

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



Washington Office of Superintendent of
PUBLIC INSTRUCTION
Chris Reykdal, Superintendent

ospi.k12.wa.us

March 26, 2026

Steve McCullough, Superintendent
Educational Service District 123
3924 W Court St
Pasco, WA 99301

Re: Rescinding the Petition for Dissolution of Prescott School District

Dear Superintendent McCullough:

I am pleased to inform Educational Service District (ESD) 123 that the petition for the dissolution of Prescott School District filed on January 12, 2026, has been rescinded based on identification of new financial resources and recommendation of the Financial Oversight Committee (FOC).

Recent Events and Fiscal Projections

Since January 12, 2026, the following events have occurred, which have either provided Prescott School District with new resources or have provided evidence that the district will remain financially viable through at least the end of the 2026–27 school year:

- The voters of Prescott School District have approved their local supplemental levy, providing additional resources for the 2026–27 school year.
- The school board approved the closing on the sale of the Teacher's Cottage and has deposited those resources in the school district's general fund.
- The Washington State Legislature has approved a language change that allows the state to provide funding to repay outstanding interfund loans to the debt service fund and the transportation vehicle fund.
- District residents have provided additional local resources in support of the district's general fund.
- Superintendent Jeff Foertsch and ESD 123 staff, Mireya Onofre and Drew Raab, have updated the 2025–26 and 2026–27 cash flow statements for the general fund to reflect the revenues and expenditures now expected.
- The FOC has determined that the district is not likely to meet minimum expenditure levels for certain programs this school year and has been approved by the Office of Superintendent of Public Instruction (OSPI) to carryover all unspent funds to 2026–27. This will allow the district to spend the funds in a more gradual and appropriate manner given the cash flow emergency that the district faced earlier this year.

Superintendent Steve McCullough

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Moving Forward

While this is great news for the school district and the surrounding community, there is still a lot of work to be done to ensure that the actual fiscal performance over the next 12 to 18 months reflects a continued path toward sustainable fiscal health. As such, the district will remain under Enhanced Financial Oversight for the 2026–27 school year and will be continuously evaluated and monitored through the state oversight process.

We look forward to continuing our work with ESD 123 and Prescott School District staff to move the district toward full financial solvency.

Congratulations to the Prescott community on supporting the district during these challenging times. It is with the local fundraising and the overwhelming support of the levy in February that we are celebrating this progress.

With appreciation,

Chris Reykdal
Superintendent of
Public Instruction