**NEW ISSUE MOODY’S RATING: Applied For**

**BOOK-ENTRY ONLY See “OTHER MATTERS - Ratings”**

**BANK QUALIFIED *Rating with State Guarantee****:* **Aa1**

*(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.*

|  |  |
| --- | --- |
|  | **$3,750,000\*****WOODLAND SCHOOL DISTRICT NO. 404,****COWLITZ AND CLARK COUNTIES, WASHINGTON****UNLIMITED TAX GENERAL OBLIGATION REFUNDING BONDS, 2015** |

**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 Refunding Bonds, 2015 (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 December 1, 2015 and semiannually thereafter on June 1 and December 1 of each year until their maturity. Principal of the Bonds will be payable by the fiscal agent of the State of Washington, currently U.S. Bank National Association, Seattle, Washington, 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 not subject to redemption prior to their stated maturity date.

The Bonds are being issued to provide the funds necessary to advance refund and defease a portion of the District’s outstanding Unlimited Tax General Obligation Bonds, 2005 and to pay costs of issuance of the Bonds. See “SOURCES AND USES OF FUNDS—Purpose.”

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

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 Bonds have been designated 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, and certain other conditions. 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 May 19, 2015.

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

**D.A. DAVIDSON & CO.**

**\***Preliminary,subject to change. Dated \_\_\_\_\_\_\_\_\_\_\_\_, 2015

**$3,750,000\***

**WOODLAND SCHOOL DISTRICT NO. 404,**

**COWLITZ AND CLARK COUNTIES, WASHINGTON**

**UNLIMITED TAX GENERAL OBLIGATION REFUNDING BONDS, 2015**

**Maturity Schedule\***

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Due December 1** | **Maturity Amount**\* | **Interest Rate** | **Yield** | **Price** | **CUSIP****No.** |
| 2015 | $  | % | % |  |  |
| 2016 |  |  |  |  |  |
| 2017 |  |  |  |  |  |
| 2018 |  |  |  |  |  |
| 2019 |  |  |  |  |  |
| 2020 |  |  |  |  |  |
| 2021 |  |  |  |  |  |
| 2022 |  |  |  |  |  |
| 2023 |  |  |  |  |  |
| 2024 |  |  |  |  |  |

\* Preliminary, subject to change.

\*\* CUSIP® is a registered trademark of the American Bankers Association.  CUSIP Global Services (“CGS”) is managed on behalf of the American Bankers Association by S&P Capital IQ.  Copyright© 2015 CUSIP Global Services.  All rights reserved. CUSIP® data herein is provided by CUSIP Global Services.  This data is not intended to create a database and does not serve in any way as a substitute for the CGS database.  CUSIP® numbers are provided for convenience of reference only.  Neither the District, the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.

**WOODLAND SCHOOL DISTRICT NO. 404**

800 3rd Street

Woodland, WA 98674

(360) 841-2700

www.woodlandschools.org[[1]](#footnote-1)\*

|  |  |  |
| --- | --- | --- |
| **Board of Directors** | **Title** | **Term Expiration** |
| Jim Bays | Director District 1 | December 2015 |
| Janice Watts | President - Director District 2 | December 2015 |
| Tina Cayton | Director District 3 | December 2015 |
| Matt Donald | Director District 4 | December 2017 |
| Jeremy Stuart | Director District 5 | December 2017 |
| Kurtis Patterson | Student Representative | [December 201\_](1) |
|  |  |  |

|  |
| --- |
| **Administration** |
| Michael Green | Superintendent |
| Stacy Brown | Business Manager |
|  |  |

|  |
| --- |
| **Cowlitz County Officials** |
| Terry McLaughlin | Assessor |
| Kathy Hanks | Treasurer |
|  |  |

|  |
| --- |
| **Bond Counsel** |
| Pacifica Law Group LLPSeattle, Washington |

|  |
| --- |
| **Bond Registrar** |
| U.S. Bank National AssociationSeattle, Washington |

*No dealer, broker, sales representative or other person has been authorized by the District or D.A. Davidson & Co. (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 three sentences for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. In connection with this offering, the Underwriter may over-allot or effect transactions that stabilize or maintain the market price of the Bonds at levels above those which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.*

*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.*

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

*The 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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**$3,750,000[[2]](#footnote-2)**

**WOODLAND SCHOOL DISTRICT NO. 404**

**COWLITZ AND CLARK COUNTIES, WASHINGTON**

**UNLIMITED TAX GENERAL OBLIGATION REFUNDING BONDS, 2015**

**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 $3,750,000\* aggregate principal amount of its Unlimited Tax General Obligation Refunding Bonds, 2015 (the “Bonds”). Unless otherwise defined in this Official Statement, capitalized terms used herein will have the meanings or meanings as set forth in the Bond Resolution (as defined herein) authorizing the issuance of the Bonds.

The Bonds are issued pursuant to the laws of the State of Washington (the “State”), including chapters 28A.530, 39.36, and 39.46 of the Revised Code of Washington, as amended (“RCW”), and Resolution No. \_\_\_\_\_ of the District adopted on March 23, 2015, 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 December 1, 2015 and semiannually thereafter on June 1 and December 1 of each year until their maturity.

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 Agent”) for bonds issued within the State of Washington. The Committee currently is under contract with U.S. Bank National Association, Seattle, Washington, to serve as Fiscal Agent. The Fiscal Agent will act as bond registrar (the “Bond Registrar”) under the terms of the Bond Resolution.

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 Seattle, Washington. See “Book-Entry Only System/The Depository Trust Company.”

**No Optional Redemption**

The Bonds are not subject to redemption prior to their stated maturity dates.

**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**

**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.

|  |  |
| --- | --- |
| **Sources** |  |
| Principal Amount of Bonds |  $  |
| [Net] Original Issue Premium/(Discount) |  |
| **Total Sources** |  |
| **Uses** |  |
| Deposit to the Escrow Fund |  |
| Costs of Issuance(1) |  |
| **Total Uses** |  $  |

 (1) Issuance costs include legal fees, Underwriters’ discount, escrow fees, a rounding amount, and other costs incurred in connection with the issuance of the Bonds and the redemption of the Refunded Bonds (as defined herein).

**Refunding Plan**

Depending on market conditions on the day of pricing, the District will use a portion of the proceeds of the Bonds to advance refund and defease the following callable maturities of the District’s Unlimited Tax General Obligation Bonds, 2005 (the “2005 Bonds”) (as identified below, the “Refunding Candidates” and as selected on the date of pricing, the “Refunded Bonds”):

**Refunding Candidates**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Maturity Dates(December 1)** | **Principal** | **Interest Rate** | **Call Date** | **Redemption Price** | **CUSIP No.** |
| 2016 |  $ 200,000 | 4.50% | 12/01/2015 | 100.00% | 223764FH9 |
| 2017 |  220,000 | 4.00 | 12/01/2015 | 100.00 | 223764FJ5 |
| 2018 |  240,000 | 3.90 | 12/01/2015 | 100.00 | 223764FK2 |
| 2019 |  265,000 | 3.95 | 12/01/2015 | 100.00 | 223764FL0 |
| 2020 |  290,000 | 4.00 | 12/01/2015 | 100.00 | 223764FM8 |
| 2021 |  315,000 | 4.00 | 12/01/2015 | 100.00 | 223764FN6 |
| 2022 |  340,000 | 4.05 | 12/01/2015 | 100.00 | 223764FP1 |
| 2023 |  370,000 | 4.10 | 12/01/2015 | 100.00 | 223764FQ9 |
| 2024 |  400,000 | 4.15 | 12/01/2015 | 100.00 | 223764FR7 |
| Total |  $ 2,640,000  |  |  |  |  |

From the proceeds of the Bonds, the District will purchase certain non-callable United States Government Obligations. These Government Obligations will be deposited in the custody of U.S. Bank National Association (the “Escrow Agent”). The maturing principal of the Government Obligations, interest earned thereon, and necessary cash balance, if any, will be used to accomplish the refunding of the Refunded Bonds pursuant to Resolution No. 2496 of the District.

The Government Obligations, interest earned thereon, and necessary cash balance, if any, will irrevocably be pledged to and held in trust for the benefit of the owners of the Refunded Bonds by the Escrow Agent, pursuant to an escrow agreement to be executed by the District and the Escrow Agent.

**Verification of Mathematical Calculations**

Grant Thornton LLP, independent certified public accountants, will verify the accuracy of the mathematical computations concerning the adequacy of the maturing principal amounts of and interest earned on the Government Obligations, to be placed together with other escrowed money in the escrow account to pay when due, pursuant to the call for redemption, the principal of and interest on the Refunded Bonds. The verification will also confirm the mathematical computations supporting the conclusion of Bond Counsel that the Bonds are not “arbitrage bonds” as defined by Section 148 of the Internal Revenue Code of 1986, as amended (the “Code”).

**SECURITY FOR THE BONDS**

**Full Faith and Credit Pledge**

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

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

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 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**

The District may issue total indebtedness, including non-voted and voter-approved debt, in an amount not to exceed 5% of the assessed value of all taxable property within the District. Unlimited tax general obligation bonds require voter approval. Any election to authorize such bonds must have a voter turnout of at least 40% of those who voted in the last State general election, and, of those voting, 60% must vote in the affirmative.

Proceeds of the Bonds will be used to advance refund and defease a portion of the District’s outstanding 2005 Bonds.  See “SOURCES AND USES OF FUNDS—Refunding Plan.”  Issuance of the 2005 Bonds was approved at an election held in the District on September 20, 2005.  The issuance of refunding bonds to refund outstanding voter-approved unlimited tax general obligation bonds, such as the Bonds, does not require subsequent voter approval.

**District’s Debt Capacity**

**(as of March 1, 2015)**

|  |  |
| --- | --- |
| District’s Taxable Assessed Valuation (2015 collection year) |  $ 1,428,243,796 |
|  |  |  |
| *Non-Voted General Obligation Debt Capacity:* |  |  |
| Legal Limit Without Vote (3/8 of 1% of Assessed Value) |  |  5,355,914 |
|  Outstanding Non-Voted Debt |  | (158,236) |
| Remaining Non-Voted Debt Capacity |  | $ 5,197,678 |
|  |  |  |
| *Voted and Non-Voted General Obligation Debt Capacity:* |  |  |
| Legal Limit With Vote (5% of Assessed Value) |  |  $ 71,412,190 |
| Outstanding Voted Bond Debt (Voted Portion)(1) | $ 51,430,000 |  |
| The Bonds(2) | 3,750,000 |  |
| Outstanding Non-Voted Debt | 158,236 |  |
| Outstanding Debt(2) |  $ 55,338,236 |  (55,338,236) |
| Remaining Debt Capacity(2) |  | $ 16,073,954 |

(1) Reflects the effects of the Refunding Plan; preliminary subject to change.

(2) Preliminary, subject to change.

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

**Direct and Estimated Overlapping Debt**

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

**[Awaiting updates]**

|  |  |
| --- | --- |
| Bonded General Obligation Debt (including the Bonds)(1) | $ 55,338,236 |
| Lease Obligations (Operating Leases) | 0 |
| Direct Debt(1)  |  $ 55,338,236 |
|  | G.O. DebtOutstanding | Percentage Overlap | EstimatedOverlappingDebt |  |
| City of Woodland | $ 5,060,890 | 100.00% | $ 5,060,890 |  |
| Cowlitz County(2) |  | 12.29 |  |  |
| Clark County(2) |  | 0.36 | 468,345 |  |
| Fire District No. 7 |  | 98.49 |  |  |
| Port of Kalama |  | 0.91 |  |  |
| Port of Woodland |  | 48.17 |  |  |
| Total Estimated Overlapping Debt $  |  | $  | $  |
| Total Direct & Estimated Overlapping Debt |  |  |  | $  |

(1) As of March 1, 2015. Preliminary, subject to change. Reflects the effect of the Refunding Plan.

(2) 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 and certain other issuers listed.*

**Bonded Debt Ratio**

|  |  |
| --- | --- |
| District Taxable Assessed Valuation (2013 collection year) | $ 1,428,243,796 |
| District Direct Debt  | $ 55,338,236 |
| District Direct & Estimated Overlapping Debt | $  |
| Woodland School District 2014 Population(1) | 12,263 |
| Direct Debt to Assessed Valuation(2) | 3.874% |
| Direct & Estimated Overlapping Debt to Assessed Valuation(2) | % |
| Per Capita Assessed Valuation | $ 116,468 |
| Per Capita Direct Debt(3) | $ 4,513 |
| Per Capita Direct & Estimated Overlapping Debt(2) | $  |

(1) Estimate; as of April 1. *Source:* *Office of Financial Management.*

(2) Includes the Bonds. Preliminary, subject to change. Reflects the effect of the Refunding Plan.

*Source: Woodland School District.*

**Schedule of General Obligation Indebtedness**

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

|  |  |  |  |
| --- | --- | --- | --- |
| **Unlimited Tax General Obligation Bonds** | **Date of Issue** | **Date of Final Maturity** | **Amount Outstanding(1)(2)** |
|  | UTGO Bonds, 2005**(1)(3)** |  11/15/2005 |  12/01/2024 | $ 340,000 |
|  | UTGO Refunding Bonds, 2012  |  03/06/2012 |  12/01/2016 | 1,290,000 |
|  | UTGO Bonds, 2012  |  08/15/2012 |  12/01/2036 | 24,100,000 |
|  | UTGO Bonds, 2013  |  12/10/2013 |  12/01/2038 |  25,700,000 |
|  | The Bonds |  05/13/2015**(1)** |  12/01/2024**(1)** |  3,750,000**(1)** |
|  | **UTGO Bond Total** |  |  | $ 55,180,000**(1)** |
|  |  |  |  |  |
| **Limited General Obligation Bonds** |  |  |  |
|  | LGO Bond, 2012  | 07/13/2012 | 06/01/2016 | $ 158,236 |
|  | **LGO Bond Total** |  |  | $  |
|  |  |  |  |  |
| **Long Term Debt Outstanding** |  |  | $ 55,338,236**(1)** |

(1) Preliminary, subject to change.

(2)Borrowings do not include short-term internal fund borrowings.

(3) Excludes all of the Refunding Candidates. The 2015 maturity of the 2005 Bonds will remain outstanding after the refunding of the Refunded Bonds.

*Source: Woodland School District.*

*[Remainder of Page Intentionally Left Blank]*

The following table summarizes the debt service requirements for all of the District’s outstanding unlimited tax general obligation bonds including the Bonds and excluding all of the Refunding Candidates.

|  |  |  |  |
| --- | --- | --- | --- |
|  | Existing Debt Service | The Bonds(1) |  |
| Calendar Year Ending(December 31) | Principal | Interest | Debt Service | Principal | Interest | Debt Service | Total Debt Service |
| 2015 | $  | $  | $  | $  | $  | $  | $  |
| 2016 |  |  |  |  |  |  |  |
| 2017 |  |  |  |  |  |  |  |
| 2018 |  |  |  |  |  |  |  |
| 2019 |  |  |  |   |  |  |  |
| 2020 |  |  |  |  |  |  |  |
| 2021 |  |  |  |  |  |  |  |
| 2022 |  |  |  |  |  |  |  |
| 2023 |  |  |  |  |  |  |  |
| 2024 |  |  |  |  |  |  |  |
| 2025 |  |  |  |  |  |  |  |
| 2026 |  |  |  |  |  |  |  |
| 2027 |  |  |  |  |  |  |  |
| 2028 |  |  |  |  |  |  |  |
| 2029 |  |  |  |  |  |  |  |
| 2030 |  |  |  |  |  |  |  |
| 2031 |  |  |  |  |  |  |  |
| 2032 |  |  |  |  |  |  |  |
| 2033 |  |  |  |  |  |  |  |
| 2034 |  |  |  |  |  |  |  |
| 2035 |  |  |  |  |  |  |  |
| 2036 |  |  |  |  |  |  |  |
| 2037 |  |  |  |  |  |  |  |
| 2038 |  |  |  |  |  |  |  |
| 2039 |  |  |  |  |  |  |  |
| 2040 |  |  |  |  |  |  |  |
| Total(2) | $  | $  | $  | $  | $  | $  | $  |

(1) Preliminary, subject to change.

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

Overlapping Taxing Districts – Taxing Authority

Generally, most Washington municipalities (or “taxing districts”) have the authority to impose two types of property tax levies, regular levies and excess levies, subject to the limitations provided by chapter 84.55 RCW. Regular property tax levies are imposed *without* a vote of the people and may be used to pay principal of and interest on non-voted general obligations, for costs of maintenance and operation, or for any other lawful purpose. ***Washington school districts, however, do not have authority to impose regular property tax levies. All school district levies are special excess property tax levies, which may be imposed only upon voter approval.*** The 2015 combined representative regular and excess property levy rates for levy code 940 of Cowlitz County for the District and the various taxing districts that overlap the District, as well as the statutory levy authority of each type of potential overlapping taxing district are listed below. Levy code 940 does not include all of the property within the District; as a result, additional taxing districts, not listed below, levy taxes within the District.

|  |  |  |
| --- | --- | --- |
|  | **Representative Levy RatesPer $1,000of Assessed Value** | **Statutory Levy AuthorityPer $1,000of Assessed Value** |
| Cowlitz County | $ 2.140439 | $ 1.8000 (1) |
| County (Road Levy) | 1.607156 | 2.2500 |
| Yale Valley Library District | 0.445673 | 0.5000 |
| Fire Protection District No. 7 | 1.055594 | 1.5000 (2) |
| Port of Woodland | 0.164798 | 0.4500 |
| City |  n/a (3) | 3.3750 |
| Cities and Towns |  n/a | 0.2250 (4) |
| Hospital Districts |  n/a (3) | 0.7500 |
| State Schools | 2.282403 | 3.6000 (5) |
| Emergency Medical Services | 1.545639 | 0.5000 (6) |
| Cemetery District No. 2 | 0.089024 | 0.1125 |
| The District |    4.646972 | -- |
| Total for Cowlitz County levy code 940: | $ 13.977698 (7) |  |

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

(2) Fire protection districts may, without a vote of the people, regular property taxes not to exceed $1.50 per $1,000 of assessed value.

(3) Cowlitz County levy code 940 is included within the unincorporated portion of the County and therefore does not have a city levy. Likewise, it does not contain a hospital district.

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

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

(6) During the election held on August 5, 2014, Emergency Medical Services District No. 1 was authorized by eligible voters to impose an excess levy up to $1.50, in excess of its statutory authority, to be collected in the year 2015 to be used for maintenance, operation and staff salaries for an estimated three year period.

(7) Numbers might not foot due to rounding.

*Source:  Cowlitz County Assessor Treasurer’s Office.*

**Principal Taxpayers**. The following table lists the top taxpayers within the District and the assessed value of their property for the purpose of the 2014 tax roll year.

**Major Taxpayers**

|  |  |  |  |
| --- | --- | --- | --- |
| **Taxpayer** | **Type of Business** | **Assessed Value ($000)(1)** | **Total Assessed Value of the District** |
| PacifiCorp | Electrical Generation | $ 89,348,931 | 8.00% |
| Columbia Colster Inc. | Cold Storage | 31,492,850 | 2.82 |
| Columbia Rivier Carbonates | Chemicals | 24,329,110 | 2.18 |
| WalMart Stores Inc. | Retail Department Store | 14,684,970 | 1.31 |
| E/B Work LLC (American Paper Converting) | Paper Manufacturing | 14,353,960 | 1.29 |
| Behnken Properties | Pet Products | 11,372,810 | 1.02 |
| BNSF Railway | Railroad | 9,489,870 | 0.85 |
| Safeway Inc. | Retail Grocery | 9,325,590 | 0.84 |
| General Steel Corp. | Steel Mill | 9,011,900 | 0.81 |
| Peri Formwork Systems | Forms/Scaffolding Manufacturing | 8,678,650 | 0.78 |
| Lport | Aircraft Interiors Manufacturing | 7,730,130 | 0.69 |
| Total Assessed Valuation |  | $229,818,771 | 12.67% |

(1) Total value includes real property and personal property.

*Source:* *Cowlitz County Assessor’s Office.*

Limitations on Regular Property Tax Levies of Overlapping Taxing Districts

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

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

*Constitutional Uniformity.* Property taxes generally are subject to a “uniformity” requirement under the State Constitution, which specifies that similarly classified property throughout a taxing district must be taxed at a uniform rate. Aggregate property tax rates may vary within a taxing district because of the different overlapping districts. Under the uniformity requirement, if the maximum permissible levy rate varies within a district, then the rate for the entire district will be uniformly lowered to the lowest of the permissible rates under the aggregate rate limitations, in accordance with the priority described in RCW 84.52.010.

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

**DISTRICT FUNDING SOURCES**

**Introduction**

The District’s primary sources of revenue are local property taxes, state funds and federal funds. Collectively, these sources comprised approximately 96.73% of the District’s total general, associated student body, capital projects and transportation fund revenues in the fiscal year ending August 31, 2014. 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 3.27% of total funding, exclusive of voter approved debt service funds, in the fiscal year ending August 31, 2014.

**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**  |
| **CalendarYear** | **Maintenance &****Operations** | **Bond** | **Total** |
| 2015 | $2.75654 | $1.89043 | $4.64697 |
| 2014 | 2.57127 | 2.12926 | 4.70053 |
| 2013 | 2.57763 | 2.23798 | 4.81561 |
| 2012 | 2.33000 | 1.19280 | 3.52280 |
| 2011 | 2.17405 | 1.23457 | 3.40862 |

*Source: Woodland School District.*

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

|  |  |
| --- | --- |
| **Tax****Collection****Year** | **District Tax Levy Amounts** |
| **(Dollars per $1,000 of Assessed Value)** |
| **M&O** | **Bond** | **Capital Projects(1)** | **Total** |
| 2014 | $3,231,643 | $2,676,107 | $ -- | $ 5,907,750 |
| 2013 | 3,081,199 | 2,675,203 |  -- | 5,756,402 |
| 2012 | 2,946,906 | 1,503,195 |  -- | 4,450,101 |
| 2011 | 2,807,585 | 1,594,334 |  -- | 4,401,919 |
| 2010 | 2,670,436 | 1,605,458 |  -- | 4,275,894 |

1. The District has not levied for Capital Projects for the past five years.

*Source: Department of Revenue.*

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.

## **Trends in Assessed Valuation**

Set forth in the following table are the historical and current assessed valuation of taxable property located within the District for bond purposes. Assessed valuation within the District is based upon 100% of estimated actual valuation, excluding senior citizens tax base, and including timber assessed value (“TAV”), which totals $1,428,243,796 for tax collection year 2015.

|  |  |  |
| --- | --- | --- |
| **Tax Collection Year** | **Adjusted District****Assessed Valuation** | **Percent Change** |
| 2015 | $ 1,428,243,796 | 8.631% |
| 2014 | 1,314,767,555 | 5.087 |
| 2013 | 1,251,125,141 | -3.718 |
| 2012 | 1,299,439,907 | -1.277 |
| 2011 | 1,316,249,606 | -- |

*Source: Cowlitz County and Clark County Assessor’s Office*

**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 February 28, 2015)**

**[Awaiting Updates]**

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  | **Tax Collection (2)** |
| **Year Collected** | **Assessed Valuation(1)** | **Amounts Levied** | **Year Due%** | **To Date%** |
| 2015 | $  | $  | (3) | (3) |
| 2014 |  |  | % | % |
| 2013 |  1,131,729,789 |   |  |  |
| 2012 |  1,192,237,610 |  2,787,976 | 96.84 |  |
| 2011 |  1,217,948,878 | 2,647,876 | 95.24 |  |
| 2010 | 1,230,373,509 | 2,497,720 | 94.43 |  |

(1) Assessed valuation includes timber assessed value.

(2) Tax collections have been adjusted to include supplements and cancellations.

(3) In process of collection.

*Source: Cowlitz County Assessor’s and Treasurer’s Offices.*

**Maintenance and Operations Tax Collections for Clark County (as of February 28, 2015)**

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  | **Tax Collection (2)** |
| **Year** **Collected** | **Assessed Valuation(1)** | **Amounts Levied** | **Year Due%** | **To Date%** |
| 2015 | $156,700,043 | $ 430,598 | (3) | (3) |
| 2014 | 140,214,988 | 360,237 | 96.78% | 97.30% |
| 2013 | 129,119,224 | 332,477 | 96.32 | 99.17 |
| 2012 | 133,432,159 | 311,433 | 96.47 | 99.56 |
| 2011 | 138,968,560 | 301,808 | 95.83 | 99.99 |
| 2010 | 150,509,067 | 305,010 | 96.25 | 99.98 |

(1) Assessed valuation includes timber assessed value.

(2) Tax collections have been adjusted to include supplements and cancellations.

(3) In process of collection.

*Source: Clark County Treasurer’s Office.*

**Bond Tax Collections for Cowlitz County (as of February 28, 2015)**

**[Awaiting Updates]**

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  | **Tax Collection (2)** |
| **Year Collected** | **Assessed Valuation (1)** | **Amounts Levied** | **Year Due%** | **To Date%** |
| 2015 | $  | $  | (3) | (3) |
| 2014 |  |  | % | % |
| 2013 |  1,121,872,668 |  2,510,734 |  |  |
| 2012 |  1,165,888,726 |  1,390,697 |  96.77 |  |
| 2011 |  1,177,128,119 | 1,453,245 | 95.08 |  |
| 2010 | 1,193,170,733 | 1,456,217 | 94.26 |  |

(1) Assessed valuation includes timber assessed value.

(2) Tax collections have been adjusted to include supplements and cancellations.

(3) In process of collection.

*Source: Cowlitz County Assessor’s and Treasurer’s Offices.*

**Bond Tax Collections for Clark County (as of February 28, 2015)**

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  | **Tax Collection (2)** |
| **Year** **Collected** | **Assessed Valuation (1)** | **Amounts Levied** | **Year Due%** | **To Date%** |
| 2015 | $157,186,276 | $ 295,304 | (3) | (3) |
| 2014 | 140,337,169 | 298,310 | 96.78% | 97.30% |
| 2013 |  129,252,473 | 288,668 | 96.32 | 99.17 |
| 2012 | 133,551,181 | 158,860 | 96.47 | 98.16 |
| 2011 | 139,121,487 | 171,387 | 95.83 | 98.66 |
| 2010 | 150,584,955 | 183,371 | 96.25 | 99.75 |

(1) Assessed valuation includes timber assessed value.

(2) Tax collections have been adjusted to include supplements and cancellations.

(3) 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 have been eliminated since the 2010-11 school year.

Passed by voters in November 2000, Initiative 732 (“I-732”) required the State to provide annual cost-of-living increases for Washington’s public school employees. In 2003 and again in 2009 through 2015, 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, 2014, local maintenance and operation taxes comprised 12.88% 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 2014, a three-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**

|  |  |
| --- | --- |
| **Collection Year** | **Levy Amount** |
| 2015 |  $ 3,950,000 |
| 2016 |  3,950,000 |
| 2017 |  3,950,000 |

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 a multi-year Capital Projects Levy.

**State Funding**

The Washington Basic Education Act, codified in Title 28A RCW (the “Act”) provides for the funding for school districts with respect to what the Act refers to as the “basic education” program, vocational education, operational costs for transportation, the purchase of transportation equipment, and special education programs for students with disabilities, according to State formulas. Legislation passed in 1979 (codified in chapters 28A.165 and 28A.180 RCW) recognized the State’s responsibility to fund bilingual and remediation programs. The Washington State Legislature may also appropriate money to school districts for population factors such as urban costs, enrollment fluctuations and for special programs, including but not limited to, certain vocational‑technical institutes, programs for gifted students and other special programs. State funding is based primarily on average full-time equivalent student enrollment.

At each regular session in odd-numbered years, the Legislature is required to appropriate money to OSPI (i) from the State General Fund for the current use of the common schools during the ensuing biennium and (ii) from the Student Achievement Fund and the Education Construction Fund for the support of the Student Achievement Act during the ensuing biennium.

*Basic Education Allocation.* The basic education allocation distribution formula is reviewed biennially by OSPI and the governor of the State (the “Governor”). Pursuant to RCW 28A.150.260, the Governor shall, and OSPI may, recommend to the Legislature a formula based on a ratio of students to staff. Once the Legislature adopts a formula it is used for the distribution of a basic education allocation for each annual average full time equivalent student enrolled in a common school. In the event the Legislature rejects the distribution formula recommended by the Governor, without adopting a new distribution formula, the distribution formula for the previous school year will remain in effect. In the event of an unforeseen emergency, in the nature of either an unavoidable cost to a district or unexpected variation in anticipated revenues to a district, OSPI is authorized, for not to exceed two years, to make such an adjustment in the allocation of funds. The primary objective of the Basic Education Allocation formula is to equalize educational opportunities among the State’s public school districts.

In addition to the basic education allocation, eligible school districts have received local assistance funds from the State under the Local Effort Assistance Program (“LEA”). The 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. Eligible school districts are those school districts with an assessed value (for excess levy purposes) per pupil lower than the State average. For the fiscal year 2013-2014, the District is eligible for an estimated $[\_\_\_\_\_\_\_\_] of LEA funds.

Beginning in 2001, portions of 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 a 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 have been eliminated since the 2010-11 school year.

Passed by voters in November 2000, Initiative I-732 (“I-732”) required the State to provide annual cost-of-living increases for Washington’s public school employees. In 2003, and again in 2009 through 2015, the Legislature suspended the inflation increases in I-732.

The Legislature also provides funding for additional staffing in K-4 classrooms beyond basic education. All districts receive this enhanced allocation, except in the 2009-13 biennia.

*McCleary et al. v State Ruling.* In 2007, a coalition of parents, students, school districts, teachers’ unions and other nonprofit organizations, filed a lawsuit alleging that the State’s approach to funding local school districts does not satisfy the State’s obligation under Article IX of the Washington State Constitution, which provides that it is the “paramount duty” of the State to make “ample provision” for education.  On February 24, 2010, the King County Superior Court entered its Final Judgment in *McCleary et al. v. State (Cause No. 07-2-02323-2 SEA)*, ruling that the State is currently failing to fulfill this constitutional duty and ordering the Legislature to address the issue.  The State appealed to the Washington State Supreme Court, and on January 5, 2012, the Court agreed with the decision of the King County Superior Court and ruled that the State is currently failing to fulfill this constitutional duty to amply fund education.  The Supreme Court stated that if the Legislature followed through on its prior legislative commitments to enact and fund certain education initiatives by 2018, it will have discharged its constitutional duties. The Court reserved jurisdiction to enforce its ruling and required the State to provide an annual report summarizing actions taken to achieve compliance with the Constitution within 60 days following the adoption of the state budget through 2018.

The 2013 Legislature provided a down payment in an effort to comply with *McCleary.* Funding was provided to restore previously reduced State salary allocations for K-12 employees (1.9 percent for classified and certificated instructional staff and 3.0 percent for certificated administrative staff for 2011-12 and 2012-13 school years). However, I-732 (annual cost of living adjustments) remains suspended. The 2013 State operating budget increased allocations to districts for Maintenance, Supplies and Operating Costs and provided targeted funding enhancements for high poverty schools to reduce class sizes in kindergarten and first grade.

In January 2014, the Court ordered the Legislature to present a complete plan for funding *McCleary*. After the 2014 legislative session, the Legislature provided a report to the Court, but it did not include a complete funding plan. Plaintiffs asked the Court to impose sanctions on the Legislature, including ordering the Legislature to pass certain education bills, invalidating education spending cuts, and holding the Legislature in contempt of court. In June 2014, the Court ordered the State to appear before it and explain why sanctions should not be imposed.

In September 2014, the Court held the Legislature in contempt for its failure to put forth a complete funding plan. The Court has given the Legislature through the 2015 legislative session to layout its plan to fully fund basic education by the 2017-18 school year. If the Legislature does so, then the contempt will be purged. If not, the Court will impose further sanctions or other remedial measures.

**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, 2014, federal funds comprised 6.55% 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, 2014 “local non-tax”, and “other districts and grants and student activities” comprised 3.27% of total general fund, associated student body fund, capital projects fund and transportation vehicle fund revenues.

*[Remainder of Page Intentionally Left Blank]*

**Combined Balance Sheet (All Funds)**

**(Fiscal Year Ending August 31)**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Audited2009** | **Audited2010** | **Audited****2011** | **Audited2012** | **Audited****2013** | **Unaudited****2014** |
| **Assets:** |  |  |  |  |  |  |
| Cash & Cash Equivalent | $887,558 | $7,040,858 | $1,116,967 | $15,644,537 | $2,373,409 | $5,571,959 |
| Less: Outstanding Warrants | (721,035) | (628,645) | (785,742) | (906,907) | (2,045,968) | (5,208,653) |
| Taxes Receivable | 1,972,240 | 2,101,487 | 2,195,022 | 2,128,486 | 2,653,445 | 2,830,209 |
| Due From Other Funds | 194,035 | 0 | 0 | 0 | 6,165 | 0 |
| Due From Other Governmental Units | 217,212 | 265,563 | 150,895 | 451,969 | 425,150 | 360,564 |
| Accounts Receivable | 16,058 | 8,723 |  51,841 | 24,635 | 24,964 | 64,149 |
| Inventory | 0 | 0 | 0 | 0 | 0 | 0 |
| Prepaid Items | 97,921 | 50,399 | 250,849 | 150,513 | 134,020 | 106,817 |
| Investments | 6,434,583 | 2,034,777 | 8,365,636 | 19,768,699 | 29,740,333 | 30,954,869 |
| **Total Assets** | $9,098,572 | $10,873,162 | $11,345,468 | $37,261,932 | $33,311,518 | $34,679,914 |
|  |  |  |  |  |  |  |
| **Liabilities** |  |  |  |  |  |  |
| Accounts Payable | $244,030 | $537,257 | $175,879 | $504,950 | $1,450,250 | $4,034,488 |
| Accrued Salaries | 6,770 | 9,236 | 10,077 | 10,168 | 9,830 | 5,339 |
| Payroll Deductions/Taxes Payable | 2,456 | 3,229 | 2,958 | 3,006 | 3,058 | 2,501 |
| Due to Other Governmental Units | 0 | 0 | 0 | 0 | 57,771 | 111,237 |
| Due to Other Funds | 194,035 | 0 | 0 | 0 | 6,165 | 0 |
| Deposits | 0 | 400 | 400 | 0 | 0 | 0 |
| Deferred Revenue | 2,014,791 | 2,194,424 | 2,264,405 | 2,195,293 | 2,782,339 | 0 |
| **Total Liabilities** | $2,462,083 | $2,744,546 | $2,453,719 | $2,713,416 | $4,309,413 | $4,153,565 |
|  |  |  |  |  |  |  |
| **Deferred Inflows of Resources:**(1) |  |  |  |  |  |  |
| Unavailable Revenue | $0 | $0 | $0 | $0 | $0 | $32,451 |
| Unavailable Revenue – Taxes Receivable | 0 | 0 | 0 | 0 | 0 | 2,830,209 |
| **Total Deferred Inflows of Resources** | $0 | $0 | $0 | $0 | $0 | $2,862,660 |
|  |  |  |  |  |  |  |
| **Fund Balance** |  |  |  |  |  |  |
| Reserve of Fund Balance | $390,007 | $414,760 | $407,668 | $31,624,796 | $0 | $0 |
| Nonspendable Fund Balance(2) | 0 | 0 | 0 | 0 | 134,020 | 106,817 |
| Restricted Fund Balance(2) | 0 | 0 | 0 | 0 | 26,505,282 | 24,890,774 |
| Committed Fund Balance(2) | 0 | 0 | 0 | 0 | 23,234 | 0 |
| Assigned Fund Balance(2) | 0 | 0 | 0 | 0 | 856,468 | 235,897 |
| Unreserved Designated Fund Balance | 137,830 | 160,737 | 274,045 | 173,708 | 0 | 0 |
| Unassigned Fund Balance(2) | 0 | 0 | 0 | 0 | 1,483,101 | 2,430,202 |
| Unreserved Undesignated Fund Balance | 6,108,653 | 7,553,120 | 8,210,036 | 2,750,012 | 0 | 0 |
| **Total Fund Balance** | $ 6,636,490 | $ 8,128,617 | $8,891,749 | $34,548,516 | $29,002,104 | $27,663,690 |
|  |  |  |  |  |  |  |
| **Total Liabilities/Fund Balance** | $9,098,572 | $10,873,162 | $11,345,468 | $37,261,932 | $33,311,518 | $34,679,914 |

(1) Deferred Revenue designation recategorized as Deferred Inflows of Resources and categorized as Unavailable Revenue and Unavailable Revenue – Taxes Receivable. See Appendix E.

(2) Fund Balance designations changed to Nonspendable, Restricted, Committed, Assigned and Unassigned. See Appendix E.

*Source: Washington State Audit Reports for fiscal years 2009 through 2013 and State Form F-196 for fiscal year 2014 figures.*

**Comparative General Fund Income/Expense Statement**

**(Fiscal Year Ending August 31)**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Audited2009** | **Audited2010** | **Audited****2011** | **Audited2012** | **Audited** **2013** | **Unaudited** **2014** | **Budget****2015** |
| **Revenues** |  |  |  |  |  |  |  |
| Local Taxes  | $ 2,886,587 | $ 3,220,258 | $ 3,428,531 | $ 3,527,510 | $3,657,604  | $3,722,743  | $3,587,708 |
| State Funds | 14,571,532 | 14,284,202 | 14,341,045 | 14,824,860 | 15,018,047 | 17,421,522 | 18,448,086 |
| Federal Funds | 1,232,802 | 1,259,903 | 1,287,413 | 1,495,033 | 1,474,766 | 1,676,435 | 2,111,808 |
| Federal Stimulus | 1,002,947 | 918,586 | 633,945 | 6,853 | 0 | 0 | 0 |
| Other | 956,228 | 976,416 | 973,850 | 1,249,461 | 1,358,027 | 1,011,311 | 1,126,921 |
| Total Revenues | $ 20,650,096 | $ 20,659,365 | $ 20,664,784 | $ 21,103,717 | $ 21,508,444 | $ 23,832,011  | $25,274,523 |
| **Expenditures** |  |  |  |  |  |  |  |
| Current: |  |  |  |  |  |  |  |
| Basic Education | $ 9,024,403 | $ 9,464,426 | $ 9,652,547 | $ 10,271,839 | $ 10,415,114 | $ 11,574,573 | $12,381,828 |
| Special Education | 1,742,124 | 1,556,202 | 1,741,165 | 1,997,334 | 1,951,174 | 2,065,398 | 2,409,570 |
| Vocational Education | 546,847 | 565,044 | 605,518 | 643,089 | 668,572 | 614,451 | 598,179 |
| Compensatory Education | 1,585,752 | 734,745 | 703,182 | 821,787 | 916,685 | 1,433,578 | 1,430,801 |
| Other Instructional Programs | 78,878 | 38,540 | 20,927 | 20,455 | 35,591 | 44,063 | 441,767 |
| Community Services | 223,227 | 121,871 | 147,319 | 152,985 | 158,592 | 128,181 | 105,353 |
| Support Services | 5,826,741 | 6,253,029 | 6,713,133 | 6,853,040 | 7,001,669 | 7,399,350 | 7,729,373 |
|  Federal Stimulus | 982,066 | 884,950 | 637,162 | 6,868 | 0 | 0 | 0 |
| Debt Service: |  |  |  |  |  |  |  |
| Principal | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest | 37 | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital Outlay: |  |  |  |  |  |  |  |
| Equipment | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other | 209,129 | 398,488 | 14,860 | 40,541 | 0 | 84,597 | 0 |
| Total Expenditures | $ 20,219,204 | $ 20,017,295 | $ 20,235,813 | $ 20,807,939 | $ 21,147,397 | $23,344,193 | $25,096,871 |
| Excess of Revenues Over (Under) Expenditures | $ 430,893 | $ 642,071 | $ 428,971 | $ 295,778 | $361,047 | $487,818 | $177,651 |
| Other Financing Sources (Uses): |  |  |  |  |  |  |  |
| Transfers In | 90,000 | 0 | 235,000 | 235,000 | 125,000 | 0 |  |
| Long Term Financing | 0 | 0 | 0 | 0 | 0 | 0 |  |
|  Transfers Out | (193,904) | (186,559) | 0 | 0 | (937,791) | (217,384) | (177,650) |
| Total Other Financing Sources (Uses) |  $ (103,904) |  $ (186,559) |  $ 235,000 |  $ 235,000 | $(812,791) | (217,384) | $(177,651) |
| Excess of Revenues Over (Under) Expenditures and Other Sources |  $ 326,989 |  $ 455,512 |  $ 663,971 |  $ 530,778 | $(451,744) | $270,433 | $1 |
| Fund Balance at Beginning of Year (As Restated) | 989,977 | 1,316,966 | 1,772,478 | 2,436,449 | 2,967,227 | 2,515,483 | 2,800,000 |
| **ENDING FUND BALANCE** |  $1,316,966 |  $ 1,772,478 |  $ 2,436,449 |  $2,967,227 | $2,515,483 | 2,785,917 | $2,800,001 |

*Source: Washington State Audit Reports for fiscal years 2009 through 2013 and State Form F-196 for fiscal year 2014 figures; the District for fiscal year 2015.*

**Debt Payment Record**

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

**Future Financings**

The District does not intend to issue general obligation debt in the next 12 months.

**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 88.85% to 11.15% between Cowlitz and Clark Counties, respectively. The District has a current estimated population of over 12,200 residents, and encompasses approximately 200 square miles. The District serves approximately 2,300 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 $25 million annual budget, with a staff of approximately 375 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:**

|  |  |  |
| --- | --- | --- |
| **Name** | **Title** | **Term Expiration** |
| Jim Bays | Director District 1 | December 2015 |
| Janice Watts | President - Director District 2 | December 2015 |
| Tina Cayton | Director District 3 | December 2015 |
| Matt Donald | Director District 4 | December 2017 |
| Jeremy Stuart | Director District 5 | December 2017 |

**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, a 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 14 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** |
|  | 2010-2011 | 2011-2012 | 2012-2013 | 2013-2014 | 2014-2015  | 2015-2016 | 2016-2017 | 2017-2018 | 2018-2019 |
| Elementary (K-5) | 851 | 873 | 908 | 999 | 986 | 979 | 967 | 979 | 959 |
| Middle School (6-8) | 494 | 488 | 482 | 505 | 512 | 522 | 540 | 527 | 550 |
| High School (9-12) | 662 | 670 | 378 | 676 | 677 | 648 | 658 | 670 | 695 |
| Total | 2,007 | 2,031 | 2,018 | 2,180 | 2,175 | 2,149 | 2,165 | 2,176 | 2,204 |

*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 2014-15 school year is $3,855,996.00. Of this amount, $197,162.00 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 90 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 $2,000,000.00 in 2014-15. The District has not sought and does not plan to seek voter approval for Transportation Levies.

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 2013-2014 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 unavailable (previously 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 are accounted for on a financial resources measurement focus. This means that only current liabilities are included on their balance sheets.

Private purpose 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 2013-14 school year in the fall of 2014.

**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 February 28, 2015, the District’s investments for all District funds had a book value of $11,333,905.

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 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.

**Insurance Coverage**

The District is a member of the Southwest Washington Risk Management Insurance Cooperative (Cooperative) administered by Educational Service District No. 112, a public entity risk pool currently operating as a common risk management and insurance program for unemployment insurance and unemployment compensation. 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.

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

**Insurance Coverage(1)**

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

\_\_\_\_\_\_\_\_\_

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

*Source: Woodland School 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”) 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[[3]](#footnote-3)). 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. All Plans 1 and 2 are defined benefit plans. New PERS and SERS participants have the irrevocable option of choosing membership in either of their respective Plan 2 or Plan 3. This option must be exercised within 90 days, and if not exercised the participant will be placed in their respective Plan 3. New TRS participants must join TRS Plan 3. Each of the PERS Plan 3, the SERS Plan 3 and the TRS Plan 3 consists of a defined benefit and a defined contribution portion.

Retirement benefits under all Plans I and II are vested after completion of five years of eligible service. PERS Plan 3 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; or after five service credit years earned in PERS Plan 2 by June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan. TRS Plan 3 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; or after five service credit years earned in TRS Plan 2 by July 1, 1996. Plan 3 members are immediately vested in the defined contribution portion of their plan. SERS Plan 3 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; or after five service credit years earned in PERS Plan 2 by September 1, 2000.

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.

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 are 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. In rendering its opinion, Bond Counsel has relied on the report of Grant Thornton LLP with respect to the accuracy of certain mathematical calculations for the Bonds.

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 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. Bond Counsel has not been retained to offer an opinion concerning this Official Statement. See Appendix A for a form of legal opinion from Bond Counsel.

**Limitations on Remedies**

*General.* 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.

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

**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 10 business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Bonds:

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

**Ratings**

The Bonds have been assigned a rating of “Aa1,” 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. The District has no obligation to take any action, other than file a material event notification, if the rating of the Bonds is changed, suspended or withdrawn.

**Underwriting**

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

[Placeholder for additional disclosure]

**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**

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**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 2015

Woodland School District No. 404

Cowlitz and Clark Counties, Washington

D.A. Davidson & Co.

Seattle, Washington

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

Unlimited Tax General Obligation Refunding Bonds, 2015- $\_\_\_\_\_\_\_\_\_\_\_

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 Refunding Bonds, 2015 (the “Bonds”), dated as of the date hereof, in the aggregate principal amount of $\_\_\_\_\_\_\_\_, issued pursuant to Resolution No. \_\_\_\_\_\_ of the District (the “Bond Resolution”) for the purpose of providing funds to refund certain outstanding unlimited tax general obligation bonds of the District and paying costs of issuing the Bonds. Capitalized terms used in this opinion and not otherwise defined herein shall have the meanings given such terms in the Bond Resolution.

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

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

 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 Bonds are deemed designated as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) 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**

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, Cowlitz County, Clark County, and the State of Washington:

|  |  |
| --- | --- |
|  | **Population(1)** |
| **Year** | **City ofWoodland(2)** | **Cowlitz County** | **Clark County** | **Washington State** |
| 2014 | 5,695 | 103,700 | 442,800 | 6,968,170 |
| 2013 | 5,625 | 103,300 | 435,500 | 6,882,400 |
| 2012 | 5,590 | 103,050 | 431,250 | 6,817,770 |
| 2011 | 5,550 | 102,700 | 428,000 | 6,767,900 |
|  2010(3) | 5,509 | 102,410 | 425,363 | 6,724,540 |

(1) Estimated as of April 1 unless otherwise noted.

(2) Reflects population in both Cowlitz and Clark counties.

(3) 2010 federal census figures.

*Source: Washington State Office of Financial Management.*

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

**Per Capita Income**

|  |  |  |  |
| --- | --- | --- | --- |
| **Year** | **Cowlitz County** | **Clark County** | **State of Washington** |
|  2013(1) |  $ 36,002 |  $ 40,567 |  $ 47,717 |
| 2012 | 34,941 |  39,695 |  47,055 |
| 2011 | 33,479 |  37,433 |  44,565 |
| 2010 | 32,368 | 36,056 | 42,547 |
| 2009 | 31,681 | 36,056 | 42,137 |

(1) Most recent data available.

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

**Personal Income**

**($ in thousands)**

|  |  |  |  |
| --- | --- | --- | --- |
| **Year** | **Cowlitz County** | **Clark County** | **State of Washington** |
|  2013(1) |  $ 3,667,139 |  $ 18,004,341 |  $ 332,654,857 |
| 2012 |  3,557,907 |  17,381,450 |  324,458,394 |
| 2011 | 3,426,188 |  16,204,607 |  303,999,485 |
| 2010 | 3,314,467 | 15,393,101 | 286,862,463 |
| 2009 | 3,235,488 | 15,188,176 | 280,943,954 |

(1) Most recent data available.

*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(1)**

 **(Annual Averages)**

|  |  |  |
| --- | --- | --- |
|  | **Annual Average** | **2015**(2) |
| **NAICS Industry Title**  | **2011** | **2012** | **2013** | **2014** |
| Total Nonfarm | 36,200 | 36,800 | 36,700 | 38,400 | 38,800 |
| Total Private | 30,600 | 31,200 | 31,100 | 32,600 | 32,900 |
| Goods Producing | 8,900 | 9,100 | 9,200 | 9,700 | 9,800 |
| Mining, Logging, and Construction | 2,900 | 3,000 | 3,000 | 3,200 | 3,300 |
| Manufacturing | 6,000 | 6,100 | 6,300 | 6,400 | 6,500 |
|  Non-Durable Goods | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 |
| Service Providing | 27,300 | 27,600 | 27,400 | 28,700 | 29,000 |
| Private Service Providing | 21,700 | 22,000 | 21,800 | 22,900 | 23,100 |
|  Trade, Transportation, Warehousing & Utilities  | 7,300 | 7,300 | 7,200 | 7,600 | 7,900 |
|  Retail Trade | 4,600 | 4,500 | 4,400 | 4,600 | 4,600 |
|  Educational and Health Services | 6,200 | 6,400 | 6,300 | 6,400 | 6,600 |
|  Leisure and Hospitality | 3,100 | 3,300 | 3,300 | 3,500 | 3,300 |
|  Government | 5,600 | 5,600 | 5,600 | 5,800 | 5,900 |
|  Federal Government | 200 | 200 | 200 | 200 | 200 |
|  Total State Government | 1,100 | 1,100 | 1,100 | 1,200 | 1,200 |
|  Total Local Government | 4,300 | 4,300 | 4,300 | 4,500 | 4,500 |
| Workers in Labor/Management Disputes | 0 | 0 | 0 | 0 | 0 |

(1) Longview Metropolitan Statistical Area.

(2) Preliminary, through January.

*Source: Washington State Employment Security Department.*

**Employment Statistics**

|  |  |  |
| --- | --- | --- |
|  | **Annual Average** |  |
|  | **2011** | **2012** | **2013** | **2014** | **2015(1)** |
| **State of Washington** |  |  |  |  |  |
| Employed | 3,153,910 | 3,203,430 | 3,218,410 | 3,289,630 | 3,280,520 |
| Unemployed | 319,180 | 281,300 | 242,710 | 221,270 | 247,450 |
| % Unemployed | 9.2% | 8.1% | 7.0% | 6.3% | 7.0% |
| **Cowlitz County(2)** |  |  |  |  |  |
| Employed | 37,690 | 38,380 | 37,290 | 41,240 | 41,400 |
| Unemployed | 5,130 | 4,660 | 4,200 | 3,880 | 4,220 |
| % Unemployed | 12.0% | 10.8% | 10.1% | 8.6% | 9.2% |

(1) Preliminary, through January.

(2) Longview Metropolitan Statistical Area.

*Source:* *Washington State Employment Security Department.*

## **Major Employers in Cowlitz County(1)**

**[Checking for Updates]**

|  |  |  |
| --- | --- | --- |
| **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.*

**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**

|  |  |  |  |
| --- | --- | --- | --- |
| **Year** | **City ofWoodland** | **Cowlitz County** | **Clark County** |
| 2014(1) |  $ 118,323,861 |  $ 1,108,733,167 |  $ 3,860,021,559 |
| 2013 |  117,212,539 |  1,379,515,464 |  4,870,333,373 |
| 2012 |  117,688,854 |  1,233,299,180 |  4,456,683,103 |
| 2011 | 101,058,762 | 1,204,680,681 | 4,197,333,498 |
| 2010 | 93,831,440 | 1,331,068,042 | 4,036,328,695 |
| 2009 | 86,752,898 | 1,231,254,185 | 3,893,050,313 |

(1) Through third quarter. Through third quarter in 2013, taxable retail sales for the City Cowlitz County and Clark County, were $85,203,760, $999,749,910 and $3,543,749,051, respectively.

*Source: Washington State Department of Revenue.*

**Building Permits**. The number and valuation of new single-family and multi-family residential building permits in both Cowlitz County and Clark County are listed below.

**Cowlitz County**

**Historical Building Permits and Valuations**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **New Single Family Units** | **New Multi-Family Unites** | **Total** |
| **Year** | **Number** | **Construction Costs** | **Number** | **Construction Costs** | **Total Construction Cost** |
|  2013(1) | 155 | $30,830,715 | 7 | $ 2,537,962 | $ 33,368,677 |
|  2012 | 132 | 25,001,778 | 0 |  0 |  25,001,778 |
|  2011 | 113 | 22,148,416 | 0 | 0 | 22,148,416 |
|  2010 | 116 | 25,748,344 | 15 | 2,473,655 | 28,221,999 |
|  2009 | 147 | 30,546,862 | 0 | 0 | 30,546,862 |

(1) Most recent data available.

*Source: U.S. Bureau of the Census.*

**Clark County**

**Historical Building Permits and Valuations**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **New Single Family Units** | **New Multi-Family Unites** | **Total** |
| **Year** | **Number** | **Construction Costs** | **Number** | **Construction Costs** | **Total Construction Cost** |
|  2013(1) | 1,699 | $443,730,833 | 1,243 | $ 101,669,365 | $ 545,400,198 |
|  2012 | 1190 | 286,581,101 | 368 |  28,352,425 |  314,933,526 |
|  2011 | 688 | 202,791,953 | 273 | 22,436,111 | 225,228,064 |
|  2010 | 963 | 244,508,690 | 107 | 9,246,993 | 253,755,683 |
|  2009 | 690 | 145,942,179 | 19 | 1,087,170 | 147,029,349 |

(1) Most recent data available.

*Source: U.S. Bureau of the Census.*

# **A P P E N D I X C**

|  |
| --- |
| **Washington State School District Credit Enhancement Program** |

**WASHINGTON STATE SCHOOL DISTRICT CREDIT ENHANCEMENT PROGRAM**

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

**Definitions**

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

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

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

“State” means the State of Washington.

**Program Provisions**

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

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

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

**Program Procedures**

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

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

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

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

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

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

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

As of March 1, 2015, the State has guaranteed and there are currently outstanding the following under the Act (not including the Offered Bonds):

|  |  |
| --- | --- |
| Number of school districts with Certificates of Eligibility | 174 |
| Number of Program Bond issues guaranteed | 473 |
| Aggregate total principal amount of Program Bonds guaranteed | $8,854,022,271.71 |

**Program Contact Person**

Requests for information regarding the Program may be directed to:

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

**State of Washington - Financial and Operating Information**

The State’s most recent audited financial statements and the financial and operating information relating to the State included in the most recent official statement for the State’s general obligation debt are on file with the Municipal Securities Rulemaking Board (the “MSRB”), in an electronic format as prescribed by the MSRB, and are incorporated by this reference in this official statement. The State’s financial statements and official statement are dated and speak only as of their dates. Except as provided below under “STATE OF WASHINGTON – Continuing Disclosure,” the State does not undertake to update this information.

**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 State regularly updates the information described in (1)(b) in the prior sentence, which may involve adding additional financial and operation data, displaying data in a different format, or eliminating data that are no longer material.

The MSRB has indicated that it intends to make the continuing disclosure information submitted to it publicly available on the internet on its Electronic Municipal Market Access System (“EMMA”) website. Currently, the State’s latest audited financials and historical financial and operating information may be found on the EMMA website under base CUSIP number 93974D.

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.

The State has complied in all materials respects with all of the State’s prior written undertakings under SEC Rule 15c2-12. However, on June 5, 2014, the State discovered that The Bank of New York Mellon, acting as escrow agent and fiscal agent for the State, failed to file with the MSRB a notice of defeasance on March 23, 2010, of a portion ($1,740,000) of the State’s then-outstanding Certificates of Participation, Series 2006C (State Board for Community and Technical Colleges), which had been issued in the original principal amount of $9,835,000. The State has subsequently filed the notice of defeasance on the EMMA system.

**APPENDIX D**

**BOOK-ENTRY ONLY SYSTEM**

**t h e d e p o s i t o r y t r u s t c o m p a n y**

**SAMPLE OFFERING DOCUMENT LANGUAGE**

**DESCRIBING BOOK-ENTRY-ONLY ISSUANCE**

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

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

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

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

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

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

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

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

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

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

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

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

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

(08/10/11)

**APPENDIX E**

**AUDITED FINANCIAL STATEMENTS FOR THE DISTRICT FOR THE FISCAL YEAR ENDING AUGUST 31, 2013 AND UNAUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDING AUGUST 31, 2014**

1. \* 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.

(1) Student representative, serves a [one] year term. [↑](#footnote-ref-1)
2. Preliminary, subject to change. [↑](#footnote-ref-2)
3. This inactive textual reference is not a hyperlink and does not incorporate the Washington State Department of Retirement System’s website by reference. [↑](#footnote-ref-3)