

Old Capitol Building
PO Box 47200
Olympia, WA 98504-7200

k12.wa.us



Washington Office of Superintendent of
PUBLIC INSTRUCTION
Chris Reykdal, Superintendent

January 12, 2026

Jeff Foertsch, Superintendent
Prescott School District
207 South A Street
Prescott, WA 99348

Re: Notification of Petition for Dissolution

Dear Superintendent Foertsch and Board Chair Chabre:

This letter is to notify you that pursuant to the recommendation of the Financial Oversight Committee (FOC), I am filing a petition for dissolution of the Prescott School District in accordance with RCW 28A.315.225. This petition will be filed by January 12, 2026, with a request that Educational Service District 123 begin the formal process of dissolution in accordance with RCW 28A.315.199.

The FOC has also recommended that the Prescott School District continue to work towards identifying reliable and measurable funding sources that could address the district's underlying conditions that led to the determination of insolvency. Should the district identify sufficient new resources that allow the district to submit a satisfactory financial plan to the special administrator and the FOC prior to April 1, 2026, I will withdraw my petition to the ESD for dissolution.

There has been legislative interest in investing in a solution for Prescott. The dissolution process will begin immediately and will run concurrently with the upcoming 2026 Legislative Session. Delaying this process until the end of the legislative session will not allow enough time to ensure the smoothest possible transition for students if the district is ultimately dissolved. The potential withdrawal date occurs after the legislative supplemental budget process concludes, which will allow the state to invest in a solution for Prescott, if they choose.

The Prescott School District was deemed to be financially insolvent after the district was unable to develop a financial plan that eliminated all outstanding debt, interfund loans, and unpaid obligations by the end of the 2026–27 school year. In addition, the district was unable to create a financial plan that:

- Provides the necessary cash flow to meet ongoing operational needs that are required to allow all students the opportunity to meet annual basic education requirements and graduation requirements;
- Meets ending fund balance targets established by the FOC;
- Complies with legal requirements regarding the payment of bond obligations and interfund loans in the amounts required when due;
- Addresses outstanding intergovernmental obligations associated with previous educational and support services provided by the Department of Retirement Systems, Health Care Authority, community and technical colleges, State Auditor's Office, and educational service districts; and
- Addresses all outstanding balances on overdue bills from non-governmental entities, including non-voted debt from banks, utility and insurance costs, and other obligations from services previously provided.

The outstanding balances that need to be addressed with new reliable and measurable one-time resources amount to roughly \$1 million. After considering the amount of the debt and the timing of when the debt is due, the FOC determined that Prescott School District was insolvent and that dissolution was an option the FOC needed to consider.

During and after a public hearing on October 25, 2025, the FOC received community comment regarding the potential dissolution of the school district, and the community overwhelmingly advocated against the dissolution of Prescott School District. Given the district's financial situation and the need for students to continue receiving the high-quality education they are legally owed without disruption, the FOC recommended to the State Superintendent that the school district be dissolved. At the same time, the FOC expected that the district would make continued efforts to address the underlying insolvency condition.

Based on the FOC's recommendation, I have approved the attached petition for dissolution to be provided to Educational Service District 123 on January 12, 2026. It is also available on the OSPI website at <https://ospi.k12.wa.us/policy-funding/school-apportionment/guidance-and-tools/school-district-budget-challenges-and-financial-insolvency> under the heading, *School Districts on Binding Conditions: Prescott School District*.

Feedback and comments can be provided on this plan by emailing FOC@k12.wa.us. All comments received will be provide to Educational Service District 123 for their consideration in the dissolution process.

Please post this notification on your website and share it at your next available school board meeting. If you have questions, please contact Shawn Lewis, the special administrator assigned to your district, at shawn.lewis@k12.wa.us.

Superintendent Foertsch and Board Chair Chabre

January 12, 2026

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Sincerely,

A handwritten signature in blue ink, appearing to read "Chris Reykdal". The signature is fluid and cursive, with the first name "Chris" being more legible than the last name "Reykdal".

Chris Reykdal
Superintendent of
Public Instruction

Enclosure: Petition for the Dissolution of Prescott School District and Territory Transfer

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Washington Office of Superintendent of
PUBLIC INSTRUCTION
Chris Reykdal, Superintendent

To: Steve McCullough, Superintendent, Educational Service District 123
From: Chris Reykdal, State Superintendent of Public Instruction
Date: January 12, 2026
Re: Petition for the Dissolution of Prescott School District and Territory Transfer

Pursuant to RCW 28A.315.225, I am providing the Educational Service District 123 this petition for dissolution of the Prescott School District and the transfer of all territory within the Prescott School District, based on a recommendation from the Financial Oversight Committee that the district be dissolved due to financial insolvency.

As communicated to you separately, should new financial resources be identified by the school district that are reliable and measurable that allow the district to create a viable financial plan that results in financial solvency, I reserve the right to withdraw this petition.

Required Elements of the Petition for Dissolution:

Name of Financially Insolvent District: Prescott School District 36-402

Legal Boundaries of the District: The legal boundaries of the Prescott School District are attached as provided to the county in 2024 as part of director re-districting.

Names of Contiguous School Districts: Star School District 11-054, Starbuck School District 07-035, Waitsburg School District 36-401, Walla Walla School District 36-140, Touchet School District 36-300, Columbia (Walla Walla) School District 36-400, Pasco School District 11-001.

The Basis for Concluding the District is Financially Insolvent:

The Prescott School District was deemed to be financially insolvent after the district was unable to develop a financial plan that eliminated all outstanding debt, interfund loans, and unpaid obligations by the end of the 2026–27 school year. In addition, the district was unable to create a financial plan that:

- Provides the necessary cash flow to meet ongoing operational needs that are required to allow all students the opportunity to meet annual basic education and graduation requirements;
- Meets ending fund balance targets established by the FOC;
- Complies with legal requirements regarding the payment of bond obligations and interfund loans in the amounts required when due;

- Addresses outstanding intergovernmental obligations associated with previous educational and support services provided by the department of retirement systems, health care authority, community and technical colleges, state auditor's office, and educational service districts; and
- Addresses all outstanding balances on overdue bills from non-governmental entities, including non-voted debt from banks, utility and insurance costs, and other obligations from services previously provided.

A map with a legal description of the proposed annexation of the financially insolvent school district to one or more contiguous school districts:

This petition proposes the annexation to Columbia (Walla Walla) School District 36-400 of all territory within Prescott School District 36-401 north and west of the following line:

- From the southern border of the district at the corner of Adkins Rd and Britton Rd;
- East to parcel 33091744001, at the corner of Adkins Rd and the Burlington Northern Railway line;
- Following the Burlington Northern Railway line to the north and northeast until it joins Lyons Ferry Road;
- Following Lyons Ferry Road to the north and northeast until it reaches the district border of the Starbuck School District; and
- Following the current Starbuck School District boundary north to the Snake River.

This petition proposes the annexation to Waitsburg School District 36-401 of all territory within Prescott School District 36-401 south and east of the following line:

- From the southern border of the district at the corner of Adkins Rd and Britton Rd;
- East to parcel 33091744001, at the corner of Adkins Rd and the Burlington Northern Railway line;
- Following the Burlington Northern Railway line to the north and northeast until it joins Lyons Ferry Road;
- Following Lyons Ferry Road to the north and northeast until it reaches the district border of the Starbuck School District; and
- Following the current Starbuck School District boundary north to the Snake River.

Equitable adjustments of assets and liabilities for the affected districts:

OSPI will ensure no outstanding bond indebtedness exists at the time of the property transfer. The assets within the Walla Walla (Columbia) School District 36-400 will increase by the amount of the taxable value of the property transferred in accordance with the description above. The assets within the Waitsburg School District 36-401 will increase by the amount of the taxable value of the property transferred in accordance with the description above.

Superintendent McCullough

January 12, 2026

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The exact value of such property transferred will be calculated at the time the transfer is approved through the ESD 123 transfer of territory process.

Real and personal property owned by the Prescott School District 36-402 will be liquidated or otherwise disposed of by the special administrator during the dissolution process to address outstanding debts and obligations of the district. Any remaining real and personal property existing at the time of the dissolution will be distributed between Walla Walla (Columbia) School District 36-400 and 36-401 proportionately in value based on the number of school age children residing in each of the annexed territory.

Sincerely,

A handwritten signature in blue ink, appearing to read "Chris Reykdal", with a stylized flourish at the end.

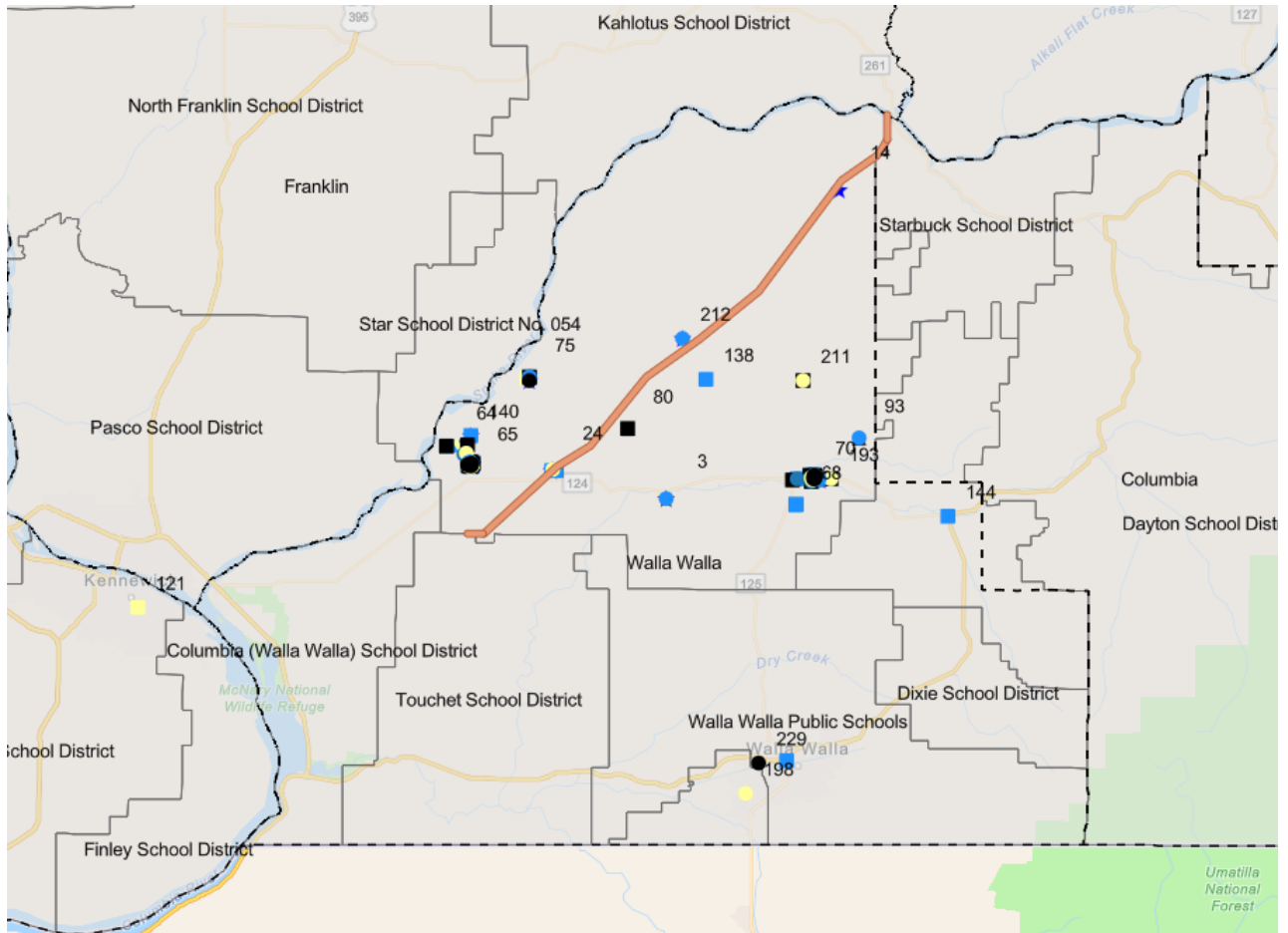
Chris Reykdal
Superintendent of
Public Instruction

Enclosure: Proposed Demarcation Line and Prescott School District Maps

Enclosure: Proposed Demarcation Lines and Prescott School District Maps

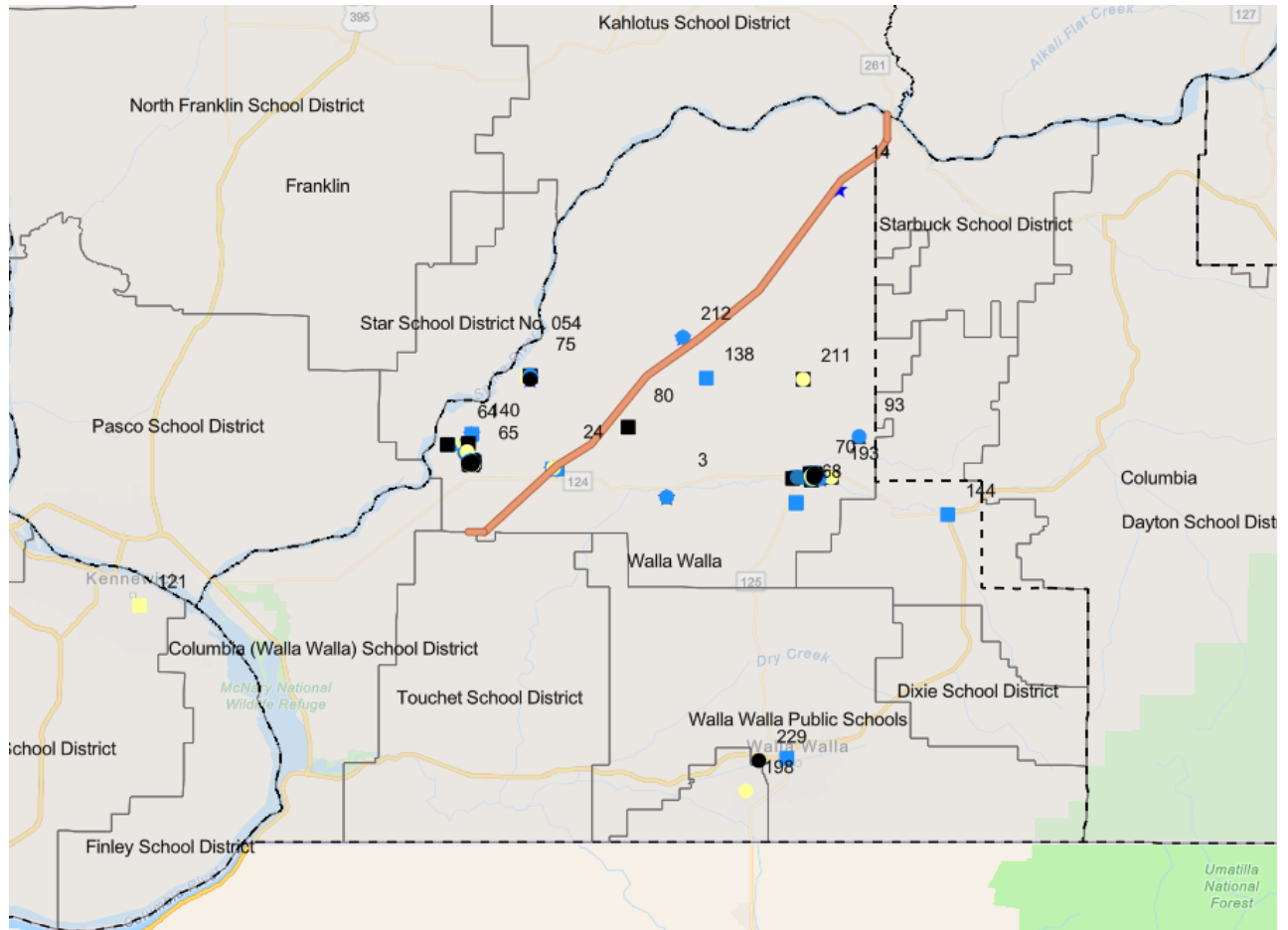
Map 1:

Map of Prescott School District and proposed demarcation line:



Map 2:

Map of Prescott School District and proposed demarcation line identifying the districts impacted by the annexation:



Map 3:

Walla Walla County GIS map with parcels clearly indicates the Burlington Northern Railway Line is a territorial feature that divides the Prescott School District and property within the current district.

