449	2,400,000	2,800,000
<b>ENDING FUND BALANCE</b>	<b>\$ 989,977</b>	<b>\$ 1,316,966</b>	<b>\$ 1,772,478</b>	<b>\$ 2,436,449</b>	<b>\$ 2,967,227</b>	<b>\$ 2,278,123</b>	<b>\$ 2,800,000</b>

*Source: Woodland School District Audited Financial Statements for fiscal years 2008 through 2012; the District for fiscal years 2013 and 2014.*

## Debt Payment Record

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

## Future Financings

The Bonds represent the final series of bonds under the Bond Authorization. The District does not intend to issue further General Obligation debt at this time.

## DISTRICT PROFILE

### General Information

The District is located in Cowlitz and Clark Counties approximately 12 miles north of the City of Vancouver, 30 miles north of the City of Portland, Oregon, 147 miles southwest of Seattle and 373 miles southwest of Spokane, Washington. The District's assessed valuation is split 89.72% to 10.28% between Cowlitz and Clark Counties, respectively. The District has a current estimated population of 12,130 residents, and encompasses approximately 200 square miles. The District serves approximately 2,200 students in pre-kindergarten through 12th grade. The District operates five school buildings including one high school, one middle school, and three elementary schools. The District also operates an alternative high school serving grades 9 through 12 and an alternative parent partnership program serving grades kindergarten through 12.

An elected, five-member Board of Directors has oversight for the District. The Board appoints management, sets the budget and holds other financial responsibilities. The District is currently operating on a \$23 million annual budget, with a staff of approximately 330 employees.

### Organization

The District is a municipal corporation governed by a five-member Board and operates under the constitution and laws of the State. Each director represents one of five areas within the District but is elected "at large." Members of the Board are elected to four-year terms. The Board holds regular meetings twice a month and special meetings as needed. All meetings are open to the public as provided by law.

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

### Board of Directors:

<u>Name</u>	<u>Title</u>	<u>Term Expiration</u>
Jim Bays	President - Director District 1	2016
Janice Watts	Director District 2	2016
Tina Cayton	Director District 3	2016
Bill Woodward	Director District 4	2014
Jeremy Stuart	Director District 5	2014

### Key Administrative Officials

Michael Green, Superintendent. Michael Green has been Superintendent of Woodland Public Schools since July 2007. Prior to Woodland he was superintendent of Nine Mile Falls School District (2001-2007), and Assistant Superintendent/CFO for Riverview School District (1998-2001). Michael has a BS in Business Administration and

a BAEd in Education from Central Washington University, an MAEd in Educational Leadership from Western Washington University, and a Superintendent’s Credential from Seattle Pacific University.

Stacy Brown, Business Manager. Stacy has served as the Director of Business Services for the Woodland School District for the past 11 years. Prior to that Stacy served 10 years with the Office of the State Auditor of Washington performing audits of state governments in Olympia and local governments in Clark, Cowlitz, Wahkiakum and Skamania Counties. She holds a Bachelor of Business Administration, with a major in Accounting from Gonzaga University.

**Annual Enrollment**

Actual and projected student enrollment for the District for each October 1 is shown below:

	Annual Enrollment (FTE)					Projected FTE		
	2009- 2010	2010- 2011	2011- 2012	2012- 2013	2013- 2014	2014- 2015	2015- 2016	2016- 2017
Elementary (K-5)	840	851	873	908	999	985	988	970
Middle School (6-8)	510	494	488	482	505	535	543	552
High School (9-12)	682	662	670	378	676	665	700	665
Total	2,032	2,007	2,031	2,018	2,180	2,185	2,231	2,187

*Source: Woodland School District.*

**Transportation**

The District operates a transportation co-op for four local districts (Woodland, Kalama, Ridgefield and LaCenter) and the operational budget for the 2013-14 school year is \$3,697,000. Of this amount, \$237,000 is spent on a variety of field trip and athletic team buses, with these costs being charged to Basic Education for Woodland and charged back to the other districts in the co-op. The remainder is required for providing drivers and maintenance for a fleet of 100 buses which provide school transportation for students in all four districts. In addition to the operating budget, the District has a Transportation Vehicle Fund budget of \$2,000,000 in 2013-14. The District has not sought and does not plan to seek voter approval for Transportation Levies.

**Budgetary Process**

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

Encumbrances accounting is employed in governmental funds. Purchase orders, contracts and other commitments for the expenditure of moneys are recorded in order to reserve a portion of the applicable appropriation. Encumbrances are closed at the end of the fiscal year and re-established the following year. The Capital Projects Fund was encumbered at the close of the 2012-2013 school year.

For budgetary purposes, revenues and expenditures are recognized on the modified accrual basis of accounting as prescribed by law for all governmental funds. Fund balance is an available resource and, pursuant to law, the budgeted ending fund balance cannot be negative.

## Accounting Policies

The modified accrual basis of accounting is used for all governmental funds and expendable trust funds. Under this basis, revenues are recognized when they become measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period. Reported property taxes receivable are measurable, but not available, and are, therefore, included in deferred revenue, and not recognized as current year revenue. Categorical program claims and inter-district billings are measurable and available, and both are accrued.

Expenditures are recognized under a full accrual basis of accounting when the related fund liability is incurred. The fund liability is incurred when the goods or services have been received. An exception to this rule is recognition of principal and interest on general long-term debt which is recognized when due. All governmental funds and expendable trust funds are accounted for on a financial resources measurement focus. This means that only current liabilities are included on their balance sheets.

Non-expendable trust funds are accounted for on a flow of "economic resources" measurement focus, using the full accrual basis of accounting. Revenue is recognized when it is earned and expenses are recognized when incurred.

In June 1999, the Governmental Accounting Standards Board ("GASB") adopted statement number 34, requiring all governments to prepare district wide financial statements using the economic resources measurement focus and the accrual basis of accounting. Governmental fund financial statements will continue to be reported using the current financial resources measurement focus and the modified accrual basis of accounting. The new GASB standard requires governments with total annual revenues of 100 million or more, to implement the new reporting basis, effective with reporting years beginning after June 15, 2001.

OSPI and the State Auditor's Office have authorized school districts in the State to report financial information using an Other Comprehensive Basis of Accounting ("OCBOA") report. These are special reports permitted under AU Section 623 of the Codification of Statements on Auditing Standards promulgated by the American Institute of Certified Public Accountants ("AICPA"). In particular, AU Section 623.04 states, in part, "For purposes of this section, a comprehensive basis of accounting other than generally accepted accounting principles is ... a basis of accounting that the reporting entity uses to comply with the requirements or financial reporting provisions of a governmental regulatory agency to whose jurisdiction the entity is subject." This OCBOA will present financial information using the economic resources measurement focus and the modified accrual basis of accounting.

The District presented its financial information using the OCBOA for the 2011-12 school year in the fall of 2012.

## Investment Policies

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

*Authorized Investments for Operating Money.* Chapter 35.59 RCW limits the investment of public funds to the following authorized investments: bonds of the State and any local government in the State, which bonds are rated at the time of investment in one of the three highest credit ratings by a nationally recognized rating agency; general obligation bonds of other states and subdivisions thereof so long as those bonds are rated in one of the three highest categories; registered warrants of a local government within the same county as the entity making the investment; and any investment authorized by law for the treasurer of the State or any local government exclusive of certificates of deposit of banks or bank branches not located in the State. Under chapter 43.84 RCW, the State Treasurer may invest in non-negotiable certificates of deposit in designated qualified public depositories; in obligations of the U.S. government, its agencies and wholly owned corporations; in bankers' acceptances; in commercial paper; in repurchase agreements; in the obligations of the federal home loan bank, federal national mortgage association and

other government corporations subject to statutory provisions. Utility revenue bonds and warrants of any city and bonds or warrants of a local improvement district are also eligible investments (RCW 35.39.030).

Any municipal corporation, including the District, may authorize the investment of funds not required for immediate expenditure by the County Treasurer. Such funds of the District, including debt service funds, have been invested by the County Treasurer. As of August 31, 2013, the District's investments for all District funds had a book value of \$29,740,332.

The County Treasurer may, upon the request of one or more units of local government that invest their money with the County, combine that money for the purposes of investment (RCW 36.29.022). The Cowlitz County Treasurer currently maintains such an investment pool. The County Treasurer is also authorized to invest local government funds in the Washington State Local Government Investment Pool (the "LGIP"), authorized by chapter 43.250 RCW and administered by the Washington State Treasurer. The LGIP is comparable to a Rule 2a-7 money market fund, as recognized by the Securities and Exchange Commission. See "Local Government Investment Pool" below.

### **Local Government Investment Pool**

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

The State Treasurer's Office administers the LGIP and reports that as of September 30, 2013, the LGIP had over 640 accounts. In its management of LGIP, the State Treasurer is required to adhere, at all times, to the principles appropriate for the prudent investment of public funds. These are, in priority order, (i) the safety of principal; (ii) the assurance of sufficient liquidity to meet cash flow demands; and (iii) to attain the highest possible yield within the constraints of the first two goals. Historically, the LGIP has had sufficient liquidity to meet all cash flow demands.

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

### **Authorized Investments for Bond Proceeds**

In addition to the eligible investments discussed above, bond proceeds may also be invested in mutual funds with portfolios consisting of U.S. government and guaranteed agency securities with average maturities of less than four years; municipal securities rated in one of the four highest categories; and money market funds consisting of the same, so long as municipal securities held in the fund(s) are in one of the two highest rating categories of a nationally recognized rating agency. Bond proceeds may also be invested in shares of money market funds with portfolios of securities otherwise authorized by law for investment by local governments (RCW 39.59.030).

*[Remainder of Page Intentionally Left Blank]*

## **Insurance Coverage**

The District is a member of the Southwest Washington Risk Management Insurance Cooperative (Cooperative) administered by Educational Service District No. 112. This cooperative provides property and casualty insurance coverage for its membership as authorized by Chapter 48.62 RCW. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The Cooperative was formed in September 1986, when 25 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. The member of the Cooperative include 31 school districts, one transportation cooperative, one school information processing cooperative and one educational service district.

The Cooperative purchases excess insurance coverage and provides related services, such as administration, risk management and claims administration. All coverage is on an occurrence basis. The Cooperative provides the following forms of group purchased insurance coverage for its members: Property, including owned buildings, automobiles and equipment, Equipment Breakdown, Commercial Crime, General Liability, Errors and Omissions Liability and Employment Practices Liability. Members are responsible for the first \$1,000 of all property claims and the Cooperative is responsible for the next \$249,000. There is no member deductible for liability claims. Excess insurance covers insured losses over \$250,000 up to the limits of each policy. The Cooperative is a member of Washington Schools Risk Management Pool to obtain this excess insurance.

The Cooperative also purchases additional excess crime coverage as well as required Public Official Bonds. The Commercial Crime coverage is subject to a per-occurrence deductible of \$5,000. Members are responsible for \$1,000 of that deductible amount for each claim.

Cooperative members contract to automatically renew from year to year unless the member gives written notice of its election to terminate at least 180 days prior to August 31 of any year. Termination occurs on August 31. Even after termination, a member is still responsible for contributions to the Cooperative for any unresolved, unreported, and in-process claims for the period they were a signatory to the interlocal governmental agreement. The Cooperative is fully funded by its member participants.

The Cooperative is governed by a board of directors which is comprised of one designed representative from each participating member. A five member executive committee is responsible for conducting the business affairs of the Cooperative. The financial statements of the Cooperative may be obtained by contacting Educational Service District No. 112.

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The District carries a primary coverage of \$500 million of general liability/automotive liability coverage as shown below.

**Insurance Coverage<sup>(1)</sup>**

<u>Type of Coverage</u>	<u>Coverage</u>
Property	
• Bus Physical Damage Deductible	\$1,000 per occurrence
• Automobile Physical Damage Deductible	\$1,000 per occurrence
• Property Deductible	\$1,000 per occurrence
• Property Coverage Limits	\$500,000,000 per occurrence
• Boiler & Machinery Coverage Limits	\$500,000,000 per occurrence
Crime	
• Money & Securities Deductible	\$1,000 per occurrence
• Money & Securities Limits	\$50,000 per occurrence
• Employee Dishonesty Deductible	\$1,000 per occurrence
• Employee Dishonesty Limits	\$1,000,000 per occurrence
Liability	
• General & Automobile Liability Limits	\$20,000,000 per occurrence
• Sexual Abuse Liability Limits	\$20,000,000 per occurrence
Errors and Omissions Liability	
• Errors & Omissions Liability Limits	\$20,000,000 per occurrence
• Employment Practices Liability Limits	\$20,000,000 per claim

*Source: Woodland School District.*

(1) The fiscal year 2013-2014 coverages for the District.

There have been no claim settlements that were in excess of insurance coverage for any of the past 10 fiscal years.

**Labor Relations**

A majority of employees of the District are represented by labor organizations. There are five bargaining units. Woodland Education Association, Washington Education Association, Woodland Administration Association, Service Employees International Union and KWRL Service Employees International Union. The Woodland Education Association, the largest labor organization, represents the teachers and other certificated support staff. Each bargaining unit has negotiated a collective bargaining agreement with the District. These agreements contain provisions such as salaries, vacation, sick leave, medical and dental insurance, working conditions and grievance procedures.

The District strives to complete agreements with all groups in a timely manner, consistent with applicable state law, and to promote labor relation policies mutually beneficial to management, employees, and the educational program. Employees of the District are represented by the following bargaining units:

### Bargaining Units

Bargaining Unit	Number of Employees	Contract Expires
Woodland Education Association (Certificated)	131	08/2016
Washington Education Association (Secretaries)	12	05/2014
Woodland Administration Association	7	08/2016
Service Employees International Union (Classified)	85	08/2015
KWRL Service Employees International Union (Classified)	80	08/2015

### Pension System

Pensions for District employees are provided through the Washington State Department of Retirement Systems. Substantially all District full-time and qualifying part-time employees participate in one of the following three contributory, multi-employer, cost-sharing statewide retirement systems that include (i) the State Teacher’s Retirement System (“TRS”) for certificated employees, (ii) the Public Employee’s Retirement System (“PERS”) for non-certificated employees and (iii) the School Employee’s Retirement System (“SERS”) for classified employees (as described by the Washington State Department of Retirement Systems website, [www.wa.gov/drs/drs.htm](http://www.wa.gov/drs/drs.htm)).\* TRS includes three plans (Plans I, II and III), PERS includes three plans (Plans I, II and III), and SERS includes two plans (Plans II and III). Participants who joined the retirement system by September 30, 1977 are eligible to be either TRS or PERS Plan I members. Those who joined thereafter are enrolled in TRS Plans II or III or SERS Plans II or III. Employees who do not specify a plan choice will transfer automatically to Plan III. Retirement benefits are financed from both employee and employer contributions and from investment earnings. Retirement benefits under all Plans I and II are vested after completion of five years of eligible service. Plan III members are vested after ten years of eligible service or after five years of eligible service if one service credit year is earned after the age of 44. All Plans I and II are defined benefit plans. The PERS Plan III, the SERS Plan III and the TRS Plan III consist of two separate elements: a defined benefit, and a defined contribution portion. Eligible participants enrolled in TRS, PERS or SERS Plan II may elect to transfer to the respective Plan III, during the specified transfer window period that occurs in January of each year. Once employees transfer to Plan III, they may not return to Plan II membership.

Each biennium the State legislature establishes all Plan I employer contribution rates and all Plan II employer and employee contribution rates. Employee contribution rates for Plan I have been established by statute at six percent. The employer and employee contribution rates for Plan II, and the employer contribution rates for the defined benefit portion of Plan III, are developed by the Office of the State Actuary and established by the Pension Funding council to fully fund those portions. The employee contribution rates to the defined contribution portion are set by statute and range from five to fifteen percent. Methods used to establish employer and employee contribution rates are defined in chapter 45.40 RCW. The methods used to determine the contribution requirements are established under chapters 41.40, 41.35 and 41.32 RCW for PERS, SERS and TRS, respectively. All employers are required to contribute at the level established by the State legislature. The State is responsible for funding basic education; based upon that funding, school districts make payments directly to the pension funds incurred for their employees. Legislation directs that employer contributions will provide for current pension liabilities and for the amortization of each system’s unfunded liability by June 30, 2024.

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\* This inactive textual reference is not a hyperlink and does not incorporate the Washington State Department of Retirement System’s website by reference.

The District contribution represents its full liability under both the TRS and PERS systems, except that future contribution rates may be adjusted to meet the system needs. See Note 3 in the financial statements attached hereto in Appendix E.

## **INITIATIVES AND REFERENDA**

Under the State Constitution, the voters of the State have the ability to initiate legislation and modify existing legislation through the powers of initiative and referendum, respectively. The initiative power in Washington 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 (initiative) 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 in this manner 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 members elected to each house of the Legislature. After two years, the law is subject to amendment or repeal by the Legislature in the same manner as other laws. In recent years, the State's voters have approved numerous initiatives and referenda that have limited the District's ability to impose taxes and collect fees. Some, but not all, of these initiatives and referenda have been determined to be unconstitutional.

Other tax and fee initiative measures have been and may be filed, but it cannot be predicted whether any such initiatives might gain sufficient signatures to qualify for submission to the Legislature and/or the voters or, if submitted, whether they ultimately would be approved.

## **LEGAL MATTERS**

### **Tax Matters**

*General.* In the opinion of Bond Counsel, interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest on the Bonds is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations.

Federal income tax law contains a number of requirements that apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the use of proceeds of the bonds and the facilities financed with proceeds of the Bonds and certain other matters. The District has covenanted to comply with all applicable requirements.

Bond Counsel's opinion is subject to the condition that the District comply with the above-referenced covenants and, in addition, will rely on representations by the District and its advisors with respect to matters solely within the knowledge of the District and its advisors, respectively, which Bond Counsel has not independently verified. If the District fails to comply with such covenants or if the foregoing representations are determined to be inaccurate or incomplete, interest on the Bonds could be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds, regardless of the date on which the event causing taxability occurs.

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

Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Bonds. Bond Counsel expresses no opinion regarding any

collateral tax consequences. Prospective purchasers of the Bonds should consult their tax advisors regarding collateral federal income tax consequences.

Payments of interest on tax-exempt obligations such as the Bonds, are in many cases required to be reported to the Internal Revenue Service (“IRS”). Additionally, backup withholding may apply to any such payments made to any owner who is not an “exempt recipient” and who fails to provide certain identifying information. Individuals generally are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients.

Bond Counsel’s opinion is not a guarantee of result and is not binding on the IRS; rather, the opinion represents Bond Counsel’s legal judgment based on its review of existing law and in reliance on the representations made to Bond Counsel and the District’s compliance with its covenants. The IRS has established an ongoing program to audit tax-exempt obligations to determine whether interest on such obligations is includable in gross income for federal income tax purposes. Bond Counsel cannot predict whether the IRS will commence an audit of the Bonds. Owners of the Bonds are advised that, if the IRS does audit the Bonds, under current IRS procedures, at least during the early stages of an audit, the IRS will treat the District as the taxpayer, and the owners of the Bonds may have limited rights to participate in the audit. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

*Qualified Tax-Exempt Obligations.* The District has not designated the Bonds as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3)(B) of the Code.

*Proposed Tax Legislation; Miscellaneous.* Tax legislation, administrative actions taken by tax authorities, and court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent the beneficial owners of the Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future or enacted) could affect the market price or marketability of the Bonds. For example, proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income for federal tax purposes of interest on obligations such as the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and its impact on their individual situations, as to which Bond Counsel expresses no opinion.

### **Litigation**

There is no controversy or litigation pending, or to the best knowledge of the District threatened, affecting the issuance and delivery of the Bonds, or the power and authority of the District to issue the Bonds.

### **Legal Opinion**

The Bonds will be issued with the approving legal opinion of Pacifica Law Group LLP, Bond Counsel, Seattle, Washington. See Appendix A for a form of legal opinion from Bond Counsel.

### **Limitations on Remedies**

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

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

limitations regarding bankruptcy, insolvency and other laws relating to or affecting creditors' rights. A copy of the form of legal opinion of Bond Counsel is set forth in Appendix A.

## **OTHER MATTERS**

### **Continuing Disclosure Undertaking**

In accordance with Section (b)(5) of Securities and Exchange Commission (the "Commission") Rule 15c2-12 under the Securities Exchange Act of 1934, as the same may be amended from time to time (the "Rule"), the District has agreed in the Bond Resolution for the benefit of the Bond Owners or Beneficial Owners of the Bonds to provide or cause to be provided to the Municipal Securities Rulemaking Board (the "MSRB") in accordance with the Rule, the following annual financial information and operating data for the prior fiscal year (commencing in 2014 for the fiscal year ended August 31, 2013): (i) annual financial statements, which statements may or may not be audited showing ending fund balances, prepared in accordance with regulations prescribed by the Superintendent of Public Instruction and the State Auditor pursuant to RCW 28A.505.020, RCW 28A.505.010, RCW 28A.505.140, and RCW 43.09.200 (or any successor statutes) and generally of the type included in this Official Statement for the Bonds under the heading "Comparative General Fund Income/Expense Statement," (ii) the assessed valuation of taxable property in the District; (iii) ad valorem taxes due and percentage of taxes collected; (iv) property tax levy rate per \$1,000 of assessed valuation; and (v) outstanding general obligation debt of the District.

Items ii-iv shall be required only to the extent that such information is not included in the annual financial statements.

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

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

The District 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 any of the following events with respect to the Bonds:

- Principal and interest payment delinquencies;
- Non-payment related defaults, if material;
- Unscheduled draws on debt service reserves reflecting financial difficulties;
- Unscheduled draws on credit enhancements reflecting financial difficulties;
- Substitution of credit or liquidity providers, or their failure to perform;
- Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- Modifications to the rights of Bondholders, if material;
- Optional, contingent or unscheduled Bond calls other than scheduled sinking fund redemptions for which notice is given pursuant to Exchange Act Release 34-23856, if material, and tender offers;
- Defeasances;
- Release, substitution, or sale of property securing repayment of the Bonds, if material;
- Rating changes;
- Bankruptcy, insolvency, receivership or similar event of the District;

- The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- Appointment of a successor or additional trustee or the change of name of a trustee, if material.

The District will promptly determine whether the events described above are material.

Solely for purposes of disclosure, and not intending to modify its undertaking, the District advises that there is no property securing repayment of the Bonds and there is no debt service reserve for the Bonds.

The District agrees to provide or cause to be provided, in a timely manner, to the MSRB notice of its failure to provide the annual financial information described above on or prior to the date set forth above.

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

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

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

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

*Prior Compliance with Continuing Disclosure Undertakings.* The District entered into undertakings under the Rule with respect to its prior obligations. The District had failed to timely file its annual financial information for the fiscal year ending August 31, 2008. Upon learning of the non-compliance, the District filed the required financial information on April 6, 2010. The District included in its Official Statement (dated February 7, 2012) relating to the issuance of the District's Unlimited Tax General Obligation Refunding Bonds, 2012, unaudited financial information for fiscal year ending August 31, 2011. The District subsequently filed its audited annual financial information for fiscal year ending August 31, 2011 on July 13, 2012. The District has recently taken additional steps to ensure all annual financial information and operating data is appropriately cross referenced on EMMA under the CUSIP numbers for the District's outstanding bonds. The District currently believes that it is in compliance with its previous undertakings in all material respects.

## **Ratings**

The Bonds have been assigned a rating of “[\_\_],” based upon the District’s participation in the Washington State School District Credit Enhancement Program (see Appendix C attached hereto) by Moody’s Investors Service, (“Moody’s”). Moody’s has also assigned an underlying rating of “[\_\_]” to the Bonds. Such ratings will reflect only the views of Moody’s at the time the ratings will be given, and the District makes no representation as to the appropriateness of such ratings. An explanation of the significance of the ratings may be obtained only from Moody’s. There is no assurance that the ratings will continue for any given period of time or that they will not be revised downward, suspended or withdrawn entirely by Moody’s, if, in Moody’s judgment, circumstances so warrant. Any such downward revision, suspension or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

## **Financial Advisor**

Public Financial Management, Inc., Seattle, Washington, serves as financial advisor to the District in conjunction with the issuance of the Bonds. The financial advisor has not audited, authenticated or otherwise verified the information set forth in this Official Statement or any other related information available to the District with respect to the accuracy and completeness of disclosure of such information, and no guaranty, warranty or other representation is made by the financial advisor respecting the accuracy and completeness of this Official Statement or any other matter related to this Official Statement.

## **Underwriting**

The Bonds are being purchased by [\_\_\_\_\_] (the “Underwriter”) at an aggregate price of \$\_\_\_\_\_, which represents the principal amount of the Bonds plus a [net] premium of \$\_\_\_\_\_ and less an underwriter’s discount of \$\_\_\_\_\_. After the initial public offering, the public offering prices may be varied from time to time.

## **CUSIP Numbers**

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bonds or any error with respect thereto shall constitute cause for a failure or refusal by the purchaser hereof to accept delivery of and pay for said Bonds in accordance with the terms of the purchase contract. All expenses in relation to the printing of CUSIP numbers on said Bonds shall be paid by the District; provided, however, that the CUSIP Service Bureau charge for the assignment of said numbers shall be the responsibility of and shall be paid for by the purchaser.

## **Official Statement**

At the time of delivery of the Bonds, one or more officials of the District will furnish a certificate stating that to the best of his or her knowledge, this Official Statement, as of its date and as of the date of delivery of the Bonds does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained herein, in light of the circumstances in which they were made, not misleading.

*[Remainder of Page Intentionally Left Blank]*

All estimates, assumptions, statistical information and other statements contained herein, while taken from sources the District considers reliable, are not guaranteed by 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 such document in its complete form. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers of the Bonds. The District has authorized the preparation and distribution of this Official Statement.

WOODLAND SCHOOL DISTRICT NO. 404,  
COWLITZ AND CLARK COUNTIES,  
WASHINGTON

By \_\_\_\_\_  
Michael Green, Superintendent



**APPENDIX A**  
**FORM OF BOND COUNSEL OPINION**

**APPENDIX A**

**FORM OF BOND COUNSEL OPINION**

[\_\_\_\_\_]

Woodland School District No. 404  
Cowlitz and Clark Counties, Washington

[Underwriter]  
[City, State]

Re: Woodland School District No. 404, Cowlitz and Clark Counties, Washington  
Unlimited Tax General Obligation Bonds, 2013- \$\_\_\_\_\_

Ladies and Gentlemen:

We have acted as bond counsel to Woodland School District No. 404, Cowlitz and Clark Counties, Washington (the "District"), and have examined a certified transcript of the proceedings taken in the matter of the issuance by the District of its Unlimited Tax General Obligation Bonds, 2013 (the "Bonds"), dated as of the date hereof, in the aggregate principal amount of \$\_\_\_\_\_, issued pursuant to approving votes of the District's voters, and Resolution No. \_\_\_\_\_ of the District (the "Bond Resolution") for the purpose of providing funds to construct, equip, acquire and make certain capital improvements to the facilities of the District and to pay costs of issuance for the Bonds. Capitalized terms used in this opinion and not otherwise defined herein shall have the meanings given such terms in the Bond Resolution.

The Bonds are subject to redemption prior to their stated maturities as provided in the Official Statement.

Regarding questions of fact material to our opinion, we have relied on representations of the District in the Bond Resolution and in the certified proceedings and on other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

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

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

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

3. Interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest on the Bonds is taken into account in determining adjusted current earnings 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 Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bonds in order that

the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The District has covenanted to comply with all applicable requirements. Failure to comply with certain of such covenants may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

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

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

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

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

Very truly yours,

PACIFICA LAW GROUP LLP

**APPENDIX B**  
**GENERAL AND ECONOMIC INFORMATION**

**APPENDIX B**

**GENERAL AND ECONOMIC INFORMATION**

The District is located in Cowlitz and Clark Counties approximately 30 miles north of the City of Portland, Oregon, 147 miles southwest of Seattle and 373 miles southwest of Spokane, Washington.

**Population.** The following table shows the historical population for the City of Woodland (the “City”), Cowlitz County (the “County”), and the State of Washington (the “State”):

<b>Population<sup>(1)</sup></b>			
<b>Year</b>	<b>City of Woodland<sup>(2)</sup></b>	<b>Cowlitz County</b>	<b>Washington State</b>
2013	5,625	103,300	6,882,400
2012	5,590	103,050	6,817,770
2011	5,550	102,700	6,767,900
2010 <sup>(3)</sup>	5,509	102,410	6,724,540
2009	5,195	99,600	6,668,200

- (1) Estimated as of April 1 unless otherwise noted.  
 (2) Reflects population in both Cowlitz and Clark counties.  
 (3) 2010 federal census Public 94-171 count.

*Source: Washington State Office of Financial Management.*

**Income.** Historical personal income and per capita income levels are shown below:

**Per Capita Income**

<b>Year</b>	<b>Cowlitz County</b>	<b>State of Washington</b>	<b>United States</b>
2012	Not Available	\$ 46,045	\$ 43,735
2011	\$ 32,607	44,420	42,298
2010	31,630	42,521	40,163
2009	30,982	42,112	39,357
2008	31,369	44,162	40,873

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

**Personal Income  
(\$ in thousands)**

<b>Year</b>	<b>Cowlitz County</b>	<b>State of Washington</b>	<b>United States</b>
2012	Not Available	\$ 317,574,707	\$ 13,729,063,000
2011	\$ 3,341,482	303,087,834	13,179,561,000
2010	3,241,140	286,743,785	12,423,332,000
2009	3,164,030	280,778,028	12,073,738,000
2008	3,189,878	289,801,024	12,429,284,000

*Source: U.S. Department of Commerce, Bureau of Economic Analysis.*

**Employment.** Civilian Labor Force data is based on household surveys of residents. North American Industry Classification System (“NAICS”) data are estimates based on surveys of employers and benchmarked based on covered employment as reported by all employers.

**Non-Agricultural Wage and Salary Employment in Cowlitz County<sup>(1)</sup>  
(Annual Averages)**

NAICS Industry Title	Annual Average			
	2010	2011	2012	2013 <sup>(2)</sup>
Total Nonfarm	35,700	35,300	35,700	35,000
Total Private	29,900	29,600	30,000	29,500
Goods Producing	9,100	8,800	9,100	9,000
Mining, Logging, and Construction	3,100	2,800	3,000	2,800
Manufacturing	6,000	6,000	6,100	6,200
Non-Durable Goods	3,300	3,400	3,500	3,500
Service Providing	26,600	26,500	26,600	26,000
Private Service Providing	20,800	20,800	20,900	20,500
Trade, Transportation, Warehousing & Utilities	7,300	7,300	7,200	7,200
Retail Trade	4,400	4,600	4,500	4,400
Educational and Health Services	5,300	5,400	5,400	5,300
Leisure and Hospitality	3,200	3,200	3,300	3,200
Government	5,800	5,700	5,700	5,500
Federal Government	200	200	200	200
Total State Government	1,200	1,200	1,200	1,100
Total Local Government	4,300	4,300	4,300	4,200
Workers in Labor/Management Disputes	0	0	0	0

(1) Longview Metropolitan Statistical Area.

(2) Average through August, 2013.

Source: Washington State Employment Security Department.

**Employment Statistics**

	2008	2009	2010	2011	2012
<b>State of Washington</b>					
Employed	3,284,840	3,194,250	3,166,880	3,161,820	3,197,290
Unemployed	188,170	329,490	349,130	320,420	284,170
% Unemployed	5.4%	9.4%	9.9%	9.2%	8.2%
<b>Cowlitz County<sup>(1)</sup></b>					
Employed	40,490	38,660	38,590	37,910	38,380
Unemployed	3,630	5,970	5,790	5,160	4,690
% Unemployed	8.2%	13.4%	13.0%	12.0%	10.9%

(1) Longview Metropolitan Statistical Area.

Source: Washington State Employment Security Department.

### Major Employers in Cowlitz County<sup>(1)</sup>

Employer	Services/Product	Number of Employees
St. Johns Medical Center/Peace Health	Healthcare	1,919
Weyerhaeuser	Wood Products	1,587
JH Kelley	Contractor	1,200
Longview Fiber	Kraft Paper	1,078
Longview School District	Education	800
Foster Farms	Chicken Processing	707
Cowlitz County	Government	512
Lower Columbia College	Higher Education	469
Safeway	Groceries	420
Wal-Mart Stores Inc.	Retail	380

(1) Most recent data available; as of October 2010.  
 Source: *Cowlitz-Wahkiakum Council of Governments.*

**Major Taxpayers.** The following table lists the top taxpayers within the District (2013 Tax Roll Year).

#### Major Taxpayers

Taxpayer	Type of Business	Assessed Value (\$000) <sup>(1)</sup>
Pacificorp	Electric Generation	\$ 73,268,535
Columbia Colstor Inc.	Cold Storage	23,959,630
Columbia River Carbonates	Chemicals	23,497,270
E/B Work LLC (American Paper Converting)	Paper Manufacturing	15,895,420
Wal-Mart Stores Inc.	Retail Store	15,142,150
Peri Formwork Systems	Forms/Scaffolding Manufacturing	11,120,690
Behnken Properties	Pet Products	10,950,600
Lifeport	Aircraft Interiors Manufacturing	10,777,770
Safeway Inc.	Retail Grocery	9,425,940
General Steel Corp.	Steel Mill	9,130,000
BNSF Railway	Railroad	8,151,521
Total Assessed Valuation		\$211,319,526

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

**Taxable Retail Sales.** Taxable retail sales reflect only those sales subject to retail sales tax. Historical taxable retail sales are shown below.

**Taxable Retail Sales**

<u>Year</u>	<u>City of Woodland</u>	<u>Cowlitz County</u>
2012	\$ 117,688,854	\$ 1,233,302,180
2011	101,058,762	1,204,680,377
2010	93,831,440	1,331,067,710
2009	86,752,898	1,231,254,185
2008	98,828,396	1,279,364,307

*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 are listed below.

**Cowlitz County  
Historical Building Permits and Valuations**

<u>Year</u>	<u>New Single Family Units</u>		<u>New Multi-Family Unites</u>	
	<u>No. of Permits</u>	<u>Total Construction Costs</u>	<u>No. of Permits</u>	<u>Total Construction Costs</u>
2012	132	\$ 25,001,778	0	\$ 0
2011	113	22,148,416	0	0
2010	116	25,748,344	15	2,473,655
2009	147	30,546,862	0	0
2008	268	62,805,215	8	901,830
2007	485	108,852,339	93	5,256,730

*Source: Cowlitz County.*



**APPENDIX C**

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**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 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, the County Assessor for each school district with outstanding, unpaid Program Bonds is required to levy property taxes approved by the voters for repayment of the Program Bonds. 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. 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, due to the lack of adequate funds, 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 paying agent is required to make such scheduled debt service payment and the State Treasurer is required to transfer sufficient money to the paying agent for such 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. The State Treasurer will charge interest in connection with the recovery of funds under the Act. In addition to charging interest, the State Treasurer may impose a penalty on a school district for which the State made a payment under the Program, which penalty may not be more than five percent of the amount paid by the State pursuant to its guarantee for each instance in which a payment by the State is made.

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.

### **Outstanding Certificates of Eligibility and Outstanding Program Bonds**

As of October 10, 2013, the State has guaranteed the following under the Act (not including the Offered Bonds):

Number of school districts with Certificates of Eligibility	184
Number of Program Bond issues guaranteed	513
Aggregate total principal amount outstanding of Program Bonds guaranteed	\$8,627,671,507.08

### **Program Contact Person**

Requests for information regarding the Program may be directed to:

**Office of the State Treasurer  
Attn: Deputy Treasurer  
Debt Management Division  
Legislative Office Building 2nd Floor  
P.O. Box 40200  
Olympia, WA 98504 0200  
Phone: (360) 902 9050 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.

### **State of Washington - Continuing Disclosure**

The State has undertaken (the "Undertaking") to provide (1) not later than seven months after the end of each fiscal year in each fiscal year that the Offered Bonds are outstanding, 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, (a) audited financial statements of the State for such 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 such date, unaudited financial statements in a format similar to the audited financial statements most recently prepared for the State shall be provided, and the State's audited financial statements shall

be provided when and if they become available; and (b) the historical financial and operating information relating to the State included in the most recent official statement for the State's general obligation debt; and (2) to the MSRB, in a timely manner, notice of its failure to provide the foregoing information on or prior to the date set forth in (1).

The Undertaking is subject to amendment or termination under the circumstances and in the manner permitted by SEC Rule 15c2-12.

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

**APPENDIX D**  
**BOOK-ENTRY ONLY SYSTEM**

## APPENDIX D

### BOOK-ENTRY ONLY SYSTEM

THE DEPOSITORY TRUST COMPANY

#### SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(08/10/11)

**APPENDIX E**

**AUDITED FINANCIAL STATEMENTS FOR THE DISTRICT FOR THE FISCAL YEAR ENDING  
AUGUST 31, 2012**