

Comprehensive Annual Financial Report

For the fiscal year ended August 31, 2017



Wainwright Elementary School

Comprehensive Annual Financial Report

For the fiscal year ended August 31, 2017



Wainwright Elementary School

Tacoma School District No. 10 • P.O. Box 1357 • Tacoma, Washington 98401-1357

**Prepared by the Finance Department
Rosalind Medina, *Chief Financial Officer***

**TACOMA SCHOOL DISTRICT No. 10
Comprehensive Annual Financial Report
For the Fiscal Year Ended August 31, 2017**

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Introductory Section

Directory of Officials

Board of Directors

School District Organizational Chart

Letter of Transmittal

Certificates of Excellence in Financial Reporting



Wainwright Elementary School

**TACOMA SCHOOL DISTRICT NO. 10
2016-2017 DIRECTORY OF OFFICIALS**

ELECTED

<u>Directors</u>		<u>Term</u>	<u>Expiration</u>
President	Catherine Ushka	6 Years	November 2021
Vice-President	Andrea Cobb	6 Years	November 2021
	Scott Heinze	6 Years	November 2017
	Karen Vialle	6 Years	November 2023
	Debbie Winskill	6 Years	November 2019

APPOINTED

Superintendent	Carla J. Santorno
Legal Counsel	Renee Trueblood
Chief Financial Officer	Rosalind Medina
Chief Operating Officer, Maintenance & Operations	Christopher Williams
Director, Financial Services	Robert Bryant
Accounting Services Manager	Marianne Bigelow

MAILING ADDRESS

P.O. BOX 1357
TACOMA, WASHINGTON 98401-1357

2016-2017 Board of Directors



Catherine Ushka, President
Elected in 2009
Term expires in November 2021



Andrea Cobb, Vice President
Elected in 2015
Term expires in November 2021



Scott Heinz
Elected in 2011
Term expires in November 2017



Karen Vialle
Elected in 2011
Term expires in November 2017



Debbie Winskill
Elected in 2007
Term expires in November 2019



On January 2, 2012, Carla J. Santorno began the leadership role as superintendent-elect (interim) and on September 13, 2012, she became the Superintendent for the Tacoma School District.

Carla J. Santorno got her start in education in Denver, Colorado. Born in Kansas, Mrs. Santorno attended Denver Public Schools, where she later spent 28 years of her career as a teacher, principal, and area superintendent. Prior to coming to Tacoma, she worked as the chief academic officer for the Seattle School District.

Her primary goal as superintendent is to increase student achievement. She intends to stay close to teachers and provide them the support they need to effectively educate Tacoma's students. Connecting with all the players in the district – from parents to teachers, food service workers and custodial staff, is part of Mrs. Santorno's vision to create aligned focus from classroom to classroom, and school to school.

She has strong, solid, urban experience, and has had success in student achievement in other districts. She believes strongly in communication and community connection. The first person in her family to graduate from high school, she has learned personally how powerful education can be, and she wants to ensure all children have the same opportunities.

February 23, 2018

Board of Directors
Tacoma Public Schools
601 South 8th Street
Tacoma, WA 98405

Directors and Citizens of the Tacoma School District:

We are pleased to present the Comprehensive Annual Financial Report of the Tacoma School District for the fiscal year ended August 31, 2017. We believe this report presents comprehensive information about the scope and character of the district's fiscal activities and accomplishments during 2016-17. We feel the report illustrates the efforts of the administration to attain the financial goals established by the Board of Directors.

The Accounting Services staff of the district's Finance Department prepared this report. The accuracy of the data presented, including all disclosures and the completeness and fairness of the presentation, are the responsibility of the district. We believe the information, as presented, is accurate in all material aspects, that it is presented in a manner designed to set forth fairly, in all material respects, the financial position and results of operations of the district as measured and reported by the financial activity of its various funds, and all disclosures necessary to enable the reader to gain an adequate understanding of the district's financial affairs have been included.

Generally Accepted Accounting Principles (GAAP) requires management to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The district's MD&A can be found immediately following the report of the independent auditors.

REPORTING ENTITY

The Comprehensive Annual Financial Report includes all the funds of the school district. The district is an independent reporting entity clearly within the criteria in the codification of Governmental Accounting and Financial Standards, Section 2100.

The district is a non-profit municipal corporation organized pursuant to the Revised Code of Washington. The elected five member school board is the official policy making body that gives general policy guidance to the appointed administrative staff. The administrative staff is responsible for the daily operations of the district.

ECONOMIC CONDITION AND OUTLOOK

The district is located in Pierce County in the central Puget Sound region of Washington State. Pierce County is home to the City of Tacoma, the state's third largest city. Tacoma-Pierce County has been named one of the most livable areas in the country. The city of Tacoma, located on Puget Sound, encompasses approximately 50.1 square miles of land, and over 12 square miles of waterfront. Tacoma has many parks, including Point Defiance Park with a world-class zoo and aquarium, the Tacoma Dome hosts sports and entertainment activities, and Cheney Stadium is home to a professional AAA baseball team.

Tacoma has the state's highest density of art and history museums, and people of all ages enjoy numerous museums such as the LeMay Car Museum, Washington State Historical Museum, the Tacoma Art Museum, and the Museum of Glass. The city supports a fine library system, musical entertainment, and many local events. The greater Tacoma area is also home to three universities: the University of Puget Sound, Pacific Lutheran University, and the University of Washington-Tacoma.

Tacoma-Pierce County boasts a diversified economy. The deep water Port of Tacoma is one of the largest container ports in North America. The Port is a leading North American seaport, handling more than \$52.1B in international trade, and an estimated \$21.5B in trade to China/Hong Kong according to most recent reports. Top exports include: Industrial machinery and computers; oil seeds and grains; prepared vegetables, fruit and nuts; inorganic chemicals, paper and paper products, and fish and seafood. Top imports are: Industrial machinery and computers; electronics; vehicles and parts; toys, games, and sports equipment; furniture, and iron and steel products.

Federal and local governments are the principal employers in Pierce County and include Joint Base Lewis-McChord and Madigan Army Medical Center. Major employers from the private sector, such as MultiCare and Franciscan Health Systems; Fred Meyer (Kroger), Safeway, and Wal-Mart; State Farm Insurance, the Emerald Queen Casino, and Russell Investments add to the local economy. The population for Tacoma-Pierce County continues to grow slowly.

THE SCHOOL DISTRICT

The district offers a full range of school programs and services established by state statute. These include preschool, basic elementary grades K-5, middle school grades 6-8, high school grades 9-12, career and technical education programs, special education for handicapped students, English language learner programs, and numerous innovative educational programs. The district also provides transportation and nutrition services.

The district had 36 elementary schools, 11 middle schools, 5 comprehensive high schools, 3 magnet high schools and 12 alternative learning sites operating during the 2016-17 school year. The district has over 5,000 employees and is the third largest public employer in the Tacoma-Pierce County area.

MAJOR INITIATIVES

In 2012-13 the Board of Directors appointed Carla J. Santorno as the new Superintendent. The superintendent and board have developed four goals for the district:

Academic Excellence

All students will perform at or above grade level, and we will eliminate disparities among all groups of students.

Partnerships

We will fully engage our parents, community and staff in the education of our children.

Early Learning

We will focus on early assessment and intervention at the Pre-K through third grade levels to ensure academic success.

Safety

All schools will create and maintain safe learning environments that promote excellent academic achievement.

The district's 2015-2020 Strategic Plan is the result of our belief that all students achieve their full potential by participation in an education experience that is relevant, challenging and individualized, an experience that shares such common values as equity, cultural understanding, accountability and leadership and was designed based on the overarching goals of achievement, innovation, instruction, collaboration, early learning, and safety for all students in all schools.

Through this Strategic Plan the Tacoma School District will gain:

- A roadmap that drives district initiatives
- Educational programs and philosophy rooted in the district's core values
- A laser-like focus on students meeting/exceeding academic standards
- System accountability for meeting the academic needs of all students
- Parent and community partnerships to meet the social, emotional and academic needs of children
- Annual budgets that reflect the district's prioritized goals and objectives

Progress will be checked against the following measurable outcomes; grade-level benchmarks by groups, achievement gaps among ethnic and economic groups, graduation rates, drop-out rates, enrollment in advanced coursework, parent/community participation and effectiveness of academic programs.

The teachers and staff have set very strong expectations for themselves and they are working diligently to meet the educational needs of every child. The district is committed to increasing efforts to engage the community and parents in meeting the Strategic Plan.

Graduation Rates

Student graduation rates are a focus for the district, and the Board has set a goal to graduate 85 percent of students by 2020. Efforts to pursue a more comprehensive and aligned system to get more students to the finish line continues. The calculation begins with 9th grade students and tracks them for four years until their expected graduation date at the end of their senior year. For the class graduating in 2017, Tacoma's graduation rate reached 86.1 percent – the highest since the state began officially tracking the statistic in 2003.

Cohort Graduation Rates

Class	Tacoma	State Average
2017**	86.1%	N/A
2016*	85.0%	79.1%
2015*	82.6%	78.1%
2014*	78.3%	77.2%
2013*	70.2%	76.0%

*Source: Office of Superintendent of Public Instruction Report Card.

** Source: Tacoma School District – Unofficial

State Achievement Measurement

The state-wide assessment tool for English language arts and mathematics was changed in 2014-15 to the Smarter Balanced Assessment. With this new test, the scores were lower across the entire state when measuring against last year's scores using the old tests. 2016-17 was the third year of the Smarter Balanced Assessment. 5th grade saw the most improvement, with increases in both English Language Arts and Math. 11th grade also saw a 5.4% increase over last year in Math scores. Four Tacoma schools earned School of Distinction awards for ranking in the top five percent of Washington schools that saw increases in academic achievement.

Percent of Tacoma School District Students Meeting Standards for 2016-17

Grade Level	English Language Arts	Math	Science	End of Course Biology
3rd Grade	45.8%	49.3%		
4th Grade	48.0%	46.1%		
5th Grade	53.1%	41.0%	53.9%	
6th Grade	42.7%	35.2%		
7th Grade	49.0%	39.5%		
8th Grade	48.5%	35.0%	54.8%	
10th Grade	-	-		60.4%
11th Grade	61.1%	14.7%		

Tacoma School District's Test Scores as Compared to State-Wide Average Results for 2016-17

Grade Level	Reading	Math	Science	End of Course Biology
3rd Grade	-6.8%	-8.5%		
4th Grade	-7.2%	-8.2%		
5th Grade	-5.5%	-7.6%	-9.5%	
6th Grade	-12.8%	-13.0%		
7th Grade	-11.1%	-10.4%		
8th Grade	-10.0%	-12.6%	-11.1%	
10th Grade	-	-		-11.2%
11th Grade	-12.5%	-11.2%		

Student Demographics

The percentage of students eligible for participation in the federal free and reduced lunch program is 58.0 percent, much higher than the 42.9 percent statewide average. Children from families with incomes at or below 130 percent of the poverty level are eligible for free meals. Those with incomes between 130 percent and 185 percent of the poverty level are eligible for reduced-price meals. For the period July 1, 2017 through June 30, 2018, 130 percent of the poverty level is \$31,980 in income annually for a family of four; 185 percent is \$45,510.

Percentage of Students Eligible for Participation In the Federal Free and Reduced Lunch Program					
	2013	2014	2015	2016	2017
Tacoma	63.9%	63.3%	63.5%	60.6%	58.0%
State-Wide Average	45.5%	45.9%	45.0%	44.0%	42.9%

**Source: Office of Superintendent of Public Instruction Report Card*

Enrollment

The district, by student enrollment, is the fourth largest district in the State of Washington. Each student's enrollment is converted to a full time equivalent (FTE) based on the number of hours in a course of study. FTE is determined as follows:

Kindergarten:	Full FTE – 20 hours per week, Half FTE – 10 hours per week
Primary (Grades 1-3)	20 hours per week, or 4 hours per school day
Elementary (Grades 4-6)	25 hours per week, or 5 hours per school day
Secondary (Grades 7-12)	25 hours per week, or 5 hours per school day

The district's annual average FTE enrollment in 2016-17 was 28,351 students as compared to 28,344 from the prior year. Enrollment increased from 2015-16 by 8 FTE students.

The increases and/or (decreases) are as follows:

Elementary Schools (grades K-5)	(56)
Middle Schools (grades 6-8)	(27)
High Schools (grades 9-12)	35
Running Start/Open Doors	56
Total	8

Projected enrollments for fiscal year 2017-18 and 2018-19 are shown below.

FULL TIME EQUIVALENT (FTE) ENROLLMENT						
Actual and Projected (P) Annual Average Enrollment						
Grade	2014	2015	2016	2017	2018(P)	2019(P)
Total K-5	13,788	14,112	14,295	14,239	13,786	13,629
Total 6-8	6,137	6,078	6,040	6,013	6,562	6,738
Total 9-12	7,515	7,484	7,423	7,458	7,834	7,983
Other	572	648	586	641	575	586
TOTAL K-12	28,011	28,323	28,344	28,351	28,757	28,936

Source: Demographer, W. Les Kendrick, Ph.D, and OSPI 10-11 P-223 Report

Construction and Technology Projects

The district continues to evaluate and assess its facilities through its 30-year master plan. Enrollment projections and demographic studies impact decisions on school properties.

In February 2013, the district's voters approved a \$500M district-wide school improvements and safety upgrades bond measure. The bond funds will replace 14 neighborhood schools across the city that average 74 years old. Three of the schools, Washington and McCarver elementary schools and Stewart Middle School are on the historic register, and renovations will preserve their exterior architectural characteristics. Additionally, the bond funds will make more than 200 needed safety repairs and upgrades at almost every site in the district.

In February 2014, the district's voters passed Proposition 2 for the replacement of an expiring levy for technology improvements and upgrades. This 4-year levy will provide classroom technology improvements and upgrades. Outdated computers for teachers and students will be replaced, training for software updates, professional development to integrate technology and web-based tools, infrastructure and systems upgrades, high-speed internet upgrades to allow 24/7 access for students and teachers, and online systems for parents, students, and teachers to monitor academic progress, homework assignments, and attendance are included in this measure.

For the Future

The district began a project to transform libraries and librarians from a traditional model to a Library of the Future vision. With this model, students tinker with engineering tools in makerspaces and learn how to best use digital resources to conduct research. Librarians join teachers for collaborative lessons on digital citizenship.

An annual innovative school process has been adopted by the school board to help fill gaps in current district offerings, or to expand an innovative program to an entire school. Proposals are sought each year for creating innovative schools within the district. Sites lacking innovative options for students and showing the largest anticipated growth in enrollment over the next few years are given priority. In August 2015, the school board approved two new innovative schools following an extensive research and evaluation effort: iDEA – a high school focused on industrial design, engineering and art opened in the fall of 2016 at the former Park Avenue school in the South End, and a “school within a school” academy at Jason Lee Middle School incorporating physical activity, health and nutrition to stimulate academic performance began enrolling students for 2017-18.

The district has embraced a whole child initiative to meet student social and emotional needs as well as academics, and has partnered with the University of Washington Tacoma's Center for Strong Schools to promote positive relationships between adults and students. These relationships are based on shared expectations for behavior, with a goal of reducing classroom disruptions, suspensions, and expulsions as well as keeping students engaged and in school.

FINANCIAL INFORMATION

Accounting System and Budgetary Control

In developing and evaluating the district's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining

accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the district's internal accounting controls adequately safeguard assets and provide reasonable assurance of accurate recording of financial transactions.

The district's Director of Audit periodically reviews, reports on, and recommends improvements to the internal controls in all operational and financial areas of the district. This position reports to the Superintendent and is advised by the Citizen's Finance and Audit Committee (CFAC) of the Board of Directors. The CFAC is organized as a permanent citizen's committee with members who are experts in finance and internal controls. The primary responsibilities of the committee involve assisting the board in carrying out its responsibilities related to the district's financial planning policies, internal control and financial reporting practices. During fiscal year 2016-2017, the CFAC included two members of the board, the Superintendent, and five citizens. Throughout the year, the committee meets with the district's Director of Audit and financial management to discuss the results of the examinations, evaluations of the district's internal controls, and the overall quality of the district's financial reporting. The Director of Audit meets privately with the committee at least annually.

As a recipient of federal and state financial assistance, the district is required to undergo a single audit in conformity with the provisions of the Single Audit Act of 1984, as amended in 1996. The U.S. Office of Management and Budget Uniform Guidance 2.CFR.200 requirements are effective with audit years beginning after December 26, 2014. The Washington State Auditor's Office performs the annual audit of the district in compliance with the Single Audit Act.

The Board of Directors adopts budgets for all governmental funds. The district maintains an encumbrance accounting system as one technique of accomplishing budgetary control. The reserve for encumbrances is updated annually at the end of each fiscal year and budgetary control is maintained at the program and building level by the encumbrance of estimated purchase orders. The individual Budget Responsibility Center and Program managers within the district maintain control of their discretionary budgets. Discretionary costs include non-regular salaries (extra help and overtime), supplies and materials, contracted or purchased services, travel, and equipment purchases.

A more detailed discussion of the district's accounting policies can be found under the Summary of Significant Accounting Policies in the Notes to the Financial Statements.

INDEPENDENT AUDIT

Washington State law requires an annual audit of the financial records, and transactions of all districts to be performed by the Office of State Auditor. The scope of the audit concentrated on the following areas:

1. Management Section: Report on compliance with laws and regulations and report on internal control structure.
2. Financial Section: Report on financial statements in accordance with Generally Accepted Accounting Principles (GAAP).
3. Single Audit Section (OMB Uniform Guidance): Report on financial statements, internal control, compliance, audit findings, and questionable costs.

These requirements have been complied with and the auditor's opinion has been included in this report.

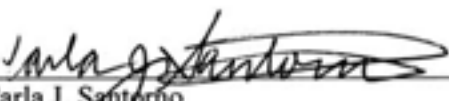
CERTIFICATES OF ACHIEVEMENT

The district participates in the Certificate of Achievement Program with the Government Finance Officers Association (GFOA) and the Association of School Business Officials (ASBO). In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

Last year, the Association of School Business Officials (ASBO) and the Government Finance Officers Association (GFOA) awarded the district, for the 23rd consecutive year, a Certificate of Achievement for Excellence in Financial Reporting. Copies of the financial reporting awards are included in the CAFR. The district will be applying to GFOA and ASBO for the 2016-2017 fiscal year to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

The preparation of this report would not have been possible without the dedicated efforts of the entire Finance Department staff. We express our gratitude to everyone who assisted in its preparation. Finally, we would like to offer special thanks to the Accounting Services staff of the district's Finance Department, whose efforts and contributions made the preparation of the 2016-2017 CAFR a success.



Carla J. Santorino
Superintendent



Rosalind Medina
Chief Operating Officer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Tacoma School District No.10
Washington**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

August 31, 2016

Christopher P. Morill

Executive Director/CEO



**ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**

**The Certificate of Excellence in Financial Reporting
is presented to**

Tacoma School District No. 10

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended August 31, 2016.**

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards.



A handwritten signature in black ink, appearing to read 'Anthony N. Dragona'.

Anthony N. Dragona, Ed.D., RSBA
President

A handwritten signature in black ink, appearing to read 'John D. Musso'.

John D. Musso, CAE
Executive Director

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Financial Section

Independent Auditor's Opinion

Management's Discussion and Analysis

Government-Wide Financial Statements

Governmental Fund Financial Statements

Proprietary Fund (The Sound Partnership)

Fiduciary Fund Financial Statements

Notes to the Financial Statements

Required Supplementary Information

Supplemental Data



Wainwright Elementary School



Office of the Washington State Auditor Pat McCarthy

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

February 23, 2018

Board of Directors
Tacoma School District No. 10
Tacoma, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Tacoma School District No. 10, Pierce County, Washington, as of and for the year ended August 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of The Sound Partnership, which represents 90 percent, 92 percent and 100 percent, respectively, of the assets, net position and revenues of the aggregate remaining fund information. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for The Sound Partnership, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether

the financial statements are free from material misstatement. The financial statements of the Sound Partnership were not audited in accordance with *Governmental Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Tacoma School District No. 10, as of August 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying information listed as supplemental data on pages 88 through 109 is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Introductory and Statistical Sections are presented for purposes of additional analysis and are not a required part of the basic financial statements of the District. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated February 23, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover in the District's Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Sincerely,

A handwritten signature in black ink, appearing to read "Pat McCarthy". The signature is fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly distinguishable.

Pat McCarthy

State Auditor

Olympia, WA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Tacoma School District's financial performance provides an overview of the district's financial activities for the fiscal year ended August 31, 2017. We encourage readers to consider the information presented here in conjunction with additional information presented in the financial statements and notes to the financial statements.

FINANCIAL HIGHLIGHTS

- The district's total net position for governmental activities as of August 31, 2017, was \$392.1, an increase of \$3.6M from 2015-16.
- During the year, the district had revenues of \$469.5M and expenses of \$465.9M incurred for all governmental activities, resulting in a corresponding increase in the district's net position by \$3.6M.
- At the end of the current fiscal year, the district's governmental funds reported a combined ending fund balance of \$302.6M; a decrease of \$83.6M from the prior year. The general fund's total fund balance was \$34.0M; a decrease of \$9.2M from the previous year. Approximately \$13.3M is available for spending at the district's discretion (assigned fund balance).

USING THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

This report consists of three parts: an introductory section, a financial section, and a statistical section. The financial section contains the independent auditor's report, management's discussion and analysis, the basic financial statements and related notes to the financial statements.

The basic financial statements consist of a series of statements that present different views of the district:

- The first two statements (*statement of net position* and *statement of activities*) are *district-wide financial statements* that provide both short-term and long-term information about the district's overall financial status as a whole.
- The *governmental fund financial statements* focus on *individual* parts of the district, and report the district's operations in more detail than the district-wide statements. These governmental fund statements tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- The remaining statements provide financial information about activities for which the district acts solely as a trustee for the benefit of those outside of the district.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of fund activity to the district's budget for the year, the OPEB schedule of funding progress, the district's proportional share of the net pension liability, and the district's schedule of pension contributions.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

Our analysis of the district as a whole begins in the *government-wide financial statement* section. Is the district as a whole better off or worse off as a result of the year's activities? The *statement of net position* and the *statement of activities* report information about the district as a whole and about its activities in a

way that helps answer this question. The financial statements of the district present a slight improvement in financial position from the prior year as reflected in the *statement of net position*. An increase in other postemployment benefit liabilities, decreases in long-term debt and net pension liability, and an increase in capital assets contributed to the \$3.6M increase in the district's net position.

These statements include all assets, deferred outflows, liabilities, and deferred inflows using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash was received or paid.

These statements report the district's net position and changes in them. The district's net position (the difference between assets/deferred outflows and liabilities/deferred inflows) may be viewed as one way to measure the district's financial health, or financial position. Over time, increases or decreases in the district's net position are one indicator of whether its financial health is improving or deteriorating. One should consider other non-financial factors however, such as changes in the district's property tax base and the student enrollment to assess the overall health of the district.

In the *statement of net position* and the *statement of activities*, governmental activities are presented. The district's basic services, including the general, associated student body, debt service, and capital projects funds are reported here.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Governmental Fund Financial Statements

Our analysis of the district's major funds begins in the Governmental Fund Financial Statements section. The governmental fund financial statements provide detailed information about the most significant funds, not the district as a whole. Some funds are required to be established by state law. The district has governmental funds and an internal service fund, The Sound Partnership.

Governmental funds, presented in the Governmental Fund Financial Statement section of this report, focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the district's general education and support operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the district's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in the reconciliations on Schedule 3A and Schedule 4A of the basic financial statements and in Note 10 of the notes to the financial statements.

Internal Service Fund – The Sound Partnership is accounted for in the internal service fund in conformity with GASB Statement No. 10 (Risk Financing).

THE DISTRICT AS TRUSTEE

Reporting the District's Fiduciary Responsibilities

The district is the trustee, or fiduciary, for individuals, private organizations and other governments, for scholarships, and other specific purposes. All of the district's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and Changes in Fiduciary Net Position under the fiduciary financial statement section. These activities are excluded from the district's other financial statements because the district cannot use these assets to finance its operations. The district is responsible for ensuring the assets reported in these funds are used for their intended purposes.

THE DISTRICT AS A WHOLE (Government-Wide Financial Statements)

Net position may serve as a useful indicator of a government's financial position. The Tacoma School District's assets exceeded liabilities by \$392.1 at the end of the fiscal, August 31, 2017.

The largest portion of the net position at \$518M is net investment in capital assets (e.g., land, building, and equipment), less any related outstanding debt used to acquire those assets. The remainder consists of an amount restricted for capital projects, debt services, associated student body fund, and other proposes, with a negative \$196.9M unrestricted. The district's net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The increase in total net position for the year was \$3.6M. Key elements of this increase are shown below:

Tacoma School District's Net Position As of August 31

	Governmental Activities		
	2017	2016	Changes
ASSETS & DEFERRED OUTFLOWS OF RESOURCES			
Current and Other Assets	\$ 414,300,686	\$ 519,536,449	\$ (105,235,763)
Capital Assets	930,388,195	859,795,968	70,592,227
Total Assets	1,344,688,881	1,379,332,417	(34,643,536)
Deferred Outflows - Pension Plan	16,208,669	24,276,447	(8,067,778)
Total Deferred Outflows	16,208,669	24,276,447	(8,067,778)
LIABILITIES & DEFERRED INFLOWS OF RESOURCES			
Long-Term Debt Outstanding	899,946,915	944,021,215	(44,074,300)
Other Liabilities	40,089,118	59,131,444	(19,042,326)
Total Liabilities	940,036,033	1,003,152,659	(63,116,626)
Deferred Inflows - Refunded Bonds	7,162,176	9,549,568	(2,387,392)
Deferred Inflows - Pension Plan	21,552,047	2,374,314	19,177,733
Total Deferred Inflows	28,714,223	11,923,882	16,790,341
NET POSITION			
Net Investment in Capital Assets	517,988,999	502,842,932	15,146,067
Restricted	71,058,175	66,477,394	4,580,781
Unrestricted	(196,899,880)	(180,788,003)	(16,111,877)
TOTAL NET POSITION	\$ 392,147,294	\$ 388,532,323	\$ 3,614,971

The restricted net position represents resources that are subject to external restrictions on how they may be used.

Governmental Activities

The 2016-17 revenues of \$469.5M exceeded expenses by \$3.6M. The 2015-16 prior year revenues exceeded the expenses by \$2.9M. Key elements of the increases in revenues and decreases in expenditures are as follows.

Governmental Activities Changes in Net Position			
PRIMARY GOVERNMENT			
As of August 31			
	2017	2016	Changes
REVENUES			
Program Revenues:			
Charges for Services	\$ 13,104,705	\$ 11,062,906	\$ 2,041,799
Operating Grants and Contributions	127,206,400	129,766,262	(2,559,862)
Capital Grants and Contributions	2,029,165	2,923,620	(894,455)
General Revenues:			
Property Taxes	152,443,840	145,806,287	6,637,553
Interest and Investment Earnings	3,307,689	3,186,404	121,285
Unallocated Revenues	171,404,938	164,705,525	6,699,413
TOTAL REVENUES	469,496,738	457,451,006	12,045,733
PROGRAM EXPENSES:			
Regular Instruction	240,329,794	226,826,955	13,502,839
Special Instruction	52,989,814	51,855,865	1,133,949
Career & Technical Instruction	12,607,272	11,684,425	922,847
Compensatory Instruction	37,473,529	37,361,483	112,046
Other Instructional Programs	7,640,290	7,099,430	540,860
Community Services	689,265	622,495	66,770
Support Services	88,974,878	81,363,433	7,611,445
Extracurricular Activities	1,919,602	1,915,322	4,280
Debt Payment	23,257,320	35,772,576	(12,515,256)
TOTAL EXPENSES	465,881,764	454,501,984	11,379,780
INCREASE (DECREASE) IN NET POSITION	3,614,972	2,949,020	665,952
NET POSITION - 9/1/16	388,532,322	385,583,302	2,949,020
NET POSITION - 8/31/17	\$ 392,147,294	\$ 388,532,322	\$ 3,614,972

The following table presents the cost of each of the district's largest programs – regular instruction, special instruction, career & technical instruction, compensatory instruction, other instructional programs, and support services - as well as each program's net cost (total cost less revenues generated by the activities). The Net Cost of Services column shows the financial impact by each of these functions.

Governmental Activities				
	Total Cost of Services		Net Cost of Services	
	2016-17	2015-16	2016-17	2015-16
Regular Instruction	240,329,794	226,826,955	(216,130,674)	(204,446,841)
Special Instruction	52,989,814	51,855,865	(16,731,290)	(10,034,603)
Career & Tech Instruction	12,607,272	11,684,425	1,228,593	978,441
Compensatory Instruction	37,473,529	37,361,483	(2,042,165)	(1,514,617)
Other Instructional Programs	7,640,290	7,099,430	(4,449,949)	(4,052,793)
Community Services	689,265	622,495	33,429	155,620
Support Services	88,974,878	81,363,433	(62,191,629)	(56,061,828)
Extracurricular Activities	1,919,602	1,915,322	(490)	-
Debt payments	23,257,320	35,772,576	(23,257,320)	(35,772,576)
TOTALS	\$ 465,881,764	\$ 454,501,984	\$ (323,541,495)	\$ (310,749,197)

GOVERNMENTAL FUNDS FINANCIAL ANALYSIS

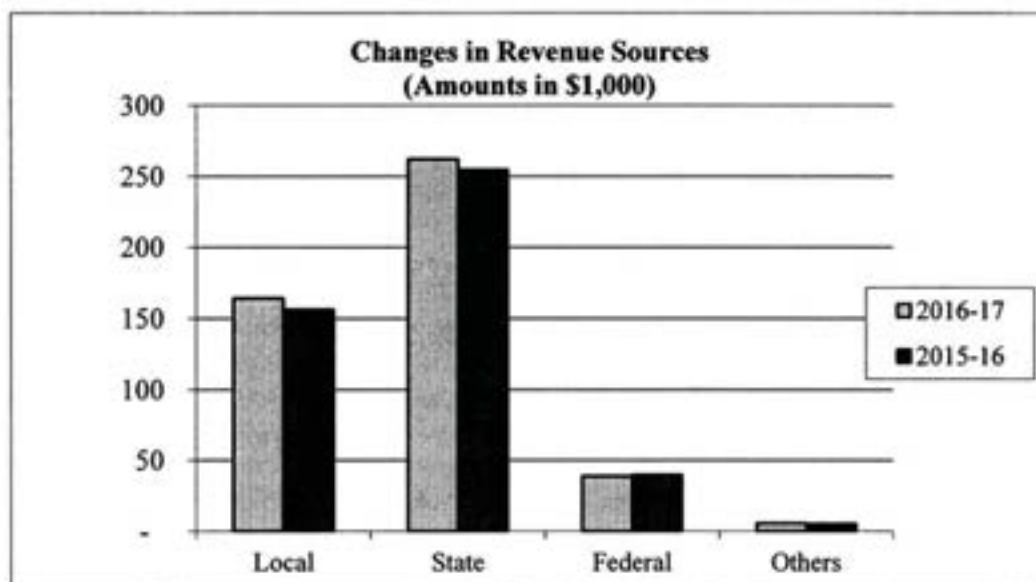
The focus of the district's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable resources*. Thus, unreserved fund balance may serve as a useful measure of the district's net resources available for spending at the end of the fiscal year.

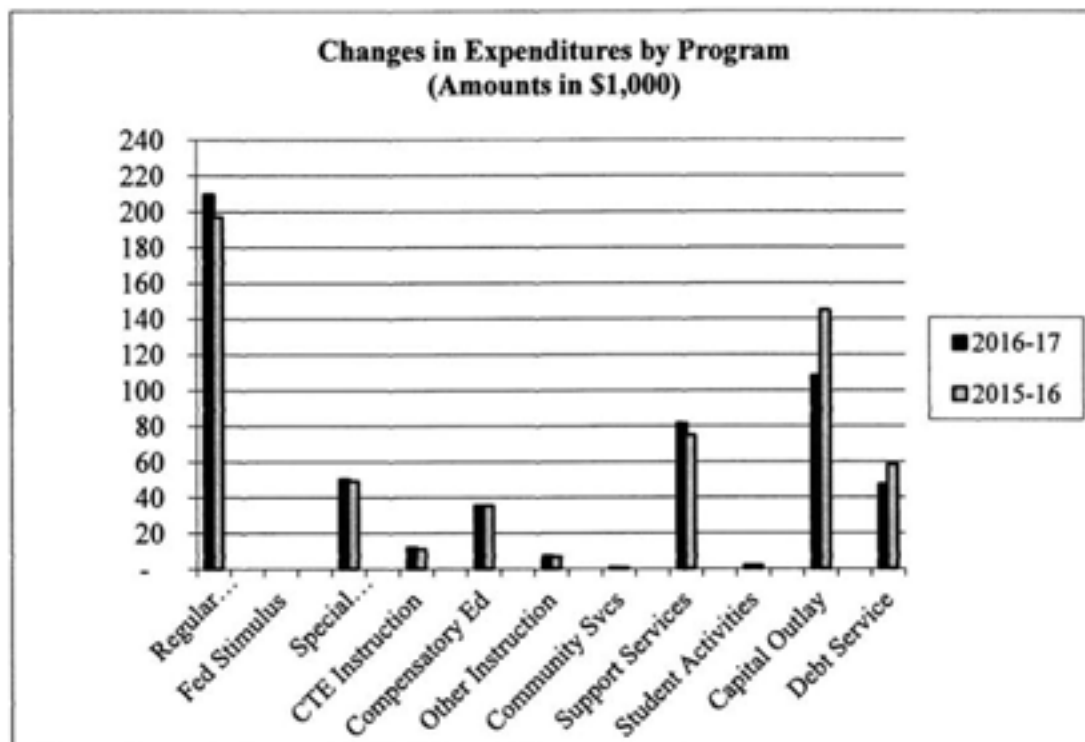
As the district completed the fiscal year, its governmental funds (as presented in the balance sheets under the governmental financial statement section) reported a combined fund balance of \$302.6M, a decrease of \$83.6M over the prior year. This change is the result of the following factors:

- The fund balance in the General Fund decreased by \$9.2M. The district planned for its fund balance to reduce by \$9.3 M for the purposes of one-time expenditures including carryover of specific-use funds, building improvements, curriculum needs and equipment replacements. Additional revenues (above budget) were recorded in property taxes, regular state apportionment, and state local levy assistance (LEA). The regular state apportionment revenue increase was from additional funds related to increased State formulas to enhance educational needs, and property taxes for September were accrued back to August as required for GAAP compliance. Labor (salaries and benefits) costs were significantly increased over the previous year but were less than budget by \$8.2M. Spending on supplies, materials, services, travel and capital outlay decreased slightly from the prior year. Although revenue increased by \$9.4M, increased personnel costs and one time spending caused the fund balance to drop by \$9.2M. Sixteen percent of the fund balance is in the nonspendable, or restricted categories; \$15.3M (or 45 percent of the fund balance) is categorized as Unassigned for Minimum Fund Balance Policy.
- The fund balance in the Special Revenue Fund (ASB) decreased by \$13K. All secondary schools and most elementary schools had activity in their ASB funds in 2016-17.
- The fund balance in the Debt Service Fund increased by \$7.2M from the prior year. The expenditure amounts are set by the payment schedules on the district's outstanding bonds. Revenues are generated by setting an annual property tax rate at a level which will generate enough funds to repay the debt. The ending fund balance is higher than the prior year, and the district's cash flow projections indicate this reserve is adequate to meet future needs.
- The fund balance in the Capital Projects Fund decreased by \$82.1M. The district issued the last bonds in its \$500M authority in October, 2015, and is spending down the cash as it completes its capital construction projects. Virtually all the fund balance is in restricted categories.
- The fund balance in the Transportation Vehicle Fund increased by \$541K. New buses were ordered during 2016-17, but did not arrive until the new fiscal year (2017-18). Funding for these buses is provided from the state through its bus depreciation schedule and interest earnings.

The following table presents a summary of the governmental fund's revenues and expenditures for 2016-17 and the amounts and percentages of increases and decreases in relation to the prior year.

Changes in Revenues and Expenditures Governmental Funds				
Revenue Source	2016-17 Amount	Percent of Total	Increase (Decrease) Over 2015-16	Percent Increase (Decrease)
Local Taxes & Non-taxes	164,069,755	34.87%	7,922,953	5.07%
State Revenues	262,153,234	55.72%	7,490,704	2.94%
Federal Revenues	38,782,098	8.24%	(915,941)	-2.31%
Others	5,457,692	1.16%	263,351	5.07%
Total	470,462,779	100.00%	14,761,067	3.24%
Expenditures				
Regular Instruction	209,816,178	37.84%	12,666,998	6.43%
Special Instruction	50,297,078	9.07%	1,085,547	2.21%
Career & Tech Instruction	11,888,442	2.14%	861,820	7.82%
Compensatory Instruction	35,536,763	6.41%	105,159	0.30%
Other Instructional Programs	7,252,123	1.31%	514,461	7.64%
Community Services	661,350	0.12%	58,992	9.79%
Support Services	81,705,524	14.74%	6,671,994	8.89%
Extracurricular Activities	1,919,112	0.35%	3,790	0.20%
Capital Outlay	108,101,256	19.50%	(36,876,292)	-25.44%
Debt Service	47,235,510	8.52%	(11,238,016)	-19.22%
Total	\$ 554,413,336	100.00%	\$ (26,145,547)	-4.50%





General Fund Budgetary Highlights

Appropriations are a prerequisite to expenditures in the governmental funds. Appropriations lapse at the end of the fiscal year. The Board may adopt a revised or supplemental budget appropriation after a public hearing anytime during the fiscal year. There was a single budget revision to the 2016-17 annual budget – the expenditure appropriation was increased by \$3M in late August to ensure the district would not overspend the original budgeted amount.

The general fund's beginning fund balance in 2016-17 was \$43.3M as reported in the Required Supplemental Information, Schedule A-1.

Revenues were \$7.4M under budget, and expenditures were \$10.4M under the revised budget. Washington State statutes establish expenditure budgets as absolute expenditure limits, encouraging contingency budgeting.

Property tax revenues came in over \$2M above budget, and local tax collections were \$1.7M above the prior year – this was mainly due to a change in revenue recognition with September's property taxes being accrued back to August. The district received \$196.3M in general state apportionment revenues in 2016-17, an increase of \$5.3M over 2015-16. The State's school funding model formula was adjusted as the legislature works to address the McCleary ruling compliance targets set by the courts, and this resulted in increased funds flowing to school districts. The average annual student enrollment came in 8 FTE above budget, and that was a small factor contributing to the increase in state apportionment revenues. Federal revenues from grant sources were \$935K below budget, and \$916K less than the prior year. Federal grant revenues that were larger than the prior year include: Perkins CTE funds, Indian Education, Title III Limited English Proficiency, and Special Ed Medicaid Match. Grant revenues that were smaller than the prior year include: Special Ed IDEAB Funds, Title I disadvantaged students, Title II certificated professional development funds, and USDA free and reduced lunch reimbursements and commodities were down significantly.

An unusually high expenditure pattern in July led the district to adopt a budget extension to increase the overall expenditure appropriation amount by \$3M as a failsafe from overspending the total adopted budget. While spending increased in most program categories above the prior year, expenditures were \$10.4M below the revised budget amount.

Certificated and classified salaries and benefits were below budget, but higher than the prior year by \$23M driven by the hiring of 71 certificated FTE and 79 classified FTE above the prior year. Supply and material expenditures were \$1.9M under budget. Purchased services were above budget by \$1.4M, travel above budget by \$384K, and capital outlay costs were \$1M above budget as planned equipment replacement expenditures came in above expectations. The district had also budgeted capacity (both revenue and expenditure) for state and federal grants that did not materialize.

Other financing sources were \$1.8M, \$113K below budget. The district had a planned transfer of \$1.7M from the capital projects fund to the general fund for district-wide technology software licenses as permitted under state statute, however only \$1.4M in eligible software licenses were transferred between the funds. The remaining amount represents surplus equipment proceeds (\$90K) and the future value of new long-term financing (\$290K).

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year 2016-17, the district had \$930.4M invested in a broad range of capital assets, including technology equipment and school buildings. This amount represents a net increase (including additions and deletions) of \$70.6M over last year. **Capital Assets**

As of August 31, 2017

Asset Type	2016-17 Governmental Activities		
	Historical Cost	Accumulated Depreciation	NET
Land	42,750,150	-	42,750,150
Building and Improvements	987,463,658	(345,341,921)	642,121,737
Equipment	43,824,867	(38,148,519)	5,676,348
Construction-in-progress	239,839,960	-	239,839,960
TOTALS	\$ 1,313,878,635	\$ (383,490,440)	\$ 930,388,195

Several schools listed for replacement or modernization with the 2013 capital bond issue moved from design phase into construction, which increased the construction in progress category considerably. Additional information can be found in the Notes to the Financial Statements, Note 4.

Construction in Progress - Changes from Prior Year:

Elementary Schools	\$ 31,734,756
Middle Schools	21,981,406
High Schools	31,294,718
	<u>\$ 85,010,880</u>

The district's 2016-17 fiscal year budget for capital projects fund expenditures was set at \$124.4M.

Stewart Middle School was completed ahead of schedule and was opened in the Spring of 2017. Arlington

Elementary was virtually complete at the end of 2016-17, and students returned to their new school in September 2017.

Construction is underway on a new Mary Lyon Elementary, and its students and staff are being housed at McKinley Elementary for the 2017-18 school year. The new Science & Math Institute facilities are anticipated to be ready for students in late 2017. A new Browns Point Elementary is under construction on the existing site, with planned completion in the fall of 2018.

These projects and others are financed through the 2013 (\$500M) capital bonds approved by voters. Additional information on capital assets is included in the Notes to the Financial Statements, Note 5.

The district maintains a fleet yellow buses to serve its Special Education routes, and these buses are purchased from the Transportation Vehicle Fund. In 2000, the district began a long-term bus replacement plan which was meant to be self-supporting using state bus depreciation payments. In 2016-17, the district received \$531K in bus depreciation payments from the state. The district ordered buses in 2016-17 on its bus replacement plan to keep its fleet of yellow buses current, however, the buses didn't arrive until after September and the expense is in the new fiscal year.

Debt

At year end, the district owed \$543.6M in outstanding bonds, versus \$564.1M last year – a decrease of \$20.5M. The district acquired \$425K in additional long-term financing costs related to new scoreboards purchased for Lincoln and Stadium Bowl.

This debt is secured by a pledge of the full faith and credit of the district. On September 23, 2015, Moody's Investors Services confirmed the district's underlying rating of Aa2 and enhanced rating of Aa1. Standard & Poor's confirmed its AA- unenhanced rating to the district on September 25, 2015; and confirmed a long term rating of AA+. The credit ratings for the district haven't changed since the last review in October, 2014, and were reaffirmed in the fall of 2017. More detailed information on the district's debt can be found in Note 7 of the notes to the financial statements.

Outstanding Debt at Year-End

Governmental Activities	2016-17	2015-16	Increase/(Decrease)	
2012 Refunding of the 03, 05, 05A UTGO's	62,330,000	66,785,000	(4,455,000)	-6.67%
2014 UTGO	136,600,000	136,600,000	-	0.00%
2015 UTGO	271,565,000	273,050,000	(1,485,000)	100.00%
2015 Refunding of the 2005A UTGO	73,145,000	87,685,000	(14,540,000)	100.00%
TOTALS	543,640,000	564,120,000	(20,480,000)	-3.63%

NEXT YEAR'S BUDGET AND RATES

The district's 2016-17 expenditure budgets for governmental funds were set at over \$587M. The 2018 property tax rate decreased from \$7.41 (2016) to \$6.95 (2017) per thousand dollars of assessed value for the amounts collected in the general fund, capital projects fund, and debt service fund. Total assessed value increased by over 9 percent between 2016 and 2017, and property values increased from \$20B to \$21.8B over the calendar year. Property values continue to skyrocket in 2018, and it is expected the assessed values for the area will have fully recovered from the recession in 2008-09.

ECONOMIC FACTORS

The district serves the City of Tacoma and small outlying areas in Pierce County. 2017 saw reduced

unemployment, an influx of new residents, and higher labor force participation. The Pierce County Economic Index (PCEI) is forecast to end 2017 up by 3.3 percent for the year, and forecasts for 2018 show annualized gains of 2.3 percent.

Pierce County's unemployment rate took a sharp plunge, dropping from 6.0 percent in October 2016 to 4.7 percent in October 2017. Growth has been driven by an influx of new residents, averaging about 14,400 per year since 2014. Nonfarm employment has grown at an average annual growth of 3.0 percent since 2014, adding 8,000-10,000 jobs per year through 2016.

Nonfarm employment is estimated to have grown another 2.9 percent (or 8,900 jobs) above forecast in 2017. The largest gains came in the construction sector, followed by education, health services, the professional and business services, and government sectors. Manufacturing has shown no growth in the last four years. 2018 is forecast to continue the 3.0 percent growth in employment, adding about 9,500 jobs

in the county. Pierce County saw a 3.3 percent increase in labor force participation in 2017; the increase is expected to be slightly lower in 2018 at 2.5 percent.

Personal income continues to increase year to year, both for total income and per capita income. In 2017, personal income is estimated to increase by 3.6 percent in total personal income, and increased by 1.9 percent in personal income per capita to \$47,700. For 2018, total income is anticipated to increase by 3.2 percent, and per capital income is expected to increase by 1.5 percent. This growth is driven mainly by construction growth and assumes those jobs can be filled with local labor.

Median home values are up 8.9 percent from October 2016 to October 2017. New housing listings in the first 10 months of 2017 are up 3.9 percent in 2017, and closed sales are up 9.8 percent over the same period. Only 1.4 months of inventory was available at the end of November 2017. Rents have increased by 7.4 percent through October 2017 for multi-family properties as vacancy rates have declines.

Commercial real estate continues to show strength in the warehouse and distribution sectors – new construction increased inventory by 10.5 from 2016 to 2017. Vacancy rates at the end of the third quarter 2017 stood at 2.1 percent, down from 4.5 percent a year earlier. Office space vacancy rates fell to 6.86 in the third quarter 2017, down from 7.46 percent at the end of 2016. Overall, the outlook for the commercial sector has continued to improve, with lower or stable vacancy rates.

The Port of Tacoma and the Port of Seattle formed the Northwest Seaport Alliance (NWSA) in August 2016 to be more competitive with other west coast ports. Since the NWSA has been formed, the combined share of west coast container traffic stopped falling and stabilized. Container volume increased 3.5 percent from October 2016 to October 2017, and the full year estimate is for a 1.3 percent increase relative to 2016. The NWSA forecasts a 0.85 percent increase in 2018.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the district's finances and to demonstrate the district's accountability for the funding it receives. If you have questions about this report or need additional financial information, visit www.tacoma.k12.wa.us or contact:

Accounting Services Manager
Tacoma School District No. 10
601 S. 8th Street
Tacoma, WA 98405

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Tacoma School District No. 10

Government-Wide Financial Statements

The government-wide financial statements consist of the Statement of Net Position and the Statement of Activities.

These statements report all financial and capital resources of the primary government as a whole, except for the fiduciary funds of the primary government that are fiduciary in nature.

The Statement of Net Position displays the “*assets plus deferred outflows less liabilities plus deferred inflows equal net position*” format.

The Statement of Activities presents governmental activities by function, at the level of detail required in the governmental fund statement of revenues, expenditures, and changes in fund balances.

The government-wide financial statements were prepared using the economic resources measurement focus and the actual basis of accounting.

TACOMA SCHOOL DISTRICT No. 10
STATEMENT OF NET POSITION
August 31, 2017

			Primary Government
	Note No.		Governmental Activities
ASSETS			
Cash and Cash Equivalents	1.F.1	\$	8,875,342
Cash Held by Trustees	2.B		2,481,760
Investments	2.A		320,451,000
Time Deposits	2.A		
Property Tax Receivable	1.F.2		72,933,188
Receivables, Net	1.F.3		221,942
Due From Other Governments	1.F.5		4,972,066
Inventories	1.G		3,577,420
Prepaid Items	1.G		787,968
Capital Assets, net of accumulated depreciation, where applicable:	4		
Land			42,750,150
Buildings & Improvements			642,121,737
Equipment			5,676,348
Construction-in-Progress			239,839,960
TOTAL ASSETS			1,344,688,881
DEFERRED OUTFLOW OF RESOURCES			
Pension Plan Experience Difference	6.A		10,280,802
Pension Plan Assumption Changes	6.A		501,310
Pension Plan Changes in Proportion and Differences in Contributions	6.A		147,415
Pension Plan Contributions	6.A		5,279,142
TOTAL DEFERRED OUTFLOW OF RESOURCES			16,208,669
LIABILITIES			
Accounts Payable			25,308,345
Accrued Wages & Benefits Payable			13,839,275
Unearned Revenue			941,498
Long-Term Liabilities	7.A		
Due within one year			37,447,596
Due in more than one year			862,499,319
TOTAL LIABILITIES			940,036,033
DEFERRED INFLOWS OF RESOURCES			
Refunded Bonds - Gain on Refunding	7.E		7,162,176
Pension Plan Experience Difference	6.A		1,490,165
Pension Plan Projected to Actual Earnings (net difference)	6.A		19,462,803
Pension Plan Changes in Proportion and Differences in Contributions	6.A		599,079
TOTAL DEFERRED INFLOWS OF RESOURCES			28,714,223
NET POSITION			
Net Investment in Capital Assets			517,988,999
Restricted for:			
Associated Student Body			1,968,369
Capital Projects			24,837,501
Debt Service			38,020,529
The Sound Partnership Employee Benefit Trust			5,575,977
State Grants			655,799
Unrestricted			(196,899,880)
TOTAL NET POSITION		\$	392,147,294

The notes to the basic financial statements are an integral part of this statement.

TACOMA SCHOOL DISTRICT No. 10
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED AUGUST 31, 2017

					NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
		PROGRAM REVENUES			PRIMARY GOVERNMENT
Functions/Programs	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Governmental Activities:					
Regular Instruction	\$ 240,329,794	\$ 2,465,346	\$ 21,639,994	\$ 93,781	\$ (216,130,674)
Special Instruction	52,989,814	1,802,440	34,456,084	-	(16,731,290)
Career & Technical Instruction	12,607,272	204,413	13,593,245	38,207	1,228,593
Compensatory Instruction	37,473,529	8,900	35,340,744	81,720	(2,042,165)
Other Instructional Programs	7,640,290	1,044,796	2,096,258	49,286	(4,449,949)
Community Services	689,265	605,129	117,566	-	33,429
Support Services	88,974,878	5,054,569	19,962,510	1,766,171	(62,191,629)
Extracurricular Activities (ASB)	1,919,602	1,919,112	-	-	(490)
Interest Payment on Long-Term Debt	23,257,320	-	-	-	(23,257,320)
Total Governmental Activities	\$ 465,881,764	\$ 13,104,705	\$ 127,206,400	\$ 2,029,165	\$ (323,541,495)

General Revenues:

Taxes:

Property taxes, levies for maintenance and operations	87,796,591
Property taxes, levies for debt service	54,386,637
Property taxes, levies for capital projects	10,260,612
Unallocated State Apportionment & Others	171,404,938
Interest and Investment earnings	3,307,689

Total General Revenues**327,156,467****Changes in Net Position****3,614,972****Net Position - Beginning****388,532,322****Net Position - Ending****\$ 392,147,294**

The notes to the basic financial statements are an integral part of this statement.

Tacoma School District No. 10

Governmental Fund Financial Statements

The governmental fund financial statements consist of major governmental funds:

1. General Fund
2. Special Revenue Fund (Associated Student Body Fund)
3. Debt Service Fund
4. Capital Projects Fund
5. Transportation Vehicle Fund

The governmental funds focus primarily on the sources, uses, and balances of current financial resources and the modified accrual basis of accounting.

TACOMA SCHOOL DISTRICT No. 10
FUND BALANCE SHEETS
GOVERNMENTAL FUNDS
August 31, 2017

	GENERAL FUND	SPECIAL REVENUE FUND (ASB)	DEBT SERVICE FUND	CAPITAL PROJECT FUND	TRANSPORTATION VEHICLE FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS:						
Cash on Hand and in Bank	\$ 1,524,900	\$ 82,913	\$ 267,114	\$ 1,220,368	\$ 328	\$ 3,095,623
Construction Retainage Escrow	-	-	-	2,481,760	-	2,481,760
Investments	41,770,000	2,149,000	10,887,000	263,375,000	2,270,000	320,451,000
Property Tax Receivable	41,640,803	-	26,440,205	4,852,180	-	72,933,188
Accounts Receivable, Net	39,604	7,128	-	-	-	46,821
Interest Receivable	1,185	60	304	173,509	63	175,121
Interfund Receivable	2,490,487	3,467	-	812,928	-	3,306,883
Due From Other Government Units	4,972,066	-	-	-	-	4,972,066
Inventories at Cost	3,553,176	24,244	-	-	-	3,577,420
Prepaid Items	741,228	-	-	-	-	741,228
TOTAL ASSETS	96,733,539	2,266,812	37,594,623	272,915,744	2,270,391	411,781,110
LIABILITIES:						
Accounts Payable	7,151,543	158,969	-	10,871,522	-	18,182,034
Retainage Payable	-	-	-	2,481,760	-	2,481,760
Accrued Wages & Benefits Payable	13,695,075	-	-	144,200	-	13,839,275
Interfund Payable	816,722	2,416	-	2,487,745	-	3,306,883
Unearned Revenue - Other	804,440	137,058	-	-	-	941,498
TOTAL LIABILITIES	22,467,780	298,443	-	15,985,227	-	38,751,450
DEFERRED INFLOWS OF RESOURCES:						
Unavailable Revenue - Property Taxes	40,229,397	-	25,543,188	4,687,851	-	70,460,436
TOTAL DEFERRED INFLOWS OF RESOURCES	40,229,397	-	25,543,188	4,687,851	-	70,460,436
FUND BALANCES						
Nonspendable						
Nonspendable - Inventory & Prepaid Items	4,294,404	24,244	-	-	-	4,318,648
Restricted						
Restricted for Cover of Restricted Revenues	655,799	-	-	-	-	655,799
Restricted for Construction	-	-	-	238,491,321	-	238,491,321
Restricted for Debt Service	425,906	-	12,051,435	-	-	12,477,341
Restricted to Fund Purposes	-	1,944,125	-	-	2,270,391	4,214,517
Restricted for Technology	-	-	-	12,435,846	-	12,435,846
Assigned						
Assigned to Other Items (see Note 11)	1,361,223	-	-	-	-	1,361,223
Assigned to Budget Carryover	1,459,648	-	-	-	-	1,459,648
Assigned to Future Operations	7,564,935	-	-	-	-	7,564,935
Assigned to Curriculum & Instruction	2,938,537	-	-	-	-	2,938,537
Assigned to Fund Purposes	-	-	-	1,315,501	-	1,315,501
Unassigned						
Unassigned for Minimum Fund Balance Policy	15,335,910	-	-	-	-	15,335,910
TOTAL FUND BALANCES	34,036,362	1,968,369	12,051,435	252,242,668	2,270,391	302,569,225
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 96,733,539	\$ 2,266,812	\$ 37,594,623	\$ 272,915,746	\$ 2,270,391	\$ 411,781,110

The notes to the basic financial statements are an integral part of this statement.

TACOMA SCHOOL DISTRICT No. 10
RECONCILIATION
BALANCE SHEET/STATEMENT OF NET POSITION
August 31, 2017

	Total Governmental Funds	Long-Term Assets, Liabilities *	Internal Service Fund *	Reclassifications and Eliminations	Statement of Net Position Totals
ASSETS					
Cash on Hand and in Bank	\$ 3,095,623	\$ -	\$ 5,779,719	\$ -	\$ 8,875,342
Cash Held by Trustees	2,481,760	-	-	-	2,481,760
Investments	320,451,000	-	-	-	320,451,000
Property Tax Receivable	72,933,188	-	-	-	72,933,188
Receivables, Net	221,942	-	-	-	221,942
Interfund Receivable	3,306,883	-	-	(3,306,883)	-
Due From Other Governments	4,972,066	-	-	-	4,972,066
Inventories	3,577,420	-	-	-	3,577,420
Prepaid Items	741,228	-	46,740	-	787,968
Capital Assets, Net (land, bldg, eqmt)	-	930,388,195	-	-	930,388,195
TOTAL ASSETS	411,781,110	930,388,195	5,826,459	(3,306,883)	1,344,688,881
DEFERRED OUTFLOWS OF RESOURCES					
Pension Plan Experience, Assumption Changes & Plan Contributions	-	16,208,669	-	-	16,208,669
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	16,208,669	-	-	16,208,669
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	411,781,110	946,596,864	5,826,459	(3,306,883)	1,360,897,550
LIABILITIES					
Accounts Payable	20,663,794	4,394,069	250,482	-	25,308,345
Wages, Benefits & Other Payables	13,839,275	-	-	-	13,839,275
Interfund Payable	3,306,883	-	-	(3,306,883)	-
Unearned Revenue - Other	941,498	-	-	-	941,498
Long-Term Liabilities - Pension	-	164,731,749	-	-	164,731,749
Long-Term Liabilities - Not Pension	-	735,215,166	-	-	735,215,166
TOTAL LIABILITIES	38,751,450	904,340,984	250,482	(3,306,883)	940,036,033
DEFERRED INFLOWS OF RESOURCES					
Refunded Bonds - Reduction in Principal	-	7,162,176	-	-	7,162,176
Unavailable Revenue - Property Taxes	70,460,436	(70,460,436)	-	-	-
Pension Plan Investment Earnings & Changes in Proportions	-	21,552,047	-	-	21,552,047
TOTAL DEFERRED INFLOWS OF RESOURCES	70,460,436	(41,746,213)	-	-	28,714,223
NET POSITION					
Total Fund Balances	302,569,225	84,002,093	5,575,977	-	392,147,294
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 411,781,110	946,596,864	\$ 5,826,459	\$ (3,306,883)	\$ 1,360,897,550

The notes to the basic financial statements are an integral part of this statement.

TACOMA SCHOOL DISTRICT No. 10
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED AUGUST 31, 2017

	GENERAL FUND	SPECIAL REVENUE FUND (ASB)	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TRANSPORTATION VEHICLE FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES						
Local	\$ 95,803,767	\$ -	\$ 54,443,193	\$ 13,812,076	\$ 10,719	\$ 164,069,755
State	250,024,989	-	-	11,597,543	530,702	262,153,234
Federal	38,782,098	-	-	-	-	38,782,098
Miscellaneous	3,547,740	1,905,714	-	4,238	-	5,457,692
TOTAL REVENUES	388,158,594	1,905,714	54,443,193	25,413,857	541,421	470,462,779
EXPENDITURES						
Current Operating:						
Regular Instruction	209,816,178	-	-	-	-	209,816,178
Special Instruction	50,297,078	-	-	-	-	50,297,078
Career & Technical Instruction	11,888,442	-	-	-	-	11,888,442
Compensatory Instruction	35,536,763	-	-	-	-	35,536,763
Other Instructional Programs	7,252,123	-	-	-	-	7,252,123
Community Services	661,350	-	-	-	-	661,350
Support Services	81,705,524	-	-	-	-	81,705,524
Student Activities	-	1,919,112	-	-	-	1,919,112
Debt Service:						
Principal	-	-	20,480,000	-	-	20,480,000
Interest and Other Charges	-	-	26,755,510	-	-	26,755,510
Capital Outlay:						
Other	2,029,165	-	-	106,072,091	-	108,101,256
TOTAL EXPENDITURES	399,186,625	1,919,112	47,235,510	106,072,091	-	554,413,336
Excess (Deficiency) of Revenues Over Expenditures	(11,028,031)	(13,398)	7,207,683	(80,658,234)	541,421	(83,950,557)
OTHER FINANCING SOURCES (USES)						
Proceeds from Sale of Surplus Equipment	89,776	-	-	-	-	89,776
Long-Term Financing	290,322	-	-	-	-	290,322
Transfers	1,432,698	-	-	(1,432,698)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	1,812,795	-	-	(1,432,698)	-	380,098
NET CHANGE IN FUND BALANCE	(9,215,236)	(13,398)	7,207,683	(82,090,932)	541,421	(83,570,459)
Fund Balance - Beginning	43,251,597	1,981,767	4,843,752	334,333,600	1,728,970	386,139,686
Fund Balance - Ending	\$ 34,036,362	\$ 1,968,369	\$ 12,051,435	\$ 252,242,668	\$ 2,270,391	\$ 302,569,227

The notes to the basic financial statements are an integral part of this statement.

TACOMA SCHOOL DISTRICT No. 10
RECONCILIATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES
For the Fiscal Year Ended August 31, 2017

	Total Governmental Funds	Long-Term Revenue, Expenses *	Capital Related items *	Internal Service Fund *	Long-Term Debt Transactions *	Statement of Activities Totals
REVENUES AND OTHER SOURCES						
Property Taxes	\$ 152,443,840	\$ (1,346,139)	\$ -	\$ -	\$ -	\$ 151,097,701
Local Non-Taxes	11,625,915	-	-	-	-	11,625,915
State	262,153,234	-	-	-	-	262,153,234
Federal	38,782,098	-	-	-	-	38,782,098
Miscellaneous	5,457,692	-	-	-	-	5,457,692
Other Sources:						
Bonds, Sales	-	-	-	-	-	-
Bonds, Premium on Sale	-	-	-	-	-	-
Proceeds from Sale of Real Property	-	-	-	-	-	-
Proceeds from Sale of Surplus Eqmt	89,776	-	-	-	-	89,776
Long-Term Financing	290,322	-	-	-	-	290,322
TOTAL	470,842,877	(1,346,139)	-	-	-	469,496,738
EXPENDITURES/EXPENSES						
Current:						
Regular Instruction	209,816,178	2,240,711	18,611,337	724,575	-	231,392,802
Special Instruction	50,297,078	537,143	11,398	173,695	-	51,019,315
Career & Technical Instruction	11,888,442	126,961	81,995	41,055	-	12,138,453
Compensatory Instruction	35,536,763	379,511	41,029	122,722	-	36,080,025
Other Instructional Programs	7,252,123	77,448	1,560	25,044	-	7,356,175
Community Services	661,350	-	-	2,284	-	663,634
Support Services	81,705,524	879,629	2,373,007	282,160	425,906	85,666,226
Student Activities	1,919,112	-	490	-	-	1,919,602
Debt Service:						
Principal	20,480,000	-	-	-	(20,480,000)	-
Interest and Other Charges	26,755,510	-	-	-	(3,498,190)	23,257,320
Capital Outlay **	108,101,256	-	(91,713,044)	-	-	16,388,212
Other Uses:						
Bonds, Deposit to Refunding Account	-	-	-	-	-	-
TOTAL EXPENDITURES/EXPENSES	554,413,336	4,241,404	(70,592,227)	1,371,536	(23,552,284)	465,881,764
NET CHANGE FOR THE YEAR	\$ (83,570,459)	\$ (5,587,543)	\$ 70,592,227	\$ (1,371,536)	\$ 23,552,284	\$ 3,614,972

Tacoma School District No. 10

Proprietary Fund (The Sound Partnership)

The Sound Partnership is the District's internal service fund and reported in the proprietary fund in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 10 (Risk Financing).

TACOMA SCHOOL DISTRICT No. 10
INTERNAL SERVICE FUND (The Sound Partnership)
STATEMENT OF NET POSITION
August 31, 2017

	Governmental Activities	
	Internal Service Fund	
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$	5,779,719
Prepaid Insurance		46,740
TOTAL ASSETS		5,826,459
LIABILITIES		
Current Liabilities		
Accounts Payable		250,482
TOTAL LIABILITIES		250,482
NET POSITION		
Unrestricted		5,575,977
TOTAL NET POSITION	\$	5,575,977

The notes to the basic financial statements are an integral part of this statement.

TACOMA SCHOOL DISTRICT No. 10
INTERNAL SERVICE FUND (The Sound Partnership)
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED AUGUST 31, 2017

		<div style="border: 1px solid black; padding: 2px; text-align: center;">Governmental Activities</div> <div style="border: 1px solid black; padding: 2px; text-align: center;">Internal Service Fund</div>
OPERATING REVENUES		
Premium Contributions	\$	45,363,264
TOTAL OPERATING REVENUES		45,363,264
OPERATING EXPENSES		
Insurance Premiums		43,746,403
Benefit Claims		2,197,651
Administrative Expenses		766,761
Working on Wellness		23,985
TOTAL OPERATING EXPENSES		46,734,800
OPERATING INCOME (LOSS)		(1,371,536)
CHANGE IN NET POSITION		(1,371,536)
NET POSITION - BEGINNING		6,947,513
NET POSITION - ENDING	\$	5,575,977

The notes to the basic financial statements are an integral part of this statement.

TACOMA SCHOOL DISTRICT No. 10
INTERNAL SERVICE FUND (The Sound Partnership)
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2017

	Governmental Activities
	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Premium Contributions	\$ 45,363,264
Restricted Cash	31,539
Benefits Claims	(2,197,651)
Insurance Premium Payments	(43,727,567)
Administrative	(766,761)
Miscellaneous Payments	(23,985)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(1,321,161)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,321,161)
BALANCES - BEGINNING OF THE YEAR	7,100,880
BALANCES - END OF THE YEAR	\$ 5,779,719
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating Income (Loss)	(1,371,536)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
(Increase) Decrease in Prepaid Expenses	31,539
Increase (Decrease) in Liabilities	18,836
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (1,321,161)

The notes to the basic financial statements are an integral part of this statement.

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Tacoma School District No. 10

Fiduciary Funds Financial Statements

The fiduciary funds financial statements include the Private-Purpose Trust Fund. The fiduciary funds financial statements focus on net position and changes in net position.

Private-Purpose Trust Fund reports all trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

TACOMA SCHOOL DISTRICT No. 10
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
August 31, 2017

	Private-Purpose Trusts
ASSETS	
Cash and Cash Equivalents	\$ 3,893
Investments at Fair Value	652,000
TOTAL ASSETS	655,893
LIABILITIES	
Accounts Payable	141,957
Unearned Revenue - Other	3,023
TOTAL LIABILITIES	144,980
NET POSITION	
Held in Trust for Scholarships and Student Aid	510,913
TOTAL NET POSITION	\$ 510,913

The notes to the basic financial statements are an integral part of this statement.

TACOMA SCHOOL DISTRICT No. 10
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2017

	Private-Purpose Trusts
ADDITIONS	
Donations	\$ 262,496
TOTAL ADDITIONS	262,496
DEDUCTIONS	
Scholarships	68,424
Tuition and Fees	7,479
Supplies & Materials	78,247
Field Trips	61,968
Purchased Services	16,812
Salaries & Benefits	4,548
TOTAL DEDUCTIONS	237,477
CHANGE IN NET POSITION	25,019
Net Position, Beginning of the year	485,894
Net Position, End of the year	\$ 510,913

The notes to the basic financial statements are an integral part of this statement.

Tacoma School District No. 10

Notes to the Financial Statements

The notes to the financial statements are an integral part of the basic financial statements. The notes focus on the primary government, especially its governmental activities and major funds.

Note 1	Summary of Significant Accounting Policies
Note 2	Deposits and Investments
Note 3	Interfund Transactions
Note 4	Changes in Capital Assets
Note 5	Construction in Progress
Note 6	Pensions and Nongovernmental Pension Plans
Note 7	Long-Term Debt
Note 8	Commitments Under Leases
Note 9	Risk Management
Note 10	Reconciliation between Government-wide Financial Statements and Governmental Fund Financial Statements
Note 11	Fund Equity (Governmental Funds)
Note 12	Contingent Liabilities
Note 13	Litigation
Note 14	Subsequent Events

TACOMA SCHOOL DISTRICT No. 10
NOTES TO THE BASIC FINANCIAL STATEMENTS
September 1, 2016 through August 31, 2017

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Tacoma School District's financial reports, as reflected by the accompanying financial statements, conform to generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the district are described below:

A. REPORTING ENTITY

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

The Tacoma School District's financial statements include all funds and organizations that are controlled by or dependent on the district's board of directors. Control by or dependence on the district was determined on the basis of budget adoption, taxing authority, outstanding debt secured by the general credit of the district, obligation of the district to finance any deficits that may occur, or receipt of significant subsidies from the district. The Sound Partnership discussed below is the district's internal service fund ad blended into those of the district by appropriate activity type to compose the *primary government* presentation.

Internal Service Fund. The Sound Partnership is a health and welfare trust fund administered by a joint board of five management and five labor trustees. The participants of the Trust are all employees of the Tacoma School District. The Tacoma School District retains complete governing control (appoints board of trustees, and is accountable for financial matters) over the Sound Partnership which provides medical, dental, vision, disability, and life insurance benefits to district employees and their eligible dependents. The Trust is required to purchase fiduciary liability insurance and any other insurance as they deem proper to cover any potential losses. There were no settlements resulting from losses that exceed the insurance coverage. The Sound Partnership financial statements are available from:

The Sound Partnership
601 South 8th Street
Tacoma, Washington 98405

B. BASIS OF PRESENTATION

The accounts of the district are organized on the basis of funds in governmental fund financial statements, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The district's basic financial statements in this report consist of:

1. GOVERNMENT-WIDE FINANCIAL STATEMENTS

Overall governmental activities are reported here without displaying individual funds or fund types and display information about the district as a whole. They include the primary government and its internal service fund (The Sound Partnership), however, they do not contain the fiduciary activity or fund.

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

The government-wide financial statements consist of the following:

- a. **Statement of Net Position** – The Statement of Net Position reports all financial and capital resources. Capital assets (land, land improvements, building, building improvements, vehicles, and equipment) are reported at historical cost, net of accumulated depreciation.
- b. **Statement of Activities** – The operations of the district are presented net of the applicable program revenues. General revenues are divided into property taxes, interest, and investment earnings. The expenses and revenues are reported as follows:

Expenses – Expenses are reported by function/program and include direct and indirect expenses. Depreciation expenses are allocated to direct expenses if they can be specifically identified with a function/program. Interest expenses may be considered direct (interest on long-term debt, when borrowing is essential to the creation or continuing existence of a program) or indirect expenses (interest on long-term liabilities).

Revenues – The revenues are divided into program revenues and general revenues. Program revenues are derived directly from the program itself or from parties outside the district's taxpayers, as a whole. They reduce the net cost of the function to be financed from the district's general revenues. Program-specific grants and contributions include revenues arising from mandatory and voluntary non-exchange transactions with federal, state governments, organizations, or individuals that are restricted for use in a particular program.

General revenues are revenues that are not required to be reported as program revenues such as property tax levies for a specific purpose and all non-tax revenues (interest and investment earnings).

The fiduciary fund is not presented in the government-wide financial statements. It is presented separately in Schedules 8 and 9.

2. FUND FINANCIAL STATEMENTS

The governmental fund reporting focuses primarily on the sources, uses, and balances of current financial resources and often has a budgetary orientation. It includes the General Fund, special revenue fund (Associated Student Body Fund), Capital Projects Fund, Transportation Vehicle Fund, and Debt Service Fund. Governmental funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and the district considers all revenues available if they are collected within 60 days after year-end to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for the unmatured principal and interest, which is recorded when due. Financial resources usually are appropriated in other funds for transfer to a Debt Service Fund in the period in which maturing debt principal must be paid. Such amounts thus are not current liabilities of the Debt Service Fund. Long-term liabilities are not recognized in governmental fund liabilities.

GOVERNMENTAL FUNDS

General Fund

This fund is the district's primary operating fund. It accounts for all financial resources of the district, except those required to be accounted for in another fund. The revenues of the General Fund are derived primarily from the State of Washington, local property taxes, and federal grants. In keeping with the principle of as few funds as necessary, nutrition services, maintenance, technology services, printing and graphics, and pupil transportation activities are included in this fund.

Special Revenue Fund (Associated Student Body Fund)

These funds account for the proceeds of specific revenue sources that are legally restricted for specific purposes. The Associated Student Body Fund (ASB Fund) is the only fund of this type. This fund is accounted for as a special revenue fund since the financial resources belong to the district.

Revenues include the extracurricular fees and resources collected in fundraising events for students. Allowable expenditures include extra-curricular activities for students that are of a cultural, athletic, recreational, or social nature. Disbursements require the joint approval of the appropriate student body organization and the district's board of directors.

Debt Service Fund

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

Capital Projects Funds

The capital projects fund type consists of the Capital Projects Fund and the Transportation Vehicle Fund.

The Capital Projects Fund accounts for financial resources that are to be used for the construction or acquisition of major capital assets. This fund must be used when projects are financed wholly or in part by bond issues, local levies, intergovernmental resources, major private donations, or insurance recoveries. Expenditures in this fund may also be for major technology implementation projects, energy capital improvements to existing buildings, and the purchase of certain initial equipment for existing buildings.

The Transportation Vehicle Fund is used to account for the purchase, major repair, rebuilding, and debt service expenditures related to pupil transportation equipment. The major sources of revenues in this fund include the state reimbursement for pupil transportation equipment and special levies.

INTERNAL SERVICE FUNDS

The Sound Partnership is reported as an internal service fund, using the accrual basis of accounting.

The internal service fund distinguishes *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing and delivering services (health, dental, vision, disability, etc.) to the Tacoma School District's employees. The effect of internal activities have been eliminated from the government-wide financial statements, however, interfund services provided and used are not eliminated in the process of consolidation.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. Trust funds are used to account for assets held for individuals, private organizations, other districts, or funds in its fiduciary capacity as trustee or agent.

Private Purpose Trust Fund

This fund is used to account for resources legally held in trust by the district where principal and income benefit individuals, private organizations, or other governments. The trust agreement details whether principal and interest may both be spent, or whether only interest may be spent. Money from a Private-Purpose Trust Fund may not be used to support the district's programs. These trusts are primarily used for post-secondary scholarships, and to assist needy students with the purchase of uniforms, ASB memberships, etc.

MAJOR AND NON-MAJOR FUNDS

The district considers all governmental funds "major funds".

C. BUDGETS AND BUDGETARY ACCOUNTING

GENERAL BUDGET POLICIES

The Tacoma School District budgets its funds in accordance with the Revised Code of Washington Chapter 28A.505 and Chapter 392-123 of the Washington Administrative Code (WAC). The board adopts the budget after public hearings. An appropriation is a prerequisite to expenditure. Appropriations lapse at the end of the fiscal period. Annual appropriated budgets are adopted at the fund level. Each governmental fund's total expenditures cannot, by law, exceed its formal fund appropriation. Management is authorized to modify specific accounts within the overall fund appropriation. However, only the board has the authority to increase or decrease a given fund's annual budget. The board may adopt a revised or supplemental budget appropriation after public hearings anytime during the fiscal year. The district adopted a revised general fund budget in August 2017. The revised budget increased the expenditure limit of the general fund from \$406.5M to \$409.5M, or by a total of \$3M.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g. purchase orders) outstanding at year end are reported as assigned fund balances in the general fund and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year. No encumbrances are assigned in the other governmental funds as any encumbrances are included in other categories of fund balance, e.g. assigned to fund purposes, restricted to fund purposes, etc.

BUDGETARY BASIS OF ACCOUNTING

For budget and accounting purposes, revenues and expenditures are accounted for on a modified accrual basis of accounting as prescribed in laws for all governmental funds. Fund balance is budgeted as available resources and, under statute, may not be negative.

ENCUMBRANCES

Encumbrance accounting is employed in governmental funds. Purchase orders and other commitments for the expenditure of moneys are recorded to reserve a portion of the applicable appropriation. Encumbrances lapse at the end of the fiscal year and may be re-encumbered the following year. General Fund encumbrances in the amount of \$1,361,223 were re-encumbered on September 1, 2017.

Significant encumbrances in the general fund include summer maintenance and repairs that weren't quite complete at August 31st, furniture and equipment backorders, incomplete contracts for services, and supply orders placed late in the year.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

MEASUREMENT FOCUS

The government-wide financial statements measure and report all assets (both financial and capital), deferred outflow of resources, liabilities, deferred inflows of resources, revenues, expenses, gains and losses using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), and financial position. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes receivable are measurable but are considered to be available only if they are collected within 30 days after year end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financials are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay the liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, and claims and judgments are recorded only when payment is due.

Property taxes received within 30 days of the end of the current fiscal period are recognized as revenues of the current fiscal period.

The private-purpose trust fund is reported on the accrual basis of accounting.

BASIS OF ACCOUNTING

In the government-wide financial statements, governmental activities are presented using the accrual basis of accounting under which revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes collected in September of the new fiscal year are recognized as revenues in the current fiscal period. Grants and similar items are recognized as revenue when all eligibility requirements imposed by the provider have been met.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this method, revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which is reported when due. The district considers revenues derived from property taxes available when they are collected within 30 days after year end.

E. ELIMINATIONS AND RECLASSIFICATIONS

In the process of aggregating data for the government-wide Statements of Net Position and the Statement of Activities, the interfund receivables and payables within governmental funds, except those with fiduciary funds, were eliminated. Interfund services are not eliminated from the government-wide presentation.

F. ASSETS, LIABILITIES AND NET POSITION/RESERVES/DESIGNATIONS

1. Cash, Cash Equivalents, and Investments

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

The Pierce County Treasurer is the ex-officio treasurer for the district. In this capacity, the county treasurer receives deposits and transacts investments on the district's behalf.

The district uses the US Bank as its fiscal agent for bond principal and coupon interest redemption. Short-term investments are shown on the Statement of Net Position and on the Fund Balance Sheets at cost, net of amortized premium or discount, and the long-term investments are stated at fair value. The investments in governmental funds are held by the Pierce County Treasurer which reports investments at amortized cost. Gains or losses on long-term investments are recognized at year end. The district intends to hold the time deposits and securities until maturity.

2. Property Taxes

Property tax revenues are collected as the result of special levies passed by the voters in the district. Per Revised Code of Washington 84.60.020 the tax assessment date is January 1 of the calendar year of collection. The tax lien date is January 1 of the year of collection and taxes receivable are recognized as of that date. Current year taxes are due in full as of April 30, and are delinquent after that date. However, without incurring penalty, the taxpayer may elect to pay one-half of the taxes due by April 30, with the remaining one-half taxes due October 31, and are delinquent after that date. Typically, a little more than half of the taxes due are collected on the April 30 date. In accordance with state law, Pierce County may begin foreclosure proceedings following the third year of delinquency. On the governmental fund financial statements, property taxes receivable are measurable but are considered to be available only if they are collected within 30 days after year end.

Tax Abatements. The Governmental Accounting Standards Board (GASB) Statement No. 77 requires state and local governments to disclose tax abatements where a decrease in specific taxes for a particular payer may contribute to economic development or otherwise benefits the governments or its citizens.

The property tax system in the state of Washington is budget-based, which means the taxing authority determines a budget or dollar amount and adjusts the rates for the taxpayers based on the assessed valuation of their property. As a result, tax abatement programs related to property taxes shift the tax burden to individual taxpayers rather than to the municipality.

The following are totals of abated taxes pertaining to the Tacoma School District in fiscal year 2016- 2017:

City of Tacoma Housing projects with 5 or more units	\$2,223,081
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The tax abatements did not result in a reduction or loss of revenue to the district because, pursuant to state law, these taxes were reallocated to other property tax payers.

3. Accounts Receivable

This account represents amounts due for services rendered by the district, net of allowance for doubtful accounts. The district considers receivables collected within 60 days after year end to be available and recognizes them as revenues of the current year.

4. Interfund Receivables/Payables

Interfund receivables and payables and the associated revenues and expenditures/expenses are recorded in the respective funds in *government fund financial statements*. Interfund receivables and payables are eliminated in *government-wide financial statements*, except those with fiduciary finds, which are reclassified as a third-party receivable or payable.

5. Due From Other Governments

This account represents receivables for federal, state, and local governments. Grant revenues are recorded in the year in which the related expenditures are incurred.

G. INVENTORIES AND PREPAID ITEMS

The warehouse inventory is valued at cost using the weighted average method perpetual inventory system. The "consumption method" of inventory is used, which charges the inventory accounts when inventory is received and charges the appropriate department as expenditures when consumed. The Nonspendable – Inventory & Prepaid Items fund balance categorization reflects the district's recorded inventories and prepaid items on the balance sheet. These are assets of the district that are not in spendable form.

United States Dept. of Agriculture (USDA) commodities consist of food donated by the USDA for use in the district's nutrition services program. The commodities are valued at the prices paid by the USDA for the commodities, and are included in the general fund inventory. At August 31, 2017, the value of the USDA commodities included in this district's inventory was \$1,922,891.

Prepaid items consist of software licenses and other prepayments made late in 2016-17 for the new school year. Inventory amounts also include expendable supplies and equipment, generally purchased over the summer, and held for consumption until school begins in the fall. The costs are recorded as expenditures at the time inventory items are consumed.

H. BOND DISCOUNT, BOND PREMIUMS & ISSUANCE COSTS

In governmental fund types, bond discounts, premium and issuance costs are recognized in the period of issuance. In government-wide financial statements, bond premium and discounts are amortized over the life of the bonds.

I. CAPITAL ASSETS

Capital assets, which include property, buildings and improvements, and equipment, are reported in the applicable governmental activities in the government-wide financial statements. The district's equipment capitalization policy includes items where the individual cost of the asset is \$5,000 or more, and the asset has a useful life of longer than one year. Such assets are valued at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are reported at acquisition value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset life are not capitalized, and are charged as expenditures in the current period. In the governmental fund financial statements, capital assets are accounted for as expenditures upon acquisition, and no depreciation is recorded. On the government-wide financial statements, capital assets are included and depreciation expense is charged and allocated to various functions/programs in compliance with GASB statement No. 34 (see Note 4).

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Buildings, building and site improvements, vehicles, and equipment owned by the district are depreciated using the straight-line method over the following estimated useful lives:

Buildings	50 years
Building & Site Improvements	20 years
Portable Buildings	25 years
Equipment & Vehicles	4-13 years

J. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

The district has adopted the provisions of GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* and GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities*. The objective of these GASBs is to enhance the usefulness of financial reporting as described below.

In addition to assets and liabilities, the statement of financial position will report separate sections for deferred outflows and inflows of resources. As separate financial statement elements, *deferred inflows and outflows of*

resources, represent flows of resources into and out of the district that apply to future period(s) and so will not be recognized as an inflow of resources (revenue) or outflow of resources (expenditures) until that time.

Unavailable revenues from property taxes are reported as a deferred inflow on the government fund statements. This amount is deferred and recognized as an inflow of resources in the period the amounts become available.

Pensions – for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems.

The district refunded bonds in November, 2015 and the difference between the reacquisition price and the net carrying amount of the old debt resulted in a gain. A deferred inflow of resources has been recorded to recognize the gain, and is being amortized over the remaining life of the new debt.

K. COMPENSATED ABSENCES

1. Sick Leave

Under the provisions of RCW 28A.400.210, sick leave accumulated by district employees is paid at death or retirement at the rate of one day for each four days of accrued leave, limited to 180 accrued days. This chapter also provides for an annual buyout of an amount up to the maximum annual accumulation of twelve days for active employees. For buyout purposes, employees may accumulate such leave to a maximum of 195 days, including the annual accumulation, as of December 31st of each year. To qualify for the annual sick leave buy-back, the employee must have accumulated in excess of 60 days of sick leave as of January 1.

The annual estimated sick leave buyout expenditures are accrued each pay cycle, and paid out of a liability account. Accrued sick leave is paid out upon death, retirement, or termination provided the employee is at least 55 years of age and has sufficient years of service. Vested sick leave was computed using the vesting method.

Sick leave is reported under long-term liabilities in the *Statement of Net Position*. For reporting purposes, 25 percent of the sick leave liability (up to 180 days) for those eligible for retirement is considered accruable. The amount of accrued sick leave as of August 31, 2017, was \$16,235,506 and reported as long-term liabilities in government-wide financial statements.

2. Vacation Leave

For the employees that receive vacation, vacation leave is accrued according to the particular bargaining agreement. Vacation pay, including benefits, that is expected to be liquidated with expendable available financial resources are reported as expenditures and a fund liability of the government fund that will pay it. It is computed at 100 percent of the accrued amount. The amount accrued for vacation leave as of August 31, 2017, was \$9,756,007 and reported as long-term liabilities in government-wide financial statements.

The sick leave and vacation liabilities reflect all salary related payments to employees.

L. NET POSITION (Government-wide Financial Statements)

The "Net Investment in Capital Assets" component consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The "Restricted Net Position" component reports the assets with constraints placed on net position by external laws, regulations, or legislation. Therefore, they are available for disbursements only for specific purposes (e.g. debt service, capital projects, and others). The "Unrestricted Net Position" are assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

M. GOVERNMENTAL FUND BALANCES

Minimum Fund Balances. The district's Debt and Fiscal Board Policy 6015, and Fiscal Management Board Regulation 6015.1R provide the overall framework for fiscal management. To maintain reserves for cash flow, emergencies, and overall sound fiscal management, the district maintains fund balance reserves that are equal to 5 percent of the annual General Fund revenues, excluding other financing sources. The debt and fiscal reserves in the General Fund include: Assigned to Encumbrances, Non-spendable – Inventory & Prepaids, Assigned to Contingencies, and Unassigned Fund Balance accounts. When resources meeting more than one of the classifications (excluding nonspendable) are comingled in an account, assuming an expenditure meets the constraints of the classification, the assumed order of spending is restricted first, committed second, assigned, and unassigned last.

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

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

Restricted Fund Balance. Amounts that are reported as Restricted are those resources of the district that have had a legal restriction placed on their use either from statute, WAC, or other legal requirements that are beyond the control of the board of directors. Restricted fund balance includes anticipated recovery of revenues that have been received but are restricted as to their use. Outstanding encumbrances for the Associated Student Body Fund are included in the Restricted to Fund Purposes reserve; in the Capital Projects Fund, those outstanding encumbrances are included in the Restricted for Construction or the Restricted for Technology reserves.

Committed Fund Balance. Amounts that are reported as Committed are those resources of the district that have had a limitation placed upon their usage by formal action of the district's board of directors. Commitments are made either through a formal adopted board resolution or are related to a school board policy. Commitments may only be changed when the resources are used for the intended purpose or the limitation is removed by a subsequent formal action of the board of directors. The district reported no committed fund balance categories in 2016-17.

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

In other governmental funds, Assigned Fund Balance represents a positive ending spendable fund balance once all restrictions and commitments are considered. These resources are only available for expenditure in that fund and may not be used in any other fund without formal action by the district's board of directors and as allowed by statute. In the General Fund, assigned fund balance designations include Assigned to Encumbrances which is the remaining amount on purchase orders from prior years, Assigned to Budget Carryover for carryover commitments, Assigned to Future Operations, and Assigned to Curriculum & Instruction for textbook adoptions.

The superintendent or the chief financial officer have the authority to create Assignments of Fund Balance, per Board Regulation 6015.1R.

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

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

A negative Unassigned Fund Balance means that the legal restrictions and formal commitments of the district exceed its currently available resources.

Note 2. DEPOSITS AND INVESTMENTS

The district's investment policy requires funds be invested with the objective of producing the greatest return consistent with prudent business practice. The Pierce County Treasurer is the ex-officio treasurer for the district. In this capacity, the county treasurer receives, deposits, and transacts investments on the district's behalf.

A. DEPOSITS

At year end, the cash on hand plus the carrying amounts of the district's deposits and investments with financial institutions and with the Pierce County Treasurer were:

Distribution	Cash on Hand and in Bank	Investments
Governmental Funds	\$ 3,095,623	\$ 320,451,000
Sound Partnership	5,779,719	-
Total Government-Wide	8,875,342	320,451,000
Fiduciary Funds	3,893	652,000
Total Deposits & Investments	<u>\$ 8,879,235</u>	<u>\$ 321,103,000</u>

In addition to FDIC insurance, the district's deposits are protected by the Washington Public Deposit Protection Commission, a multiple financial institution collateral pool. The provision for guaranteed coverage against loss applies not only to demand deposits, but also to certificates of deposit, money market deposit accounts, and savings deposits as well as accrued interest through the date of repayment.

As of August 31, 2017, the total carrying amount of the district's investments was \$321.1M and this amount approximates fair value as defined by GASB Statement No. 31. Following is the composition of the investments held by the Pierce County Treasurer on behalf of the district:

Investment Type	Total Fair Value	Investment Maturities (in months)	
		Less than 1	More than 12
US Treasury Note	\$ 150,000,000	\$ 150,000,000	\$ -
Federal Home Loan Mortgage Corp	30,000,000	30,000,000	-
Total	<u>\$ 180,000,000</u>	<u>\$ 180,000,000</u>	<u>\$ -</u>

Interest Rate Risk – The Pierce County Treasurer's investment policy does not specifically address management of interest rate risk. The exposure to fair value losses arising from increasing interest rates is managed by limiting the weighted average maturity of the portfolio to between six months and one year. The district's investment strategy limits the district's investment portfolio with the county to maturities of less than three years. Because of the extremely low interest rates, the district has the majority of its investments maturing on a short term basis (maturing in less than one year), except in the capital projects fund where longer term investments were made based on construction cash flow needs. When interest rates improve, the district will revisit making longer term investments in its non-capital funds.

Credit Risk – Washington State statutes authorize the district to invest in (1) securities, certificates, notes, bonds, short-term securities, or other obligations of the United States, and (2) deposits in any state bank or trust company, national banking association, stock savings bank, mutual savings bank, savings and loan association, and any branch bank engaged in banking in the state in accordance with RCW 30.04.300 if the institution has been approved by the Public Deposit Protection Commission to hold public deposits and has segregated eligible collateral having a value of not less than its maximum liability.

The district's objective is to invest with the goal of producing the greatest return consistent with Washington State statutes. The district places no limit on the amount it may invest with any one issuer.

Through the county investment policy, credit risk is managed by restricting county investments (which include the district's funds) to obligations of the U.S. Treasury, U.S. Government agencies and instrumentalities; bankers acceptances; primary certificates of deposit issued by qualified public depositories designated by the Washington Public Deposit Protection Commission; the Washington State Local Government Investment Pool (LGIP); municipal bonds issued by the state or its local governments; and repurchase agreements collateralized by any previously authorized investments. Bankers' acceptances must be ranked in either of the two highest rating categories by Moody's Investor Service or Standard & Poor's. With the exception of U.S. Treasuries, Government agencies, instrumentalities, and the LGIP, no more than 20 percent of investments shall be from any single issuer. The credit quality distribution for securities with credit exposure are presented as a percentage of total investments is as follows:

Investment Type	Moody's Investor Service	Standard & Poor's	Fair Market Value Hierarchy
United States Treasury Notes	Aaa	AA+	Level 1
Federal Home Loan Mortgage Corp	Aaa	AA+	Level 1

The Local Government Investment Pool (LGIP) is not registered with the Securities and Exchange Commission (SEC) as an investment company. It is a voluntary investment vehicle operated by the Washington State Treasurer. Over 530 local governments have participated in the Pool since it was started in 1986 to provide safe, liquid, and competitive investment options for local governments pursuant to the Revised Code of Washington (RCW) 43.250. All investments are subject to written policies and procedures adopted by the State Treasurer's Office. The LGIP is considered extremely low risk. Funds are invested in a portfolio of securities in a manner generally consistent with the SEC's Rule 2A-7 of the Investment Company Act of 1940 as it currently stands. The LGIP functions as a demand deposit account where the district receives an allocation of its proportionate share of pooled earnings using an amortized cost methodology. Unrealized gains and losses due to changes in the fair values are not distributed to the district.

The LGIP manages a portfolio of securities that meet the maturity, quality, diversification, and liquidity requirements set forth by the Governmental Accounting Standards Board (GASB) for external investment pools that elect to measure, for financial reporting purposes, investments at amortized cost.

The LGIP transacts with its participants at a stable net asset value per share of \$1.00, the same method used for reporting. Participants may contribute and withdraw funds on a daily basis. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals.

Fair Market Value. GASB 72 addresses accounting and financial reporting issues related to fair value measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GASB 72 establishes a hierarchy of inputs to valuation techniques used to measure fair value. This hierarchy has three levels:

Level 1 - Pricing inputs are observable inputs such as quoted prices, available in active markets, for identical assets or liabilities on the date of measurement.

Level 2 - Pricing inputs are either directly or indirectly observable inputs available in active markets as of the measurement date.

Level 3 - Pricing inputs are unobservable inputs used in cases where financial instruments are considered illiquid, with no significant market activity and little or no pricing information on the date of measurement.

All the district's investments held with the Pierce County treasurer are Level 1.

B. CASH WITH FISCAL AGENT/TRUSTEES

The repayments of the bond interest and principal are made through the district's fiscal agent (US Bank). Cash held by the fiscal agent due to the outstanding coupons is reported as an asset of the district.

Note 3. INTERFUND TRANSACTIONS

As of August 31, 2017, short-term interfund receivables and payables in governmental funds that resulted from various interfund transactions in governmental fund financial statements were as follows:

	Interfund Receivables	Interfund Payables
General Fund	\$ 2,490,487	\$ 816,722
Capital Projects Fund	812,928	2,487,745
Special Revenue Fund	3,467	2,416
Total	\$ 3,306,883	\$ 3,306,883

Interfund balances result from the time lag between the dates that interfund goods and services are provided and reimbursable expenditures occur, or when transactions are recorded in the accounting system and payments are made between funds. These balances are liquidated on a monthly basis.

Planned transfers between funds are included in the budgeting process. A transfer from the Capital Projects Fund to the General Fund for district-wide technology transactions (\$1,432,698) was made in August.

Note 4. CHANGES IN CAPITAL ASSETS

Purchases of equipment with a unit cost over \$5,000 are capitalized and depreciated in *government-wide financial statements*.

	Primary Government			
	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	\$ 42,745,423	\$ 4,727	-	\$ 42,750,150
Construction-in-Progress	154,829,080	85,010,880	-	239,839,960
Total Capital Assets, not being depreciated	197,574,503	85,015,607	-	282,590,110
Capital assets, being depreciated:				
Building and Improvements	982,051,173	5,412,485	-	987,463,658
Equipment	42,803,592	1,327,337	(306,061)	43,824,867
Total Capital assets, being depreciated:	1,024,854,765	6,739,821	(306,061)	1,031,288,525
Less Accumulated Depreciation for:				
Building and Improvements	(325,839,405)	(19,504,316)	1,800	(345,341,921)
Equipment	(36,793,895)	(1,616,501)	261,877	(38,148,519)
Total Accumulated Depreciation	(362,633,300)	(21,120,817)	263,677	(383,490,440)
Total Capital assets, being depreciated, net	662,221,465	(14,380,996)	(42,384)	647,798,085
Governmental Activities Capital Assets, Net	\$859,795,968	\$ 70,634,611	\$ (42,384)	\$ 930,388,195

Depreciation expense was charged to governmental activities as follows:

	Current Year Total
Regular Instruction	18,611,337
Special Instruction	11,398
Career & Technical Instruction	81,995
Compensatory Instruction	41,029
Other Instruction Programs	1,560
Support Services	2,373,007
Extracurricular Activities (ASB)	490
	<u>\$ 21,120,817</u>

Note 5. CONSTRUCTION IN PROGRESS

School	Project	Project Authorization	Accumulated Expenditures to Aug. 31, 2017
Elementary Schools			
McCarver Elementary	Modernization	39,000,000	37,424,275
Wainwright	New School	35,000,000	32,032,704
Arlington	New School	28,000,000	21,541,012
Birney	New School	32,000,000	440,438
Browns Pt.	New School	31,000,000	2,497,245
Grant	New School	29,000,000	447,362
Lyon	New School	29,000,000	4,196,421
Total Elementary Schools		<u>223,000,000</u>	<u>98,579,456</u>
Middle Schools			
Stewart	Modernization	66,000,000	65,351,229
Hunt	New School	48,000,000	2,270,094
Total Middle Schools		<u>114,000,000</u>	<u>67,621,323</u>
High Schools			
SAMI	New School	20,000,000	16,818,214
Wilson Phase 2	Modernization	60,000,708	56,820,966
Total High Schools		<u>80,000,708</u>	<u>73,639,181</u>
GRAND-TOTAL		<u>\$ 417,000,708</u>	<u>\$ 239,839,960</u>

Note 6. PENSIONS AND NONGOVERNMENTAL PENSION PLANS

A. PENSIONS

GENERAL INFORMATION

The Washington State Department of Retirement Systems (DRS), a department within the primary government of the state of Washington, prepares a stand-alone comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each pension plan. The pension plan's basic financial statement is accounted for using the accrual basis of accounting. The measurement date of the pension plans is June 30. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of pension plans administered by DRS and additions to/deductions from the plans' net position have been determined on the same basis as they are reported by the plans.

Detailed information about the pension plans' fiduciary net position is available in the separately issued DRS CAFR. Copies of the report may be obtained by writing to:

Department of Retirement Systems
Communications Unit
PO Box 48380
Olympia, WA 98504-8380

Or, the online version is available here: www.drs.wa.gov/administrations/annual-report

MEMBERSHIP PARTICIPATION

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

Membership participation by retirement plan as of June 30, 2017, was as follows:

Retirement Plan	Retirees & Beneficiaries Receiving Benefits	Inactive Vested Members	Active Plan Members
PERS 1	48,268	663	2,593
SERS 2	8,229	5,880	27,011
SERS 3	7,735	8,330	33,890
TRS 1	34,225	188	697
TRS 2	5,076	2,532	19,133
TRS 3	10,289	8,568	54,487

MEMBERSHIP & PLAN BENEFITS

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

TRS was established in 1938, and its retirement benefit provisions are contained in Chapters 41.32 and 41.34 RCW. TRS eligibility for membership requires service as a certificated public school employee working in an instructional, administrative or supervisory capacity. TRS is a cost-sharing multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a defined benefit plan with a defined contribution component. TRS eligibility for membership requires service as a certificated public school employee working in an instructional, administrative or supervisory capacity.

TRS is comprised of three separate plans for accounting purposes: Plan 1, Plan 2/3, and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefit of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 defined benefit plan may be legally used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered to be a single plan for accounting purposes.

TRS Plan 1 provides retirement, disability and death benefits. TRS 1 members were vested after the completion of five years of eligible service. Retirement benefits are determined as two percent of the average final compensation (AFC), for each year of service credit, up to a maximum of 60 percent, divided by twelve. The AFC is the total earnable compensation for the two consecutive highest-paid fiscal years, divided by two.

Members are eligible for retirement at any age after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. Other benefits include temporary and permanent disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries.

TRS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the average final compensation (AFC) per year of service for Plan 2 members and one percent AFC for Plan 3 members. The AFC is the monthly average of the 60 consecutive highest-paid service credit months. There is no cap on years of service credit. Members are eligible for normal retirement at the age of 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. TRS Plan 2/3 members, who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a reduced benefit.

The benefit is reduced by a factor that varies according to age, for each year before age 65. TRS Plan 2/3 members who have 30 or more years of service credit, were hired prior to May 1, 2013, and are at least 55 years old, can retire under one of two provisions: With a benefit that is reduced by three percent for each year before age 65; or with a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

TRS Plan 2/3 members hired on or after May 1, 2013, have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service. TRS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit.

Other benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the Consumer Price Index), capped at three percent annually and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries.

PERS was established in 1947, and its retirement benefit provisions are contained in Chapters 41.34 and 41.40 RCW. PERS is a cost-sharing, multi-employer retirement system.

PERS Plan 1 provides retirement, disability and death benefits. PERS 1 members were vested after the completion of five years of eligible service. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's year of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service.

Members retiring from inactive status prior to the age of 65 may receive actuarially reduced benefits. PERS Plan 1 retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries.

SERS was created by the Legislature in 1998, and the plan became effective in 2000. SERS retirement benefit provisions are established in Chapters 41.34, and 41.35 RCW. SERS members include classified employee of school districts and educational service districts.

SERS is a cost-sharing multiple-employer retirement system comprised of two separate plans for membership purposes. SERS Plan 2 is a defined benefit plan and SERS Plan 3 is a defined benefit plan with a defined contribution component. SERS members include classified employees of school districts and educational service districts.

SERS is reported as two separate plans for accounting purposes: Plan 2/3 and Plan 3. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members.

Although members can only be members of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 defined benefit plan may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries. Therefore, Plan 2/3 is considered to be a single plan for accounting purposes.

SERS provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service for Plan 2 and one percent of AFC for Plan 3. The AFC is the monthly average of the member's 60 highest-paid consecutive service months before retirement, termination or death. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. SERS members, who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a reduced benefit.

The benefit is reduced by a factor that varies according to age, for each year before age 65. SERS members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions, if hired prior to May 2, 2013: With a benefit that is reduced by three percent for each year before age 65; or with a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules. SERS members hired on or after May 1, 2013, have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service. SERS retirement benefits are also actuarially reduced to reflect the choice of survivor benefit. Other benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the Consumer Price Index), capped at three percent annually and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries.

PLAN CONTRIBUTIONS

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

The employer and employee contribution rates for the PERS plan are effective as of July 1. SERS and TRS contribution rates are effective as of September 1. The pension plan contribution rates (expressed as a percentage of covered payroll) for 2017 were as follows:

Pension Rates		7/1/17 Rate	7/1/16 Rate
PERS 1			
Member Contribution Rate		6.00%	6.00%
Employer Contribution Rate		12.70%	11.18%
Pension Rates		9/1/17 Rate	9/1/16 Rate
TRS 1			
Member Contribution Rate		6.00%	6.00%
Employer Contribution Rate		15.20%	13.13%
TRS 2			
Member Contribution Rate		7.06%	5.95%
Employer Contribution Rate		15.20%	13.13%
TRS 3			
Member Contribution Rate		varies*	varies*
Employer Contribution Rate		15.20%	13.13% **
SERS 2			
Member Contribution Rate		7.27%	5.63%
Employer Contribution Rate		13.48%	11.58%
SERS 3			
Member Contribution Rate		varies*	varies*
Employer Contribution Rate		13.48%	11.58% **

Note: The DRS administrative rate of .0018 is included in the employer rate.

* Variable from 5% to 15% based on rate selected by the member.

** Defined benefit portion only.

THE COLLECTIVE NET PENSION LIABILITY

The collective net pension liability for the pension plans school districts participated in are reported in the following table.

The Net Pension Liability as of June 30, 2017 (dollars in thousands):

	PERS 1	SERS 2/3	TRS 1	TRS 2/3	
Total Pension Liability	\$ 12,241,998	\$ 5,357,035	\$ 8,782,761	\$ 13,446,531	
Plan fiduciary net position	\$ (7,496,920)	\$ (4,863,560)	\$ (5,759,493)	\$ (12,523,588)	
Participating employers' net pension liability	\$ 4,745,078	\$ 493,475	\$ 3,023,268	\$ 922,943	
Plan fiduciary net position as a percentage of the total pension liability	61.24%	90.79%	65.58%	93.14%	

THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (NPL)

At June 30, 2017, the district reported a total liability of \$164,731,749 for its proportionate shares of the individual plans' collective net pension liability. The district's proportionate share of the collective net pension liability is based on annual contributions for each of the employers participating in the DRS administered plans. At June 30, 2017, the district's proportionate share of each plan's net pension liability is reported below:

June 30, 2017	PERS 1	SERS 2/3	TRS 1	TRS 2/3
Proportionate Share of the Net Pension Liability	\$ 24,324,672	\$ 15,050,642	\$ 96,146,769	\$ 29,209,667

At June 30, 2017, the school district's percentage of the proportionate share of the collective net pension liability was as follows and the change in the allocation percentage from the prior period is illustrated below.

Allocation %	PERS 1	SERS 2/3	TRS 1	TRS 2/3
Current year proportionate share of the Net Pension Liability	0.512630%	3.049930%	3.180226%	3.164840%
Prior year proportionate share of the Net Pension Liability	0.481418%	3.030082%	3.234132%	3.198686%
Net difference %	0.031211%	0.019848%	-0.053906%	-0.033846%

The District's annual contributions for 2017 is reported below:

August 31, 2017	PERS 1	SERS 2/3	TRS 1	TRS 2/3
District's Annual Contributions	\$ 3,062,524	\$ 4,249,235	\$ 11,107,688	\$ 11,950,960

ACTUARIAL ASSUMPTIONS

Capital Market Assumptions (CMAs) are expected rates of return by asset class are provided by the Washington State Investment Board. The Office of the State Actuary relied on the CMAs in the selection of the long-term expected rate of return for reporting purposes.

The total pension liabilities for TRS 1, TRS 2/3, PERS 1, and SERS 2/3 were determined by actuarial valuation as of June 30, 2016, with the results rolled forward to June 30, 2017, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation	3.0% total economic inflation, 3.75% salary inflation
Salary increases	In addition to the base 3.75% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
Investment rate of return	7.50%

MORTALITY RATES

Mortality rates used in the plans were based on the RP-2000 Combined Healthy Table and Combined Disabled Table published by the Society of Actuaries. The Office of the State Actuary applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis, meaning members are assumed to receive additional mortality improvements in each future year, throughout their lifetime. The actuarial assumptions used in the June 30, 2016, valuation were based on the results of the 2007-2012 Experience Study and the 2015 Economic Experience Study. Additional assumptions for subsequent events and law changes as of the 2016 actuarial valuation report.

LONG-TERM EXPECTED RATE OF RETURN

The long-term expected rate of return on pension plan investments was determined using a building-block method in which a best-estimate of expected future rates of return (expected returns, net pension plan investment expense, but including inflation) are developed for each major asset class by the Washington State Investment Board (WSIB). Those expected returns make up one component of WSIB's CMAs. The CMAs contain three pieces of information for each class of assets the WSIB currently invest in:

- Expected annual return
- Standard deviation of the annual return
- Correlations between the annual returns of each asset class with every other asset class

WSIB uses the CMAs and their target allocation to simulate future investment returns over various time horizons.

The long-term expected rate of return of 7.50 percent approximately equals the median of the simulated investment returns over a fifty-year time horizon, increased slightly to remove WSIB's implicit and small short-term downward adjustment due to assumed mean reversion. WSIB's implicit short-term adjustment, while small and appropriate over a ten to fifteen-year period, becomes amplified over a fifty-year measurement period.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2017, are summarized in the following table:

TRS 1, TRS 2/3, PERS 1, and SERS 2/3		
Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Fixed Income	20.00%	1.70%
Tangible Assets	5.00%	4.90%
Real Estate	15.00%	5.80%
Global Equity	37.00%	6.30%
Private Equity	23.00%	9.30%

The inflation component used to create the above table is 2.20 percent, and represents WSIB's most recent long-term estimate of broad economic inflation.

DISCOUNT RATE

The discount rate used to measure the total pension liability was 7.50 percent. To determine the discount rate, an asset sufficiency test was completed to test whether the pension plan's fiduciary net position was sufficient to make all projected future benefit payments of current plan members. Consistent with current law, the completed asset sufficiency test included an assumed 7.70 percent long-term discount rate to determine funding liabilities for calculating future contributions rate requirements. Consistent with the long-term expected rate of return, a 7.50 percent future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue to be made at contractually required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.50 percent on pension plan investments was applied to determine the total pension liability.

DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

The Pension Plans reported collective Deferred Outflows of Resources and collective Deferred Inflows of Resources related to the individual plans. At August 31, 2017, the district reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

PERS 1	Outflow	Inflow
Difference between expected and actual experiences in the measurement of the total pension liability	-	-
Net difference between projected and actual earnings on pension plan investments	-	(907,729)
Changes in Assumptions or other inputs	-	-
Changes in the school district's proportion and differences between the district contributions and proportionate share of contributions	-	-
District contributions to the pension plan subsequent to the measurement date of the collective net pension liability	-	-

SERS 2/3	Outflow	Inflow
Difference between expected and actual experiences in the measurement of the total pension liability	2,996,892	-
Net difference between projected and actual earnings on pension plan investments	-	(3,910,864)
Changes in Assumptions or other inputs	157,102	-
Changes in the school district's proportion and differences between the district contributions and proportionate share of contributions	147,415	(97,126)
District contributions to the pension plan subsequent to the measurement date of the collective net pension liability	1,125,939	-

TRS 1	Outflow	Inflow
Difference between expected and actual experiences in the measurement of the total pension liability	-	-
Net difference between projected and actual earnings on pension plan investments	-	(4,073,266)
Changes in Assumptions or other inputs	-	-
Changes in the school district's proportion and differences between the district contributions and proportionate share of contributions	-	-
District contributions to the pension plan subsequent to the measurement date of the collective net pension liability	50,130	-

TRS 2/3	Outflow	Inflow
Difference between expected and actual experiences in the measurement of the total pension liability	7,283,910	(1,490,165)
Net difference between projected and actual earnings on pension plan investments	-	(10,570,945)
Changes in Assumptions or other inputs	344,208	-
Changes in the school district's proportion and differences between the district contributions and proportionate share of contributions	-	(501,952)
District contributions to the pension plan subsequent to the measurement date of the collective net pension liability	4,103,073	-

Total For All Plans	Outflow	Inflow
Difference between expected and actual experiences in the measurement of the total pension liability	10,280,802	(1,490,165)
Net difference between projected and actual earnings on pension plan investments	-	(19,462,803)
Changes in Assumptions or other inputs	501,310	-
Changes in the school district's proportion and differences between the district contributions and proportionate share of contributions	147,415	(599,079)
District contributions to the pension plan subsequent to the measurement date of the collective net pension liability	5,279,142	-
Total Deferred Outflows	16,208,669	-
Total Deferred Inflows	-	(21,552,047)

\$5,279,142 reported as Deferred Outflows of Resources related to pensions resulting from district contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended August 31, 2018.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Pension Amortization By Plan

	PERS 1	SERS 2/3	TRS 1	TRS 2/3	PERS 2/3
2018	(613,566)	(897,267)	(2,991,925)	(4,241,406)	-
2019	193,712	896,828	1,120,076	1,622,947	-
2020	(44,978)	(21,466)	(99,573)	(634,457)	-
2021	(442,897)	(1,281,453)	(2,101,843)	(4,194,300)	-
2022	-	426,264	-	523,393	-
Thereafter	-	170,512	-	1,988,880	-

PENSION EXPENSE

The district recognizes a pension expense for its proportionate share of the collective pension expense. This is determined by using the district's proportional share of the collective net pension liability. For the year ending August 31, 2017, the district recognized a total expense as follows:

Plan	Pension Expense
PERS 1	\$ 47,462
SERS 2/3	(82,916)
TRS 1	(6,679,247)
TRS 2/3	(1,411,454)
Total	<u>\$ (8,126,155)</u>

SENSITIVITY OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

The table below presents the Tacoma School District's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current rate. Amounts are calculated by plan using the district's allocation percentage.

Sensitivity of the net pension liability to changes in the discount rate:			
Participating Plans for TRS, PERS, and SERS			
	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
PERS1	\$5,780,412,000	\$ 4,745,078,000	\$3,848,257,000
%NPL	0.512630%	0.512630%	0.512630%
District's PERS1	29,632,100	24,324,672	19,727,302
SERS2/3	\$1,278,921,000	\$493,475,000	(\$153,665,000)
%NPL	3.049930%	3.049930%	3.049930%
District's SERS2/3	39,006,195	15,050,642	(4,686,675)
TRS1	\$3,759,368,000	\$3,023,268,000	\$2,386,123,000
%NPL	3.180226%	3.180226%	3.180226%
District's TRS1	119,556,415	96,146,769	75,884,115
TRS2/3	\$3,134,647,000	\$922,943,000	(\$873,375,000)
%NPL	3.164840%	3.164840%	3.164840%
District's TRS2/3	99,206,554	29,209,667	(27,640,919)

POST-EMPLOYMENT BENEFIT PLANS OTHER THAN PENSION PLANS**457 Plan – Deferred Compensation Plan**

District employees have the option of participating in a deferred compensation plan as defined in SS457 of the Internal Revenue Code that is administered by the state deferred compensation plan.

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

The district offers a tax deferred annuity plan for its employees. The plan permits participants to defer a portion of their salary until future years under two types of deferrals: Elective deferrals (employee contribution) and non-elective contribution (employer matching).

The district complies with IRS regulations that require school districts to have a written plan to include participating investment companies, types of investments, loans, transfers, and various requirements. Plans are administered by a third party and the district. The plan assets are assets of the district employees, not the school district, and are therefore not reflected on these financial statements.

B. NONGOVERNMENTAL PENSION PLANS

In fiscal year 2016-2017 the District also implemented GASB Statement No. 78. This statement amends the scope and applicability of GASB 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan.

In fiscal year 20016-2017 the District has the following union sponsored pension plans that provide defined benefit pension to the district's employees.

1. National Roofing Industry Pension Fund (NRIPP). It is administered by Wilson-McShane Corporation, National Roofing Industry Benefit Funds. The entity identification is 36-6157071. Two district employees are covered by NRIPP. The NRIPP is a "defined benefit plan" where the roofer earns a monthly income payable at retirement (after 5 years of vested service) for the rest of the roofer's life. The amount of that income is determined primarily by the number of years worked for a signatory employer and the number of hours worked in each of those years. The pension benefit terms and contribution requirements are established by Trustees of NRIPP. Contributions to the plan are made monthly pursuant to the terms of a collective bargaining agreement. In fiscal year 2016-2017 all pension contributions are based on 2080 hours compensated per year.

Contribution rate FY 16-17 – district paid \$3.43/hour

Contribution amount FY 16-17 - \$12,381

There is currently no withdrawal liability for the NRIPP.

2. Carpenters Retirement Plan of Western Washington (CRP). It is administered by Carpenters Trust of Western Washington. The entity identification is 91-6029051. Seven district employees are covered by CRP. The CRP is a "defined benefit plan" which means the carpenter earns a monthly income payable at retirement for the rest of the carpenter's life. The amount of that income is determined primarily the number of years worked for a signatory employer and the number of hours worked in each of those years. The benefit terms and contribution requirements are established by Board of Trustees of CPR. Contributions to the plan are made monthly pursuant to the terms of a collective bargaining agreement. In fiscal year 2016-2017 all pension contributions are based on 2080 hours compensated per year.

Contribution rate FY 16-17 – district paid \$6.15/hour

Contribution amount FY 16-17 - \$94,871

The CRP does have a withdrawal liability. The District's estimated withdrawal liability for 2017 is \$327,637. If the district decided to withdraw from the plan, this value is subject to review by the plan's actuary.

3. Western Washington Laborers Employers Pension Plan (WWLEPP). It is administered by Zenith American Solutions, WW Laborers Employers Trust Fund. The entity identification is 91-6022315. Eighteen district employees are covered by WWLEPP. WWLEPP is a "defined benefit plan" providing benefit payments guaranteed at retirement by the Pension Benefit Guaranty Corporation, a federal insurance agency. The benefit is determined by years of services for a signatory employer. The benefit terms and contribution requirements are established by Board of Trustees of WWLEPP. Contributions to the plan are made monthly pursuant to the terms of a collective bargaining agreement. In fiscal year 2016-2017 all pension contributions are based on 2080 hours compensated per year.

Contribution rate FY 16-17 – district paid \$3.9/hour (9/16-5/17) and \$4.09/hour (6/17-8/17)

Contribution amount FY 16-17 - \$354,006

The WWLEPP does have a withdrawal liability. The District's estimated withdrawal liability for 2017 has not been determined. It's still in the process of being verified by the actuary.

The NRIPP, CRP, and WWLEPP financial reports are available by going to www.efast.dol.gov and from:

The US Department of Labor, Employee Benefits Security Administration's Public Disclosure Room
200 Constitution Avenue, NW, Room N-1515
Washington DC 20210
(202) 693-8673

Note 7. LONG-TERM DEBT

A. CHANGES IN LONG-TERM LIABILITIES

Bonds payable on August 31, 2017 include the following: 2012 Refunded Bond, 2014 Unlimited Tax General Obligation Bond (UTGO), 2015 Refunded Bond, and the 2015 UTGO. Interest on the Bonds is payable on June 1 and December 1.

In February 2013, the district passed a \$500M bond authority measure for construction projects. An 18-month, \$100M Bond Anticipation Note (BAN) was issued in June, 2013 to fund the first phase of construction. The BAN was due in December, 2014. The 2014 UTGO bond was issued for \$152.6M, and included funds to pay off the BAN as well as provide new money for the next phase of construction. Interest rates on the bonds are fixed at 1.0 to 5.0 percent. The 23 year bonds will be fully paid off in December, 2038.

In October 2015, the district issued unlimited tax general obligation and refunding bonds with a par value of \$368,275,000 and refunded \$122,007,375 of outstanding 2005A Bonds to take advantage of favorable market conditions. The bonds sold at a premium of \$57,225,495, and the interest rates were fixed at 2.0 to 5.0 percent. The net proceeds of \$320M, after payment of \$1,417,144 in underwriting fees, insurance, and other issuance costs, were deposited into the Capital Projects Fund to complete the projects identified in the February 2013 bond measure. As a result, all remaining 2005A Bonds are considered to be defeased. The district refunded the 2005A Bonds to reduce its total debt service payments over the next six years by \$107,469,415 and to obtain a present value economic gain of \$11,588,032. The 2015 bonds will be fully paid off in December, 2039. These were the final bonds issued from the \$500M bond authority measure.

The district refinanced (refunded) the remaining balance of \$104M on the 2005 refunded bond issue, and included \$2.6M from its Debt Service Fund to make the December interest payment on the old notes. The par value of the refunded bonds was \$95.225M, and they were sold at a premium of \$9M. Interest rates on the refunded bonds range from 2.0 to 5.0 percent. The net present value savings on the refunding issue was \$11,588,032, or over 11 percent. The refunded bonds will be fully paid in December, 2020.

Construction projects include replacement and new construction of Hunt and Stewart Middle Schools, Arlington, Mary Lyon, Grant, Wainwright, Downing, Browns Point, Birney, and Boze Elementary schools; modernization of Washington and McCarver Elementary schools; modernization or replacement of Wilson High School; construction of new facilities at the Science and Math Institute; and district-wide health and safety upgrades.

In prior years, the district defeased other general obligation bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on these old bonds. Accordingly, the trust account assets and the liability for the bonds defeased in prior years are not included in the district's financial statements.

In 2016-17, the district entered into an agreement with Daktronics Sports Marketing to design, manufacture, and install electronic scoreboards at Lincoln Bowl and Stadium Bowl. The initial cost of the equipment was \$792,847 and after down payments, a balance of \$425,906 was financed. A financing plan with equal payments of \$114,033 will be made over the next four years. Interest rates range from 2.8 to 3.0 percent over the life of the loan. In 2016-17, the advertising revenue generated from the scoreboards did not provide enough funding to cover the interest and principal payment on the new scoreboards.

The debt service fund is established to redeem the outstanding bonds. Compensated absences and other liabilities are primarily liquidated in the general fund. Besides the long-term liabilities, the district also has short-term liabilities such as general accounts payable, wages and benefits payable, and unearned revenues. Those are ongoing liabilities and will liquidate within one year. The district does not have conduit debt or hold demand bonds.

Net Pension Liabilities was added to the Schedule of Long Term Liabilities in 2014-15, and this is the third year for reporting those liabilities under GASB 68. The district's share of the State of Washington's pension liability for the plans it participates in is included in the schedule. The information is provided to districts from the state's Department of Retirement Services and the Office of the Superintendent of Public Instruction.

During the year ended August 31, 2017, the following changes occurred in liabilities reported in the government-wide financial statements.

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due In One Year
GOVERNMENT ACTIVITIES					
Bonds and Contracts Payable:					
2012 Refunding of '03,05,05A UTGO's	66,785,000	-	4,455,000	62,330,000	8,660,000
2015 Refunding of BAN	87,685,000	-	14,540,000	73,145,000	18,510,000
2014 UTGO	136,600,000	-	-	136,600,000	-
2015 UTGO	273,050,000	-	1,485,000	271,565,000	4,850,000
Long-Term Financing - Scoreboards	-	425,906	-	425,906	102,107
Total Bonds and Contracts Payable	564,120,000	425,906	20,480,000	544,065,906	32,122,107
Net Pension Liabilities:					
PERS Plan 1	25,854,426	-	1,529,754	24,324,672	-
SERS Plans 2/3	19,900,581	-	4,849,939	15,050,642	-
TRS Plan 1	110,420,948	-	14,274,180	96,146,769	-
TRS Plans 2/3	43,927,460	-	14,717,793	29,209,667	-
Total Net Pension Liabilities	200,103,415	-	35,371,666	164,731,749	-
Other Liabilities:					
Unamortized Bond Premium	92,288,676	-	1,016,098	91,272,578	3,035,696
Net OPEB Obligation	63,443,589	10,441,583	-	73,885,172	-
Compensated Absences	24,065,535	4,215,770	2,289,792	25,991,513	2,289,792
Total Other Liabilities	179,797,799	14,657,353	3,305,891	191,149,262	5,325,489
GRAND-TOTAL	944,021,213	15,083,259	59,157,557	899,946,916	37,447,596

Debt service requirements for bonds are funded out of the Debt Service Fund with the revenue sources being property taxes and investment income. Compensated absences, Net OPEB Obligation and Net Pension Liabilities are funded out of the General Fund.

B. BOND PREMIUM

The district sold Unlimited Tax General Obligation Bonds at a premium for the bond sales in 2012, 2014, and 2015. The premiums are being amortized over the life of the bonds. Below is a schedule showing the current year's change in unamortized premium costs:

Descriptions	Unamortized Premium Costs			
	Beginning Balance	Increase	Decrease	Ending Balance
2012 Unlimited Tax GO Bonds	\$ 12,871,406	\$ -	\$ 586,792	\$ 12,284,614
2014 Unlimited Tax GO Bonds	22,270,115	-	-	22,270,115
2015 Refunded Bond	9,104,497	-	403,051	8,701,446
2015 Unlimited Tax GO bonds	48,042,658	-	26,255	48,016,403
	\$ 92,288,676	\$ -	\$1,016,098	\$ 91,272,578

C. DEBT SERVICE REQUIREMENT TO MATURITY

Year Ending August 31,	UTGO Bonds & Refunded Bonds		
	Principal	Interest	Total
2018	32,020,000	25,895,812	57,915,812
2019	31,900,000	24,610,912	56,510,912
2020	34,210,000	23,106,737	57,316,737
2021	27,425,000	21,454,162	48,879,162
2022	11,485,000	20,478,487	31,963,487
2023	14,615,000	19,853,287	34,468,287
2024	15,345,000	19,188,787	34,533,787
2025	15,940,000	18,506,162	34,446,162
2026	16,710,000	17,704,912	34,414,912
2027	17,545,000	16,848,537	34,393,537
2028	18,420,000	15,949,412	34,369,412
2029	19,345,000	15,005,287	34,350,287
2030	20,310,000	14,013,912	34,323,912
2031	21,325,000	12,973,037	34,298,037
2032	22,390,000	11,880,162	34,270,162
2033	23,510,000	10,732,662	34,242,662
2034	24,690,000	9,527,662	34,217,662
2035	25,920,000	8,262,412	34,182,412
2036	27,220,000	6,933,912	34,153,912
2037	28,580,000	5,538,912	34,118,912
2038	30,010,000	4,052,806	34,062,806
2039	31,550,000	2,469,975	34,019,975
2040	33,175,000	829,375	34,004,375
TOTAL	\$ 543,640,000	\$325,817,321	\$ 869,457,321

D. ARBITRAGE REBATE

The Tax Reform Act of 1986 requires the district to rebate the earnings on the investment of bond and revenue anticipation note proceeds, in excess of their yield, to the federal government. Ninety percent of the rebate is due and payable five years from the date bonds were issued and at five-year intervals thereafter. The remaining 10 percent is payable 60 days after the bonds are retired. Because positive arbitrage can offset negative arbitrage, the rebate amount fluctuates each year and may or may not be owed at the payment intervals.

The district uses a contractor to provide these arbitrage rebate calculations. At the last check in period, the district had no arbitrage rebate liability.

E. DEFERRED GAIN ON REFUNDING

The district refunded its Unlimited Tax General Obligation and Refunding Bonds Series 2005A in November 2015. The difference between the reacquisition price (\$107,469,415) and the net carrying amount (\$119,406,375) resulted in a gain, and the gain is being reported as a deferred inflow of resources and recognized as a component

of interest expense over the remaining five year life of the new debt. Following is the remaining portion of the deferred gain:

Deferred Inflow on Refunded 2005A Bond (November, 2015)				
	Beginning Balance	Additions	Reductions	Ending Balance
2017	9,549,568	-	2,387,392	7,162,176
2018	7,162,176	-	2,387,392	4,774,784
2019	4,774,784	-	2,387,392	2,387,392
2020	2,387,392	-	2,387,392	-

Note 8. COMMITMENTS UNDER LEASES

The district is obligated under certain leases accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations, and therefore, the results of the lease agreements are not reflected in the district's financial statements.

The district entered into a five-year lease agreement to rent space in downtown Tacoma for the expansion of the School of the Arts on September 1, 2012. The lease was extended for one year, and ends August 31, 2018. Another five year property lease is also listed – the lease for additional parking space next to the Buildings & Grounds Department began in 2011, and ended in 2017. That lease was also extended, but only by two months, and ended on October 31, 2017. There are no future lease obligations after August 31, 2018.

The following is a schedule of future minimum rental payments required under operating leases with initial or remaining non-cancellable lease terms of one year or more as of August 31, 2017.

Year Ended August 31	Amount
2018	238,556
2019	-
Minimum payments required	<u>238,556</u>

Note 9. RISK MANAGEMENT

A. UNEMPLOYMENT

The district self-insures for unemployment compensation for all of its eligible employees. Actual employee claims are paid by the State of Washington, Department of Employment Security and then reimbursed by the district. This self-insurance program is more cost-effective for the district than full participation in the state unemployment compensation program.

Fiscal Year	Beg. Balance	Unemployment		End. Balance
		Additions	Reductions	
2016	\$ 373,192	569,924	426,626	\$ 516,490
2017	516,490	326,603	229,001	614,092

B. INDUSTRIAL INSURANCE

On January 1, 2002, the district joined the Puget Sound Workers' Compensation Trust, an intergovernmental risk sharing pool, approved by statute, for the purposes of group self-insuring school employee workers' compensation claims. The district forfeited its self-insurance certification at that time, and all self-insured claims prior to January 1, 2002 remain a liability for the district and are being managed by the Puget Sound Workers' Compensation Trust. The Trust pays the self-insured claims, and the district reimburses the Trust for those claims on an as incurred basis, until such time as the self-insured claims are closed. Claims occurring on or after January 1, 2002, are "Trust" claims which are managed and paid by the Trust. The district pays the trust workers'

compensation premium based on employee hours worked, according to job classification codes as developed by the State's Department of Labor & Industries. In addition, the district reimburses the Trust for quarterly assessments provided by Labor & Industries to self-insured employers and self-insured groups. The Trust pays the assessments to Labor & Industries. Assessments include Supplemental Pension Fund, Asbestos Fund, Administrative Fund, Second Injury Fund, and Insolvency Trust Fund.

The industrial insurance payable includes reimbursement to the Trust for self-insured claim costs (including incurred but not reported [IBNR] claims), workers' compensation premiums to the Trust for group self-insured claims costs, and reimbursement to the Trust for Labor & Industry assessments.

Fiscal Year	Industrial Insurance			
	Beg. Balance	Additions	Reductions	End. Balance
2016	\$ 2,164,302	3,493,643	4,358,194	\$ 1,299,751
2017	1,299,751	3,562,740	4,612,090	250,401

C. RISK MANAGEMENT POOL

The district is a member of the Washington Schools Risk Management Pool (Pool). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The Pool was formed in 1986 when educational service districts and school districts in the state of Washington joined together by signing the Cooperative Risk Management Pool Account Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. Over 90 school and educational service districts have joined the Pool.

The Pool allows members to jointly purchase insurance coverage, establish a plan of self-insurance, and provide related services, such as risk management. The Pool provides the following coverages for its members: Property, liability, vehicle, public official liability, crime, employment practices, machinery breakdown and network security.

Members make an annual contribution to fund the Pool. The Pool acquires reinsurance from unrelated underwriters that are subject to a per-occurrence self-insured retention of \$1 million risk shared by the Pool. Members are responsible for varied deductibles for both liability and property claims. Insurance carriers cover losses over \$1 million to the maximum limits of each policy. Since the Pool is a cooperative program, there is a joint liability among the participating members.

Members contract to remain in the Pool for a minimum of three years and must give notice two and one half years before terminating participation. The Cooperative Risk Management Pool Account Agreement is renewed automatically each year after the initial three-year period. Even after termination, a member is still responsible for contributions to the Pool for any unresolved, unreported, and in-process claims for the period they were a signatory to the Cooperative Risk Management Pool Account Agreement.

The Pool is fully funded by its member participants. The district paid \$1,965,298 for its annual premium contribution to WSRMP for its property and liability insurance coverage in 2016-17. The district had no significant reductions in insurance coverage from coverage in the prior year in any of its major risk categories. There were no insurance settlements that exceeded the district's insurance coverage.

The Pool is governed by a board of directors which is comprised of one designated representative from each participating member. An executive board is elected at the annual meeting, and is responsible for overseeing the business affairs of the Pool.

The Pool is audited independently by the Washington State Auditor's Office and the audit report is available on their website: <http://wsrmp.com>.

D. EMPLOYEE BENEFITS

The district made payments totaling \$45,166,996 in 2016-17 to the Sound Partnership which is a health and welfare benefit trust fund. The Sound Partnership was established in 1984 to provide comprehensive medical, dental, vision, life, and long-term disability coverage for the district's qualified employees and dependents. The Board of Trustees consists of five management members appointed by the Tacoma School District and five labor members appointed by the Tacoma Education Association. In addition to all powers and authorities under common laws, statutory authority, and other provisions of the agreement between Tacoma School District and the Trust, the board has the power to manage, acquire and dispose of the assets of the Trust. The board also appoints a "plan administrator" designated as Executive Director who oversees the Trust's day-to-day operations.

The Sound Partnership moved from a self-insured health insurance plan to a premium-based health insurance plan on January 1, 2010. This change provided comparable health care coverage at more competitive rates for the Trust's membership. The Trust remains self-insured for dental and vision coverage. Because of the change in the self-insurance model, there is no longer a need to maintain such large reserves in the Trust.

The district's monthly contributions to the Sound Partnership are based on the state funding model amount for health benefits calculated on an FTE (full time equivalent) basis. Additional costs for coverage are paid by the district's employees through payroll deductions. Employee and employer contributions are remitted to the Sound Partnership on a monthly basis.

The Sound Partnership maintains its financial records using the accrual basis of accounting. The total self-insured claims reported and approved for payments were \$2,197,651 and insurance premium payments were \$43,727,567 for the year; the total contributions from participants were \$45,363,264.

The total assets and liabilities of the Sound Partnership at August 31, 2017 were respectively \$5,826,459 and \$250,482.

The Sound Partnership		
Statement of Changes in Plan's Benefit Obligations		
	Year Ended	
	8/31/2017	8/31/2016
Amounts Currently Payable for Claims Participants		
Balance at beginning of year	\$ 51,278	\$ 44,966
Claims reported & approved for payment	2,220,904	2,237,896
Claims Paid	(2,195,715)	(2,231,584)
Balance at End of Year	<u>76,467</u>	<u>51,278</u>
Other Obligations for Current Benefit Coverage at Estimated Amounts		
Balance at beginning of year	138,339	118,400
Net Change during the year	1,936	19,939
Balance at End of Year	<u>140,275</u>	<u>138,339</u>
Plan's Total Benefit Obligation at End of Year	<u>\$ 216,742</u>	<u>\$ 189,617</u>

E. POST-EMPLOYMENT HEALTH CARE BENEFITS

All eligible district employees may participate in the health care insurance programs offered by the Sound Partnership after their separation from the district due to early retirement or termination. The COBRA program is a continuation of the health care benefits from the district. Eligible employees (former employees) and dependents may be on this plan for only 18 months. COBRA offers group rates, but the monthly cost of the continuation of the health care benefits is the responsibility of the former employee. There were 35 participants in the COBRA program as of August 31, 2017.

F. OTHER POST-EMPLOYMENT BENEFITS

The state, through the Health Care Authority (HCA), administers an agent multiple-employer defined benefit other post-employment benefit (OPEB) plan. The Public Employees Benefits Board (PEBB) created within the HCA, is authorized to design benefits and determine the terms and conditions of employee and retired employee participation and coverage. PEBB establishes eligibility criteria for both active and retired employees. Benefits purchased by PEBB include medical, dental, life and long-term disability.

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

Employers participating in the PEBB plan include the state (which includes general government agencies and higher education institutions), 74 of the state's K-12 schools and educational service districts (ESDs), and 236 political subdivisions and tribal governments. Additionally, the PEBB plan is available to the retirees of the remaining 238 K-12 school districts and ESDs. The district's retirees are eligible to participate in the PEBB plan under this arrangement.

The Tacoma School District provides its retirees employer-provided subsidies associated with post-employment medical and life insurance benefits available through the PEBB. According to State law, the Washington State Treasurer collects a fee from all school district entities which are not current active members of the state Health Care Authority but participate in the state retirement system. As outlined by the State's operating budget, school districts were mandated to pay the state HCA \$64.39 per month per full-time equivalent employee in the 2016-17 fiscal year to support the program. This assessment to the district is subject to change annually. Participation in the PEBB is limited to the district's retirees.

Plan Description

Eligibility

District members are eligible for retiree medical benefits after becoming eligible for service retirement pension benefits (either reduced or full pension benefits) under Plan 2 or 3 of TRS or SERS. Retirees with 5 years or more of service who are age 65 or more and retirees with 20 years or more of service who are 55 or older are eligible for post-employment benefits.

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

Medical Benefits

Upon retirement, members are permitted to receive medical benefits. Retirees pay the following monthly rates for pre-65 Medical coverage for 2017:

Descriptions	Type of Coverage		
	Employee	Employee & Spouse	Full Family
Kaiser Permanente WA Classic	\$ 676.52	\$ 1,348.32	\$ 1,852.17
Kaiser Permanente WA CDHP	563.28	1,115.34	1,485.64
Kaiser Permanente WA SoundChoice	575.80	1,146.88	1,575.19
Kaiser Permanente WA Value	598.81	1,192.90	1,638.47
Kaiser Permanente NW Classic	661.10	1,317.48	1,809.77
Uniform Medical Plan Classic	623.65	1,242.58	1,706.78
UMP Plus-UW Medicine Accountable Care Network	595.49	1,186.26	1,629.34
UMP Plus-Puget Sound High Value Network	595.49	1,186.26	1,629.34
Uniform Medical Plan CDHP	562.91	1,114.60	1,484.62

For calendar year 2017, after age 65 retired members receive a subsidy of 50 percent of their monthly medical premiums up to \$150 per Medicare covered person.

Funding Policy

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

Annual OPEB Cost and Net OPEB Obligation

The district's annual OPEB cost is calculated based upon the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an on-going basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (UAAL) over a period not to exceed 30 years as of September 1, 2008. The following table shows the components of the district's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the district's net OPEB.

	8/31/15	8/31/16	8/31/17
Determination of Annual Required Contribution			
Normal Cost at Year End	\$ 4,955,144	\$ 7,412,648	\$ 7,412,648
Amortization of UAAL	5,067,069	7,191,373	7,191,373
Annual Required Contribution (ARC)	10,022,213	14,604,021	14,604,021
Determination of Net OPEB Obligation			
Annual required Contribution	10,022,213	14,604,021	14,604,021
Interest on PY Net OPEB Obligation	1,756,947	1,986,336	2,379,135
Adjustment to ARC	(2,037,040)	(2,407,680)	(3,021,123)
Annual OPEB Cost	9,742,120	14,182,677	13,962,032
Less Contributions Made*	(3,625,082)	(3,708,045)	(3,520,450)
Increase in Net OPEB Obligation	6,117,038	10,474,632	10,441,582
Net OPEB Obligation - End of Year	\$ 52,968,957	\$ 63,443,589	\$ 73,885,171

* Estimated based on retiree benefit amounts.

The district's annual OPEB costs, the percentage of OPEB costs contributed to the plan, and the net OPEB obligations for 2017 were as follows:

	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
8/31/2015	\$ 9,742,120	37.21%	\$ 52,968,957
8/31/2016	\$ 14,182,677	26.14%	\$ 63,443,589
8/31/2017	\$ 13,962,032	25.21%	\$ 73,885,171

The district's schedule of funding progress is as follows:

Fiscal Year Ending	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Act Acc'd Liab (UAAL)	Funded Ratio	Covered Payroll (CP)	UAAL as a % of CP
8/31/2012	-	110,671,006	110,671,006	0%	176,900,781	63%
8/31/2014	-	121,609,645	121,609,645	0%	201,815,884	60%
8/31/2016	-	158,210,209	158,210,209	0%	224,157,174	71%

Funded Status and Funding Progress

As of August 31, 2016, the most recent actuarial valuation date, the plan was 0 percent funded. The accrued liability for benefits was \$158.2 million, and the actuarial value of assets was \$0, resulting in a UAAL of \$158.2 million.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, included as required supplemental information on Schedule A-3, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

Significant methods and assumptions were as follows:

Actuarial Valuation Date	August 31, 2016
Actuarial Cost Method	Projected Unit Credit (PUC)
Amortization Method	Closed, level percentage of projected payroll amortization method
Remaining Amortization Period	22 years
Asset Valuation Method	N/A - no assets
Actuarial Assumptions:	
Investment rate of return	3.75%
Projected salary increases	3.75%
Health care inflation rate	6.7% initial rate, 4.9% ultimate rate after 2093
Inflation rate	3.75%

The UAAL (\$158,210,209) as a percentage of the covered payroll (\$243,084,409) at August 31, 2017 is 65.1 percent.

For further information on the results the actuarial valuation of the employer provided subsidies associated with the state's PEBB plan, refer to: http://osa.leg.wa.gov/Actuarial_services/OPEB/OPEB.htm. The plan does not issue a separate report, however, additional information is included in the State of Washington's CAFR, which is available on this site: <http://www.ofm.wa.gov/cafr/2017/default.asp>

Note 10. RECONCILIATION BETWEEN GOVERNMENT-WIDE FINANCIAL STATEMENTS AND GOVERNMENT FUND FINANCIAL STATEMENTS

A. BALANCE SHEETS/STATEMENT OF NET POSITION (SCHEDULE 3A)

When capital assets (land, building, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the Statement of Net Position includes those capital assets among the assets of the district as a whole.

- | | |
|---------------------------|-----------------|
| 1. Cost of capital assets | \$1,313,878,635 |
| Accumulated Depreciation | (383,490,440) |
| Net | \$ 930,388,195 |
2. Long-term liabilities of **\$899,946,915** (due within one year: \$37,447,596 due more than one year: \$862,499,319) applicable to the district's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities – both current and long-term – are reported in the Statement of Net Position.

Deferred inflows of resources related to refunded bonds of **\$7,162,176** (due within one year: \$2,387,392) are not reported in the fund statements, but are reported in the Statement of Net Position.

3. Deferred outflows of resources and deferred inflows of resources related to pension plan experience, assumption changes, and plan contributions:
- | | |
|--------------------------------|---------------------|
| Deferred Outflows of Resources | \$16,208,669 |
| Deferred Inflows of Resources | \$21,552,047 |
4. Property tax levies (**\$70,460,436**) that were after year-end and are not considered "available." Therefore, they are reported as unearned revenue in governmental funds.
5. Interfund Receivables and Payables (**\$3,306,883**) – Internal transfers between governmental funds were eliminated in government-wide statements to avoid the "doubling-up" effect.
6. Internal service fund (The Sound Partnership) is used to provide medical, dental, and life insurances for the district's employees and their dependents. The assets and liabilities (respectively **\$5,826,459** and **\$250,482**) of the internal service fund are included in governmental activities in the Statement of Net Position.
7. Accrued interest payable on long-term debt is not reflected in fund financial statements. **\$4,394,069** of accrued interest on long-term debt is recorded in the Statement of Net Position.

B. STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
/STATEMENT OF ACTIVITIES (SCHEDULE 4A)

1. **-\$1,346,139** – The amount of property tax levies that do not provide current financial resources are reported as unearned revenue in Governmental Funds, and as revenues in Government-Wide Financial Statements.
2. The net amount of **\$4,241,405** represents the current year increases in compensated absences (\$1,925,978), other post-employment benefits (\$10,441,582), and the net pension expense (-\$8,126,155) which are not reported in governmental funds. This amount is reported in the Statement of Activities as expenditures, allocated to various applicable programs.
3. a. When capital assets (land, buildings, equipment) are purchased or constructed to be used in Governmental Activities, the cost of those assets are reported as expenditures in Governmental Funds. The Statement of Net Position includes those capital assets among the assets of the district as a whole.

Capital Outlay	\$91,713,044
Depreciation Expense	(21,120,817)
Difference	\$70,592,227

- b. Governmental Funds Financial Statements report capital outlay as expenditures while Government-Wide Financial Statements report depreciation expense (\$20,889,534) allocated to various applicable programs.
4. **\$20,480,000** - Repayment of bond principal amounts. The principal payments were reported as expenditures in governmental funds, and thus have the effect of reducing fund balance. For the district as a whole, however, the principal payments reduce the liabilities in the Statement of Net Position.
5. **\$425,906** – new long-term financing agreement for school sports stadium scoreboards.
6. **\$3,498,190** – The bond premium reductions, accrued interest payable increase on the long term debt (from July 1 – August 31), and the deferred inflow of resources on the refunded bond transaction are charged to expenditures in Government-Wide Financial Statements. Below is a breakdown of the net amount.

Current year bond premium reduction	\$ 1,016,098
Accrued interest payable decrease	94,700
Deferred inflow on refunded bond decrease	<u>2,387,392</u>
Total	\$ 3,498,190

7. Internal service fund (The Sound Partnership) is used to provide medical, dental, and life insurances for the district's employees. The adjustments for the internal service fund "close" the fund by allocating the net loss (**\$1,371,536**).

Note 11. FUND EQUITY (GOVERNMENTAL FUNDS)

Fund balance as of August 31, 2017 is comprised of:

	Fund Equity (Governmental Funds)				
	General Fund	Special Revenue Fund (ASB)	Debt Service	Capital Projects Fund	Trans Vehicle Fund
Nonspendable: Inventory & Prepaid Items	4,294,404	24,244	-	-	-
Restricted for C/Over of Restricted RV	655,799	-	-	-	-
Restricted for Construction	-	-	-	238,491,321	-
Restricted for Debt Service	425,906	-	12,051,435	-	-
Restricted to Fund Purposes	-	1,944,125	-	-	2,270,391
Restricted for Technology	-	-	-	12,435,846	-
Restricted Fund Balance	1,081,705	1,944,125	12,051,435	250,927,167	2,270,391
Assigned to other items (Encumbrances)	1,361,223	-	-	-	-
Assigned to Budget Carryover	1,459,648	-	-	-	-
Assigned to Future Operations	7,564,935	-	-	-	-
Assigned to Curriculum & Instruction	2,938,537	-	-	-	-
Assigned to Fund Purposes	-	-	-	1,315,501	-
Assigned Fund Balance	13,324,343	-	-	1,315,501	-
Unassigned for Minimum Fund Balance	15,335,910	-	-	-	-
Unassigned Fund Balance	15,335,910	-	-	-	-
Total Fund Balance	34,036,362	1,968,369	12,051,435	252,242,668	2,270,391

Note 12. CONTINGENT LIABILITIES

The district receives federal and state grants for specific programs. Both types of grants are subject to audit by the Washington State Auditor's Office. Such audits could result in request for reimbursement to grantor agencies for expenditures disallowed under the terms of the grant. Based upon prior experience, the district believes that such allowances, if any, will be immaterial.

Note 13. LITIGATION

The district is defending against several suits and claims, which are routine in nature and common to school districts. Possible losses from these lawsuits and claims are provided for by coverage through the Washington Schools Risk Management Pool.

Based on the recommendations of counsel, the district has provided an adequate amount for possible liabilities that management considers adequate for any uninsured losses which arise from such claims.

Note 14. SUBSEQUENT EVENTS

The district has submitted two levy renewal propositions. Proposition 1 is the Replacement Educational Programs and Operations (EP&O) to fund day-to-day operations not covered by state funding. Proposition 1 is for \$70M per year. Proposition 2 is the Replacement Technology Levy to expand student access to technology equitably in all neighborhood schools. Proposition 2 is for \$24M per year. These two propositions were approved by voters on February 13, 2018.

Tacoma School District No. 10

Required Supplemental Information Notes

Schedules A-1 and A-2

The required supplemental information presents budgetary comparison (original and final budget), actual inflows and outflows, and balances for the general fund and each major fund.

Schedule A-3

The amounts reported in the OPEB Schedule of Funding Progress are determined by an actuarial study performed every two years. The district updates the actuarial table in the year between the actuarial studies.

Two new schedules are presented for the district's net pension liability, as required by GASB 68. The district has no independent ability to fund or satisfy this pension liability outside of Washington State's legislatively adopted contribution rates as they currently exist or may be adopted in the future. Assessments now and in the future, are made based upon the annual qualified worker compensation and are paid by both the district, as the employer, and its employees.

Schedule A-4

The required supplementary information identified in the Schedule of the District's Proportionate Share of the Net Pension Liability are presented for each plan the district participates in. The amounts reported in the schedule are determined as of the June 30 measurement date of the collective net pension liability.

Schedule A-5

The amounts reported in the Schedules of District Contributions are determined as of the district's fiscal year ending August 31.

Schedule A-6

This required supplemental information presents the district's total contributions for each year and for each non-governmental defined benefit plan the district participates in.

REQUIRED SUPPLEMENTARY INFORMATION
TACOMA SCHOOL DISTRICT No. 10
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED AUGUST 31, 2017

	BUDGETED AMOUNTS		ACTUAL AMOUNT	VARIANCE WITH FINAL BUDGET POSITIVE(NEGATIVE)
	ORIGINAL *	FINAL *		
REVENUES				
Local	\$ 92,156,834	\$ 92,949,079	\$ 95,803,767	\$ 2,854,688
State	260,374,176	257,383,982	250,024,989	(7,358,993)
Federal	39,711,624	41,909,573	38,782,098	(3,127,475)
Other	3,275,648	3,275,648	3,547,740	272,092
Total Revenues	395,518,282	395,518,282	388,158,594	(7,359,688)
EXPENDITURES				
Current				
Regular Instruction	212,291,634	212,291,634	209,816,178	2,475,456
Special Education	52,210,883	52,210,883	50,297,078	1,913,805
Career & Technical Education	11,411,561	11,411,561	11,888,442	(476,881)
Compensatory Education	35,672,947	35,672,947	35,536,763	136,184
Other Instructional Programs	14,903,329	14,903,329	7,252,123	7,651,206
Community Services	457,571	457,571	661,350	(203,779)
Support Services	78,555,509	81,555,509	81,705,524	(150,015)
Capital Outlay				
Other	1,034,002	1,034,002	2,029,165	(995,163)
Total Expenditures	406,537,436	409,537,436	399,186,625	10,350,813
Excess of Revenues (Under) Expenditures	(11,019,154)	(14,019,154)	(11,028,031)	2,991,123
OTHER FINANCING SOURCES (USES)				
Sale of Equipment	-	-	89,776	89,776
Long-Term Financing	-	-	290,322	290,322
Transfers	1,700,000	1,700,000	1,432,698	(267,302)
Total Other Financing Sources	1,700,000	1,700,000	1,812,795	112,795
Changes in Fund Balance	(9,319,154)	(12,319,154)	(9,215,236)	3,103,918
FUND BALANCE-September 1	43,251,597	43,251,597	43,251,597	
FUND BALANCE -August 31	\$ 33,932,443	\$ 30,932,443	\$ 34,036,362	\$ 3,103,918

* The budgetary basis of accounting is modified accrual, the same as the fund basis of accounting.

REQUIRED SUPPLEMENTARY INFORMATION
TACOMA SCHOOL DISTRICT No. 10
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND (ASSOCIATED STUDENT BODY FUND)
FOR THE FISCAL YEAR ENDED AUGUST 31, 2017

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL *	FINAL *		
REVENUES				
General	\$ 1,240,560	\$ 1,240,560	\$ 773,351	\$ (467,209)
Athletics	292,125	292,125	227,674	(64,451)
Classes	468,985	468,985	237,165	(231,820)
Clubs	2,084,545	2,084,545	655,571	(1,428,974)
Private Monies	125,125	125,125	11,953	(113,172)
Total Revenues	4,211,340	4,211,340	1,905,714	(2,305,626)
EXPENDITURES				
General	1,341,802	1,341,802	674,811	666,991
Athletics	271,387	271,387	325,057	(53,670)
Classes	399,297	399,297	252,785	146,512
Clubs	1,917,025	1,917,025	654,387	1,262,638
Private Monies	125,125	125,125	12,072	113,053
Total Expenditures	4,054,636	4,054,636	1,919,112	2,135,524
Changes in Fund Balance	156,704	156,704	(13,398)	(170,102)
FUND BALANCE - September 1	1,981,767	1,981,767	1,981,767	
FUND BALANCE - August 31	\$ 2,138,471	\$ 2,138,471	\$ 1,968,369	\$ (170,102)

* The budgetary basis of accounting is modified accrual, the same as the fund basis of accounting.

REQUIRED SUPPLEMENTARY INFORMATION
TACOMA SCHOOL DISTRICT No. 10
ACTUARIAL VALUATION OF POST EMPLOYMENT BENEFITS
OTHER THAN PENSION
SCHEDULE OF FUNDING PROGRESS

Fiscal Year Ended August 31	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL As a Percentage of Covered Payroll
2008	August 31, 2008	\$ -	\$ 85,466,774	\$ 85,466,774	0%	\$ 163,003,749	52%
2008	August 31, 2008*	\$ -	\$ 147,686,881	\$ 147,686,881	0%	\$ 163,003,749	91%
2009	August 31, 2008*	\$ -	\$ 147,686,881	\$ 147,686,881	0%	\$ 189,434,727	78%
2010	August 31, 2010	\$ -	\$ 166,482,728	\$ 166,482,728	0%	\$ 151,445,697	110%
2011	August 31, 2011	\$ -	\$ 166,482,728	\$ 166,482,728	0%	\$ 182,414,713	91%
2012	August 31, 2012	\$ -	\$ 110,671,006	\$ 110,671,006	0%	\$ 176,900,781	63%
2013	August 31, 2013	\$ -	\$ 110,671,006	\$ 110,671,006	0%	\$ 183,548,684	60%
2014	August 31, 2014	\$ -	\$ 121,609,645	\$ 121,609,645	0%	\$ 201,815,884	60%
2015	August 31, 2015	\$ -	\$ 121,609,645	\$ 121,609,645	0%	\$ 187,350,086	65%
2016	August 31, 2016	\$ -	\$ 158,210,209	\$ 158,210,209	0%	\$ 224,157,174	71%
2017	August 31, 2017	\$ -	\$ 158,210,209	\$ 158,210,209	0%	\$ 243,084,409	65%

*A revised actuarial study for August 31, 2008 was received on January 15, 2010.
 GASB 45 was implemented for the fiscal year ended August 31, 2008.

REQUIRED SUPPLEMENTARY INFORMATION
TACOMA SCHOOL DISTRICT No. 10
SCHEDULE OF THE DISTRICT'S PROPORTIONAL SHARE OF THE NET PENSION LIABILITY
LAST 10 FISCAL YEARS *
As of June 30th

	2015	2016	2017
Plan: PERS 1			
District's proportion of the net pension liability (percentage)		0.481418%	0.512630%
District's proportionate share of the net pension liability (amount)	\$ 25,000,282	\$ 25,854,426	\$ 24,324,672
District's covered employee payroll	\$ 1,460,940	\$ 1,191,024	\$ 72,908,914
District's proportionate share of the net pension liability (amount) as a percentage of its covered payroll	1711.25%	2170.77%	38.41%
Plan fiduciary net position as a percentage of the total pension liability	59.10%	57.03%	61.24%
Plan: SERS 2/3			
District's proportion of the net pension liability (percentage)	3.004269%	3.030082%	3.049930%
District's proportionate share of the net pension liability (amount)	\$ 12,201,867	\$ 19,900,581	\$ 15,050,642
District's covered employee payroll	\$ 51,718,906	\$ 56,306,976	\$ 62,807,512
District's proportionate share of the net pension liability (amount) as a percentage of its covered payroll	23.59%	35.34%	24.16%
Plan fiduciary net position as a percentage of the total pension liability	90.92%	86.52%	90.79%
Plan: TRS 1			
District's proportion of the net pension liability (percentage)	3.282951%	3.234132%	3.180226%
District's proportionate share of the net pension liability (amount)	\$ 104,008,565	\$ 110,420,948	\$ 96,146,769
District's covered employee payroll	\$ 5,368,779	\$ 3,662,363	\$ 176,188,324
District's proportionate share of the net pension liability (amount) as a percentage of its covered payroll	1937.29%	3015.02%	54.63%
Plan fiduciary net position as a percentage of the total pension liability	65.70%	62.07%	65.58%
Plan: TRS 2/3			
District's proportion of the net pension liability (percentage)	3.207000%	3.198686%	3.164840%
District's proportionate share of the net pension liability (amount)	\$ 27,060,729	\$ 43,927,460	\$ 29,209,667
District's covered employee payroll	\$ 150,091,121	\$ 160,575,063	\$ 173,807,441
District's proportionate share of the net pension liability (amount) as a percentage of its covered payroll	18.03%	27.36%	16.83%
Plan fiduciary net position as a percentage of the total pension liability	92.48%	88.72%	93.14%

* This schedule is to be built prospectively until it contains 10 years of data.

REQUIRED SUPPLEMENTARY INFORMATION
TACOMA SCHOOL DISTRICT No. 10
SCHEDULE OF DISTRICT CONTRIBUTIONS
LAST 10 FISCAL YEARS *
For the Year Ended August 31

	2015	2016	2017
Plan: PERS 1			
Contractually required contribution	\$ 2,196,565	\$ 2,725,078	\$ 3,062,524
Contributions in relation to the contractually required contributions	2,196,565	2,725,078	3,062,524
Contribution deficiency (excess)	-	-	-
District's covered-employee payroll	\$ 1,460,940	\$ 1,121,556	\$ 73,562,721
Contribution as a percentage of covered-employee payroll	150.35%	229.22%	4.16%
Plan: SERS 2/3			
Contractually required contribution	\$ 2,920,801	\$ 3,850,297	\$ 4,249,235
Contributions in relation to the contractually required contributions	2,920,801	3,850,297	4,249,235
Contribution deficiency (excess)	-	-	-
District's covered-employee payroll	\$ 51,718,906	\$ 57,265,517	\$ 63,845,221
Contribution as a percentage of covered-employee payroll	5.65%	6.44%	6.66%
Plan: TRS 1			
Contractually required contribution	\$ 7,346,486	\$ 9,846,959	\$ 11,107,688
Contributions in relation to the contractually required contributions	7,346,486	9,846,959	11,107,688
Contribution deficiency (excess)	-	-	-
District's covered-employee payroll	\$ 5,368,779	\$ 3,294,657	\$ 179,267,388
Contribution as a percentage of covered-employee payroll	136.84%	268.38%	6.20%
Plan: TRS 2/3			
Contractually required contribution	\$ 8,522,516	\$ 11,602,040	\$ 11,950,960
Contributions in relation to the contractually required contributions	8,522,516	11,602,040	11,950,960
Contribution deficiency (excess)	-	-	-
District's covered-employee payroll	\$ 150,091,121	\$ 162,475,444	\$ 176,049,367
Contribution as a percentage of covered-employee payroll	5.68%	6.50%	6.79%

* This schedule is to be built prospectively until it contains 10 years of data.

REQUIRED SUPPLEMENTARY INFORMATION
TACOMA SCHOOL DISTRICT No. 10
SCHEDULE OF DISTRICT CONTRIBUTIONS - NON-GOVERNMENTAL PENSION PLANS
LAST 10 FISCAL YEARS *
For the Year Ended August 31

Plan: National Roofing Industry Pension Fund	2017
Total Contribution	\$ 12,381
 Plan: Carpenters Retirement Plan of Western Washington	
Total Contribution	\$ 94,871
 Plan: Western Washington Laborers Employers Pension Plan	
Total contribution	\$ 354,006

* This schedule is to be built prospectively until it contains 10 years of data.

Tacoma School District No. 10

Supplemental Data

Supplemental data includes financial statements and schedules not required by the Governmental Accounting Standard Board (GASB), nor a part of the basic financial statements, but are presented for purposes of additional analysis.

TACOMA SCHOOL DISTRICT No. 10
GENERAL FUND
COMPARATIVE BALANCE SHEETS
AUGUST 31, 2017 AND 2016

	2017	2016
ASSETS		
Cash on Hand and in Bank	1,089,844	203,384
Cash on Deposit with County Treasurer	435,056	60,992,098
Investments	41,770,000	-
Property Tax Receivable	41,640,803	41,859,480
Accounts Receivable	39,694	146,310
Accrued Interest Receivable	1,185	-
Interfund Receivable	2,490,487	1,307,968
Due From Other Governmental Units	4,972,066	4,538,441
Inventories, at Cost	3,553,176	3,420,928
Prepaid Items	741,228	862,486
TOTAL ASSETS	96,733,539	113,331,096
LIABILITIES		
Accounts Payable	7,151,543	10,957,616
Accrued Wages and Benefits Payable	13,695,075	13,428,888
Interfund Payable	816,722	2,888,367
Unearned Revenue - Other	804,440	945,148
TOTAL LIABILITIES	22,467,780	28,220,019
DEFERRED INFLOWS OF RESOURCES		
Unavailable Revenues - Property Taxes	40,229,397	41,859,480
TOTAL DEFERRED INFLOWS OF RESOURCES	40,229,397	41,859,480
FUND BALANCES		
Nonspendable		
Nonspendable - Inventory & Prepaid Items	4,294,404	4,283,413
Restricted		
Restricted for Carryover of Restricted Revenues	655,799	633,566
Restricted for Debt Service	425,906	-
Assigned		
Assigned to Other Items	1,361,223	856,645
Assigned to Budget Carryover	1,459,648	1,787,883
Assigned to Future Operations	7,564,935	19,239,929
Assigned to Curriculum & Instruction	2,938,537	1,814,304
Unassigned		
Unassigned for Minimum Fund Balance Policy	15,335,910	14,635,856
TOTAL FUND BALANCE	34,036,362	43,251,597
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 96,733,539	\$ 113,331,096

TACOMA SCHOOL DISTRICT No. 10
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2017
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2016)

	2017			2016
	REVISED BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ACTUAL
REVENUES				
Local	\$ 92,949,079	\$ 95,803,767	\$ 2,854,688	\$ 93,191,311
State	257,383,982	250,024,989	(7,358,993)	244,031,565
Federal	41,909,573	38,782,098	(3,127,475)	39,698,039
Other	3,275,648	3,547,740	272,092	3,238,589
Total Revenues	395,518,282	388,158,594	(7,359,688)	380,159,504
EXPENDITURES				
CURRENT				
Regular Instruction	212,291,634	209,816,178	2,475,456	197,149,180
Special Education	52,210,883	50,297,078	1,913,805	49,211,531
Career & Technical Instruction	11,411,561	11,888,442	(476,881)	11,026,622
Compensatory Instruction	35,672,947	35,536,763	136,184	35,431,604
Other Instructional Programs	14,903,329	7,252,123	7,651,206	6,737,662
Community Services	457,571	661,350	(203,779)	602,358
Support Services	81,555,509	81,705,524	(150,015)	75,033,530
CAPITAL OUTLAY				
Other	1,034,002	2,029,165	(995,163)	2,923,620
Total Expenditures	409,537,436	399,186,625	10,350,811	378,116,107
Excess of Revenues Over (Under) Expenditures	(14,019,154)	(11,028,031)	2,991,123	2,043,397
OTHER FINANCING SOURCES (USES)				
Sale of Equipment	-	89,776	89,776	84,154
Long-Term Financing	-	290,322	290,322	-
Transfers	1,700,000	1,432,698	(267,302)	367,595
Total Other Financing Sources (Uses)	1,700,000	1,812,795	112,795	451,749
Changes in Fund Balance	(12,319,154)	(9,215,236)	3,103,918	2,495,146
FUND BALANCE-September 1	43,251,597	43,251,597	-	40,756,452
FUND BALANCE -August 31	\$ 30,932,443	\$ 34,036,362	\$ 3,103,917	\$ 43,251,597

* The budgetary basis of accounting is modified accrual, the same as the fund basis of accounting.

TACOMA SCHOOL DISTRICT No. 10
GENERAL FUND
SCHEDULE OF REVENUES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2017
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2016)

DESCRIPTION	2017		VARIANCE POSITIVE (NEGATIVE)	2016 ACTUAL
	BUDGET	ACTUAL		
1000 LOCAL TAXES				
1100 Local Property Tax	\$ 85,570,000	87,796,591	\$ 2,226,591	86,057,007
1300 Sale of Tax Title Property	1,941	-	(1,941)	-
1900 Other Local Taxes	221,882	-	(221,882)	-
TOTAL LOCAL TAXES	85,793,823	87,796,591	2,002,768	86,057,007
2000 LOCAL NON-TAX				
2100 Tuition & Fees, Unassigned	533,809	1,256,000	722,191	1,001,871
2101 Regular Student Fees	50,000	51,496	1,496	58,795
2102 ALE Student Fees	-	900	900	-
2180 Convenience Fee	27,021	38,909	11,888	32,864
2200 Sales of Goods, Supplies & Services	420,000	522,556	102,556	636,682
2203 Sales of Sup. & Mat. Other	-	1,165	1,165	9
2204 Sale of Recoverable Items	140,000	98,866	(41,134)	109,638
2210 Other Storeroom Sales	5,000	4,334	(666)	5,578
2220 Copy Center Reimbursements	50,000	55,596	5,596	51,800
2231 Secondary CTE Sales of Goods	40,000	42,857	2,857	34,491
2291 Food Service Sales	1,594,128	1,711,973	117,845	1,649,536
2294 Food Serv. Sales - Special Events	9,571	12,640	3,069	14,794
2296 Food Service Sales - Breakfast	103,982	136,853	32,871	117,767
2299 School Bus Revenue	-	4,710	4,710	2,765
2300 Investment Earnings	75,000	250,573	175,573	149,056
2500 Gifts & Donations	200,000	207,152	7,152	214,062
2600 Fines & Damages	45,000	37,616	(7,384)	38,640
2700 Facility Rental	675,500	605,143	(70,357)	646,077
2800 Insurance Recoveries	45,000	106,850	61,850	30,457
2900 Local Non-Tax Unassigned	2,227,000	2,710,689	483,689	2,146,104
2910 E-Rate	-	88,569	88,569	74,485
2920 Commissions	122,000	61,732	(60,268)	118,834
TOTAL LOCAL NONTAX	6,363,011	8,007,176	1,644,165	7,134,304

* The budgetary basis of accounting is modified accrual, the same as the fund basis of accounting.

TACOMA SCHOOL DISTRICT No. 10
GENERAL FUND
SCHEDULE OF REVENUES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2017
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2016)

DESCRIPTION	2017		VARIANCE POSITIVE (NEGATIVE)	2016 ACTUAL
	BUDGET	ACTUAL		
3000 STATE FUNDS, GENERAL PURPOSE				
3100 Apportionment	\$ 181,485,618	179,419,263	\$ (2,066,355)	174,774,920
3121 Apportionment - Special Ed	6,559,797	6,748,174	188,377	6,471,696
3300 Local Effort Assistance	10,064,107	10,128,563	64,456	9,746,330
TOTAL STATE, GENERAL PURPOSE	198,109,522	196,295,999	(1,813,523)	190,992,947
4000 STATE FUNDS, SPECIAL PURPOSE				
4100 Special Purpose, Unassigned	8,500,000	(85)	(8,500,085)	5,475
4121 Special Education	25,385,734	25,562,939	177,205	24,543,083
4122 Special Ed - Infants & Toddlers	1,337,810	1,304,438	(33,372)	1,383,796
4155 Learning Assistance Program	8,561,928	8,570,832	8,904	8,655,723
4156 Institutes, Ctrs & Homes - Delinquents	580,934	437,149	(143,785)	573,680
4158 Special Pilot Programs	2,437,099	2,977,194	540,095	2,780,991
4159 Institutions - Juveniles in Adult Jails	84,795	17,680	(67,115)	82,861
4165 Transitional Bilingual	3,122,493	3,125,934	3,441	2,994,278
4174 Highly Capable	286,652	287,166	514	285,094
4198 School Food Service	241,000	237,241	(3,759)	252,126
4199 Transportation - Operations	11,726,209	11,208,503	(517,706)	11,481,510
TOTAL STATE, SPECIAL PURPOSE	62,264,654	53,728,990	(8,535,664)	53,038,618
5000 FEDERAL FUNDS, GEN PURPOSE				
5200 Direct Federal Revenue - Unassigned	299,125	285,410	(13,715)	314,405
5329 Impact Aid - Special Ed	-	-	-	2,566
5500 Federal Forests	-	6,507	6,507	22,902
TOTAL FEDERAL, GENERAL PURPOSE	299,125	291,916	(7,209)	339,873
6000 FEDERAL, SPECIAL PURPOSE				
6100 Special Purpose, Unassigned	12,000	14,555	(2,555)	20,000

TACOMA SCHOOL DISTRICT No. 10
GENERAL FUND
SCHEDULE OF REVENUES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2017
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2016)

DESCRIPTION	2017		VARIANCE POSITIVE (NEGATIVE)	2016 ACTUAL
	BUDGET	ACTUAL		
6124 H/C, Supplemental, IDEA, Part B	\$ 7,399,960	\$ 7,283,289	\$ (116,671)	\$ 7,316,041
6138 Career & Technical Education	249,045	305,845	56,800	292,310
6151 Disadvantaged, Federal Title I	13,111,106	12,037,183	(1,073,923)	12,240,341
6152 School Improvement, Federal Title II	1,861,400	2,101,887	240,487	2,224,744
6157 Institutions - Neglected & Delinquents	107,783	95,229	(12,554)	108,347
6164 Limited English Proficiency	397,425	588,702	191,277	414,422
6189 Other Community Services	115,071	18,434	(96,637)	132,038
6191 Nutrition Services Reimbursement	10,016,804	9,280,139	(736,665)	9,584,173
6261 Head Start	5,272,264	5,390,597	118,333	5,693,930
6268 Indian Education	152,735	136,854	(15,881)	134,623
6300 Fed Grants Thru Other Agencies	-	31,200	31,200	25,410
6321 Special Ed Medicaid Match	-	294,498	294,498	183,677
6998 USDA Commodities	716,906	911,770	194,864	988,110
TOTAL FEDERAL, SPECIAL PURPOSE	39,412,499	38,490,182	(922,427)	39,358,166
7000 REVENUES FROM OTHER DISTRICTS				
7121 Special Education	1,885,009	1,801,766	(83,243)	1,919,650
7145 CTE Skills Center	-	-	-	5,000
TOTAL REVENUES FROM OTHER DISTRICTS	1,885,009	1,801,766	(83,243)	1,924,650
8000 REVENUES FROM OTHER AGENCIES				
8100 Agency & Association Grants	248,441	443,798	195,357	275,452
8200 Private Foundation	-	172,767	172,767	64,863
8500 Educational Service Districts	1,142,198	1,129,409	(12,789)	973,624
TOTAL REVENUES FROM OTHER AGENCIES	1,390,639	1,745,974	355,335	1,313,939
TOTAL REVENUES	395,518,282	388,158,595	(7,364,798)	380,159,504
9000 OTHER FINANCING SOURCES				
9300 Sale of Surplus Equipment	-	89,776	89,776	84,154
9500 Long-Term Financing	-	290,322	290,322	
9900 Transfers	1,700,000	1,432,698	(267,302)	367,595
TOTAL OTHER FINANCING SOURCES	1,700,000	1,812,795	112,795	451,749
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 397,218,282	\$ 389,971,390	\$ (7,252,003)	\$ 380,611,252

TACOMA SCHOOL DISTRICT No. 10
GENERAL FUND
SCHEDULE OF EXPENDITURES BY PROGRAM
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2017

PROGRAM NUMBER AND DESCRIPTION	2017		VARIANCE POSITIVE (NEGATIVE)	PERCENT EXPENDED
	BUDGET	ACTUAL		
01 Basic Education	\$ 209,721,220	207,375,549	\$ 2,345,671	% 98.88
02 Basic Ed - Alternative Learning	370,240	381,306	(11,066)	102.99
03 Basic Ed - 1418 Open Doors	2,552,174	2,153,104	399,070	84.36
21 Special Education, Supplemental, State	43,981,969	42,245,345	1,736,624	96.05
22 Special Ed Infants & Toddlers, Supplemental, State	1,153,284	1,086,228	67,056	94.19
24 Special Education, Supplemental, Federal	7,075,630	6,965,505	110,125	98.44
31 Career & Technical Education, Basic, State	9,805,144	10,043,644	(238,500)	102.43
34 Career & Tech Ed - Middle School, State	1,378,187	1,592,442	(214,255)	115.55
38 Career & Technical Education, Federal	236,600	290,564	(53,964)	122.81
45 CTE Skill Centers, State	-	-	-	100.00
51 Disadvantaged, Federal Title I	12,455,924	11,486,595	969,329	92.22
52 School Improvement, Federal Title II	1,768,383	1,996,899	(228,516)	112.92
55 Learning Assistance Program (LAP), State	8,134,076	8,221,971	(87,895)	101.08
56 State Institutions, Centers and Homes, Delinquent	631,420	568,261	63,159	90.00
57 State Institutions, Neglected & Delinquent, Federal	102,397	90,473	11,924	88.35
58 Special & Pilot Programs, State	2,396,264	2,858,598	(462,334)	119.29
59 Juveniles in Adult Jails, State	80,989	57,457	23,532	100.00
61 Head Start, Federal	4,771,280	4,907,683	(136,403)	102.86
64 Limited English Proficiency, Federal	389,632	577,158	(187,526)	148.13
65 Transitional Bilingual, State	4,677,479	4,577,091	100,388	97.85
68 Indian Education, Federal ED	265,103	269,785	(4,682)	101.77
69 Compensatory Education, Other	-	6,512	(6,512)	#DIV/0!
73 Summer School	596,936	786,597	(189,661)	131.77
74 Highly Capable	1,163,428	1,074,225	89,203	92.33
79 Instructional Programs, Other	13,292,965	5,440,588	7,852,377	40.93
89 Other Community Services	457,571	661,350	(203,779)	144.54
97 District-wide Support	54,858,531	59,203,969	(4,345,438)	107.92
98 School Nutrition Services	11,924,855	12,721,572	(796,717)	106.68
99 Pupil Transportation	12,295,755	11,546,153	749,602	93.90
TOTAL EXPENDITURES	\$ 406,537,436	\$ 399,186,625	\$ 7,350,811	% 98.19

* The budgetary basis of accounting is modified accrual, the same as the fund basis of accounting.

TACOMA SCHOOL DISTRICT No. 10
GENERAL FUND
SCHEDULE OF EXPENDITURES BY ACTIVITY
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2017

ACTIVITY NUMBER AND DESCRIPTION		2017		VARIANCE POSITIVE (NEGATIVE)	PERCENT EXPENDED
		BUDGET	ACTUAL		
ADMINISTRATION					
11	Board of Directors	\$ 1,408,862	\$ 1,721,200	\$ (312,338)	% 122.17
12	Superintendent's Office	758,718	689,405	69,313	90.86
13	Business Services	4,491,379	5,164,317	(672,938)	114.98
14	Human Resources	5,106,761	5,514,428	(407,667)	107.98
15	Public Relations	1,313,506	1,424,327	(110,821)	108.44
TOTAL ADMINISTRATION		13,079,226	14,513,677	(1,434,451)	110.97
INSTRUCTION					
21	Supervision	11,697,514	11,935,886	(238,372)	102.04
22	Learning Resources	5,635,401	5,765,319	(129,918)	102.31
23	Principal's Office	27,787,947	29,033,693	(1,245,746)	104.48
24	Guidance & Counseling	11,235,273	11,683,108	(447,835)	103.99
25	Pupil Management & Safety	4,169,526	4,463,220	(293,694)	107.04
26	Health Services	19,377,229	17,734,698	1,642,531	91.52
27	Teaching	217,702,604	205,367,395	12,335,209	94.33
28	Extra Curricular	4,716,847	5,610,949	(894,102)	118.96
29	Payments to Other Districts	300,500	67,496	233,004	100.00
31	Professional Development	22,056,175	20,735,684	1,320,491	94.01
32	Instructional Technology	710,050	1,896,229	(1,186,179)	267.06
33	Curriculum	1,730,119	1,251,299	478,820	72.32
TOTAL INSTRUCTION		327,119,185	315,544,975	11,574,210	96.46
NUTRITION SERVICES					
41	Supervision	927,133	974,775	(47,642)	105.14
42	Food	4,583,363	4,800,486	(217,123)	104.74
44	Operations	6,626,778	7,225,072	(598,294)	109.03
49	Nutrition Services Transfers	(212,419)	(278,761)	66,342	131.23
TOTAL NUTRITION SERVICES		11,924,855	12,721,572	(796,717)	106.68
PUPIL TRANSPORTATION					
51	Supervision	753,632	808,682	(55,050)	107.30
52	Operations	12,312,336	11,827,375	484,961	96.06
53	Maintenance	312,000	208,637	103,363	66.87
59	Transportation Services Transfers	(1,082,213)	(1,298,541)	216,328	119.99
TOTAL PUPIL TRANSPORTATION		\$ 12,295,755	\$ 11,546,153	\$ 749,602	% 93.90

* The budgetary basis of accounting is modified accrual, the same as the fund basis of accounting.

TACOMA SCHOOL DISTRICT No. 10
GENERAL FUND
SCHEDULE OF EXPENDITURES BY ACTIVITY
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2017

ACTIVITY NUMBER AND DESCRIPTION	2017		VARIANCE POSITIVE (NEGATIVE)	PERCENT EXPENDED
	BUDGET	ACTUAL		
MAINTENANCE & OPERATIONS				
61 Supervision	\$ 1,277,221	\$ 1,285,855	\$ (8,634)	% 100.68
62 Grounds Maintenance	1,825,872	1,961,962	(136,090)	107.45
63 Building Operations	14,196,585	15,430,250	(1,233,665)	108.69
64 Maintenance	4,595,081	6,567,129	(1,972,048)	142.92
65 Utilities	7,725,101	8,082,284	(357,183)	104.62
67 Building Security	1,657,135	1,651,413	5,722	99.65
68 Insurance	101,128	6,198	94,930	6.13
TOTAL MAINTENANCE & OPERATIONS	31,378,123	34,985,091	(3,606,968)	111.50
OTHER SUPPORT SERVICES				
72 Information Services	9,318,851	8,551,173	767,678	91.76
73 Printing	424,192	302,411	121,781	71.29
74 Warehouse & Distributions	815,944	831,375	(15,431)	101.89
83 Interest	-	-	-	100.00
84 Principal	-	-	-	100.00
TOTAL OTHER SUPPORT SERVICES	10,558,987	9,684,958	874,029	91.72
PUBLIC ACTIVITIES				
91 Public Activities	181,305	190,200	(8,895)	104.91
TOTAL GENERAL FUND	\$ 406,537,436	\$ 399,186,625	\$ 7,350,811	% 98.19

TACOMA SCHOOL DISTRICT No. 10
GENERAL FUND
SCHEDULE OF EXPENDITURES BY OBJECT
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2017

OBJECT NUMBER AND DESCRIPTION	2017		VARIANCE POSITIVE (NEGATIVE)	PERCENT EXPENDED
	BUDGET	ACTUAL		
0 Debit Transfer	\$ 2,382,524	\$ 2,403,002	\$ (20,478)	% 100.86
1 Credit Transfer	(2,382,524)	(2,403,002)	20,478	100.86
2 Certificated Salaries	188,352,003	183,192,432	5,159,571	97.26
3 Classified Salaries	68,400,048	67,089,077	1,310,971	98.08
4 Employee Benefits	91,790,689	90,064,696	1,725,993	98.12
5 Supplies & Materials	19,445,654	17,557,160	1,888,494	90.29
7 Contractual Services	36,553,920	37,908,920	(1,355,000)	103.71
8 Travel	961,120	1,345,173	(384,053)	139.96
9 Capital Outlay	1,034,002	2,029,165	(995,163)	196.24
TOTAL GENERAL FUND	\$ 406,537,436	\$ 399,186,625	\$ 7,350,811	% 98.19

* The budgetary basis of accounting is modified accrual, the same as the fund basis of accounting.

TACOMA SCHOOL DISTRICT No. 10
SPECIAL REVENUE FUND (ASSOCIATED STUDENT BODY FUND)
COMPARATIVE BALANCE SHEETS
AUGUST 31, 2017 AND 2016

	2017	2016
ASSETS		
Cash on Hand and in Bank	\$ 81,732	\$ 34,433
Cash on Deposit with County Treasurer	1,181	2,201,881
Investments	2,149,000	
Accounts Receivable	7,128	7,300
Accrued Interest Receivable	60	
Interfund Receivable	3,467	11,132
Inventories, At Cost	24,244	16,645
TOTAL ASSETS	2,266,812	2,271,391
LIABILITIES		
Accounts Payable	158,969	145,978
Interfund Payable	2,416	13,605
Unearned Revenue - Other	137,058	130,041
TOTAL LIABILITIES	298,443	289,624
FUND BALANCES		
Non-Spendable		
Non-Spendable Inventory & Prepaids	24,244	-
Restricted		
Restricted to Fund Purposes	1,944,125	1,981,767
TOTAL FUND BALANCE	1,968,369	1,981,767
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE	\$ 2,266,812	\$ 2,271,391

TACOMA SCHOOL DISTRICT No. 10
SPECIAL REVENUE FUND (ASSOCIATED STUDENT BODY FUND)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2017
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2016)

	2017			2016
	BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ACTUAL
REVENUES				
General	\$ 1,240,560	\$ 773,351	\$ 467,209	\$ 790,482
Athletics	292,125	227,674	64,451	223,988
Classes	468,985	237,165	231,820	244,573
Clubs	2,084,545	655,571	1,428,974	678,723
Private Monies	125,125	11,953	113,172	17,986
Total Revenues	4,211,340	1,905,714	2,305,626	1,955,752
EXPENDITURES				
General	1,341,802	668,684	673,118	795,333
Athletics	271,387	331,184	(59,797)	171,651
Classes	399,297	252,785	146,512	256,455
Clubs	1,917,025	654,387	1,262,638	673,113
Private Monies	125,125	12,072	113,053	18,770
Total Expenditures	4,054,636	1,919,112	2,135,524	1,915,322
Changes in Fund Balance	156,704	(13,398)	170,102	40,430
FUND BALANCE - September 1	1,981,767	1,981,767	-	1,941,337
FUND BALANCE - August 31	\$ 2,138,471	\$ 1,968,369	\$ (170,102)	\$ 1,981,767

* The budgetary basis of accounting is modified accrual, the same as the fund basis of accounting.

**TACOMA SCHOOL DISTRICT No. 10
DEBT SERVICE FUND (BOND FUND)
COMPARATIVE BALANCE SHEETS
AUGUST 31, 2017 AND 2016**

	2017	2016
ASSETS		
Cash on Deposit with County Treasurer	\$ 267,114	\$ 4,843,752
Investments	10,887,000	-
Property Tax Receivable	26,440,205	25,013,434
Accrued Interest Receivable	304	-
TOTAL ASSETS	37,594,623	29,857,186
LIABILITIES		
Accounts Payable	-	-
TOTAL LIABILITIES	-	-
DEFERRED INFLOWS OF RESOURCES		
Unavailable Revenues - Property Taxes	25,543,188	25,013,434
TOTAL DEFERRED INFLOWS OF RESOURCES	25,543,188	25,013,434
FUND BALANCES		
Restricted		
Restricted for Debt Service	12,051,435	4,843,752
TOTAL FUND BALANCE	12,051,435	4,843,752
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE	\$ 37,594,623	\$ 29,857,186

TACOMA SCHOOL DISTRICT No. 10
DEBT SERVICE FUND (BOND FUND)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2017
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2016)

	2017			2016
	BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ACTUAL
REVENUES				
Local Taxes	\$ 53,462,500	\$ 54,386,637	\$ 924,137	\$ 49,619,143
Local Non-Tax	18,000	56,556	38,556	24,505
Total Revenues	53,480,500	54,443,193	962,693	49,643,648
EXPENDITURES				
Debt Service				
Principal Payment	20,480,000	20,480,000	-	35,825,000
Interest Expense	26,754,412	26,754,413	(1)	22,322,961
Bond Fees & Cost of Issuance	750,000	1,097	748,903	325,565
Total Expenditures	47,984,412	47,235,510	748,902	58,473,526
Excess of Revenues (Under) Expenditures	5,496,088	7,207,683	1,711,595	(8,829,878)
OTHER FINANCING SOURCES (USES)				
Bond Premium	-	-	-	9,182,837
Refunded Bonds	-	-	-	95,225,000
Deposit to Refunding Account	-	-	-	(106,250,850)
Total Other Financing Sources	-	-	-	(1,843,013)
Changes in Fund Balance	5,496,088	7,207,683	1,711,595	(10,672,891)
FUND BALANCE - September 1	4,843,752	4,843,752	-	15,516,643
FUND BALANCE -August 31	\$ 10,339,840	\$ 12,051,435	\$ 1,711,595	\$ 4,843,752

* The budgetary basis of accounting is modified accrual, the same as the fund basis of accounting.

**TACOMA SCHOOL DISTRICT No. 10
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
AUGUST 31, 2017 AND 2016**

	2017	2016
ASSETS		
Cash on Hand and in Bank	\$ 39,179	\$ 10,000
Cash on Deposit with County Treasurer	1,181,188	82,579,714
Investments	263,375,000	265,000,000
Cash Held by Trustee:		
Construction Retainage Escrow	2,481,760	1,688,268
Property Tax Receivable	4,852,180	4,933,661
Accrued Interest Receivable	173,509	1,190,623
Interfund Receivable	812,928	2,868,384
Due From Other Governmental Units	-	9,813,558
Accounts Receivable	-	21,000
TOTAL ASSETS	272,915,745	368,105,207
LIABILITIES		
Accounts Payable	10,871,522	25,754,757
Accrued Salaries & Benefits Payable	144,200	109,409
Retainage Payable	2,481,760	1,688,268
Interfund Payable	2,487,745	1,285,512
TOTAL LIABILITIES	15,985,226	28,837,946
DEFERRED INFLOWS OF RESOURCES		
Unavailable Revenues - Property Taxes	4,687,851	4,933,661
TOTAL DEFERRED INFLOWS OF RESOURCES	4,687,851	4,933,661
FUND BALANCES		
Restricted		
Restricted for Construction	238,491,321	321,093,630
Restricted for Technology	12,435,846	12,443,487
Assigned		
Assigned to Fund Purposes	1,315,501	796,483
TOTAL FUND BALANCE	252,242,668	334,333,600
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE	\$ 272,915,745	\$ 368,105,207

TACOMA SCHOOL DISTRICT No. 10
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2017
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2016)

	2017			2016
	BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ACTUAL
REVENUES				
Local Taxes	\$ 9,950,000	\$ 10,260,612	\$ 310,612	\$ 10,130,137
Local Non-Tax	2,134,300	3,551,464	1,417,164	3,175,070
State, Special Purpose	19,883,220	11,597,543	(8,285,677)	9,908,724
Other Governmental Agencies	-	4,238	4,238	-
Total Revenues	31,967,520	25,413,857	(6,553,663)	23,213,931
EXPENDITURES				
Capital Outlay				
Sites	1,338,500	3,770,331	(2,431,831)	1,719,791
Buildings	107,293,500	86,439,218	20,854,282	126,668,980
Equipment	15,787,000	15,803,150	(16,150)	11,230,642
Bond Issuance	-	-	-	1,128,587
Sale of Real Estate	-	49,497	(49,497)	33,274
Lease/Rent of Property	-	9,895	(9,895)	21,730
Total Expenditures	124,419,000	106,072,091	18,346,909	140,803,004
Excess of Revenues (Under) Expenditures	(92,451,480)	(80,658,234)	11,793,246	(117,589,073)
OTHER FINANCING SOURCES (USES)				
Sale of Real Property	500,000	-	(500,000)	6,648
Transfers	(1,700,000)	(1,432,698)	(267,302)	(367,595)
Sale of Bonds	-	-	-	273,050,000
Bonds, Premium on Sale	-	-	-	48,042,658
Total Other Financing Sources	(1,200,000)	(1,432,698)	(232,698)	320,731,711
Changes in Fund Balance	(93,651,480)	(82,090,932)	11,560,548	203,142,638
FUND BALANCE - September 1	334,333,600	334,333,600	-	131,190,962
FUND BALANCE - August 31	\$ 240,682,120	\$ 252,242,668	\$ 11,560,548	\$ 334,333,600

* The budgetary basis of accounting is modified accrual, the same as the fund basis of accounting.

TACOMA SCHOOL DISTRICT No. 10
TRANSPORTATION VEHICLE FUND
COMPARATIVE BALANCE SHEETS
AUGUST 31, 2017 AND 2016

	2017	2016
ASSETS		
Cash on Deposit with County Treasurer	\$ 328	\$ 2,979,894
Investments	2,270,000	-
Accrued Interest Receivable	63	-
TOTAL ASSETS	2,270,391	2,979,894
LIABILITIES		
Accounts Payable	-	1,250,924
TOTAL LIABILITIES	-	1,250,924
FUND BALANCES		
Restricted		
Restricted to Fund Purposes	2,270,391	1,728,970
TOTAL FUND BALANCE	2,270,391	1,728,970
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE	\$ 2,270,391	\$ 2,979,894

TACOMA SCHOOL DISTRICT No. 10
TRANSPORTATION VEHICLE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2017
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2016)

	2017			2016
	BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ACTUAL
REVENUES				
Local Non-Tax	\$ 4,000	\$ 10,719	\$ (6,719)	\$ 6,636
State, Special Purpose	625,000	530,702	94,298	722,241
Total Revenues	629,000	541,421	87,579	728,877
EXPENDITURES				
Purchase of Buses	1,300,000	-	1,300,000	1,250,924
Total Expenditures	1,300,000	-	1,300,000	1,250,924
Excess of Revenues (Under) Expenditures	(671,000)	541,421	(1,212,421)	(522,047)
OTHER FINANCING SOURCES (USES)				
Sale of Equipment/Buses	10,000	-	10,000	-
Total Other Finances Sources	10,000	-	10,000	-
Changes in Fund Balance	(661,000)	541,421	(1,202,421)	(522,047)
FUND BALANCE - September 1	1,728,970	1,728,970	-	2,251,018
FUND BALANCE - August 31	\$ 1,067,970	\$ 2,270,391	\$ 1,202,421	\$ 1,728,970

* The budgetary basis of accounting is modified accrual, the same as the fund basis of accounting.

TACOMA SCHOOL DISTRICT No. 10
FIDUCIARY FUNDS
COMPARATIVE BALANCE SHEET
AUGUST 31, 2017
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2016)

	2017 TOTAL	2016 TOTAL
ASSETS		
Cash on Hand and in Bank	\$ 3,373	\$ -
Cash on Deposit with County Treasurer	519	455,520
Investments	652,000	-
Accounts Receivable	-	38,587
TOTAL ASSETS	655,893	494,107
LIABILITIES		
Accounts Payable	141,957	3,638
Unearned Revenue - Other	3,023	4,575
TOTAL LIABILITIES	144,980	8,213
NET POSITION		
Held in Trust for Scholarships and Student Aid	510,913	485,894
TOTAL NET POSITION	\$ 510,913	\$ 485,894

TACOMA SCHOOL DISTRICT No. 10
PRIVATE-PURPOSE TRUSTS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED AUGUST 31, 2017
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2016)

	2017 TOTAL	2016 TOTAL
ADDITIONS		
Donations	\$ 262,496	\$ 272,559
TOTAL ADDITIONS	262,496	272,559
DEDUCTIONS		
Scholarships	68,424	58,275
Tuition and Fees	7,479	17,351
Supplies & Materials	78,247	96,739
Field Trips & Travel	61,968	57,239
Purchased Services	16,812	23,533
Salaries & Benefits	4,548	15,759
TOTAL DEDUCTIONS	237,477	268,896
CHANGE IN NET POSITION	25,019	3,663
Net Position, Beginning of the year	485,894	482,231
Net Position, End of the year	\$ 510,913	\$ 485,894

TACOMA SCHOOL DISTRICT No. 10
SCHEDULE OF CHANGES IN LONG-TERM DEBT
FOR THE FISCAL YEAR ENDED AUGUST 31, 2017

	BALANCE 9/1/2016	INCREASES	DECREASES	BALANCE 8/31/2017
Unlimited Tax General Obligation Bonds	\$ 564,120,000	\$ -	\$ 20,480,000	\$ 543,640,000
Long-Term Financing (Daktronics Scoreboard)	-	425,906	-	425,906
Compensated Absences	24,065,535	4,215,770	2,289,792	25,991,513
Unamortized Bond Premium	92,288,676	-	1,016,098	91,272,578
Net OPEB Obligation	63,443,589	10,441,582		73,885,171
Net Pension Liability - PERS Plan 1	25,854,426	-	1,529,754	24,324,672
Net Pension Liability - SERS Plans 2/3	19,900,581	-	4,849,939	15,050,642
Net Pension Liability - TRS Plan 1	110,420,948	-	14,274,180	96,146,769
Net Pension Liability - TRS Plans 2/3	43,927,460	-	14,717,793	29,209,667
TOTAL	\$ 944,021,214	\$ 15,083,258	\$ 59,157,556	\$ 899,946,916

TACOMA SCHOOL DISTRICT No. 10
OUTSTANDING GENERAL OBLIGATION INDEBTEDNESS
AUGUST 31, 2017

DUE DATE	AMOUNT: 2012 REFUNDED BOND DATED: 11/06/2012		AMOUNT: 2014 UTGO DATED: 11/06/2014		AMOUNT: 2015 UTGO DATED: 10/21/2015		AMOUNT: 2015 Refunded Bond DATED: 10/21/2015		TOTAL DEBT SERVICE	TOTAL BY YEAR
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST		
Dec. 1, 2016	4,400,000	1,417,300	-	3,458,831	1,485,000	6,893,975	7,535,000	1,786,200	26,886,396	47,234,413
Jan. 1, 2017	55,000	1,329,300	-	3,458,831	-	6,789,125	7,005,000	1,710,850	20,348,106	57,915,813
Dec. 1, 2017	8,605,000	1,328,475	-	3,458,831	4,850,000	6,789,125	7,010,000	1,605,775	33,647,206	57,915,813
Jan. 1, 2018	55,000	1,156,375	-	3,458,831	-	6,667,875	11,500,000	1,430,525	24,268,606	56,510,913
Dec. 1, 2018	2,020,000	1,155,550	-	3,458,831	5,670,000	6,667,875	11,500,000	1,258,025	31,716,281	56,510,913
Jan. 1, 2019	60,000	1,115,150	-	3,458,831	-	6,526,125	12,650,000	970,525	24,780,831	57,316,738
Dec. 1, 2019	1,655,000	1,114,250	-	3,458,831	7,095,000	6,526,125	12,650,000	717,525	33,216,732	57,316,738
Jan. 1, 2020	3,890,000	1,081,150	-	3,458,831	-	6,348,750	8,920,000	401,275	24,100,006	48,879,163
Dec. 1, 2020	1,635,000	1,003,350	-	3,458,831	14,315,000	6,348,750	8,915,000	222,875	35,898,806	48,879,163
Jan. 1, 2021	2,560,000	970,650	-	3,458,831	-	5,990,875	-	-	12,986,356	51,965,488
Dec. 1, 2021	6,850,000	919,450	-	3,458,831	4,635,000	5,990,875	-	-	21,854,156	51,965,488
Jan. 1, 2022	-	775,500	-	3,458,831	3,820,000	5,875,000	-	-	10,109,331	34,448,288
Dec. 1, 2022	10,795,000	775,500	-	3,458,831	-	5,875,000	-	-	9,743,956	34,448,288
Jan. 1, 2023	-	505,625	-	3,458,831	3,640,000	5,779,500	-	-	25,088,956	34,533,788
Dec. 1, 2023	11,705,000	505,625	-	3,458,831	-	5,688,500	-	-	9,444,831	34,533,788
Jan. 1, 2024	-	297,500	-	3,458,831	3,440,000	5,688,500	-	-	25,384,831	34,446,163
Dec. 1, 2024	12,500,000	297,500	-	3,458,831	-	5,602,500	-	-	9,061,331	34,446,163
Jan. 1, 2025	-	-	-	3,458,831	13,665,000	5,602,500	-	-	25,771,531	34,414,913
Dec. 1, 2025	-	-	3,045,000	3,458,831	-	5,260,875	-	-	8,943,581	34,414,913
Jan. 1, 2026	-	-	-	3,382,706	14,150,000	5,260,875	-	-	26,180,581	34,393,538
Dec. 1, 2026	-	-	3,195,000	3,382,706	-	4,902,125	-	-	8,204,956	34,393,538
Jan. 1, 2027	-	-	-	3,302,831	15,065,000	4,902,125	-	-	26,624,956	34,369,413
Dec. 1, 2027	-	-	3,355,000	3,302,831	-	4,525,500	-	-	27,889,456	34,369,413
Jan. 1, 2028	-	-	-	3,218,956	15,825,000	4,525,500	-	-	27,889,456	34,350,288
Dec. 1, 2028	-	-	3,520,000	3,218,956	-	4,129,875	-	-	27,889,456	34,350,288
Jan. 1, 2029	-	-	3,700,000	3,130,956	16,610,000	4,129,875	-	-	27,889,456	34,323,913
Dec. 1, 2029	-	-	-	3,038,456	-	3,714,625	-	-	27,889,456	34,323,913
Jan. 1, 2030	-	-	-	3,038,456	12,370,000	3,714,625	-	-	28,078,881	34,298,038
Dec. 1, 2030	-	-	8,955,000	2,814,581	-	3,405,375	-	-	6,219,956	34,298,038
Jan. 1, 2031	-	-	-	2,814,581	13,000,000	3,405,375	-	-	28,609,956	34,270,163
Dec. 1, 2031	-	-	9,390,000	2,579,831	-	3,080,375	-	-	5,668,206	34,270,163
Jan. 1, 2032	-	-	-	2,579,831	13,655,000	3,080,375	-	-	29,179,206	34,242,663
Dec. 1, 2032	-	-	9,855,000	2,333,456	-	2,739,000	-	-	5,872,456	34,242,663
Jan. 1, 2033	-	-	-	2,333,456	14,690,000	2,739,000	-	-	29,762,456	34,217,663
Dec. 1, 2033	-	-	10,000,000	2,083,456	-	2,371,750	-	-	4,455,206	34,217,663
Jan. 1, 2034	-	-	-	2,083,456	11,165,000	2,371,750	-	-	36,575,206	34,182,413
Dec. 1, 2034	-	-	14,755,000	1,714,581	-	2,092,625	-	-	3,807,206	34,182,413
Jan. 1, 2035	-	-	-	1,714,581	11,725,000	2,092,625	-	-	31,827,206	34,153,913
Dec. 1, 2035	-	-	15,495,000	1,327,206	-	1,799,500	-	-	3,128,706	34,153,913
Jan. 1, 2036	-	-	-	1,327,206	12,310,000	1,799,500	-	-	31,706,706	34,118,913
Dec. 1, 2036	-	-	16,270,000	920,456	-	1,491,750	-	-	2,412,206	34,118,913
Jan. 1, 2037	-	-	-	920,456	12,925,000	1,491,750	-	-	32,432,206	34,063,806
Dec. 1, 2037	-	-	17,085,000	471,975	-	1,168,625	-	-	1,640,600	34,063,806
Jan. 1, 2038	-	-	-	471,975	13,570,000	1,168,625	-	-	33,190,600	34,019,975
Dec. 1, 2038	-	-	17,980,000	471,975	-	829,375	-	-	829,375	34,019,975
Jan. 1, 2039	-	-	-	-	33,175,000	829,375	-	-	34,004,375	34,004,375
Dec. 1, 2039	-	-	-	-	-	-	-	-	-	34,004,375
Jan. 1, 2040	-	-	-	-	-	-	-	-	-	34,004,375
	\$ 66,785,000	\$ 15,740,250	\$ 136,000,000	\$ 126,356,094	\$ 273,680,000	\$ 300,563,235	\$ 87,685,000	\$ 10,163,575	\$ 916,691,744	\$ 916,691,744

TACOMA SCHOOL DISTRICT No. 10
SCHEDULE OF CAPITAL ASSETS BY LOCATION
August 31, 2017

PROPERTY	LOCATION	LAND	BUILDINGS & IMPROVEMENTS	EQUIPMENT	TOTALS
SENIOR HIGH SCHOOLS					
224 Foss	2112 S Tyler St.	\$ 1,053,377	\$ 47,619,575	\$ 808,505	\$ 49,481,457
226 Lincoln	701 S 37th St.	1,006,499	93,631,888	1,568,373	96,206,760
534 Lincoln Bowl	S 37th & G St.	1,979,476	1,497,891	-	3,477,367
228 Mount Tahoma (New)	4634 S 74th St.	7,071,355	73,317,799	1,199,759	81,588,913
234 Oakland	3319 S Adams St.	99,270	1,541,978	118,033	1,759,281
720 Re-Engagement Center	1818 Tacoma Ave.	91,963	48,100	11,915	151,978
239 Science & Math Inst.	5501 N Pearl St.		2,098,835	37,147	2,135,982
237 School of the Arts	1950 Pacific Ave.	401,122	12,033,505	150,549	12,585,176
230 Stadium	111 North E St.	4,272,371	114,547,325	1,455,571	120,275,267
564 Stadium Bowl	N 1st & E St.	4,825,151	1,075,052	-	5,900,203
232 Wilson	1202 N Orchard St.	378,979	36,857,292	899,690	38,135,961
MIDDLE SCHOOLS					
202 Baker	8320 S I St.	2,408,821	50,425,195	329,740	53,163,756
204 Gault	1115 E Division Lane	67,314	2,966,740	19,205	3,053,259
200 Gaudrone	4902 S Alaska St.	58,279	23,445,255	315,401	23,818,935
206 Gray	6229 S Tyler	708,404	39,745,035	318,492	40,771,931
208 Hunt	6501 S 10th St.	60,230	3,739,620	242,565	4,042,415
210 Jason Lee	602 N Sprague Ave.	1,918,440	26,330,838	376,982	28,626,260
212 Mason	3901 N 28th St.	103,379	23,798,879	514,924	24,417,182
216 Meeker	4402 Nassau Ave NE	1,416,692	13,229,970	308,234	14,954,896
218 Stewart	5010 Pacific Ave.	176,943	4,121,338	264,453	4,562,735
220 Truman	5801 N 35th St.	18,860	24,406,622	310,601	24,736,084
221 First Creek	1801 E 56th St.	167,722	42,019,608	232,996	42,420,326
ELEMENTARY SCHOOLS					
101 Arlington	3002 S 72nd St.	68,537	1,404,206	90,163	1,562,905
103 Birney	1202 S 76th St.	97,147	3,234,093	141,597	3,472,838
104 Blix	1302 E 38th St.	932,339	12,028,262	293,453	13,254,054
105 Boze	1140 E 65th St.	76,181	4,860,292	151,789	5,088,262
107 Browns Point	1526 - 51st. St. NE	71,147	3,817,727	189,107	4,077,982
109 Bryant	717 S Grant Ave.	149,325	1,558,206	63,772	1,771,303
110 Crescent Heights	4410 Nassau Ave NE	533,450	13,748,877	259,333	14,541,660
113 DeLong	4901 S 14th St.	34,905	5,418,127	144,558	5,597,589
115 Downing	2502 N Orchard St.	107,558	1,944,443	231,803	2,283,805
117 Edison	5830 S Pine St.	724,068	15,617,804	297,012	16,638,884
119 Fawcett	126 E 60th St.	71,679	5,032,362	177,019	5,281,060
121 Fern Hill	8442 S Park Ave.	79,816	18,833,973	389,626	19,303,415
123 Franklin	1402 S Lawrence	1,733,534	11,865,571	203,715	13,802,820
125 Geiger	621 S Jackson Ave.	455,146	24,876,314	96,389	25,427,849
127 Grant	1018 N Prospect St.	133,229	2,088,310	160,983	2,382,522
133 Jefferson	4302 N 13th St.	59,160	11,893,936	268,747	12,221,843
135 Larchmont	8601 East B St.	234,613	7,700,215	251,094	8,185,922
137 Lister	2106 E 44th St.	704,349	12,265,376	170,644	13,140,369
139 Lowell	810 N 13th St.	119,300	2,402,489	208,726	2,730,516
143 Lyon	101 E 46th St.	49,032	2,234,514	103,728	2,387,274
147 Manitou Park	4430 S 66th St.	778,177	10,494,667	193,240	11,466,083
149 Mann	1002 S 52nd St.	1,052,818	9,297,586	166,438	10,516,843
151 McCarver	2111 South J St.	296,583	3,337,101	143,397	3,777,081
157 Northeast Tacoma	5412 29th St. NE	158,628	8,005,212	268,016	8,431,856
163 Point Defiance	4330 N Visscher St.	266,166	6,471,491	226,550	6,964,207

TACOMA SCHOOL DISTRICT NO. 10
SCHEDULE OF CAPITAL ASSETS BY LOCATION
August 31, 2017

PROPERTY	LOCATION	LAND	BUILDINGS & IMPROVEMENTS	EQUIPMENT	TOTALS
165 Reed	1802 S 36th St.	\$ 143,309	\$ 5,845,358	\$ 142,203	\$ 6,130,870
169 Roosevelt	3550 E Roosevelt Ave.	257,632	7,433,290	69,313	7,760,235
175 Sheridan	6317 McKinley Ave.	1,061,019	8,011,498	217,115	9,289,632
177 Sherman	4415 N 38th St.	20,000	10,582,611	330,262	10,932,873
181 Skyline	2301 N Mildred St.	96,603	1,733,877	291,866	2,122,346
129 Stafford	1615 S 92nd St.	9,714	15,818,980	224,373	16,053,067
179 Stanley	1712 S 17th St.	137,380	7,954,901	43,512	8,135,793
185 Washington-Hoyt	2615 N Adams	89,594	30,534,226	181,943	30,805,763
187 Whitman	1120 S 39th St.	71,095	8,031,054	124,119	8,226,268
189 Whittier	777 Elm Tree Lane	101,469	3,353,555	271,511	3,726,535
OTHER BLDGS. & SITES					
145 Madison - Head Start Use	3102 S 43rd St.	143,962	1,341,104	189,068	1,674,133
135 McKinley	3702 McKinley	89,259	1,826,554	41,376	1,957,188
183 Wainwright	130 Alameda Ave.	143,892	1,735,296	86,458	1,965,646
191 Willard	3201 South D St.	2,299	1,314,762	149,385	1,466,446
236 Park Avenue Center	6701 Park Ave.	153,329	1,208,713	-	1,362,042
246 Remann Hall	5501 6th Ave.	-	27,502	12,781	40,283
252 Pearl Street Center	815 S Pearl St.	-	-	-	-
500 District Wide	-	-	-	54,267	54,267
501 Central Administration Bldg. (CAB)	601 S 8th St.	84,380	8,728,816	11,916,472	20,729,669
502 CAB Annex	708 South G St.	-	134,392	68,137	202,529
503 Professional Development Ctr	6501 N 23rd St.	107,352	4,326,537	342,035	4,775,924
504 Camp Joshua Taylor	19607 Bay Rd KP	30,000	27,872	-	57,872
537 Lincoln Tree Farm	28001 Mountain Highway	1,986	5,431,488	109,443	5,542,917
550 Transportation	4002 S Cedar	280,880	356,484	7,260,753	7,898,117
567 Purchasing/Food Services	3321 S Union Ave.	-	255,211	746,992	1,002,203
723 SOTA-Parking Garage	909-915 Market St.	365,255	1,039,575	-	1,404,830
724 SOTA-9th & Broadway	302 S 9th St.	1,631,612	4,681,034	-	6,312,646
Construction-in-Progress		-	29,687,974	-	29,687,974
TOTALS		\$ 42,745,423	\$ 1,009,063,664	41,600,676	\$ 1,093,409,762

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Statistical Section

A – Financial Trends

- I. Net Position by Component
- II. Changes in Net Position
- III. Fund Balances, Governmental Funds
- IV. Changes in Fund Balances, Governmental Funds
- V. General Governmental Revenues by Source
- VI. General Governmental Expenditures by Function

B – Revenue Capacity

- VII. Property Tax Levies and Collections
- VIII. Assessed Value of Taxable Property and Property Tax Rates
All Overlapping Taxing Authorities
- IX. Principal Property Taxpayers
- X. Assessed and Estimated Actual Property Value and Construction

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- XI. Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total
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- XII. Ratio of Net Bonded Debt to Assessed Value and Net Bonded Debt Per Capita
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- XIV. Constitutional Limit of Indebtedness
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- XVI. Demographic and Economic Statistics
- XVII. Principal Employers
- XVIII. Miscellaneous Statistics
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- XX. Full Time Equivalent District Employees by Program
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- XXIII. Buildings & Properties

Table 1

TACOMA SCHOOL DISTRICT No. 10
NET POSITION BY COMPONENT
 Last Ten Fiscal Years
 (Accrual Basis of Accounting)

The three components of net position are shown separately and in total.

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental Activities										
Net Investment in Capital Assets	\$ 517,988,999	\$ 502,842,932	\$ 492,723,196	\$ 489,838,116	\$ 474,767,679	\$ 463,667,781	\$ 417,592,334	\$ 390,590,421	\$ 394,062,543	\$ 343,600,058
Restricted	71,058,175	66,477,394	43,728,518	28,833,688	30,228,711	24,314,115	50,519,297	76,739,255	102,945,364	153,423,551
Unrestricted	(196,899,880)	(180,788,003)	(150,868,412)	32,408,178	40,772,196	56,195,876	56,326,323	59,868,566	37,499,416	29,171,927
Total Governmental Activities Net Position	\$ 392,147,293	\$ 388,532,322	\$ 385,583,300	\$ 551,079,982	\$ 545,768,586	\$ 544,177,772	\$ 524,437,954	\$ 527,198,242	\$ 534,507,323	\$ 526,195,536

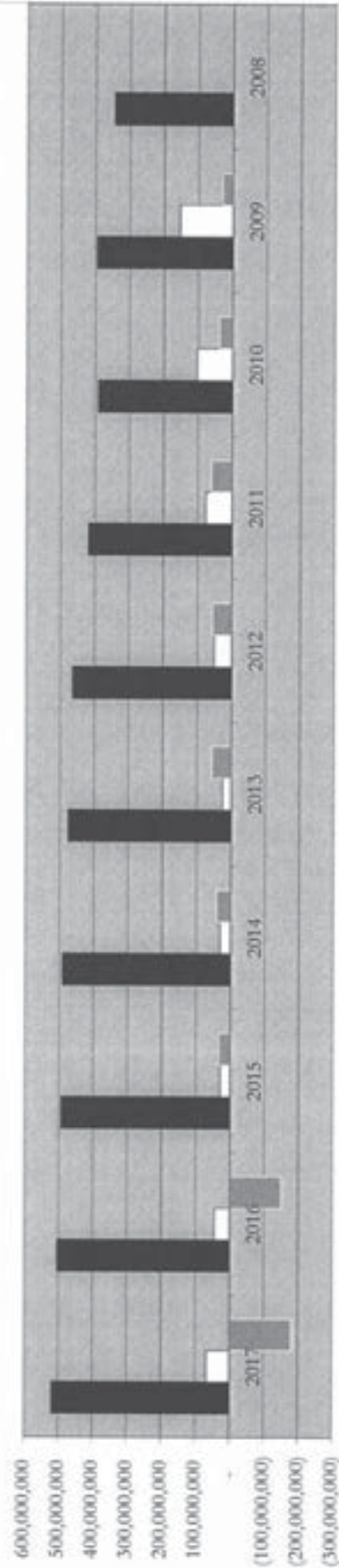


Table II

TACOMA SCHOOL DISTRICT No. 10
CHANGES IN NET POSITION
Last Ten Fiscal Years
(Accrual Basis of Accounting)

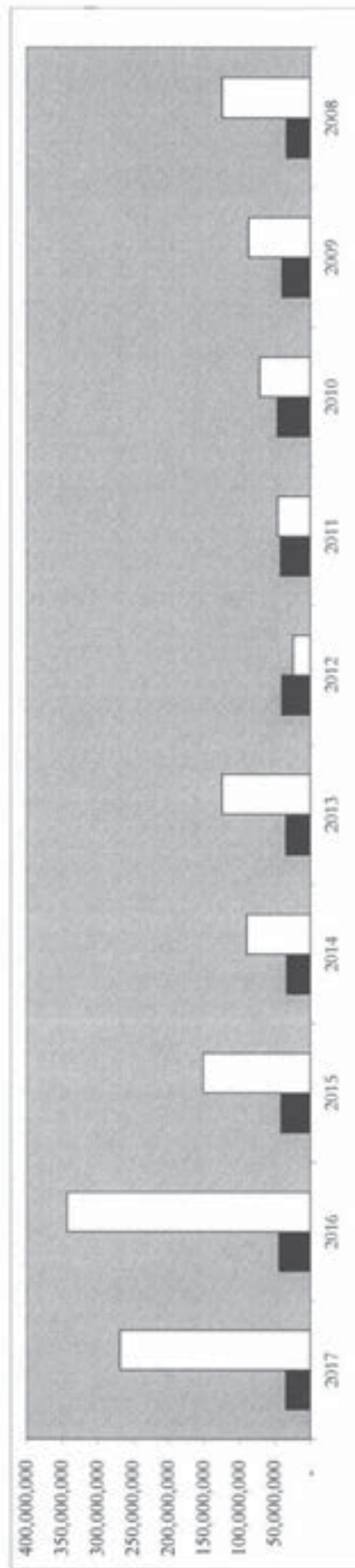
Expenses by function, program revenues by category, net (expense) revenue, general revenues and other changes in net position and total changes in net position are presented.

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
EXPENSES										
Governmental Activities:										
Regular Instruction	\$ 240,329,794	\$ 226,826,955	\$ 204,605,892	\$ 202,869,927	\$ 200,132,388	\$ 187,093,849	\$ 187,974,729	\$ 179,431,742	\$ 174,351,344	\$ 164,420,601
Federal Stimulus	-	-	12,901	176,527	2,712,607	3,595,817	15,819,024	16,381,307	12,689,246	-
Special Instruction	52,989,814	51,853,865	48,295,312	46,538,041	45,199,346	42,916,763	43,070,486	37,471,143	42,166,389	41,691,092
Career & Technical Instruction	12,607,272	11,684,425	11,890,668	11,320,711	11,199,076	10,897,908	11,085,804	10,266,650	11,173,411	9,398,193
Compensatory Instruction	37,473,529	37,361,483	34,220,184	31,392,881	26,882,336	30,504,519	28,974,680	32,111,417	38,702,893	40,352,551
Other Instructional Programs	7,640,290	7,099,430	6,555,962	5,545,242	4,285,329	4,366,029	4,567,200	3,926,777	3,938,143	4,797,569
Community Services	689,265	622,495	569,669	536,295	417,267	433,295	492,726	493,678	474,692	317,133
Support Services	88,974,878	81,363,433	75,439,636	76,924,636	73,960,390	69,686,722	69,100,770	67,074,218	70,777,237	64,105,022
Extracurricular Activities (ASBI)	1,919,602	1,915,322	1,871,077	2,018,381	2,033,416	2,001,607	2,178,978	1,988,996	2,102,491	2,419,682
Interest on Long-Term Debt	23,257,320	35,772,576	13,429,084	9,925,834	2,240,457	12,983,037	11,217,080	12,048,130	12,951,711	13,741,676
Total Governmental Activities Expenses	465,881,764	454,501,984	396,890,303	387,248,475	369,062,612	364,479,546	374,981,567	361,194,058	369,327,557	341,243,519
PROGRAM REVENUES										
Governmental Activities:										
Charges for Services:	\$ 2,465,346	\$ 2,355,397	\$ 1,769,244	\$ 1,429,832	\$ 1,330,547	\$ 1,339,342	\$ 964,227	\$ 1,609,631	\$ 977,061	\$ 877,796
Regular Instruction	1,802,440	1,920,338	2,254,024	1,968,321	1,906,917	1,872,069	1,624,089	1,633,529	1,485,568	1,614,967
Federal Stimulus	204,413	74,446	137,817	145,804	140,185	126,490	533,577	42,150	213,596	39,581
Special Instruction	8,900	6,850	8,042	9,750	8,525	9,400	14,550	9,599	3,700	-
Career & Technical Instruction	1,044,796	1,148,790	961,123	906,697	763,198	776,168	724,126	413,810	416,539	1,271,683
Compensatory Instruction	605,129	646,077	640,639	685,244	587,554	658,743	716,019	678,450	645,545	579,165
Other Instructional Programs	5,054,569	2,995,686	2,421,661	4,147,217	3,913,427	3,475,889	2,744,998	2,975,681	3,417,989	3,207,302
Community Services	1,919,112	1,915,322	1,869,533	1,991,012	2,102,657	1,979,769	2,015,440	2,025,124	1,966,684	2,471,489
Support Services	105,740,433	129,766,262	197,464,102	115,572,241	109,133,062	108,030,433	119,870,018	1,118,095,063	123,551,671	99,180,022
Extracurricular Activities (ASBI)	2,029,165	2,923,620	412,640	1,653,062	671,852	1,208,706	197,045	135,941	79,914	274,667
Operating Grants and Contributions	120,874,303	143,752,788	207,938,825	128,509,680	120,557,924	119,477,009	129,484,089	1,127,618,978	132,758,267	109,516,672
Total Governmental Activities Program	(345,007,462)	(310,749,197)	(188,951,558)	(258,738,796)	(248,504,688)	(245,002,537)	(245,577,478)	766,424,920	(236,569,290)	(231,726,847)
NET (EXPENSE)/REVENUE										
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:	\$ 87,796,591	\$ 86,057,007	\$ 85,484,428	\$ 82,356,831	\$ 82,673,927	\$ 82,145,826	\$ 77,928,963	\$ 72,876,736	\$ 69,052,008	\$ 66,388,111
Property Taxes for Maintenance & Property Taxes for Debt Service	54,386,637	49,619,143	42,648,766	33,534,564	30,069,252	29,829,399	28,469,065	31,805,847	37,226,743	40,016,240
Property Taxes for Capital Projects	10,260,612	10,130,137	13,065,701	18,116,612	19,187,006	16,608,950	8,155,985	36	315	2,542
Unallocated State Apportionment & Others	192,870,905	164,705,525	69,361,658	129,796,551	118,011,453	136,048,820	128,024,123	121,135,325	136,088,259	133,258,959
Interest and Investment Earnings	3,307,689	3,186,404	474,073	245,630	153,864	109,360	238,154	448,055	2,513,752	6,749,852
Total Governmental Activities	348,622,434	313,698,216	211,034,566	264,050,188	250,095,502	264,742,355	242,817,190	236,265,999	244,881,077	246,415,704
Change in Net Position	\$ 3,614,972	\$ 2,949,020	\$ 22,083,010	\$ 5,311,391	\$ 1,590,814	\$ 19,739,818	\$ (2,760,288)	\$ 992,690,919	\$ 8,311,787	\$ 14,688,857

TACOMA SCHOOL DISTRICT No. 10
FUND BALANCES, GOVERNMENTAL FUNDS
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)

This table and graph display the reserved and unreserved fund balances for both the general fund and all other governmental funds.

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund										
Nonspendable	\$ 4,294,404	\$ 4,283,413	\$ 3,336,215	\$ 4,359,221	\$ 2,453,324	\$ 3,650,093	\$ 2,243,741	\$ 3,135,309	\$ 1,876,760	\$ 3,682,051
Restricted	1,081,705	633,566	753,170	859,610	604,556	150,569	2,129,678	2,039,119	3,290,695	4,564,735
Committed	-	-	1,000,000	13,138,279	12,058,267	10,833,433	10,739,785	9,848,216	10,009,490	7,945,738
Assigned	13,324,343	23,698,761	21,482,786	14,170,430	18,492,786	24,847,371	26,498,441	30,835,584	24,199,231	15,714,538
Unassigned	15,335,910	14,635,856	14,184,280	-	-	-	-	-	-	946,916
Total General Fund	34,036,362	43,251,597	40,756,452	32,527,540	33,608,933	39,481,466	41,611,645	45,858,228	39,376,176	32,853,978
All Other Governmental Funds										
Nonspendable	\$ 24,244,00	-	-	58,065	82,037	113,323	43,107	44,607	88,895	65,229
Restricted	267,193,118	342,091,606	150,233,741	72,402,122	99,263,870	16,664,290	14,676,157	32,658,001	79,183,555	75,911,561
Committed	-	-	-	-	-	3,724,333	11,975,218	24,474,174	702,549	36,698,098
Assigned	1,315,501	796,483	666,219	17,418,578	25,094,078	3,266,213	19,050,432	14,091,937	7,025,790	11,531,603
Total All Other Governmental Fund	268,532,863	\$ 342,888,089	\$ 150,899,960	\$ 89,878,764	\$ 124,439,985	\$ 23,768,159	\$ 45,744,914	\$ 71,268,719	\$ 87,000,789	\$ 124,206,491



TACOMA SCHOOL DISTRICT No. 10
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
 Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)
 This table shows revenues by source, expenditures by program, other financing sources (uses) and other changes in fund balances, and the total change in fund balances for total governmental funds.

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
REVENUES										
Local Taxes	\$ 152,443,840	\$ 145,806,287	\$ 141,198,835	\$ 134,008,007	\$ 131,930,185	\$ 128,584,175	\$ 114,554,913	\$ 104,682,619	\$ 106,279,067	\$ 106,406,893
Local Non-Tax	11,625,915	10,340,515	7,455,521	6,927,550	6,376,572	6,491,558	6,875,408	6,605,606	9,072,709	13,708,167
State Funds, General Purpose	196,295,999	190,992,947	171,744,953	163,660,985	149,589,538	148,300,822	141,890,600	146,132,687	140,272,777	138,128,440
State Funds, Special Purpose	65,857,235	63,669,583	52,041,308	46,848,223	38,006,506	49,115,102	39,156,219	38,810,327	66,040,426	55,603,591
Federal Funds, General Purpose	291,916	339,873	337,953	372,025	439,342	408,403	359,651	370,471	450,453	491,957
Federal Funds, Special Purpose	38,490,182	39,358,166	37,753,336	34,480,207	38,097,163	44,733,568	52,731,623	54,910,681	48,625,800	36,173,884
Revenues from Other Districts	1,801,766	1,924,650	2,256,469	1,972,203	1,909,593	1,942,036	1,701,195	1,626,362	1,477,629	1,608,984
Revenues from Other Agencies	1,750,212	1,313,939	1,229,148	1,683,548	1,525,833	398,610	654,495	243,813	297,477	505,351
Miscellaneous	1,905,714	1,955,752	1,875,430	1,991,012	2,102,657	1,979,769	2,015,440	2,025,124	1,966,684	2,471,489
TOTAL REVENUES	470,462,779	455,701,712	415,892,952	391,943,760	369,977,389	381,954,043	359,939,544	355,407,690	374,483,022	355,098,756
EXPENDITURES										
Regular Instruction	209,816,178	197,149,180	178,604,394	174,589,139	170,771,737	164,008,333	160,298,122	150,804,463	142,968,422	148,591,332
Federal Stimulus	-	-	2,818	154,555	2,550,190	3,511,395	15,164,242	15,708,343	12,096,304	-
Special Instruction	50,297,078	49,211,531	46,461,341	43,958,775	42,490,710	42,051,072	41,038,872	35,917,278	39,323,625	38,700,254
Career & Technical Instruction	11,888,442	11,026,622	11,399,640	10,676,618	10,503,546	10,639,000	10,518,005	9,835,694	9,969,499	8,894,872
Compensatory Education	35,536,763	35,431,604	32,905,572	29,643,976	25,264,270	29,884,379	27,552,787	30,930,647	37,496,859	38,702,671
Other Instructional Programs	7,252,123	6,737,662	6,288,925	5,225,905	4,020,355	4,270,526	4,371,799	3,780,501	3,792,643	4,587,635
Community Services	661,350	602,358	553,050	517,033	398,150	428,850	485,678	486,859	447,585	308,484
Support Services	81,705,524	75,033,530	70,460,303	70,465,347	67,005,275	65,581,508	62,454,950	63,273,284	62,318,533	57,069,604
Student Activities	1,919,112	1,915,322	1,869,533	2,018,381	2,020,978	2,000,623	2,177,379	1,986,443	2,096,938	2,390,735
Capital Outlay	108,101,256	144,977,548	42,276,676	59,058,149	20,636,911	46,460,161	40,830,753	26,408,149	54,950,133	55,291,736
Debt Service:										
Interest	26,755,510	22,648,526	13,671,410	19,595,000	11,289,818	12,805,208	11,378,578	13,128,578	15,141,792	22,260,393
Principal	20,480,000	35,825,000	117,220,000	11,814,429	19,265,000	25,199,340	13,666,695	14,018,506	24,598,578	16,167,551
TOTAL EXPENDITURES	554,413,336	580,558,883	521,713,662	427,717,307	376,216,940	406,840,395	389,937,860	366,278,745	405,200,911	392,965,267
Excess of Revenues Over/(Under) Expenditures	(83,950,557)	(124,857,171)	(105,820,710)	(35,773,547)	(6,239,551)	(24,886,352)	(29,998,316)	(10,871,055)	(30,717,888)	(37,866,511)
OTHER FINANCING SOURCES (USES)										
Sale of Equipment & Property	89,776	90,802	34,199	130,934	113,725	779,418	45,320	1,632,226	23,196	1,441,885
Long-Term Financing	290,322	-	-	-	-	-	182,608	-	-	-
Sales of Bonds	368,275,000	80,000,000	80,000,000	-	98,865,000	-	-	-	-	-
Bond Premiums/(Discount)	57,225,495	671,616	-	-	2,341,123	-	-	-	-	-
Capital Leases	-	-	-	-	-	-	-	-	-	-
Bonds, Deposit to Refunding Account	(106,250,850)	94,365,000	-	-	(92,176,953)	-	-	-	-	-
Refunded Bonds	-	-	-	-	92,281,142	-	-	-	-	-
Cost of Issuance	-	-	-	-	(385,193)	-	-	-	-	-
Refund from Bond Escrow Account	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	380,098	319,340,447	175,070,815	130,934	101,038,844	779,418	227,928	1,632,226	23,196	1,441,885
NET CHANGE IN FUND BALANCES	(83,570,459)	\$ 194,483,276	\$ 69,250,106	\$ (35,642,614)	\$ 94,799,293	\$ (24,106,934)	\$ (29,770,388)	\$ (9,238,829)	\$ (30,694,692)	\$ (36,424,626)
Debt Service as a Percentage of Noncapital Expenditures	10.58%	13.42%	27.30%	8.52%	8.59%	10.55%	7.17%	7.99%	11.35%	11.38%

TACOMA SCHOOL DISTRICT No. 10
GENERAL GOVERNMENTAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS (Unaudited)

This table presents general fund revenues by category and the other major funds' total revenues over the last ten years for comparison purposes.

FISCAL YEAR	LOCAL TAXES	STATE FUNDS	FEDERAL FUNDS	LOCAL NON-TAX REVENUE
2008	66,388,111	184,567,109	36,665,841	8,800,421
2009	69,052,008	186,586,989	49,076,253	7,062,054
2010	72,876,736	180,860,443	55,281,152	6,080,372
2011	77,928,963	178,017,671	53,091,274	6,753,411
2012	82,145,826	182,805,683	45,141,971	6,448,676
2013	82,673,927	185,471,770	38,536,505	6,294,003
2014	82,356,831	206,856,311	34,852,232	6,719,638
2015	85,484,428	221,087,202	38,091,289	6,840,586
2016	86,057,007	244,031,565	39,698,039	7,134,304
2017	87,796,591	250,024,989	38,782,098	8,007,176

FISCAL YEAR	PAYMENTS FROM OTHER DISTRICTS	PAYMENTS FROM OTHER AGENCIES AND ASSOC.	TOTAL REVENUES GENERAL FUND
2008	1,608,984	505,351	298,535,817
2009	1,477,629	297,477	313,552,410
2010	1,626,362	243,813	316,968,878
2011	1,701,195	387,601	317,880,115
2012	1,942,036	433,756	318,917,948
2013	1,909,593	1,440,858	316,326,656
2014	1,972,203	1,477,177	334,234,392
2015	2,256,469	1,167,044	354,927,018
2016	1,924,650	1,313,939	380,159,503
2017	1,801,766	1,745,974	388,158,594

FISCAL YEAR	SPECIAL REVENUE FUNDS	DEBT SERVICE FUND	*CAPITAL PROJECTS FUNDS	TOTAL ALL FUNDS
2008	2,471,489	40,268,336	13,823,114	355,098,756
2009	1,966,684	37,303,931	21,659,997	374,483,022
2010	2,025,124	31,827,636	4,586,052	355,407,690
2011	2,015,440	28,484,967	11,559,022	359,939,544
2012	1,979,769	29,839,774	31,216,552	381,954,043
2013	2,102,657	30,078,332	21,469,744	369,977,389
2014	1,991,012	33,541,879	22,176,477	391,943,759
2015	1,875,430	42,668,905	16,421,600	415,892,953
2016	1,955,752	49,643,648	23,942,808	455,701,712
2017	1,905,714	54,443,193	25,955,278	470,462,779

* Capital Projects Fund and Transportation Vehicle Fund

TACOMA SCHOOL DISTRICT No. 10
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION
LAST TEN FISCAL YEARS (Unaudited)

This table presents general fund expenditures by activity and the other major funds' total expenditures over the last ten years for comparison purposes.

GENERAL FUND					
FISCAL YEAR	ADMIN	INSTRUCTION	NUTRITION SERVICES	PUPIL TRANSPORT	MAINT. & OPERATIONS
2008	8,054,951	239,329,044	10,828,147	9,698,502	26,787,426
2009	8,440,020	245,992,520	11,560,475	8,155,673	27,792,244
2010	8,892,110	247,663,918	11,609,925	9,285,131	27,411,725
2011	7,969,484	259,669,149	11,749,525	9,695,602	27,512,527
2012	8,990,937	254,898,444	12,034,030	9,798,484	27,405,809
2013	9,179,047	256,119,026	12,098,331	10,460,960	27,861,182
2014	10,861,257	265,648,205	12,333,637	10,956,980	28,991,657
2015	10,490,878	276,028,667	12,153,586	10,715,596	29,486,577
2016	12,370,012	300,233,954	12,157,324	10,855,539	32,837,197
2017	14,513,677	315,544,975	12,721,572	11,546,153	34,985,091

FISCAL YEAR	INFORMATION SERVICES	PRINTING	WAREHOUSE DISTRIBUTION	OTHER SERVICES (1)	TOTAL GENERAL FUND
2008	5,588,841	185,959	703,613	131,526	301,308,009
2009	6,079,366	(22,410)	655,790	327,432	308,981,110
2010	5,515,363	191,446	608,614	132,213	311,310,445
2011	5,537,598	253,769	627,326	98,401	323,113,381
2012	7,466,543	189,370	643,427	156,726	321,583,770
2013	6,914,634	270,138	613,839	158,927	323,676,084
2014	7,040,205	261,808	595,598	195,067	336,884,412
2015	7,112,404	164,486	718,166	218,324	347,088,682
2016	8,386,747	203,278	839,622	232,432	378,116,107
2017	8,551,173	302,411	831,375	190,200	399,186,625

	SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TRANSPORTATION VEHICLE FUND	
FISCAL YEAR	STUDENT ACTIVITIES	DEBT SERVICE	FACILITIES CONSTRUCTION	BUS PURCHASES	TOTAL ALL FUNDS
2008	2,390,735	39,269,360	50,602,706	394,457	393,965,267
2009	2,096,938	39,740,370	54,215,243	167,250	405,200,911
2010	1,986,443	27,147,084	25,356,335	478,438	366,278,745
2011	2,177,379	24,804,216	39,842,884	-	389,937,860
2012	2,000,623	38,004,548	45,251,454	-	406,840,395
2013	2,020,978	30,554,818	19,509,323	455,736	376,216,940
2014	2,018,381	31,409,429	56,682,917	722,169	427,717,307
2015	1,869,533	130,891,410	40,293,016	1,571,020	521,713,662
2016	1,915,322	58,473,526	140,803,004	1,250,924	580,558,883
2017	1,919,112	47,235,510	106,072,091	-	554,413,336

(1) Other Services includes Interest and Principal, Debt Services, Motor Pool, and Public Activities.

**TACOMA SCHOOL DISTRICT No. 10
FOR GOVERNMENTAL FUNDS @
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN CALENDAR YEARS
(Unaudited)**

This table presents historical information over the last ten years on the district's property taxes levied and collected for its general fund maintenance and operations levy, capital projects construction and technology levies, and debt service bond repayments for capital projects.

CALENDAR YEAR	ORIGINAL TAX LEVY	NET ADJUSTMENTS TO TAX LEVIES	CURRENT TAX COLLECTIONS	PERCENT OF LEVY COLLECTED	DELINQUENT TAX COLLECTION
2008	105,699,741	(618,296)	101,945,879	96.45	2,723,280
2009	110,170,949	(965,380)	105,923,086	96.14	2,746,515
2010	102,282,949	(1,038,740)	97,957,039	95.77	3,144,997
2011	128,588,377	(2,287,874)	123,138,650	95.76	2,803,867
2012	131,363,270	(608,313)	127,033,450	96.70	3,429,623
2013	133,664,909	(2,045,795)	129,713,798	97.04	2,802,229
2014	135,514,613	(633,149)	132,028,538	97.43	3,238,775
2015	144,988,737	(462,211)	142,031,691	97.96	3,340,228
2016	148,664,229	(1,684,022)	143,431,207	96.48	2,375,080
2017	152,134,913	(909,745)	148,772,989	97.79	2,485,614

CALENDAR YEAR	TOTAL TAX COLLECTIONS	TOTAL COLLECTIONS AS PERCENT OF CURRENT LEVY
2008	104,669,159	99.02
2009	108,669,601	98.64
2010	101,102,036	98.85
2011	125,942,517	97.94
2012	130,463,072	99.31
2013	132,516,027	99.14
2014	135,267,313	99.82
2015	145,371,919	100.26
2016	145,806,287	98.08
2017	148,291,901	97.47

@ General, Debt Service, and Capital Projects Funds

TACOMA SCHOOL DISTRICT No. 10
ASSESSED VALUE OF TAXABLE PROPERTY AND PROPERTY TAX RATES
ALL OVERLAPPING TAXING AUTHORITIES
TAX ASSESSMENTS PER \$ 1,000 VALUE
LAST TEN CALENDAR YEARS
(Unaudited)

Table VIII displays the calendar year and assessed valuation amount used to calculate the tax rate per \$1,000 for the district and other taxing entities within its boundaries.

CALENDAR YEAR	SCHOOL DISTRICT TAXABLE VALUES FOR EXCESS LEVIES	DISTRICT ASSESSED			
		SPECIAL LEVY	SCHOOL BOND	CAPITAL PROJECTS	COURT ORDER REFUND
2008	22,171,379,203	3.0695	1.6959	-	0.0014
2009	22,966,978,151	3.1474	1.6545	-	-
2010	21,961,694,749	3.4272	1.2179	-	0.0092
2011	20,129,053,134	4.0771	1.5107	0.7924	-
2012	18,649,828,373	4.4873	1.5914	0.9621	-
2013	16,863,514,338	4.8848	1.8153	1.2263	-
2014	17,436,065,582	4.7531	2.0883	0.9201	-
2015	18,827,396,929	4.6087	2.5449	0.5383	-
2016	20,038,528,844	4.3155	2.5950	0.5032	-
2017	21,882,718,200	3.9637	2.5248	0.4611	-

CALENDAR YEAR	STATE SCHOOL	CITY	METRO PARK	PORT OF TACOMA	COUNTY	TOTAL
2008	2.0688	2.8396	0.7310	0.1851	1.0838	11.6750
2009	2.0234	2.8107	0.7203	0.1829	1.0815	11.6205
2010	2.0674	2.9902	0.7666	0.1840	1.1599	11.8225
2011	2.2737	3.2445	1.0872	0.1819	1.2415	14.4090
2012	2.4079	3.6158	1.1074	0.1814	1.3721	15.7254
2013	2.6294	4.0381	1.1513	0.1833	1.5263	17.4548
2014	2.5271	4.0022	1.1374	0.1833	1.5046	17.1161
2015	2.3863	3.8126	1.7959	0.1837	1.4279	17.2983
2016	2.2339	3.8964	1.6802	0.1827	1.3785	16.7854
2017	2.0670	3.6834	0.7073	0.1840	1.2848	14.8761

TACOMA SCHOOL DISTRICT No. 10
PRINCIPAL PROPERTY TAX PAYERS
 Comparison of Assessed Valuations for
 CURRENT YEAR AND TEN YEARS AGO

TAXPAYER	TYPE OF BUSINESS	2017			2008		
		PROPERTY ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL DISTRICT TAXABLE ASSESSED VALUE*	PROPERTY ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL DISTRICT TAXABLE, ASSESSED VALUE
Tacoma Mall Partnership	Retail	\$ 279,060,404	1	% 1.28	\$ 231,151,284	1	% 1.05
Rockterm CP LLC	Manufacturer	199,859,300	2	0.91			-
Puget Sound Energy/Gas	Utilities	117,637,307	3	0.54	69,275,403	4	0.32
Targa Sound Terminal LLC	Energy Supplier	88,654,000	4	0.41			-
CSC of Tacoma LLC	Correctional Services	67,848,000	5	0.31			-
Fairfield Fairways WA LLC	Property Management	60,292,100	6	0.28			-
AT&T Mobility LLC	Telecommunications	57,332,404	7	0.26	60,262,907	6	0.27
University Street Properties LLC	Property Management	54,000,479	8	0.25			-
Comcast Cable Communications Management	Telecommunications	52,165,227	9	0.24			-
Newcold Seattle LLC	Logistics	42,693,900	10	0.20			-
Simpson Tacoma Kraft	Paper Products			-	133,083,027	2	0.61
Qwest Corporation	Telecommunications				70,407,120	3	0.32
Simpson Timber Co	Timber			-	66,264,600	5	0.30
CSC of Tacoma LLC	Correctional Svcs			-	54,111,000	7	0.25
Fred Meyer Stores Inc #615	Retail			-	52,786,825	8	0.24
NGP Centennial Tacoma LLC	Real Estate			-	52,786,825	9	0.24
909 A Street LLC	Real Estate			-	50,093,700	10	0.23
* Percentage of total assessed value of \$21,882,718,200		\$ 1,019,543,121		% 4.66	\$ 840,232,691		% 3.82

Source data: Pierce County Assessor's Office

TACOMA SCHOOL DISTRICT No. 10
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL BONDED DEBT TO TOTAL GENERAL FUND EXPENDITURES
LAST TEN FISCAL YEARS
(Unaudited)

This table displays the district's debt service fund expenditures for principal and interest payments over the last ten years and calculates the ratio of these expenditures against the total general fund expenditures for the same year.

FISCAL YEAR	DEBT SERVICE FUND		TOTAL	TOTAL GENERAL FUND EXPENDITURES	RATIO OF DEBT SERVICE TO TOTAL GENERAL FUND EXPENDITURES
	PRINCIPAL(1)	INTEREST(2)			
2008	23,103,578	16,163,916	39,267,494	301,308,008	13.03
2009	24,598,578	15,140,100	39,738,678	308,981,110	12.86
2010	13,128,578	14,016,812	27,145,390	311,310,445	8.72
2011	11,378,578	13,421,706	24,800,284	323,113,381	7.68
2012	25,199,340	12,804,301	38,003,641	321,583,770	11.82
2013	19,265,000	11,288,147	30,553,147	323,676,084	9.44
2014	19,595,000	11,813,525	31,408,525	336,884,412	9.32
2015	117,220,000	13,671,246	130,891,246	347,088,682	37.71
2016	35,825,000	22,322,961	58,147,961	378,116,107	15.38
2017	20,480,000	26,754,413	47,234,413	399,186,625	11.83

(1) General obligation bond principal payments reported in the debt service funds.

(2) Excludes bond issuance and other costs.

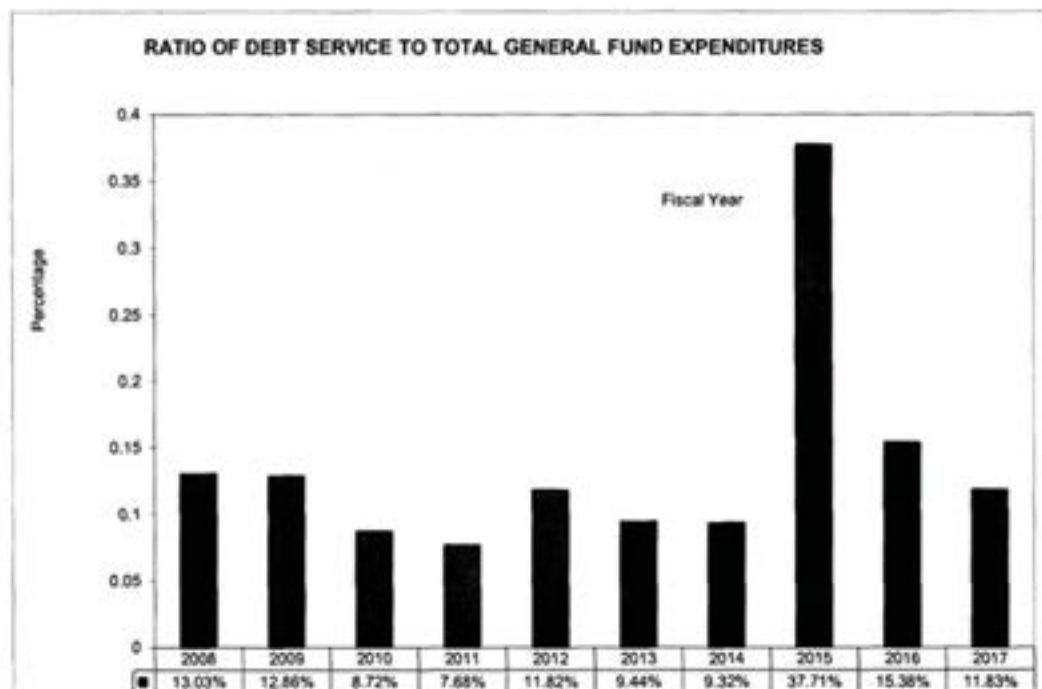
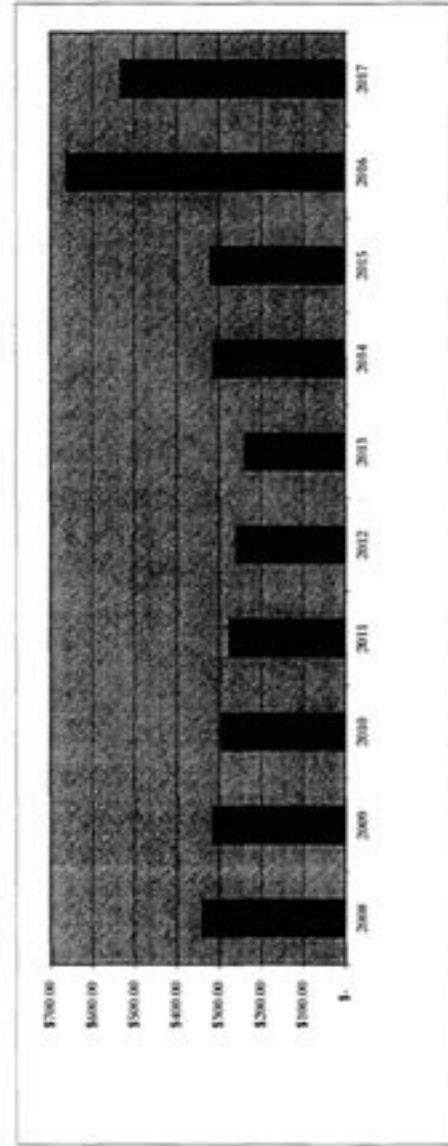


Table XII

TACOMA SCHOOL DISTRICT No. 10
RATIO OF NET BONDED DEBT TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS
(Unaudited)

FISCAL YEAR	POPULATION	ASSESSED VALUE	GROSS BONDED DEBT	CAPITAL LEASES/ LONG TERM FINANCING	LESS DEBT SERVICE FUNDS AVAILABLE	NET BONDED DEBT	RATIO OF NET BONDED DEBT TO ASSESSED VALUE	RATIO OF NET BONDED DEBT TO PERSONAL INCOME	NET BONDED DEBT PER CAPITA
2008	202,700	\$ 22,171,379,203	\$ 336,851,343	\$ -	\$ 4,757,835	\$ 332,093,508	1.4978%	4.0492%	\$ 1,638.35
2009	203,400	\$ 22,966,978,151	\$ 309,869,274	\$ -	\$ 2,409,974	\$ 307,459,300	1.3387%	3.8553%	\$ 1,511.60
2010	204,200	\$ 21,961,694,749	\$ 294,576,911	\$ -	\$ 7,179,104	\$ 287,397,807	1.3086%	3.5397%	\$ 1,407.43
2011	198,900	\$ 20,129,053,134	\$ 281,146,587	\$ 182,608	\$ 10,948,433	\$ 270,380,762	1.3432%	3.3162%	\$ 1,359.38
2012	199,600	\$ 18,649,828,373	\$ 253,987,175	\$ 146,087	\$ 7,037,999	\$ 247,095,263	1.3249%	2.8024%	\$ 1,237.95
2013	200,400	\$ 16,863,514,338	\$ 335,788,136	\$ 109,566	\$ 7,241,697	\$ 328,656,005	1.9489%	3.5730%	\$ 1,640.00
2014	200,900	\$ 17,336,065,582	\$ 314,455,500	\$ 73,045	\$ 9,374,148	\$ 305,154,397	1.7602%	3.6290%	\$ 1,518.94
2015	202,300	\$ 18,827,396,629	\$ 335,710,000	\$ 36,522	\$ 15,516,643	\$ 320,229,879	1.7009%	3.9194%	\$ 1,582.95
2016	206,100	\$ 20,038,528,844	\$ 665,958,244	\$ -	\$ 4,843,752	\$ 661,114,492	3.2992%	7.1922%	\$ 3,207.74
2017	208,100	\$ 21,882,718,200	\$ 543,640,000	\$ 425,906	\$ 12,051,435	\$ 532,014,471	2.4312%	5.4737%	\$ 2,556.53

Net Bonded Debt



Source data: Office of Financial Management, Pierce County Assessor's Office, and Tacoma School District CAFR Schedule D-1 and Notes to the Financial Statements (Note 7)

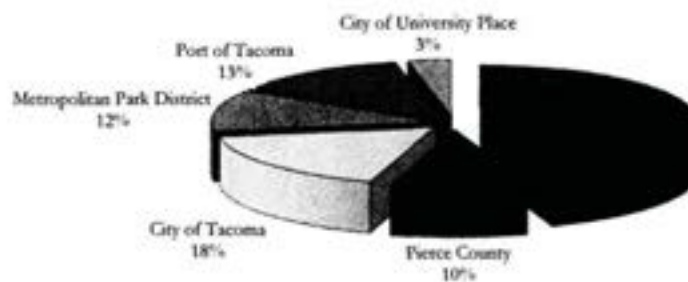
TACOMA SCHOOL DISTRICT No. 10
STATEMENT OF DIRECT AND OVERLAPPING DEBT

August 31, 2017

(Unaudited)

	AREA DEBT OUTSTANDING	PERCENT APPLICABLE DISTRICT*	DEBT WITHIN DISTRICT BOUNDARY
DIRECT BONDED DEBT:			
Tacoma School District	\$ 543,640,000	% 100.00	\$ 543,640,000
OVERLAPPING BONDED DEBT:			
Pierce County	124,025,000	26.96	4,600,334
City of Tacoma	215,185,933	100.00	2,151,859
Metropolitan Park District	142,625,000	100.00	1,426,250
Port of Tacoma	153,989,000	26.96	5,711,758
City of University Place	39,255,000	2.13	18,429,577
TOTAL OVERLAPPING BONDED DEBT	675,079,933		32,319,779
TOTAL DIRECT AND OVERLAPPING BONDED DEBT	\$ 1,218,719,933		\$ 575,959,779

AREA OF DEBT OUTSTANDING



* Information provided by Pierce County Assessor's Office. The percentage of overlap is calculated by dividing the Tacoma School District's assessed value within a taxing district by the total assessed value of the taxing district.

Source data: Tacoma School District CAFR Long-Term Debt Schedule
Pierce County Treasurer's Office
City of Tacoma
Metropolitan Park District
Port of Tacoma
City of University Place

TACOMA SCHOOL DISTRICT No. 10
CONSTITUTIONAL LIMIT OF INDEBTEDNESS
August 31, 2017

This table provides information upon which the legal debt margin is calculated for the current year. The total limit on indebtedness may be up to five percent of assessed valuation. Additional debt can only be incurred by an authorized 3/5 of the people vote.

NON-VOTED DEBT

FOR GENERAL PURPOSES (1)

3/8% of Assessed Valuation (2)	\$ 82,060,193
Less: Limited Tax G.O. Bonds	82,060,193

DEBT CAPACITY AVAILABLE FOR NON-VOTED DEBT	82,060,193
--	------------

BY 3/5 OF THE PEOPLE AUTHORIZATION VOTE

FOR GENERAL PURPOSES(1)

2 1/8% of Assessed Valuation(2)	465,007,762
Add: Bond Fund Cash	11,154,114
Bond Fund Taxes Receivable	26,440,205
Less: Bonds Outstanding	(543,640,000)

BOND CAPACITY AVAILABLE FOR GENERAL PURPOSES	(41,037,919)
--	--------------

FOR ADDITIONAL CAPITAL OUTLAY(1)

Add: 2 1/2% of Assessed Valuation	547,067,955
-----------------------------------	-------------

BOND CAPACITY FOR ADDITIONAL CAPITAL OUTLAY	547,067,955
---	-------------

UNUSED PORTION OF INDEBTEDNESS LIMIT

	\$ 588,090,229
--	----------------

(1) Per 39.36.015 and 39.36.020 Revised Code Of Washington

(2) 2016 Assessment for 2017 Tax Base \$21,882,718,200 (for Bond Levy)

TACOMA SCHOOL DISTRICT No. 10
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years

This table shows the debt limit amounts, total net debt applicable to the limit, amount of the legal debt margin, and percentage of debt to the debt limit for the last ten years.

Debt Limit:	FISCAL YEAR									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Non-Voted Debt	\$ 82,060,193	\$ 75,144,483	\$ 70,602,737	\$ 70,628,777	\$ 69,936,856	\$ 75,483,949	\$ 82,336,355	\$ 86,136,148	\$ 83,142,672	\$ 74,973,457
Voted Debt/General Purposes	465,007,762	425,818,738	400,082,178	400,229,736	396,308,853	427,742,379	466,686,013	488,048,286	471,141,808	434,849,587
Voted Debt/Additional Capital Outlay	47,067,955	500,963,221	470,684,916	470,858,513	466,245,709	503,226,328	549,042,369	574,174,454	554,284,480	499,823,044
Total Debt Limit	594,135,910	1,001,926,442	941,369,831	941,717,026	932,491,418	1,004,452,656	1,098,064,737	1,148,348,908	1,108,568,960	999,646,088
Total Net Debt Applicable to Limit	506,045,681	534,262,994	374,243,020	272,993,126	297,477,633	222,734,499	235,062,291	260,156,855	272,742,039	295,345,937
Legal Debt Margin	\$ 588,090,229	\$ 467,663,448	\$ 644,192,812	\$ 668,724,900	\$ 635,013,786	\$ 783,718,158	\$ 863,022,446	\$ 888,192,053	\$ 835,826,921	\$ 704,300,151
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	85.17%	53.32%	39.76%	28.99%	31.90%	22.13%	21.41%	22.65%	24.60%	29.55%
Assessed Valuation (Revenue Base)	21,882,718,200	20,038,528,844	18,827,396,929	17,436,065,582	16,863,514,338	18,649,838,373	20,129,053,134	21,961,694,749	22,966,978,151	22,171,379,203



**TACOMA SCHOOL DISTRICT No. 10
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS**

Table XVI displays the population for the City of Tacoma, and the per capita income and unemployment rates for Pierce County.

YEAR	POPULATION (a)	PERSONAL INCOME (In Thousands) (b)	PER CAPITA PERSONAL INCOME (b)	UNEMPLOYMENT PERCENTAGE RATE (c)	F.T.E. AVERAGES K-12 ENROLLMENT (d)	FREE & REDUCED LUNCH K-12 PERCENTAGE RATE (e)
2008	202,700	31,846,581	40,461	5.93%	27,659	56.60%
2009	203,400	31,228,180	39,208	9.29%	28,088	58.80%
2010	204,200	31,625,073	39,761	9.20%	27,828	57.00%
2011	198,900	33,117,849	40,992	9.10%	27,806	60.00%
2012	199,600	35,232,946	44,174	8.50%	27,562	63.90%
2013	200,400	36,054,002	45,900	7.50%	27,531	63.20%
2014	200,900	36,282,818	41,855	7.20%	28,011	63.30%
2015	202,300	37,640,095	40,387	6.10%	28,323	63.50%
2016	206,100	40,228,355	44,600	6.00%	28,344	60.60%
2017	208,100	N/A	46,706	4.70%	28,307	58.00%

(a) Office of Financial Management

(b) Bureau of Economic Analysis, Pierce County Economic Index

(c) WA Regional Economic Analysis Project

(d) WA State Office of Superintendent of Public Instruction

(e) WA State Office of Superintendent of Public Instruction, Washington State Report Card

N/A - Not Available

Table XVII

TACOMA SCHOOL DISTRICT No. 10
PRINCIPAL EMPLOYERS
 Current Year and Nine Years Ago

EMPLOYER	2017			2008		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL	EMPLOYEES	RANK	PERCENTAGE OF TOTAL
Federal Government	61,521	1	49.94	55,882	1	52.73
Local Government	37,139	2	30.15	33,028	2	31.16
MultiCare Health Systems	7,439	3	6.04	5,832	3	5.50
Franciscan Health Systems	6,528	4	5.30	4,041	4	3.81
State Farm Insurance	2,150	5	1.75	-	-	-
Emerald Queen Casino	2,082	6	1.69	1,915	6	1.81
Safeway Stores, Inc.	1,848	7	1.50	1,760	7	1.66
Boeing Company	1,575	8	1.28	1,144	10	1.08
International Longshore & Warehouse Union Loca	1,500	9	1.22			
Amazon Distribution Centers	1,400	10	1.14			
Fred Meyer Stores				2,383	5	2.25
Wal-Mart				1,990	9	1.88
Russell Investments				1,635	8	1.54
Total	123,182		100.00	105,985		100.00

Source data: Economic Development Board for Tacoma-Pierce County, Pierce County

TACOMA SCHOOL DISTRICT No. 10
MISCELLANEOUS STATISTICS
CITY OF TACOMA
(Unaudited)

Year Incorporated (Tacoma School District)	1878
Population (City of Tacoma)	208,100
Total Personal Income (Pierce County)	40,228,355
Land Area	62.34 Square Miles
Average Rainfall	39.0 Inches
Average Temperature Summer	65.6 F.
Average Temperature Winter	41 F.
Number of Police Stations	6
Number of Fire Stations	17
Number of Hospitals	6
Number of City Operated Public Libraries	8 Branches
Number of Museums	14

TACOMA SCHOOL DISTRICT

Schools	Elementary	36
	Middle	11
	High	8
	Alternative Learning Sites	12
Students	Elementary (Grades K-5)	14,255
	Middle School (Grades 6-8)	5,818
	High School (Grades 9-12)	7,996
	Alternative Learning Sites	566
Average FTE (District Total)		<u>28,634</u>

OTHER SCHOOLS

Private Schools (Above Kindergarten)	18
Business Colleges (Private)	2
Technical Colleges	1
Community Colleges	1
Universities (Private)	2
Universities (Branch Campus)	1

RECREATION - CITY OWNED

Parks	59
Tidelands	6
Swimming Pools	4
Golf Courses, including Disk Golf (Public)	5
Playfields/Athletic Fields	30
Professional Baseball Park	1
Domed Stadiums	1

**TACOMA SCHOOL DISTRICT No. 10
CONTRIBUTING STAFF**

The following individuals contributed to the successful completion of the Tacoma School District's Comprehensive Annual Financial Report:

ACCOUNTING SERVICES

Marianne Bigelow

Khanh-Trang Nguyen

Wanda Moore

Alice Shaw

Cheryll Collins

Natasha Edwards

Ginny Adams

FINANCE

Rob Bryant

Allison Deskins

Robin Mason

Anne Cumings

Robert Peters

PRINTING AND ART WORK

Kathy Chase

Mike Griswold

Greg Weber

TACOMA SCHOOL DISTRICT No. 10
FULL TIME EQUIVALENT DISTRICT EMPLOYEES BY PROGRAM
Last Ten Fiscal Years

Program Description	FISCAL YEAR									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Regular Instruction										
Certificated	1512.640	1,472.944	1,442.091	1,439.104	1,414.586	1,400.864	1,446.442	1,348.652	1,379.660	1,359.463
Classified	254.347	235.526	227.078	226.575	224.991	217.115	147.552	225.080	222.436	219.807
Federal Stimulus										
Certificated	-	-	-	-	22.969	32.355	62.683	129.456	-	-
Classified	-	-	-	-	0.724	2.676	90.732	48.778	-	-
Special Instruction										
Certificated	329.229	310.027	307.455	307.277	300.301	303.773	301.980	274.661	308.579	307.456
Classified	184.401	181.674	177.653	169.289	165.316	175.023	181.176	151.997	195.082	189.475
Career & Technical Instruction										
Certificated	96.214	94.569	89.192	94.557	100.814	97.850	94.004	91.283	90.754	89.700
Classified	7.160	7.967	7.023	7.876	7.261	8.876	7.876	8.468	7.822	10.834
Compensatory Instruction										
Certificated	199.985	197.229	190.169	157.102	149.498	171.298	158.048	189.615	284.069	289.341
Classified	77.978	82.242	82.057	88.582	83.580	94.381	99.365	101.416	105.145	102.572
Other Instructional Programs										
Certificated	21.096	18.800	22.332	16.726	14.400	16.270	15.506	15.200	15.000	22.500
Classified	17.586	12.277	15.087	14.016	13.459	16.067	14.848	13.603	14.190	13.915
Other Community Services										
Classified	-	-	-	-	-	-	0.688	0.688	-	-
Support Services										
Certificated	3.000	3.000	2.000	3.000	2.000	2.000	2.000	4.000	4.000	3.000
Classified	406.074	387.902	375.505	368.312	354.468	354.244	353.312	368.486	374.065	374.100
Food Services										
Classified	96.497	95.483	102.484	102.049	105.758	103.536	106.439	111.193	108.278	109.554
Transportation										
Classified	45.419	43.198	41.883	42.490	38.865	41.079	40.991	44.842	43.883	44.978
Planning & Construction (CPF)										
Certificated	10.000	8.000	6.000	8.000	3.000	2.000	2.100	1.600	1.401	1.000
Classified	27.952	32.163	31.003	31.079	16.308	16.650	18.263	15.413	17.834	17.995
TOTAL	3,289.578	3,183.001	3,119.012	3,076.034	3,018.298	3,056.057	3,144.005	3,144.431	3,172.198	3,155.690

Source data:
State of Washington's Office of Supr. of Public Instruction's 1801 Reports

TACOMA SCHOOL DISTRICT No. 10
CERTIFICATED INSTRUCTIONAL STAFF STATISTICS
LAST TEN FISCAL YEARS

This table displays information on the district's certificated instructional staff which includes all non-administrative full-time equivalent staff holding a teaching or ESA certification, e.g. teachers, school psychologists, speech language pathologists, occupational and physical therapists, etc. The derived base is the amount paid to a teacher with zero years of experience and a bachelor's degree with no additional credits.

Year	Certificated Instructional Staff (1)	Derived Base Salary (1)	Average Base Salary (1)	Average Other Salaries (1)	Average Years of Experience (2)	Percent of Staff with Master's Degree or Higher (3)
2017	2,033,646	35,260	54,092	19,575	13.80	63.40%
2016	1,977,315	34,571	53,405	17,711	14.20	61.90%
2015	1,938,083	33,679	52,152	15,696	14.50	62.80%
2014	1,909,366	33,761	52,829	15,933	14.90	62.70%
2013	1,882,636	33,255	52,228	15,673	12.90	60.00%
2012	1,902,810	33,328	52,282	15,229	12.90	60.00%
2011	1,943,746	34,003	53,060	15,887	13.10	57.60%
2010	1,941,582	34,237	53,175	13,747	13.10	55.70%
2009	1,969,494	34,209	52,370	12,505	13.00	54.90%
2008	1,954,333	32,600	49,617	11,670	13.30	54.40%

(1) From OSPI Report 1801Cert, District Instructional Staff for Compliance Purposes

(2) From OSPI Washington State Report Card

TACOMA SCHOOL DISTRICT No. 10
OPERATING STATISTICS
Last Ten Fiscal Years

Fiscal Year	Expenses (1)	Average FTE Enrollment (2)	Cost per Pupil	Percentage Change	Classroom Teachers (3)	Pupil/Teacher Ratio
2008	341,246,519	27,659	12,338	15.93	1,734	16.0
2009	369,327,557	28,088	13,149	6.58	1,703	16.5
2010	361,194,058	27,828	12,980	(1.29)	1,677	16.6
2011	374,981,567	27,806	13,486	3.90	1,672	16.6
2012	364,479,546	27,562	13,224	(1.94)	1,810	15.2
2013	369,062,612	27,531	13,405	1.37	1,619	17.0
2014	387,248,476	28,011	13,825	3.13	1,802	15.5
2015	396,890,383	28,323	14,013	1.36	1,842	15.4
2016	454,501,984	28,344	16,035	14.43	1,689	16.8
2017	465,881,764	28,307	16,458	2.64	1,722	16.4

(1) Tacoma School District CAFR Schedule 2

(2) Annual average FTE enrollment figures from WA State Office of Supt of Public Instruction Report P223

(3) Classroom teachers from WA State Office of Supt of Public Instruction Report Card

TACOMA SCHOOL DISTRICT No. 10
BUILDINGS & PROPERTIES
August 31, 2017

PROPERTY	LOCATION	YEAR BUILT	YEAR OF ADDITION/ MODERNIZATION	SQUARE FOOTAGE	ACREAGE
SENIOR HIGH SCHOOLS					
Foss	2112 S. Tyler St.	1972	2005 1956, 1967, 1973, 1979, 1997, 2007	256,013	34.29
Lincoln	701 S. 37th St.	1913		280,334	25.15
Mount Tahoma	4634 S. 74th St.	2004		277,912	86.00
Oakland	3319 S. Adams St.	1912	1958	34,276	2.95
School of the Arts - Pacific	1950 Pacific Ave.	1904	1965	21,601	0.25
School of the Arts - Ted Brown	1117-1123 Broadway	1922	2002, 2005	18,943	0.13
Science and Math Institute	5501 N Pearl St.	2009		9,047	-
Environmental Learning Center	5715 Animal Loop Road	2017		30,411	
Stadium	111 North E St.	1912	1974, 2006	295,792	9.81
Wilson	1202 N. Orchard St.	1958	1968, 2006, 2016, 2017	252,037	41.20
MIDDLE SCHOOLS					
Baker	8320 S. I St.	2011		119,594	13.57
First Creek	1801 E. 56th St.	2009		119,861	37.41
Giaudrone	4902 S. Alaska St.	2003		119,402	15.54
Gray (New)	6229 S. Tyler	2008		116,872	15.09
Hunt	6501 S. 10th St.	1957	1964, 1968, 1974	112,321	24.83
Jason Lee	602 N. Sprague Ave.	1923	1964, 2001	127,053	8.37
Mason	3901 N. 28th St.	1925	1951, 1963, 1979, 2003	114,869	7.92
Meeker	4402 Nassau Ave NE	1991	2002	103,588	40.00
Stewart	5010 Pacific Ave.	1924	1963, 1973, 2016	132,071	7.29
Truman	5801 N. 35th St.	1999		124,750	13.00
ELEMENTARY SCHOOLS					
Arlington	3002 S. 72nd St.	2017		55,944	6.30
Birney	1202 S. 76th St.	1961	1964, 1971	57,559	8.70
Blix	1302 E. 38th St.	2002		62,028	8.80
Boze	1140 E. 65th St.	1969	1971, 1989	52,456	14.57
Browns Point	1526 - 51st. St. NE	1952	1956, 1960	74,778	18.72
Bryant	717 S. Grant Ave.	1960		40,662	2.60
Crescent Heights	4410 Nassau Ave NE	1999		60,648	15.00
DeLong	4901 S. 14th St.	1953	1986	56,412	5.00
Downing	2502 N. Orchard St.	1948	1953, 1958, 1973	60,698	10.08
Edison	5830 S. Pine St.	1952	1967, 1983	62,834	3.00
Fawcett	126 E. 60th St.	1950	1957, 1987	55,808	5.59
Fern Hill	8442 S. Park Ave.	1919	1925, 1957, 2006	58,257	3.96
Franklin	1402 S. Lawrence	1889	1910, 1953, 1968, 1997	62,525	6.00
Geiger	7401 S. 8th Street	2012		67,823	7.22
Grant	1018 N. Prospect St.	1900	1920, 1955, 1967	51,386	3.51
Other Site	2708 N. Union Ave.	1959		7,495	0.76
Jefferson	4302 N. 13th St.	2003		60,440	3.55
Larchmont	8601 E. B St.	1969	2002	73,504	14.06
Lister	2106 E. 44th St.	1998		70,782	6.90
Lowell	810 N. 13th St.	1949	1951	55,600	2.84
Lyon	101 E. 46th St.	1924	1949, 1966	41,017	2.82
Manitou Park	4330 S. 66th St.	1994		67,055	3.93
Mann	1002 S. 52nd. St.	1953	1967, 2003	67,759	3.30
McCarver	2111 S. J St.	1925	2016	79,215	5.79
McCarver Primary	2141 South J St.	1961		17,376	
Northeast Tacoma	5412 29th St. NE	1992		54,863	4.34
Point Defiance	4330 N. Visscher St.	1911	1920, 1946, 1957, 1979, 1980, 1987	55,944	12.44

Source date: Tacoma School District property records

TACOMA SCHOOL DISTRICT NO. 10
BUILDINGS & PROPERTIES
August 31, 2017

PROPERTY	LOCATION	Year Built		Square Footage	Acreage
Reed	1802 S. 36th St.	1951	1952, 1987	57,815	5.39
Roosevelt	3550 E. Roosevelt Ave.	1922	1967, 1972, 1973, 1984	53,638	7.33
Sheridan	6317 McKinley Ave.	1994		57,227	4.13
Sherman	4415 N. 38th St.	1999		59,127	3.56
Skyline	2301 N. Mildred St.	1962	1967, 1979	59,083	6.00
Stafford	1615 S. 92nd St.	2005		63,610	10.04
Stanley	1712 S. 17th St.	1927	1955, 1967, 1973, 1987	59,679	3.00
Wainwright Intermediate School	130 Alameda Ave.	2016		65,991	7.13
Washington	3701 N. 26th St.	2014		60,298	1.91
Whitman	1120 S. 39th St.	1952	1954, 1983, 2003	63,971	3.64
Whittier	777 Elm Tree Lane	1962		62,205	5.14
OTHER BLDGS. & SITES					
Building & Grounds	3223 S. Union Ave.	1940	1965	72,428	6.92
Central Administration Bldg. (CAB)	601 S. 8th St.	1930		111,426	3.33
CAB Annex	708 S. G St.	1960		8,276	0.15
Food Svcs/Purchasing/Warehouse	3321 S. Union Ave.	1940	1965	37,003	4.79
Lincoln Tree Farm	28001 Mountain Highway	1969		2,849	332.16
Madison - Head Start Use	3102 S. 43rd St.	1924	1958, 1968	29,966	9.00
Willie Stewart Academy	1818 Tacoma Ave.	1919	1966	5,985	0.45
Willard	3201 South D St.	1951		25,743	1.86
9th & Broadway Parking Garage	909 Market Street	1919	1960	45,271	0.28
9th & Broadway Building	302 South 9th Street	1964	1988, 2017	43,820	0.35
Park Avenue Center	6701 Park Ave.	1912	1949	44,613	6.32
Professional Development Ctr	6501 N. 23rd St.	1950	1963, 1968, 1979, 2003	78,849	19.80
VACANT SITES					
Blueberry Farm	E. 80th & D St.				50.49
Camp Joshua Taylor	Longbranch	1975		3,432	14.92
Gault	1115 E. Division Lane	1925	1952, 1973, 1979	109,582	7.20
			1943, 1952, 1963, 1973,		
Gray (old)	3109 S. 60th St.	1924	1974	18,590	7.49
112th E 45th Street Property (Lyon)	112 E 45th Street	1917	1951	635	0.14
McKinley	3702 McKinley	1908	1910, 1954, 1958, 1967	53,876	2.44

