

Comprehensive Annual Financial Report

For the fiscal year ended August 31, 2018



Browns Point Elementary School

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

Comprehensive Annual Financial Report

For the fiscal year ended August 31, 2018



Browns Point 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

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|--------------------------------|---|
| Table of Contents | 1 |
|--------------------------------|---|

SECTION I – INTRODUCTION

| | |
|--|----|
| Directory of Officials | 5 |
| Board of Directors | 6 |
| Organization Chart | 7 |
| Letter of Transmittal..... | 8 |
| Certificate of Achievement for Excellence in Financial Reports, GFOA | 16 |
| Certificate of Excellence in Financial Reporting, ASBO | 17 |

SECTION II – FINANCIAL

| | |
|---|----|
| Independent Auditor’s Report | 19 |
| Management’s Discussion & Analysis..... | 22 |

Government-Wide Financial Statements

| | |
|-----------------------------------|----|
| 1 Statement of Net Position | 33 |
| 2 Statement of Activities | 34 |

Governmental Fund Financial Statements

| | |
|--|----|
| 3 Fund Balance Sheets | 35 |
| 3A Reconciliation: Balance Sheet/Statement of Net Position..... | 36 |
| 4 Statement of Revenues, Expenditures, and Changes in Fund Balances | 37 |
| 4A Reconciliation: Statement of Revenues, Expenditures, and Changes in Fund Balance/Statement of Activities | 38 |

Proprietary Fund Financial Statements
(The Sound Partnership)

Internal Service Fund

| | |
|---|----|
| 5 Statement of Net Position..... | 39 |
| 6 Statement of Revenues, Expenses, and Changes in Net Position..... | 40 |
| 7 Statement of Cash Flows..... | 41 |

Fiduciary Funds Financial Statements

| | |
|---|----|
| 8 Statement of Fiduciary Net Position..... | 43 |
| 9 Statement of Changes in Fiduciary Net Position..... | 44 |

| | |
|--|----|
| Notes to the Basic Financial Statements | 45 |
| (An integral part of the financial statements) | |

Required Supplemental Information Notes

| | | |
|-----|---|----|
| A-1 | Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual Comparison Schedule, General Fund..... | 87 |
| A-2 | Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual Comparison Schedule, Special Revenue Fund (ASB) | 88 |
| A-3 | Schedule of Change in Total OPEB (Other Post Employment Benefits) Liability and Related Ratios | 89 |
| A-4 | Schedule of District's Proportional Share of the Net Pension Liability | 90 |
| A-5 | Schedule of District Contributions | 91 |
| A-6 | Schedule of District Contributions – Non-Governmental Pension Plans..... | 92 |

Supplemental Data

General Fund

| | | |
|-----|--|-----|
| B-1 | Comparative Balance Sheets | 93 |
| B-2 | Schedule of Revenues, Expenditures and Changes in Fund Balances, Budget and Actual | 94 |
| B-3 | Schedule of Revenues, Budget and Actual..... | 95 |
| B-4 | Schedule of Expenditures by Program, Budget and Actual | 98 |
| B-5 | Schedule of Expenditures by Activity, Budget and Actual | 99 |
| B-6 | Schedule of Expenditures by Object, Budget and Actual | 101 |

Special Revenue Fund (Associated Student Body)

| | | |
|-----|--|-----|
| C-1 | Comparative Balance Sheets | 102 |
| C-2 | Schedule of Revenues, Expenditures and Changes in Fund Balances, Budget and Actual | 103 |

Debt Service Fund (Bond Fund)

| | | |
|-----|--|-----|
| D-1 | Comparative Balance Sheets | 104 |
| D-2 | Schedule of Revenues, Expenditures and Changes in Fund Balances, Budget and Actual | 105 |

Capital Projects Fund

| | | |
|-----|--|-----|
| E-1 | Comparative Balance Sheets | 106 |
| E-2 | Schedule of Revenues, Expenditures and Changes in Fund Balances, Budget and Actual | 107 |

Transportation Vehicle Fund

| | | |
|-----|---|-----|
| F-1 | Comparative Balance Sheets | 108 |
| F-2 | Schedule of Revenues, Expenditures and Changes in Fund Balance, Budget and Actual | 109 |

Fiduciary Funds

| | | |
|-----|---|-----|
| G-1 | Combining Balance Sheet | 110 |
| G-2 | Combining Statement of Changes in Fiduciary Net Position..... | 111 |

Long-Term Debt

| | | |
|-----|---|-----|
| H-1 | Schedule of Changes in Long-Term Debt | 112 |
| H-2 | Outstanding General Obligation Indebtedness | 113 |

Capital Assets

| | | |
|-----|--|-----|
| I-1 | Schedule of Capital Assets by Location | 114 |
|-----|--|-----|

Page**Section III – Statistical****Financial Trends**

| | | |
|-----|---|-----|
| I | Net Position by Component..... | 117 |
| II | Changes in Net Position | 118 |
| III | Fund Balances, Governmental Funds..... | 119 |
| IV | Changes in Fund Balances, Governmental Funds | 120 |
| V | General Governmental Revenues by Source | 121 |
| VI | General Governmental Expenditures by Function | 122 |

Revenue Capacity

| | | |
|------|---|-----|
| VII | Property Tax Levies and Collections | 123 |
| VIII | Assessed Value of Taxable Property and Property Tax Rates on All Overlapping Taxing Authorities..... | 124 |
| IX | Principal Property Taxpayers | 125 |
| X | Assessed & Estimated Actual Property Value and Construction | 126 |

Debt Capacity

| | | |
|------|--|-----|
| XI | Ratio of Annual Debt Service Expenditures for General Bonded Debt To Total General Fund Expenditures..... | 127 |
| XII | Ratio of Net Bonded Debt to Assessed Value and Net Bonded Debt per Capita..... | 128 |
| XIII | Statement of Direct and Overlapping Debt | 129 |
| XIV | Constitutional Limit of Indebtedness | 130 |
| XV | Legal Debt Margin Information | 131 |

Demographic and Economic Information

| | | |
|-------|---|-----|
| XVI | Demographic and Economic Statistics | 132 |
| XVII | Principal Employers | 133 |
| XVIII | Miscellaneous Statistics | 134 |
| XIX | Contributing Staff..... | 135 |

Operating Information

| | | |
|-------|--|-----|
| XX | Full-Time Equivalent District Employees by Program | 136 |
| XXI | Certificated Instructional Staff Information | 137 |
| XXII | Operating Statistics..... | 138 |
| XXIII | Buildings & Properties | 139 |

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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



Browns Point Elementary School

**TACOMA SCHOOL DISTRICT NO. 10
2017-2018 DIRECTORY OF OFFICIALS**

ELECTED

| <u>Directors</u> | | <u>Term</u> | <u>Expiration</u> |
|-------------------------|-----------------|--------------------|--------------------------|
| President | Andrea Cobb | 6 Years | November 2021 |
| Vice-President | Karen Vialle | 6 Years | November 2023 |
| | Debbie Winskill | 6 Years | November 2019 |
| | Scott Heinze | 6 Years | November 2023 |
| | Enrique Leon | Appointed | 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 | Rob Bryant |

MAILING ADDRESS

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

2017-2018 Board of Directors



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



Karen Vialle, Vice President
Elected in 2011
Term expires in November 2023



Scott Heinz
Elected in 2011
Term expires in November 2023



Enrique Leon
Appointed in 2018
Term expires in November 2019



Debbie Winskill
Elected in 1989
Term expires in November 2019

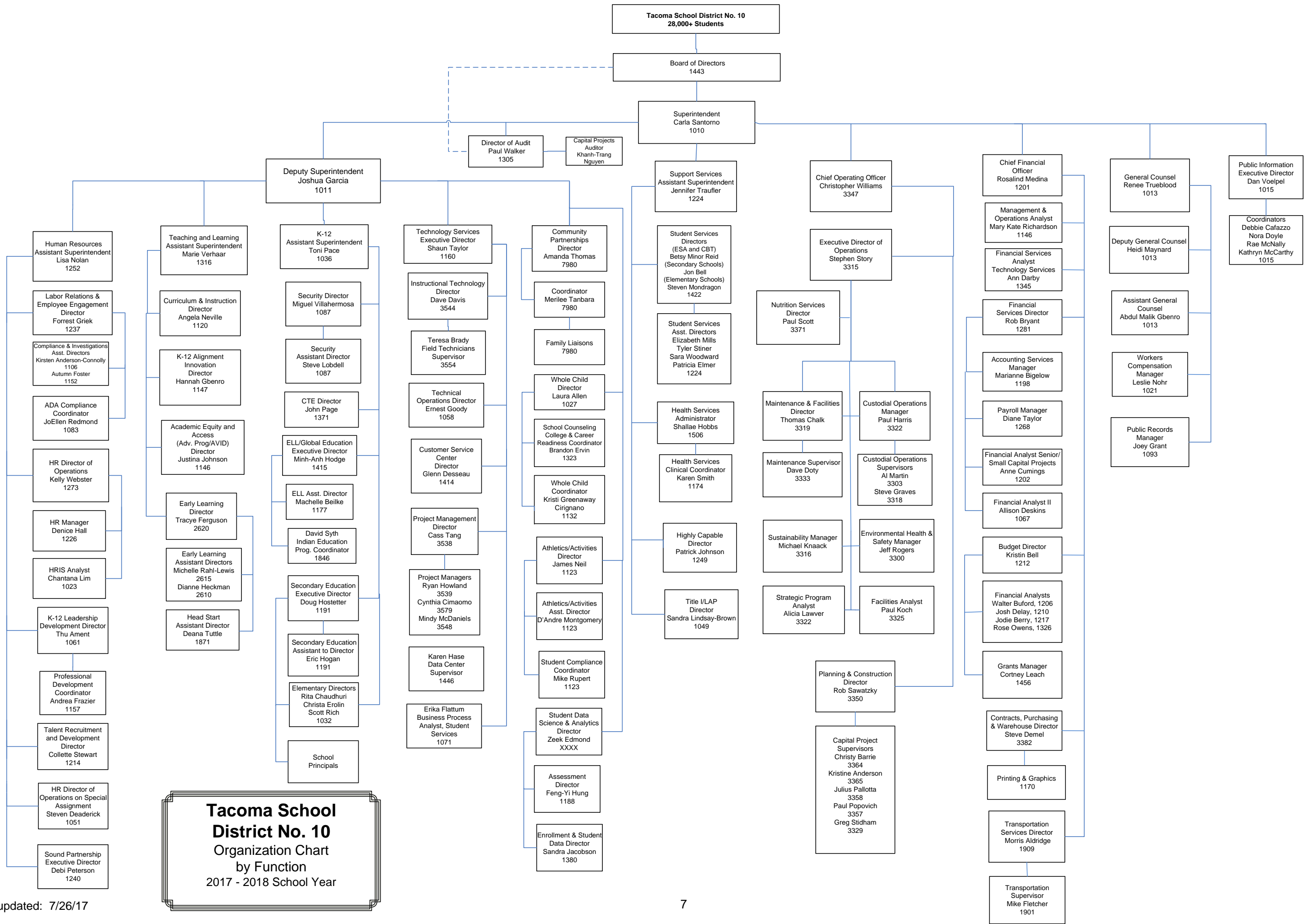


On January 2, 2012, Carla J. Santorno began the leadership role as superintendent-elect (interim) and on September 13, 2012, she became the Superintendent for the Tacoma School District.

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.



Tacoma School District No. 10
Organization Chart
by Function
2017 - 2018 School Year

April 22, 2019

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, 2018. We believe this report presents comprehensive information about the scope and character of the district's fiscal activities and accomplishments during 2017-18. 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 and 41% of the city's population is under the age of 30. 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, Children's Museum of Tacoma, 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. The port is a major center for bulk, breakbulk and automobiles and features six deepwater container terminals, 20 transload and cross-dock facilities, and 14 international container carriers. Top global exports include industrial machinery and computers, agriculture, paper products, seafood, wood products, and dairy products. The Port of Tacoma also has the advantage of being a Foreign-Trade Zone (FTZ) which are designated, secure sites considered outside of U.S. Customs territory but physically located in the United States. FTZs are beneficial due to their ability to reduce and even potentially eliminate customs duties and allow for goods to be handled and shipped 24 hours a day, seven days a week.

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, State Farm Insurance, Boeing, and DaVita Healthcare add to the local economy. The population for Tacoma-Pierce County continues to grow slowly and has seen an increased growth rate in the past few years.

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, 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 2017-18 school year. The district has over 5,000 employees and is the fourth 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 2018, Tacoma's graduation rate reached 89.3 percent – the highest since the state began officially tracking the statistic in 2003.

Cohort Graduation Rates

| Class | Tacoma | State Average |
|--------|--------|---------------|
| 2018** | 89.3% | N/A |
| 2017* | 86.1% | 79.3% |
| 2016* | 85.0% | 79.1% |
| 2015* | 82.6% | 78.1% |
| 2014* | 78.3% | 77.2% |

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

** Source: Tacoma School District – Unofficial

State Achievement Measurement

Washington state utilizes two assessment tools to assess student progress. It uses the Smarter Balanced Assessment for English language arts (ELA) and mathematics and the Washington Comprehensive Assessment of Science (WCAS) for Science. 4th grade saw the most improvement, with increases in both English Language Arts and Math. 6th grade also saw a 3.5% increase over last year in ELA scores. Six 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 2017-18

| Grade Level | English | | |
|-------------|---------------|-------|---------|
| | Language Arts | Math | Science |
| 3rd Grade | 48.5% | 47.1% | |
| 4th Grade | 54.3% | 47.7% | |
| 5th Grade | 55.2% | 42.3% | 45.8% |
| 6th Grade | 46.2% | 36.5% | |
| 7th Grade | 47.0% | 34.9% | |
| 8th Grade | 46.9% | 32.0% | 39.8% |
| 10th Grade | 58.6% | 28.5% | |
| 11th Grade | | | 27.1% |

Tacoma School District's Test Scores as Compared to State-Wide Average Results for 2017-18

| 0. | | | |
|-------------|---------|--------|---------|
| Grade Level | Reading | Math | Science |
| 3rd Grade | -7.0% | -10.4% | |
| 4th Grade | -3.0% | -6.1% | |
| 5th Grade | -4.0% | -6.2% | -9.3% |
| 6th Grade | -9.7% | -11.7% | |
| 7th Grade | -12.6% | -14.1% | |
| 8th Grade | -12.0% | -15.5% | -13.1% |
| 10th Grade | -10.9% | -12.1% | |
| 11th Grade | | | -3.2% |

Student Demographics

The percentage of students eligible for participation in the federal free and reduced lunch program is 56.1 percent, much higher than the 42.4 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, 2018 through June 30, 2019, 130 percent of the poverty level is \$32,630 in income annually for a family of four; 185 percent is \$46,435.

| Percentage of Students Eligible for Participation In the Federal Free and Reduced Lunch Program | | | | | |
|--|-------------|-------------|-------------|-------------|-------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 |
| Tacoma | 63.3% | 63.5% | 60.6% | 58.0% | 56.1% |
| State-Wide Average | 45.9% | 45.0% | 44.0% | 42.9% | 42.4% |

**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 2017-18 was 28,335 students as compared to 28,351 from the prior year. Enrollment decreased from 2016-17 by 16 FTE students.

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

| | |
|---------------------------------|-------------|
| Elementary Schools (grades K-5) | (253) |
| Middle Schools (grades 6-8) | 283 |
| High Schools (grades 9-12) | (50) |
| Running Start/Open Doors | 4 |
| Total | (16) |

Projected enrollments for fiscal year 2018-19 and 2019-20 are shown below.

| FULL TIME EQUIVALENT (FTE) ENROLLMENT | | | | | | |
|---|---------------|---------------|---------------|---------------|----------------|----------------|
| Actual and Projected (P) Annual Average Enrollment | | | | | | |
| Grade | 2015 | 2016 | 2017 | 2018 | 2019(P) | 2020(P) |
| Total K-5 | 14,112 | 14,295 | 14,239 | 13,986 | 13,239 | 13,147 |
| Total 6-8 | 6,078 | 6,040 | 6,012 | 6,296 | 6,855 | 6,784 |
| Total 9-12 | 7,484 | 7,423 | 7,405 | 7,355 | 8,046 | 8,306 |
| Other | 648 | 586 | 695 | 699 | 567 | 585 |
| TOTAL K-12 | 28,323 | 28,344 | 28,351 | 28,335 | 28,707 | 28,823 |

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

Construction 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.

For the Future

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 in 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.

To align with the district's core strategic values, especially equity and quality instruction for everyone, a six year Technology Levy Renewal was proposed and passed in February 2018, effective February 2019. This levy was created to expand equitable access to technology in every neighborhood school and ensure that all Tacoma students receive the same opportunities and higher-quality education. The levy was also established to help parents and teachers and allow for an improved online portal to monitor student's academic progress and attendance.

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 2017-2018, 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 24th 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 2017-18 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 2017-18 CAFR a success.



Carla J. Santomo
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, 2017

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, 2017.**

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



A handwritten signature in black ink, reading 'Charles E. Peterson, Jr.'.

Charles E. Peterson, Jr., SFO, RSBA, MBA
President

A handwritten signature in black ink, reading '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

Financial Section



Browns Point Elementary School



Office of the Washington State Auditor Pat McCarthy

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

April 22, 2019

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, as of and for the year ended August 31, 2018, 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 85 percent, 83 percent and 99 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, 2018, 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.

Matters of Emphasis

As discussed in Note 1 to the financial statements, in 2018, the District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

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 forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying information listed as supplemental data on pages 87-108 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 is 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 April 22, 2019, 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 cursive script that reads "Pat McCarthy".

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, 2018. 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, 2018, was \$329.3M, a decrease of \$62.8M from 2016-17. The district implemented Governmental Accounting Standards Board (GASB) Statement 75, which added Total Other Post Employment Benefits (OPEB) liability and generated an initial \$164.2M liability which is included in the Long-Term Liabilities, Due in More Than One Year on the district's Statement of Net Position.
- During the year, the district had revenues of \$499M and expenses of \$465.8M incurred for all governmental activities, resulting in a corresponding increase in the district's net position by \$33.2M. A \$96.2M negative adjustment to the beginning Net Position on Schedule 2 reflects the change in accounting principle with the implementation of GASB 75. In addition, the district had a prior period correction of \$114K which impacted the beginning Net Position.
- At the end of the current fiscal year, the district's governmental funds reported a combined ending fund balance of \$252.2M; a decrease of \$50.3M from the prior year. The general fund's total fund balance was \$32.9M; a decrease of \$1.07M from the previous year. Approximately \$10.9M 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 decline in financial position from the prior year as reflected in the *statement of net position*. This was primarily caused by the inclusion of \$164.2M in total OPEB liability from the implementation of GASB 75.

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 \$329.3 at the end of the fiscal, August 31, 2018.

The largest portion of the net position at \$537.9M 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 \$285.4M 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 decrease in total net position for the year was \$62.8M. A significant reason for the decrease is due to the cumulative change in accounting principle due to the GASB 75 implementation and the inclusion of the OPEB liability on the government-wide statements. Key elements of this decrease are shown below:

Tacoma School District's Net Position As of August 31

| | Governmental Activities | | |
|--|-------------------------|-----------------------|------------------------|
| | 2018 | 2017 | Changes |
| ASSETS & DEFERRED OUTFLOWS OF RESOURCES | | | |
| Current and Other Assets | \$ 360,313,667 | \$ 414,300,686 | \$ (53,987,019) |
| Capital Assets | 967,620,268 | 930,388,195 | 37,232,073 |
| Total Assets | 1,327,933,935 | 1,344,688,881 | (16,754,946) |
| Deferred Outflows - Pension Plan | 15,840,687 | 16,208,669 | (367,982) |
| Deferred Outflows - OPEB | 3,871,942 | 0 | 3,871,942 |
| Total Deferred Outflows | 19,712,629 | 16,208,669 | 3,503,960 |
| LIABILITIES & DEFERRED INFLOWS OF RESOURCES | | | |
| Long-Term Liabilities | 928,915,229 | 899,946,915 | 28,968,314 |
| Other Liabilities | 36,151,660 | 40,089,118 | (3,937,458) |
| Total Liabilities | 965,066,889 | 940,036,033 | 25,030,856 |
| Deferred Inflows - Refunded Bonds | 4,774,784 | 7,162,176 | (2,387,392) |
| Deferred Inflows - Pension Plan | 30,537,685 | 21,552,047 | 8,985,638 |
| Deferred Inflows - OPEB | 17,969,736 | 0 | 17,969,736 |
| Total Deferred Inflows | 53,282,205 | 28,714,223 | 24,567,982 |
| NET POSITION | | | |
| Net Investment in Capital Assets | 537,878,529 | 517,988,999 | 19,889,530 |
| Restricted | 76,771,652 | 71,058,175 | 5,713,477 |
| Unrestricted | (285,352,710) | (196,899,880) | (88,452,830) |
| TOTAL NET POSITION | \$ 329,297,470 | \$ 392,147,294 | \$ (62,849,824) |

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

Governmental Activities

The 2017-18 revenues of \$499M exceeded expenses by \$33.2M. The 2016-17 prior year revenues exceeded the expenses by \$3.6M. A \$96.2M adjustment to the previous year was made to reflect the implementation of GASB 75 and includes the 2017-18 Total OPEB Liability. A prior period correction of \$114K for the previous year to correct the financial statements. 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

| | 2018 | 2017 | Changes |
|---|-----------------------|-----------------------|------------------------|
| REVENUES | | | |
| Program Revenues: | | | |
| Charges for Services | \$ 12,659,381 | \$ 13,104,705 | \$ (445,324) |
| Operating Grants and Contributions | 139,982,337 | 127,206,400 | 12,775,937 |
| Capital Grants and Contributions | 1,172,062 | 2,029,165 | (857,103) |
| General Revenues: | | | |
| Property Taxes | 151,856,749 | 152,443,840 | (587,091) |
| Interest and Investment Earnings | 4,527,624 | 3,307,689 | 1,219,935 |
| Unallocated Revenues | 188,817,605 | 171,404,938 | 17,412,667 |
| TOTAL REVENUES | 499,015,758 | 469,496,738 | 29,519,021 |
| PROGRAM EXPENSES: | | | |
| Regular Instruction | 238,135,937 | 240,329,794 | (2,193,857) |
| Special Instruction | 55,478,874 | 52,989,814 | 2,489,060 |
| Career & Technical Instruction | 14,770,067 | 12,607,272 | 2,162,795 |
| Compensatory Instruction | 41,583,845 | 37,473,529 | 4,110,316 |
| Other Instructional Programs | 6,894,909 | 7,640,290 | (745,381) |
| Community Services | 1,102,011 | 689,265 | 412,746 |
| Support Services | 85,672,999 | 88,974,878 | (3,301,879) |
| Extracurricular Activities | 1,906,191 | 1,919,602 | (13,411) |
| Debt Payment | 20,259,650 | 23,257,320 | (2,997,670) |
| TOTAL EXPENSES | 465,804,482 | 465,881,764 | (77,281) |
| INCREASE (DECREASE) IN NET POSITION | 33,211,276 | 3,614,972 | 29,596,304 |
| NET POSITION - 9/1/17 | 392,147,294 | 388,532,322 | 3,614,972 |
| Cumulative Change in Acct Principle OPEB | (96,175,136) | - | (96,175,136) |
| Prior Period Correction | 114,033 | - | 114,033 |
| NET POSITION - 8/31/18 | \$ 329,297,470 | \$ 392,147,294 | \$ (62,849,824) |

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 | |
| | 2017-18 | 2016-17 | 2017-18 | 2016-17 |
| Regular Instruction | 238,135,937 | 240,329,794 | (215,744,305) | (216,130,674) |
| Special Instruction | 55,478,874 | 52,989,814 | (15,470,228) | (16,731,290) |
| Career & Tech Instruction | 14,770,067 | 12,607,272 | 548,554 | 1,228,593 |
| Compensatory Instruction | 41,583,845 | 37,473,529 | (180,102) | (2,042,165) |
| Other Instructional Programs | 6,894,909 | 7,640,290 | (2,485,191) | (4,449,949) |
| Community Services | 1,102,011 | 689,265 | (234,611) | 33,429 |
| Support Services | 85,672,999 | 88,974,878 | (58,163,622) | (62,191,629) |
| Extracurricular Activities | 1,906,191 | 1,919,602 | (1,548) | (490) |
| Debt payments | 20,259,650 | 23,257,320 | (20,259,650) | (23,257,320) |
| TOTALS | \$ 465,804,482 | \$ 465,881,764 | \$ (311,990,703) | \$ (323,541,495) |

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 \$252.2M, a decrease of \$50.3M over the prior year. This change is the result of the following factors:

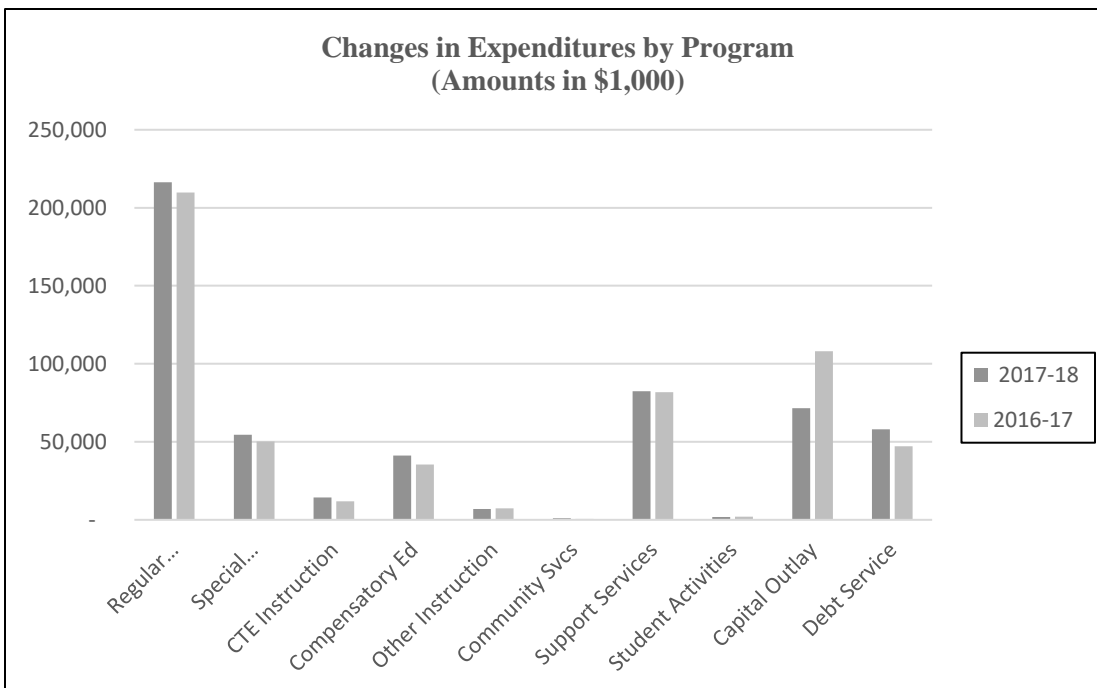
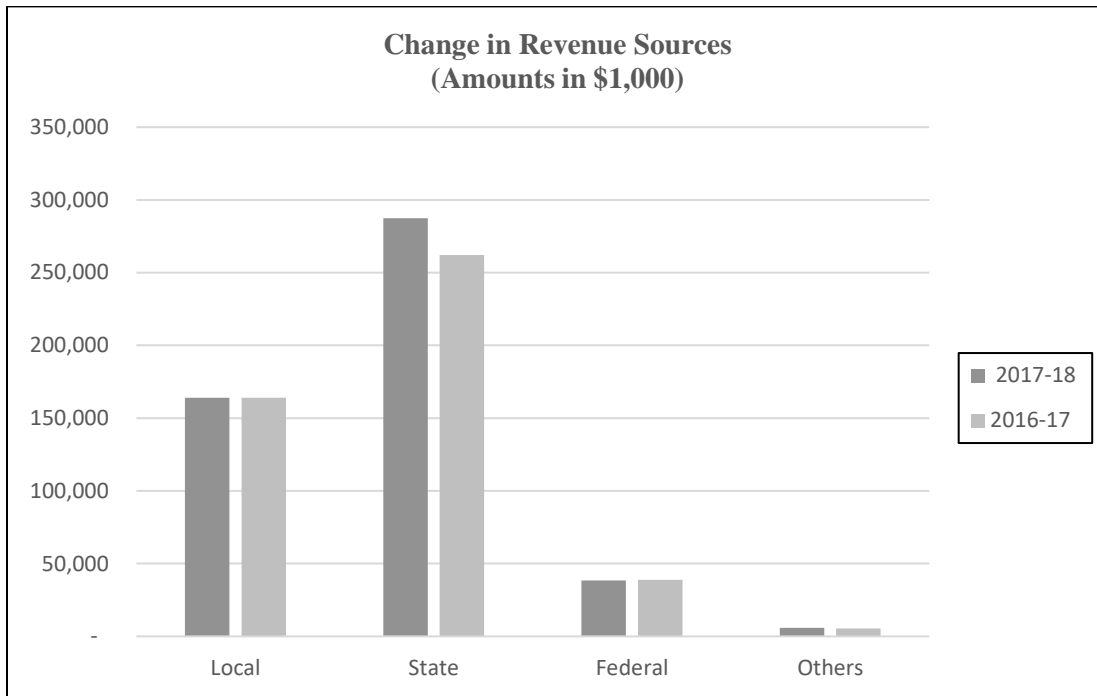
- The fund balance in the General Fund decreased by \$1.1M. The district planned for its fund balance to reduce by \$9.6 M for the purposes of one-time expenditures including carryover of specific-use funds, building improvements, curriculum needs and equipment replacements. Additional revenues (above budget) were recorded in Special Education support, foreign exchange tuition, private foundation grant funding and Title I. The Special Education apportionment revenue increase was from additional funds related to increased resident FTE above what was originally budgeted. Labor (salaries and benefits) costs increased \$20.5M over the previous year but were less than budget by \$7.8M. Spending on supplies, materials, travel and capital outlay decreased slightly from the prior year. Although revenue increased by \$26.8M, increased personnel costs and one-time spending caused the General Fund fund balance to drop by \$1.1M. Nineteen percent of the fund balance is in the nonspendable, committed, or restricted categories; \$15.8M (or 48 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 \$29K. All secondary schools and most elementary schools had activity in their ASB funds in 2017-18.
- The fund balance in the Debt Service Fund decreased by \$1.3M 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 lower than the prior year, but 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 \$47.2M. 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 decreased by \$745K. 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 2017-18 and the amounts and percentages of increases and decreases in relation to the prior year.

| Changes in Revenues and Expenditures | | | | |
|---|---------------------------|---------------------------------|---|--|
| Governmental Funds | | | | |
| Revenue Source | 2017-18 Amount | Percent of Total | Increase (Decrease) Over 2016-17 | Percent Increase (Decrease) |
| Local Taxes & Non-taxes | 164,075,530 | 33.09% | 5,775 | 0.00% |
| State Revenues | 287,400,043 | 57.96% | 25,246,809 | 9.63% |
| Federal Revenues | 38,414,754 | 7.75% | (367,344) | -0.95% |
| Others | 5,964,627 | 1.20% | 506,935 | 9.29% |
| Total | 495,854,954 | 100.00% | 25,392,175 | 5.40% |
| Expenditures | | | | |
| Regular Instruction | 216,251,520 | 39.46% | 6,435,342 | 3.07% |
| Special Instruction | 54,509,335 | 9.95% | 4,212,257 | 8.37% |
| Career & Tech Instruction | 14,410,548 | 2.63% | 2,522,106 | 21.21% |
| Compensatory Instruction | 41,172,424 | 7.51% | 5,635,661 | 15.86% |
| Other Instructional Programs | 6,858,599 | 1.25% | (393,524) | -5.43% |
| Community Services | 1,062,654 | 0.19% | 401,304 | 60.68% |
| Support Services | 82,368,123 | 15.03% | 662,599 | 0.81% |
| Extracurricular Activities | 1,904,643 | 0.35% | (14,469) | -0.75% |
| Capital Outlay | 71,615,495 | 13.07% | (36,485,761) | -33.75% |
| Debt Service | 57,916,713 | 10.57% | 10,681,203 | 22.61% |
| Total | \$ 548,070,054 | 100.00% | \$ (6,343,282) | -1.14% |



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 were no budget revisions during 2017-18

The general fund's beginning fund balance in 2017-18 was \$34.0M as reported in the Required Supplemental Information, Schedule A-1.

Revenues were \$4.9M under budget, and expenditures were \$13.4M under the revised budget. Washington State statutes establish expenditure budgets as absolute expenditure limits, encouraging contingency budgeting.

Property tax revenues came in close to budget, and local tax collections were \$1.7M below the prior year – this reflects a decrease in the collection of tax revenues lost in prior years due to administrative refunds. The district received \$202M in general state apportionment revenues in 2017-18, an increase of \$15.9M over 2016-17. An increase of 86.1 FTE, over last school year, in the district’s Certificated Instructional Staff (CIS), which is used to calculate the guaranteed school-generated entitlement resulted in this increase. Federal revenues from grant sources were \$17.6K above budget, and \$406K less than the prior year. Federal grant revenues that were larger than the prior year include: Title I Disadvantaged Students, Title I Neglected & Delinquent, Federal Child Care, Head Start and Indian Education. Grant revenues that were smaller than the prior year include: Special Ed IDEAB Funds, Perkins CTE funds, Title II School Improvement, Title III Limited English Proficiency, and USDA free and reduced lunch reimbursements and commodities.

Expenditures in the general fund were less than budgeted. While spending in most program categories except for Administration and Maintenance & Operations were above the prior year, expenditures were \$13.4M below the budget amount. Certificated and classified salaries were underspent as a result of unfilled or late-filled positions, although expenditures for both certificated and classified salaries were greater than the prior year due to increased wages. Supply and material expenditures were \$5.3M under budget. Purchased services were \$867K under budget and travel and capital outlay each came in above planned expectations.

Other financing sources were \$1.8M, \$9K above budget. The district had a planned transfer of \$1.76M from the capital projects fund to the general fund for district-wide technology software licenses as permitted under state statute, and nearly all was transferred - \$1.73M in eligible software licenses were transferred between the funds.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year 2017-18, the district had \$967.6M 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 \$37.2M over last year.

Capital Assets As of August 31, 2018

| Asset Type | 2017-18 Governmental Activities | | |
|---------------------------|---------------------------------|--------------------------|-----------------------|
| | Historical Cost | Accumulated Depreciation | NET |
| Land | 42,750,150 | - | 42,750,150 |
| Building and Improvements | 991,815,402 | (365,098,449) | 626,716,953 |
| Equipment | 47,181,044 | (39,645,293) | 7,535,751 |
| Construction-in-progress | 290,617,414 | - | 290,617,414 |
| TOTALS | \$ 1,372,364,010 | \$ (404,743,742) | \$ 967,620,269 |

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 | \$ | 45,866,940 |
| Middle Schools | | 165,732 |
| High Schools | | 4,744,782 |
| | \$ | <u>50,777,454</u> |

The district's 2017-18 fiscal year budget for capital projects fund expenditures was set at \$130.8M.

Two new or replacement schools were opened in the 2017-18 school year. The old Arlington Elementary School was replaced with a new Arlington ES which received an Award of Merit and high praise from the American Institute of Architects. Students were welcomed into the new school in September 2017. The new Environmental Learning Center (ELC) located adjacent to the Point Defiance Zoo opened to high school students in October 2017. This learning center took home a Grand Prize Award from Learning by Design, an education design publication.

Construction continued during the 2017-18 fiscal year on the new Mary Lyon Elementary which is scheduled to open to students in September 2019. Work also continued on the new Browns Point Elementary school. Browns Point ES celebrated their first day in the new building in December 2018. Grant Center for the Expressive Arts, Birney Elementary School, Boze Elementary School, and Hunt Middle School were under various stages of design in during 2017-18.

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 2017-18, the district received \$484K in bus depreciation payments from the state. The district ordered nine 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 of \$1.2M was realized in 2017-18

Debt

At year end, the district owed \$511.6M in outstanding bonds, versus \$543.6M last year – a decrease of \$32M. The district has an ending balance of \$311,873 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 November 15, 2017 and again on September 14, 2018, Moody's Investors Services confirmed the district's underlying rating of Aa2. The credit ratings for the district haven't changed since the last review in October, 2014. 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 | 2017-18 | 2016-17 | Increase/(Decrease) | |
|--|--------------------|--------------------|---------------------|---------------|
| 2012 Refunding of the 03, 05, 05A UTGO's | 53,670,000 | 62,330,000 | (8,660,000) | - 13.89% |
| 2014 UTGO | 136,600,000 | 136,600,000 | - | 0.00% |
| 2015 UTGO | 266,715,000 | 271,565,000 | (4,850,000) | -1.79% |
| 2015 Refunding of the 2005A UTGO | 54,635,000 | 73,145,000 | (18,510,000) | 25.31% |
| TOTALS | 511,620,000 | 543,640,000 | (32,020,000) | -5.89% |

NEXT YEAR'S BUDGET AND RATES

The district's 2017-18 expenditure budgets for governmental funds were set at over \$627M. The 2018 property tax rate decreased from \$6.95 (2017) to \$6.23 (2018) 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 12 percent between 2017 and 2018, with projected assessed valuation of over \$24.5B over the calendar year. Property values continue to increase in 2019, 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. 2018 saw continued low unemployment, and increased employment trends. The Pierce County Economic Index (PCEI) is forecast to end 2018 up by 3.0 percent for the year, and forecasts for 2019 show annualized gains of 2.3 percent.

Pierce County's unemployment rate continues to be low, dropping from 6.0 percent in October 2016 to 4.9 percent in October 2018. Nonfarm employment has grown at an average annual growth of 3.0 percent since 2014, adding an average of 8,500 jobs per year since 2014, with a little under 10,000 jobs added in 2018.

The largest gains in 2018 came in the leisure and hospitality sector, followed by trade, transportation, utilities, professional and business, and construction sectors. Manufacturing job growth continues to be slow and only added 100 jobs in 2018. The forecast for 2019 is for 1.5 percent growth in employment in the county. Pierce County saw a 1.7 percent increase in labor force participation in 2018; the increase is expected to be slightly lower in 2019 at 1.5 percent. Over the next year, employment in Pierce County is projected to expand by 9,700 jobs. The fastest growing sector in the region is expected to be Health Care and Social Assistance, followed by Educational Services, and Construction.

In 2018, personal income was estimated to have grown by 4.6 percent in total personal income, and increased by 2.6 percent in personal income per capita to \$51,655. For 2019, total income is anticipated to increase by 3.1 percent, and per capital income is expected to increase by 1.5 percent.

New housing listings declined 1.4% compared with 2017 and closed sales fell 5.2% with active listings 13.4% lower in the fourth quarter than the previous year. The county's affordability index also declined through 2018 after a more stable 2017. The affordability index is expected to trend lower for 2019, which indicates even less affordable housing. Only 1.7 months of inventory was available in the fourth quarter of 2018, compared to 1.3 months of inventory in the fourth quarter of 2017. Rents have increased by 3.6 percent through October 2018 for multi-family properties as vacancy rates have declines.

Commercial real estate continues to show strength in the warehouse and distribution sectors. While inventory grew by 5.4% from 2017, leased space grew by just 2.4%, which pushed vacancy rates higher. Vacancy rates at the end of the third quarter 2018 stood at 3.8 percent, which was higher than at the same point a year earlier. Office space vacancy rates were 8.1, down from 8.5 percent at the end of 2017.

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 has started to stabilize. The combined international and domestic volumes are projected to grow 2% in 2019. NWSA's market share for the U.S. West Coast international container volume was projected to end 2018 at 13.3%, down from 13.4% in 2017, and 14.2% in 2016.

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, visitor contact:

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

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, 2018

| | | | Primary Government |
|--|-----------------|-----------|--------------------------------|
| | Note No. | | Governmental Activities |
| ASSETS | | | |
| Cash and Cash Equivalents | 1.F.1 | \$ | 8,053,059 |
| Cash Held by Trustees | 2.B | | 3,054,611 |
| Investments | 2.A | | 265,643,000 |
| Property Tax Receivable | 1.F.2 | | 73,744,583 |
| Receivables, Net | 1.F.3 | | 546,001 |
| Due From Other Governments | 1.F.5 | | 5,224,946 |
| Inventories | 1.G | | 3,358,767 |
| Prepaid Items | 1.G | | 688,700 |
| Capital Assets, net of accumulated depreciation, where applicable: | 4 | | |
| Land | | | 42,750,150 |
| Buildings & Improvements | | | 626,716,953 |
| Equipment | | | 7,535,751 |
| Construction-in-Progress | | | 290,617,414 |
| TOTAL ASSETS | | | 1,327,933,935 |
| DEFERRED OUTFLOW OF RESOURCES | | | |
| Deferred Outflows Related to Pensions | 6 | | 15,840,687 |
| Other Post Employment Benefits (OPEB) Contributions | 9.F | | 3,871,942 |
| TOTAL DEFERRED OUTFLOW OF RESOURCES | | | 19,712,629 |
| LIABILITIES | | | |
| Accounts Payable | | | 21,261,634 |
| Accrued Wages & Benefits Payable | | | 13,809,589 |
| Unearned Revenue | | | 1,080,437 |
| Long-Term Liabilities | 7.A | | |
| Due within one year | | | 42,729,346 |
| Due in more than one year | | | 886,185,883 |
| TOTAL LIABILITIES | | | 965,066,889 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Refunded Bonds - Gain on Refunding | 7.E | | 4,774,784 |
| Deferred Inflows Related to Pensions | 6 | | 30,537,685 |
| Other Post Employment Benefits (OPEB) Changes of Assumptions | 9.F | | 17,969,736 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | | | 53,282,205 |
| NET POSITION | | | |
| Net Investment in Capital Assets | | | 537,878,529 |
| Restricted for: | | | |
| Associated Student Body | | | 1,939,700 |
| Capital Projects | | | 31,633,707 |
| Debt Service | | | 37,771,360 |
| The Sound Partnership Employee Benefit Trust | | | 4,366,733 |
| State Grants | | | 1,060,151 |
| Unrestricted | | | (285,352,710) |
| TOTAL NET POSITION | | \$ | 329,297,470 |

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, 2018

| | | PROGRAM REVENUES | | | NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION |
|--------------------------------------|-----------------------|----------------------|------------------------------------|----------------------------------|---|
| | | | | | PRIMARY GOVERNMENT |
| Functions/Programs | Expenses | Charges for Service | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities |
| Primary Government: | | | | | |
| Governmental Activities: | | | | | |
| Regular Instruction | \$ 238,135,937 | \$ 2,236,616 | \$ 20,114,855 | \$ 40,162 | \$ (215,744,305) |
| Special Instruction | 55,478,874 | 1,600,376 | 38,383,374 | 24,896 | (15,470,228) |
| Career & Technical Instruction | 14,770,067 | 78,091 | 15,137,222 | 103,307 | 548,554 |
| Compensatory Instruction | 41,583,845 | 8,315 | 41,372,642 | 22,785 | (180,102) |
| Other Instructional Programs | 6,894,909 | 949,809 | 3,459,908 | - | (2,485,191) |
| Community Services | 1,102,011 | 752,183 | 115,217 | - | (234,611) |
| Support Services | 85,672,999 | 5,129,348 | 21,399,117 | 980,912 | (58,163,622) |
| Extracurricular Activities (ASB) | 1,906,191 | 1,904,643 | - | - | (1,548) |
| Interest Payment on Long-Term Debt | 20,259,650 | - | - | - | (20,259,650) |
| Total Governmental Activities | \$ 465,804,482 | \$ 12,659,381 | \$ 139,982,337 | \$ 1,172,062 | \$ (311,990,703) |

General Revenues:

Taxes:

| | |
|---|-------------|
| Property taxes, levies for maintenance and operations | 86,090,079 |
| Property taxes, levies for debt service | 55,743,753 |
| Property taxes, levies for capital projects | 10,022,917 |
| Unallocated State Apportionment & Others | 188,817,605 |
| Interest and Investment earnings | 4,527,624 |

Total General Revenues**345,201,978****Changes in Net Position****33,211,276****Net Position - Beginning**

392,147,294

Cumulative Effect of Change in Accounting Principle (OPEB)

(96,175,136)

Prior Period Correction

114,033

Adjusted Net Position - Beginning

296,086,191

Net Position - Ending**\$ 329,297,470**

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, 2018

| | 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 | \$ 1,277,320 | \$ 36,149 | \$ 303,196 | \$ 2,045,174 | \$ 680 | \$ 3,662,519 |
| Construction Retainage Escrow | - | - | - | 3,054,611 | - | 3,054,611 |
| Investments | 39,520,000 | 2,200,000 | 9,748,000 | 212,650,000 | 1,525,000 | 265,643,000 |
| Property Tax Receivable | 41,605,842 | - | 27,293,755 | 4,844,986 | - | 73,744,583 |
| Accounts Receivable, Net | 391,104 | 6,952 | - | - | - | 398,056 |
| Interest Receivable | 2,415 | 114 | 504 | 144,834 | 79 | 147,945 |
| Interfund Receivable | 2,971,807 | 17,410 | - | 45,000 | - | 3,034,217 |
| Due From Other Government Units | 5,224,646 | 300 | - | - | - | 5,224,946 |
| Inventories at Cost | 3,357,535 | 1,232 | - | - | - | 3,358,767 |
| Prepaid Items | 389,938 | - | - | - | - | 389,938 |
| TOTAL ASSETS | 94,740,607 | 2,262,156 | 37,345,455 | 222,784,605 | 1,525,759 | 358,658,581 |
| LIABILITIES: | | | | | | |
| Accounts Payable | 6,657,222 | 147,548 | - | 6,899,590 | - | 13,704,360 |
| Retainage Payable | - | - | - | 3,054,611 | - | 3,054,611 |
| Accrued Wages & Benefits Payable | 13,650,784 | 7,167 | - | 151,638 | - | 13,809,589 |
| Interfund Payable | 61,514 | 6,032 | - | 2,966,670 | - | 3,034,216 |
| Unearned Revenue - Other | 918,728 | 161,709 | - | - | - | 1,080,437 |
| TOTAL LIABILITIES | 21,288,249 | 322,456 | - | 13,072,509 | - | 34,683,213 |
| DEFERRED INFLOWS OF RESOURCES: | | | | | | |
| Unavailable Revenue - Property Taxes | 40,483,050 | - | 26,557,505 | 4,714,221 | - | 71,754,776 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 40,483,050 | - | 26,557,505 | 4,714,221 | - | 71,754,776 |
| FUND BALANCES | | | | | | |
| Nonspendable | | | | | | |
| Nonspendable - Inventory & Prepaid Items | 3,747,472 | 1,232 | - | - | - | 3,748,705 |
| Restricted | | | | | | |
| Restricted for C/over of Restricted Revenues | 1,060,151 | - | - | - | - | 1,060,151 |
| Restricted for Construction | - | - | - | 192,326,106 | - | 192,326,106 |
| Restricted for Debt Service | 425,906 | - | 10,787,950 | - | - | 11,213,855 |
| Restricted to Fund Purposes | - | 1,938,468 | - | - | 1,525,759 | 3,464,227 |
| Restricted for Technology | - | - | - | 10,567,849 | - | 10,567,849 |
| Committed | | | | | | |
| Committed to Contingencies | 1,000,000 | - | - | - | - | 1,000,000 |
| Assigned | | | | | | |
| Assigned to Other Items (Encumbrances) (see Note 11) | 213,631 | - | - | - | - | 213,631 |
| Assigned to Budget Carryover | 1,050,624 | - | - | - | - | 1,050,624 |
| Assigned to Future Operations | 7,600,551 | - | - | - | - | 7,600,551 |
| Assigned to Curriculum & Instruction | 2,083,677 | - | - | - | - | 2,083,677 |
| Assigned to Fund Purposes | - | - | - | 2,103,919 | - | 2,103,919 |
| Unassigned | | | | | | |
| Unassigned for Minimum Fund Balance Policy | 15,787,294 | - | - | - | - | 15,787,294 |
| TOTAL FUND BALANCES | 32,969,307 | 1,939,700 | 10,787,950 | 204,997,874 | 1,525,759 | 252,220,590 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | \$ 94,740,607 | \$ 2,262,156 | \$ 37,345,455 | \$ 222,784,605 | \$ 1,525,759 | \$ 358,658,582 |

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, 2018

| | 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 | \$ 3,662,519 | \$ - | \$ 4,390,540 | \$ - | \$ 8,053,059 |
| Cash Held by Trustees | 3,054,611 | - | - | - | 3,054,611 |
| Investments | 265,643,000 | - | - | - | 265,643,000 |
| Property Tax Receivable | 73,744,583 | - | - | - | 73,744,583 |
| Receivables, Net | 546,001 | - | - | - | 546,001 |
| Interfund Receivable | 3,034,217 | - | - | (3,034,217) | - |
| Due From Other Governments | 5,224,946 | - | - | - | 5,224,946 |
| Inventories | 3,358,767 | - | - | - | 3,358,767 |
| Prepaid Items | 389,938 | - | 298,762 | - | 688,700 |
| Capital Assets, Net (land, bldg, eqmt) | - | 967,620,269 | - | - | 967,620,269 |
| TOTAL ASSETS | 358,658,582 | 967,620,269 | 4,689,302 | (3,034,217) | 1,327,933,935 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Pension Plan Experience, Assumption Changes & Plan Contributions | - | 15,840,685 | - | - | 15,840,685 |
| OPEB Contributions Made Subsequent to Measurement Date | - | 3,871,942 | - | - | 3,871,942 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | - | 19,712,627 | - | - | 19,712,629 |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | 358,658,582 | 987,332,896 | 4,689,302 | (3,034,217) | 1,347,646,564 |
| LIABILITIES | | | | | |
| Accounts Payable | 16,758,971 | 4,180,094 | 322,569 | - | 21,261,634 |
| Wages, Benefits & Other Payables | 13,809,589 | - | - | - | 13,809,589 |
| Interfund Payable | 3,034,217 | - | - | (3,034,217) | - |
| Unearned Revenue - Other | 1,080,437 | - | - | - | 1,080,437 |
| Long-Term Liabilities - Pension | - | 137,158,104 | - | - | 137,158,104 |
| Long-Term Liabilities - OPEB | - | 164,223,379 | - | - | 164,223,379 |
| Long-Term Liabilities - Not Pension or OPEB | - | 627,533,746 | - | - | 627,533,746 |
| TOTAL LIABILITIES | 34,683,214 | 933,095,323 | 322,569 | (3,034,217) | 965,066,889 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Refunded Bonds - Reduction in Principal | - | 4,774,784 | - | - | 4,774,784 |
| Unavailable Revenue - Property Taxes | 71,754,776 | (71,754,776) | - | - | - |
| Pension Plan Investment Earnings & Changes in Proportions | - | 30,537,684 | - | - | 30,537,684 |
| OPEB - Changes of Assumptions | - | 17,969,736 | - | - | 17,969,736 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 71,754,776 | (18,472,572) | - | - | 53,282,205 |
| NET POSITION | | | | | |
| Total Fund Balances | 252,220,590 | 72,710,145 | 4,366,733 | - | 329,297,470 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | \$ 358,658,582 | 987,332,896 | \$ 4,689,302 | \$ (3,034,217) | \$ 1,347,646,564 |

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, 2018

| | GENERAL FUND | SPECIAL REVENUE FUND (ASB) | DEBT SERVICE FUND | CAPITAL PROJECTS FUND | TRANSPORTATION VEHICLE FUND | TOTAL GOVERNMENTAL FUNDS |
|--|----------------------|----------------------------------|----------------------|--------------------------|--------------------------------|--------------------------------|
| REVENUES | | | | | | |
| Local | \$ 94,006,738 | \$ - | \$ 55,902,872 | \$ 14,145,246 | \$ 20,674 | \$ 164,075,530 |
| State | 278,453,843 | - | - | 8,462,045 | 484,155 | 287,400,043 |
| Federal | 38,414,754 | - | - | - | - | 38,414,754 |
| Miscellaneous | 4,088,653 | 1,875,974 | - | - | - | 5,964,627 |
| TOTAL REVENUES | 414,963,988 | 1,875,974 | 55,902,872 | 22,607,291 | 504,829 | 495,854,954 |
| EXPENDITURES | | | | | | |
| Current Operating: | | | | | | |
| Regular Instruction | 216,251,520 | - | - | - | - | 216,251,520 |
| Special Instruction | 54,509,335 | - | - | - | - | 54,509,335 |
| Career & Technical Instruction | 14,410,548 | - | - | - | - | 14,410,548 |
| Compensatory Instruction | 41,172,424 | - | - | - | - | 41,172,424 |
| Other Instructional Programs | 6,858,599 | - | - | - | - | 6,858,599 |
| Community Services | 1,062,654 | - | - | - | - | 1,062,654 |
| Support Services | 82,368,123 | - | - | - | - | 82,368,123 |
| Student Activities | - | 1,904,643 | - | - | - | 1,904,643 |
| Debt Service: | | | | | | |
| Principal | - | - | 32,020,000 | - | - | 32,020,000 |
| Interest and Other Charges | - | - | 25,896,713 | - | - | 25,896,713 |
| Capital Outlay: | | | | | | |
| Other | 1,172,062 | - | - | 69,193,972 | 1,249,461 | 71,615,495 |
| TOTAL EXPENDITURES | 417,805,266 | 1,904,643 | 57,916,713 | 69,193,972 | 1,249,461 | 548,070,054 |
| Excess (Deficiency) of Revenues Over Expenditures | (2,841,278) | (28,669) | (2,013,841) | (46,586,681) | (744,632) | (52,215,100) |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Bonds, Sales | - | - | 750,355 | - | - | 750,355 |
| Proceeds from Sale of Real Property | - | - | - | 1,072,016 | - | 1,072,016 |
| Proceeds from Sale of Surplus Equipment | 44,093 | - | - | - | - | 44,093 |
| Transfers | 1,730,129 | - | - | (1,730,129) | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | 1,774,222 | - | 750,355 | (658,113) | - | 1,866,464 |
| NET CHANGE IN FUND BALANCE | (1,067,056) | (28,669) | (1,263,486) | (47,244,794) | (744,632) | (50,348,636) |
| Fund Balance - Beginning | 34,036,362 | 1,968,369 | 12,051,435 | 252,242,668 | 2,270,390 | 302,569,227 |
| Fund Balance - Ending | \$ 32,969,307 | \$ 1,939,700 | \$ 10,787,949 | \$ 204,997,874 | \$ 1,525,758 | \$ 252,220,590 |

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, 2018

| | 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 | \$ 151,856,749 | \$ 1,294,340 | \$ - | \$ - | \$ - | \$ 153,151,089 |
| Local Non-Taxes | 12,218,781 | - | - | - | - | 12,218,781 |
| State | 287,400,043 | - | - | - | - | 287,400,043 |
| Federal | 38,414,754 | - | - | - | - | 38,414,754 |
| Miscellaneous | 5,964,627 | - | - | - | - | 5,964,627 |
| Other Sources: | | | | | | |
| Bonds, Sales | 750,355 | - | - | - | - | 750,355 |
| Bonds, Premium on Sale | - | - | - | - | - | - |
| Proceeds from Sale of Real Property | 1,072,016 | - | - | - | - | 1,072,016 |
| Proceeds from Sale of Surplus Eqmt | 44,093 | - | - | - | - | 44,093 |
| Long-Term Financing | - | - | - | - | - | - |
| TOTAL | 497,721,418 | 1,294,340 | - | - | - | 499,015,758 |
| EXPENDITURES/EXPENSES | | | | | | |
| Current: | | | | | | |
| Regular Instruction | 216,251,520 | (4,478,688) | 18,886,906 | 627,652 | - | 231,287,390 |
| Special Instruction | 54,509,335 | (796,041) | 11,855 | 158,209 | - | 53,883,358 |
| Career & Technical Instruction | 14,410,548 | (212,295) | 105,217 | 41,825 | - | 14,345,295 |
| Compensatory Instruction | 41,172,424 | (951,014) | 47,026 | 119,500 | - | 40,387,936 |
| Other Instructional Programs | 6,858,599 | (185,707) | 3,819 | 19,907 | - | 6,696,618 |
| Community Services | 1,062,654 | 4,580 | - | 3,084 | - | 1,070,318 |
| Support Services | 82,368,123 | (1,966,515) | 2,568,456 | 239,067 | - | 83,209,131 |
| Student Activities | 1,904,643 | - | 1,548 | - | - | 1,906,191 |
| Debt Service: | | | | | | |
| Principal | 32,020,000 | - | - | - | (32,020,000) | - |
| Interest and Other Charges | 25,896,713 | - | - | - | (5,637,063) | 20,259,650 |
| Capital Outlay | 71,615,495 | - | (58,856,900) | - | - | 12,758,595 |
| Other Uses: | | | | | | |
| Bonds, Deposit to Refunding Account | - | - | - | - | - | - |
| TOTAL EXPENDITURES/EXPENSES | 548,070,054 | (8,585,680) | (37,232,073) | 1,209,245 | (37,657,063) | 465,804,482 |
| NET CHANGE FOR THE YEAR | \$ (50,348,636) | \$ 9,880,020 | \$ 37,232,073 | \$ (1,209,245) | \$ 37,657,063 | \$ 33,211,276 |

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

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, 2018

| | | Governmental Activities |
|----------------------------|-----------|-------------------------|
| | | Internal Service Fund |
| ASSETS | | |
| Current Assets | | |
| Cash and Cash Equivalents | \$ | 4,356,374 |
| Restricted Cash | | 34,166 |
| Prepaid Insurance | | 298,762 |
| TOTAL ASSETS | | 4,689,302 |
| LIABILITIES | | |
| Current Liabilities | | |
| Accounts Payable | | 322,569 |
| TOTAL LIABILITIES | | 322,569 |
| NET POSITION | | |
| Unrestricted | | 4,366,733 |
| TOTAL NET POSITION | \$ | 4,366,733 |

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, 2018

| | Governmental Activities | Internal Service Fund |
|---------------------------------|----------------------------|-----------------------|
| OPERATING REVENUES | | |
| Premium Contributions | \$ | 46,774,004 |
| TOTAL OPERATING REVENUES | | 46,774,004 |
| OPERATING EXPENSES | | |
| Insurance Premiums | | 44,964,728 |
| Benefit Claims | | 2,206,909 |
| Administrative Expenses | | 795,026 |
| Working on Wellness | | 16,585 |
| TOTAL OPERATING EXPENSES | | 47,983,248 |
| OPERATING INCOME (LOSS) | | (1,209,244) |
| CHANGE IN NET POSITION | | (1,209,244) |
| NET POSITION - BEGINNING | | 5,575,977 |
| NET POSITION - ENDING | \$ | 4,366,733 |

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, 2018

| | Governmental Activities |
|---|------------------------------------|
| | Internal Service Fund |
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Premium Contributions | \$ 46,774,004 |
| Restricted Cash | 12,574 |
| Prepaid Insurance | (298,762) |
| Benefits Claims | (2,240,295) |
| Insurance Premium Payments | (44,859,255) |
| Administrative | (795,026) |
| Miscellaneous Payments | (16,585) |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | (1,423,345) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (1,423,345) |
| BALANCES - BEGINNING OF THE YEAR | 5,779,719 |
| BALANCES - END OF THE YEAR | \$ 4,356,374 |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES: | |
| Operating Income (Loss) | (1,209,244) |
| Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities: | |
| (Increase) Decrease in Prepaid Expenses | (286,188) |
| Increase (Decrease) in Liabilities | 72,087 |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | \$ (1,423,345) |

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, 2018

| | Private-Purpose Trusts |
|--|-----------------------------------|
| ASSETS | |
| Cash and Cash Equivalents | \$ 52,402 |
| Investments at Fair Value | 775,000 |
| TOTAL ASSETS | 827,402 |
| LIABILITIES | |
| Accounts Payable | 149,046 |
| Unearned Revenue - Other | 79 |
| TOTAL LIABILITIES | 149,125 |
| NET POSITION | |
| Held in Trust for Scholarships and Student Aid | 678,277 |
| TOTAL NET POSITION | \$ 678,277 |

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, 2018

| | Private-Purpose Trusts |
|-------------------------------------|-------------------------------|
| ADDITIONS | |
| Donations | \$ 408,283 |
| TOTAL ADDITIONS | 408,283 |
| DEDUCTIONS | |
| Scholarships | 68,580 |
| Tuition and Fees | 6,761 |
| Supplies & Materials | 92,329 |
| Field Trips | 43,232 |
| Purchased Services | 25,131 |
| Salaries & Benefits | 4,886 |
| TOTAL DEDUCTIONS | 240,919 |
| CHANGE IN NET POSITION | 167,364 |
| Net Position, Beginning of the year | 510,913 |
| Net Position, End of the year | \$ 678,277 |

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 | Prior Period Corrections |

TACOMA SCHOOL DISTRICT No. 10
NOTES TO THE BASIC FINANCIAL STATEMENTS
September 1, 2017 through August 31, 2018

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. There were no revisions at the fund level during fiscal year 2017-18.

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 \$213,631 were re-encumbered on September 1, 2018.

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 2017-2018:

| | | |
|----------------|---------------------------------------|-------------|
| City of Tacoma | Housing projects with 5 or more units | \$2,213,978 |
|----------------|---------------------------------------|-------------|

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.

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 funds, 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, 2018, the value of the USDA commodities included in this district’s inventory was \$2,257,307.

Prepaid items consist of software licenses and other prepayments made late in 2017-18 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 statements 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.

The new GASB 75 reporting requirements shows both deferred inflows and outflows of resources related to Other Post-Employment Benefits (OPEB) on the government-wide statements. Please refer to Note 9F for more details.

K. COMPENSATED ABSENCES

1. Sick Leave

Employees earn sick leave at a rate of 12 days per year up to a maximum of one contract year.

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, 2018, was \$16,582,742 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, 2018, was \$10,782,251 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

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.

N. CHANGE IN ACCOUNTING PRINCIPLES

Other Post Employment Benefits (OPEB) - Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension Plans* was implemented for the year ended August 31, 2018. GASB Statement No. 75 establishes new accounting and financial reporting requirements for postemployment benefit plans. In order to implement GASB 75, a decrease in beginning net position is reported to reflect the OPEB liability as of August 31, 2018. The total adjustment of \$96,175,136 is presented on the Government-Wide Statement of Activities as a decrease to the beginning net position.

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. The district directs the County Treasurer to invest those financial resources of the district that the district has determined are not needed to meet the current financial obligations of the district. In this capacity, the county treasurer receives, deposits, and transacts investments on the district's behalf.

The district's deposits are mostly covered by federal depository insurance (FDIC) or 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. These provisions help mitigate custodial credit risk, which is the risk that, in the event of a failure of a depository financial institution, the district would not be able to recover deposits or collateral securities that are in the possession of an outside party.

All of the district's investments during the year and year-end were insured or registered and held by the district or its agent in the district's name.

Washington State statutes authorize the district to invest in the following types of securities:

- Certificates, notes, or bonds of the United States, its agencies, or any corporation wholly owned by the government of the United States,
- Obligations of government-sponsored corporations which are eligible as collateral for advances to member banks as determined by the Board of Governors of the Federal Reserve System,
- Bankers' acceptances purchased on the secondary market,
- Repurchase agreements for securities listed in the three items above, provided that the transaction is structured so that the public treasurer obtains control over the underlying securities,
- Investment deposits with qualified public depositories,
- Washington State Local Government Investment Pool, and
- County Treasurer Investment Pools.

The districts investments as of August 31, 2018, are as follows:

| | Number of Securities | Carrying Amount | Market Value |
|-----------------------------------|-------------------------|--------------------|--------------|
| U.S. Government Securities | 1 | \$30,000,000 | \$29,802,000 |
| U.S. Instrumentality Securities | 1 | 50,000,000 | 49,285,000 |
| State Treasurer's Investment Pool | 11 | 186,418,000 | 186,418,000 |
| Total Investments | 13 | 266,418,000 | 265,505,000 |

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 | \$ 3,662,519 | \$ 265,643,000 |
| Sound Partnership | 4,356,374 | - |
| Total Government-Wide | 8,018,893 | 265,643,000 |
| Fiduciary Funds | 52,402 | 775,000 |
| Total Deposits & Investments | \$ 8,071,295 | \$ 266,418,000 |

The Washington State Local Government Investment Pool (LGIP) was authorized by Chapter 294, Laws of 1986, and is managed and operated by the Washington State Treasurer. Participation in the pool is voluntary and the pool does not have a credit rating).

Investments in the LGIP, a qualified external investment pool, are reported at amortized cost which approximates fair value. The pool portfolio is invested in a manner that meets the maturity, quality, diversification and liquidity requirements set forth by GASBS 79 for external investment pools that elect to measure, for financial reporting purposes, investments at amortized cost. The pool maintains a Weighted Average Maturity (WAM) of 60 days or shorter. The LGIP does not have any legally binding guarantees of share values. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals.

The Office of the State Treasurer prepares a stand-alone LGIP financial report. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, online at <http://www.tre.wa.gov>.

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 requiring that at least twenty percent of the portfolio is comprised of investments maturing within the next 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.

Diversification of the portfolio is achieved by limiting the maximum percentage of investments by type of investment in the portfolio as follows:

| | <u>Maximum % of Portfolio</u> |
|---|-------------------------------|
| Washington State LGIP | 100% |
| U.S. Treasury Obligations | 100% |
| Federal Agency Securities | 90% |
| Certificates of Deposit | 40% |
| Repurchase Agreements | 40% |
| Bonds of State of WA or any local government in the State of WA | 20% |
| Bonds of other states or any local governments in the other state | 15% |
| Commercial Paper | 10% |
| Banker's Acceptance | 10% |

The credit quality distribution for securities with credit exposure are presented as a percentage of total investments is as follows:

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

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.

Cash with Fiscal Agent/Trustee

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, 2018, 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 | \$ 2,971,807 | \$ 61,514 |
| Capital Projects Fund | 45,000 | 2,966,670 |
| Special Revenue Fund | 17,410 | 6,032 |
| Total | \$ 3,034,217 | \$ 3,034,217 |

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 (\$1,730,129) 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*. The district's capital assets are insured in the amount of \$906,602,095 for fiscal year 2018. In the opinion of the district's insurance consultant, the amount is sufficient to adequately fund replacement of the district's assets.

| | Primary Government | | | |
|--|----------------------|----------------------|------------------|-----------------------|
| | Beginning Balance | Additions | Deletions | Ending Balance |
| Governmental Activities: | | | | |
| Capital Assets, not being depreciated: | | | | |
| Land | \$ 42,750,150 | \$ - | - | \$ 42,750,150 |
| Construction-in-Progress | 239,839,960 | 50,777,454 | - | 290,617,414 |
| Total Capital Assets, not being depreciated | 282,590,110 | 50,777,454 | - | 333,367,564 |
| Capital assets, being depreciated: | | | | |
| Building and Improvements | 987,463,658 | 4,351,744 | - | 991,815,402 |
| Equipment | 43,824,867 | 3,727,702 | (371,525) | 47,181,044 |
| Total Capital assets, being depreciated: | 1,031,288,525 | 8,079,446 | (371,525) | 1,038,996,446 |
| Less Accumulated Depreciation for: | | | | |
| Building and Improvements | (345,341,921) | (19,756,528) | - | (365,098,449) |
| Equipment | (38,148,519) | (1,868,299) | 371,525 | (39,645,293) |
| Total Accumulated Depreciation | (383,490,440) | (21,624,827) | 371,525 | (404,743,742) |
| Total Capital assets, being depreciated, net | 647,798,085 | (13,545,380) | - | 634,252,705 |
| Governmental Activities Capital Assets, Net | \$930,388,195 | \$ 37,232,074 | \$ - | \$ 967,620,269 |

Depreciation expense was charged to governmental activities as follows:

| | Current Year Total |
|----------------------------------|-----------------------------|
| Regular Instruction | 18,886,906 |
| Special Instruction | 11,855 |
| Career & Technical Instruction | 105,217 |
| Compensatory Instruction | 47,026 |
| Other Instruction Programs | 3,819 |
| Support Services | 2,568,456 |
| Extracurricular Activities (ASB) | 1,548 |
| | <u><u>\$ 21,624,827</u></u> |

Note 5. CONSTRUCTION IN PROGRESS

| School | Project | Project Authorization | Accumulated Expenditures to Aug. 31, 2018 |
|---------------------------------|---------------|------------------------------|--|
| Elementary Schools | | | |
| McCarver | Modernization | 39,000,000 | 37,547,990 |
| Wainwright | New School | 35,000,000 | 32,814,411 |
| Arlington | New School | 28,000,000 | 24,868,832 |
| Birney | New School | 32,000,000 | 2,546,986 |
| Browns Pt. | New School | 31,000,000 | 24,513,195 |
| Grant | New School | 29,000,000 | 2,579,252 |
| Boze | New School | 32,000,000 | 559,435 |
| Lyon | New School | 29,000,000 | 19,016,295 |
| Total Elementary Schools | | <u><u>255,000,000</u></u> | <u><u>144,446,396</u></u> |
| Middle Schools | | | |
| Stewart | Modernization | 66,000,000 | 65,516,960 |
| Hunt | New School | 48,000,000 | 2,270,094 |
| Total Middle Schools | | <u><u>114,000,000</u></u> | <u><u>67,787,055</u></u> |
| High Schools | | | |
| SAMI | New School | 20,000,000 | 18,857,572 |
| Wilson Phase 2 | Modernization | 60,000,708 | 59,526,391 |
| Total High Schools | | <u><u>80,000,708</u></u> | <u><u>78,383,963</u></u> |
| GRAND-TOTAL | | <u><u>\$ 449,000,708</u></u> | <u><u>\$ 290,617,414</u></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/adminstration/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, 2018, was as follows:

| Retirement Plan | Retirees & Beneficiaries | Inactive Vested Members | Active Plan Members |
|-----------------|-----------------------------|----------------------------|------------------------|
| | Receiving Benefits | | |
| PERS 1 | 47,037 | 539 | 1,986 |
| SERS 2 | 9,171 | 6,050 | 27,786 |
| SERS 3 | 8,866 | 8,678 | 34,930 |
| TRS 1 | 33,460 | 147 | 497 |
| TRS 2 | 5,453 | 2,617 | 20,518 |
| TRS 3 | 11,960 | 8,735 | 55,117 |

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 2018 were as follows:

| Pension Rates | | 9/1/18 Rate | 7/1/17 Rate |
|----------------------------|--|----------------|----------------|
| PERS 1 | | | |
| Member Contribution Rate | | 6.00% | 6.00% |
| Employer Contribution Rate | | 12.83% | 12.70% |
| Pension Rates | | 9/1/18 Rate | 9/1/17 Rate |
| TRS 1 | | | |
| Member Contribution Rate | | 6.00% | 6.00% |
| Employer Contribution Rate | | 15.41% | 15.20% |
| TRS 2 | | | |
| Member Contribution Rate | | 7.06% | 7.06% |
| Employer Contribution Rate | | 15.41% | 15.20% |
| TRS 3 | | | |
| Member Contribution Rate | | varies* | varies* |
| Employer Contribution Rate | | 15.41% | 15.20% ** |
| SERS 2 | | | |
| Member Contribution Rate | | 7.27% | 7.27% |
| Employer Contribution Rate | | 13.58% | 13.48% |
| SERS 3 | | | |
| Member Contribution Rate | | varies* | varies* |
| Employer Contribution Rate | | 13.58% | 13.48% ** |

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, 2018 (dollars in thousands):

| | PERS 1 | SERS 2/3 | TRS 1 | TRS 2/3 | |
|--|----------------|----------------|----------------|-----------------|--|
| Total Pension Liability | \$ 12,143,412 | \$ 5,719,600 | \$ 8,722,439 | \$ 14,422,685 | |
| Plan fiduciary net position | \$ (7,677,378) | \$ (5,420,538) | \$ (5,801,847) | \$ (13,972,571) | |
| Participating employers' net pension liability | \$ 4,466,034 | \$ 299,062 | \$ 2,920,592 | \$ 450,114 | |
| Plan fiduciary net position as a percentage of the total pension liability | 63.22% | 94.77% | 66.52% | 96.88% | |

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

At June 30, 2018, the district reported a total liability of \$137,158,103 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, 2018, the district's proportionate share of each plan's net pension liability is reported below:

| June 30, 2018 | PERS 1 | SERS 2/3 | TRS 1 | TRS 2/3 |
|--|---------------|--------------|---------------|---------------|
| Proportionate Share of the Net Pension Liability | \$ 22,878,660 | \$ 9,060,384 | \$ 91,161,668 | \$ 14,057,390 |

At June 30, 2018, 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 | 0.512281% | 3.029601% | 3.121342% | 3.123073% |
| Prior year proportionate share of the Net Pension Liability | 0.512630% | 3.049930% | 3.180226% | 3.164840% |
| Net difference % | -0.000348% | -0.020329 % | -0.058884% | -0.041767% |

The District's annual contributions for 2018 is reported below:

| August 31, 2018 | PERS 1 | SERS 2/3 | TRS 1 | TRS 2/3 |
|---------------------------------|--------------|--------------|---------------|---------------|
| District's Annual Contributions | \$ 3,424,210 | \$ 5,299,999 | \$ 12,981,448 | \$ 13,884,575 |

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, 2018, using the following actuarial assumptions, applied to all prior periods included in the measurement:

| | |
|---------------------------|--|
| Inflation | 2.75% total economic inflation, 3.50% salary inflation |
| Salary increases | In addition to the base 3.50% salary inflation assumption, salaries are also expected to grow by promotions and longevity. |
| Investment rate of return | 7.40% |

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, 2017, valuation were based on the results of the 2007-2012 Experience Study and the 2017 Economic Experience Study. Additional assumptions for subsequent events and law changes as of the 2017 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 7.40 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, 2018, 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 | 7.00% | 4.90% |
| Real Estate | 18.00% | 5.80% |
| Global Equity | 32.00% | 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 7.40 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 7.50 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 7.40 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 7.40 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, 2018, 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 | - | (909,185) |
| 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 | 15,454 | - |

| SERS 2/3 | Outflow | Inflow |
|---|-----------|-------------|
| Difference between expected and actual experiences in the measurement of the total pension liability | 2,497,116 | - |
| Net difference between projected and actual earnings on pension plan investments | - | (4,405,196) |
| Changes in Assumptions or other inputs | 71,808 | (1,859,808) |
| Changes in the school district's proportion and differences between the district contributions and proportionate share of contributions | 99,279 | (88,641) |
| District contributions to the pension plan subsequent to the measurement date of the collective net pension liability | 1,349,472 | - |

| 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 | - | (3,898,440) |
| 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 | 31,612 | - |

| TRS 2/3 | Outflow | Inflow |
|---|----------------|---------------|
| Difference between expected and actual experiences in the measurement of the total pension liability | 6,605,957 | (1,038,002) |
| Net difference between projected and actual earnings on pension plan investments | - | (11,888,795) |
| Changes in Assumptions or other inputs | 238,997 | (5,649,161) |
| Changes in the school district's proportion and differences between the district contributions and proportionate share of contributions | - | (800,457) |
| District contributions to the pension plan subsequent to the measurement date of the collective net pension liability | 4,930,992 | - |

| Total For All Plans | Outflow | Inflow |
|---|----------------|---------------|
| Difference between expected and actual experiences in the measurement of the total pension liability | 9,103,073 | (1,038,002) |
| Net difference between projected and actual earnings on pension plan investments | - | (21,101,616) |
| Changes in Assumptions or other inputs | 310,805 | (7,508,969) |
| Changes in the school district's proportion and differences between the district contributions and proportionate share of contributions | 99,279 | (889,098) |
| District contributions to the pension plan subsequent to the measurement date of the collective net pension liability | 6,327,530 | - |
| Total Deferred Outflows | 15,840,685 | - |
| Total Deferred Inflows | - | (30,537,685) |

\$6,327,530 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, 2019.

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 |
|------------|---------------|-----------------|--------------|----------------|
| 2019 | 39,777 | 6,642 | 390,061 | (664,804) |
| 2020 | (198,753) | (905,784) | (807,016) | (2,892,164) |
| 2021 | (596,402) | (2,157,368) | (2,772,201) | (6,404,617) |
| 2022 | (153,807) | (461,035) | (709,284) | (1,749,089) |
| 2023 | - | (90,057) | - | (75,831) |
| Thereafter | - | (77,839) | - | (744,957) |

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, 2018, the district recognized a total expense as follows:

| Plan | Pension Expense |
|----------|------------------------|
| PERS 1 | \$ (1,460,009) |
| SERS 2/3 | (3,234,931) |
| TRS 1 | (5,141,407) |
| TRS 2/3 | (8,383,678) |
| Total | <u>\$ (18,220,025)</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 7.40%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.40%) or one percentage point higher (8.40%) 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 (6.40%) | Current Discount Rate (7.40%) | 1% Increase (8.40%) |
| PERS1 | \$5,488,477,000 | \$ 4,466,034,000 | \$3,580,392,000 |
| %NPL | 0.512281% | 0.512281% | 0.512281% |
| District's PERS1 | 28,116,445 | 22,878,660 | 18,341,681 |
| | | | |
| SERS2/3 | \$1,127,549,000 | \$299,062,000 | (\$383,817,000) |
| %NPL | 3.029601% | 3.029601% | 3.029601% |
| District's SERS2/3 | 34,160,232 | 9,060,384 | (11,628,122) |
| | | | |
| TRS1 | \$3,650,431,000 | \$2,920,592,000 | \$2,288,760,000 |
| %NPL | 3.121342% | 3.121342% | 3.121342% |
| District's TRS1 | 113,942,440 | 91,161,668 | 71,440,030 |
| | | | |
| TRS2/3 | \$2,805,439,000 | \$450,114,000 | (\$1,463,229,000) |
| %NPL | 3.123073% | 3.123073% | 3.123073% |
| District's TRS2/3 | 87,615,914 | 14,057,390 | (45,697,713) |

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 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 2017-2018 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 2017-2018 all pension contributions are based on 2080 hours compensated per year.

Contribution rate FY 17-18 – district paid \$3.43/hour

Contribution amount FY 17-18 - \$11,887

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 by 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 2017-2018 all pension contributions are based on 2080 hours compensated per year.

Contribution rate FY 17-18 – district paid \$6.60/hour (9/7-7/18) and \$7.32/hour (7/18-8/18)

Contribution amount FY 17-18 - \$98,674

The CRP does have a withdrawal liability. The District's estimated withdrawal liability for 2018 is \$327,629.

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. Seventeen 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 2017-2018 all pension contributions are based on 2080 hours compensated per year.

Contribution rate FY 17-18 – district paid \$4.09/hour (9/17-5/18) and \$4.29/hour (6/18-8/18)
Contribution amount FY 17-18 - \$154,309

The WWLEPP does have a withdrawal liability. The District's estimated withdrawal liability for 2018 has not been determined. It's still in the process of being verified by the actuary.

4. Central Pension Fund of the IUOE (CPF). It is administered by the Board of Trustees of CPF of the IUOE. The entity identification is 36-6052390. Three-hundred sixteen district employees are covered by the plan - sixty-five bus drivers and dispatchers, thirty-six security employees, and two-hundred fifteen custodians are covered by the CPF. CPF is a "defined benefit plan" providing a benefit determined by accrual rate, years of service and hours worked in the service years. Benefit payments are guaranteed by the Pension Benefit Guaranty Corporation, a federal insurance agency. Contributions to the plan are made monthly pursuant to the terms of the collective bargaining agreement. In fiscal year 2017-2018 all pension contributions are based on 2080 hours compensated per year for dispatchers and bus drivers, full-time security employees, and custodians, and 1,704 hours for part-time security employees

Contribution rates FY 17-18 – district paid \$2.00/hour for dispatchers, \$1.00/hour for bus drivers, \$0.75/hour for 10-month part-time security employees, \$1.50/hour for full-time security employees, and \$1.75/hour for custodians.

Contribution amount FY 17-18 – Total – 905,425. \$9,279 for dispatchers, \$96,866 for bus drivers, \$34,500 for part-time security employees, \$34,038 for full-time security employees, and \$730,741 for custodians.

There is currently no withdrawal liability for the CPF

5. IBEW Pacific Coast Pension Fund. It is administered by Rhen & Associates/IBEW Local 76. The entity identification is 94-6128032. Six district employees are covered by the Pacific Coast Pension Fund. The fund is a "defined benefit plan" providing benefit payments guaranteed by the Pension Benefit Guaranty Corporation, a federal insurance agency. The monthly benefit at normal retirement is determined by the accrual rate, years of service and hours worked in the service years. Contributions to the plan are made monthly pursuant to the terms of the collective bargaining agreement. In fiscal year 2017-2018 all pension contributions are based on 2080 hours compensated per year.

Contribution rate FY 17-18 – district paid \$1.45/hour for the Local 76 Pension (9/17-12/17), \$5.41/hour for IBEW and 3% of gross wages for NEBF.

Contribution amount FY 17-18 - \$87,039.13

There is currently no withdrawal liability for the Pacific Coast Pension Fund.

6. Western Washington Glaziers Retirement Plan. It is administered by BENESYS, Inc./The Employee Painters' Trust. The entity identification is 91-6050587. One district employee is covered by the plan. The fund is a "defined benefit fund" providing monthly benefit payments guaranteed by the Pension Benefit Guaranty Corporation, a federal insurance agency. The monthly benefit at normal retirement age is determined by an accrual rate for credited years of service. Contributions to the plan are made monthly pursuant to the terms of the collective bargaining agreement. In fiscal year 2017-2018 all pension contributions are based on 2080 hours compensated per year.

Contribution rate FY 17-18 – district paid \$9.70/hour (7/17-6/18) and \$10.10/hour (7/18-8/18)

Contribution amount FY 17-18 - \$20,323

There is currently no withdrawal liability for the Western Washington Glaziers Retirement Plan.

7. Plumbers & Pipefitters National Pension Fund. It is administered by the Board of Trustees, Plumbers & Pipefitters National Pension Plan. The entity identification is 52-6152779. Eight district employees are covered by the plan. The fund is a “defined benefit plan” providing monthly benefit payments guaranteed by the Pension Benefit Guaranty Corporation, a federal insurance agency. The monthly benefit at normal retirement age is determined by an accrual rate and years of credited service. Contributions to the plan are made monthly pursuant to the terms of the collective bargaining agreement. In fiscal year 2017-2018 all pension contributions are based on 2080 hours compensated per year.

Contribution rate FY 17-18 – district paid \$3.90/hour
Contribution amount FY17-18 - \$66,481

The Plumbers & Pipefitters National Pension Fund does have a withdrawal liability. The District’s estimated withdrawal liability for 2018 is \$254,180.

8. WA State Plumbing & Pipefitting Pension Fund. It is administered by Zenith American Solutions. The entity identification is 91-6029141. Eight district employees are covered by the plan. The fund is a “defined benefit plan” with options for the participant based on the value of the benefit at the time of retirement. Benefit accruals are based on contributions made to the plan on behalf of the participant for hours of service earned during a plan year and years of credited service. The plan is guaranteed by the Pension Benefit Guaranty Corporation, a federal insurance agency. Contributions to the plan are made monthly and are pursuant to the collective bargaining agreement. In fiscal year 2017-2018 all pension contributions are based on 2080 hours compensated per year.

Contribution rate FY 17-18 – district paid \$3.05/hour
Contribution amount FY 17-18 - \$51,991.73

The WA State Plumbing & Pipefitting Pension Fund does have a withdrawal liability. The district’s estimated withdrawal for 2018 is \$922,823

9. Western Conference of Teamsters Pension Plan. It is administered by Northwest Administrators, Inc. The entity identification is 91-6145047. Thirteen district employees are covered by the plan. The fund is a “defined benefit plan” providing monthly benefit payments at retirement age. The plan is guaranteed by the Pension Benefit Guaranty Corporation, a federal insurance agency. The monthly benefit is determined by an account benefit formula used for service after 1986 and is based on a percentage of all of the participant’s non-forfeited years of service. The five-year average benefit formula is used to determine a monthly benefit based on years of service and the rate of contributions payable for the participants last five years of service. Contributions to the plan are made monthly pursuant to the terms of the collective bargaining agreement. In fiscal year 2017-2018 all pension contributions are limited to 2080 maximum hours in a plan year.

Contribution rate FY 17-18 – district paid \$3.30/hour
Contribution amount FY 17-18 - \$83,131

The Western Conference of Teamsters Pension Plan does have withdrawal liability. The district’s estimated withdrawal liability for 2018 is \$28,854.

10. International Painters & Allied Trades (IUPAT) Industry Pension Plan. It is administered by IUPAT Pension Fund Administrator. The entity identification is 52-6073909. Five district employees are covered by the plan. The plan is a “defined benefit plan” providing guaranteed monthly benefits. The monthly benefit is a combination of 100% of the participant’s first \$11 of the Plan’s monthly benefit accrual rate, plus 75% of the next \$33 of the accrual rate, multiplied times each year of credited service. The maximum guarantee is \$35.75 per month multiplied by a participant’s years of credited service. Benefit payments are guaranteed by the Pension Benefit Guaranty Corporation, a federal insurance agency. Contributions to the plan are made monthly pursuant to the terms of the collective bargaining agreement. In fiscal year 2017-2018 all pension contributions are based on 2080 hours compensated per year.

Contribution rate FY 17-18 – district paid \$2.25/hour
Contribution amount FY 17-18 - \$22,796

The IUPAT does have withdrawal liability. The district's estimated withdrawal liability for 2018 is \$97,564.

11. Sheet Metal Workers National Pension Fund. It is administered by Sheet Metal Workers National Benefits Trust (SMWNPF). The entity identification is 52-6112463. One district employee is covered by the plan. The plan is a "defined benefit plan" providing a monthly benefit payment at the normal retirement age. The monthly benefit is determined based on a variable benefit accrual rate, contribution hours worked, and a variable applicable percentage determined annually based on historical investment returns. The plan is guaranteed by the Pension Benefit Guaranty Corporation, a federal insurance agency. Contributions to the plan are made monthly pursuant to the terms of the collective bargaining agreement.

Contribution rate FY 17-18 – district paid \$3.50/hour
Contributions amount FY 17-18 - \$7,263

The SMWNPF does have a withdrawal liability. The district's estimated withdrawal liability for 2018 is \$48,430.

12. Northwest Sheet Metal Workers Pension Plan. It is administered by BeneSys, Inc. The entity identification is 91-6061344. One district employee is covered by the plan. The plan is a "defined benefit plan" providing a monthly benefit at a normal retirement age. The guaranteed monthly benefit is determined based on a benefit accrual rate and years of credited service. Benefit payments are guaranteed by the Pension Benefit Guaranty Corporation, a federal insurance agency. Contributions to the plan are made monthly pursuant to the terms of the collective bargaining agreement. In fiscal year 2017-2018 all pension contributions are based on 2080 hours compensated per year.

Contribution rate FY 17-18 – district paid \$2.50/hour
Contributions amount FY 17-18 - \$5,188

There is currently no withdrawal liability for the Northwest Sheet Metal Workers Pension Plan.

13. IUOE Local 302/612 Employers Construction Industry Retirement Plan. It is administered by Construction Industry Funds Admin. Services Inc. The entity identification is 91-6028571. Two district employees are covered by the plan. The plan is a "defined benefit plan" providing a monthly benefit once they have obtained age 60 and have five years of credited service or have 7,500 covered hours of employment. Participants are entitled to a monthly benefit for each year of credited past service plus a percentage of the contributions made on the participants' behalf. Benefit payments are guaranteed by the Pension Benefit Guaranty Corporation, a federal insurance agency. Contributions to the plan are made pursuant to the terms of the collective bargaining agreement. In fiscal year 2017-2018 all pension contributions are based on 2080 hours compensated per year.

Contribution rate FY 17-18 – district paid \$2.00/hour
Contributions amount FY 17-18 - \$5,131

IUOE Local 302/612 Employers Construction Industry Retirement Plan does have a withdrawal liability. The District's estimated withdrawal liability for 2018 has not been determined. It's still in the process of being verified by the actuary.

| Plan Name | # of Employees Covered | Balance of Contributions |
|--|-------------------------------|---------------------------------|
| National Roofing Industry Pension Fund | 2 | \$ 11,887 |
| Carpenters Retirement Plan of Wester Washington | 7 | 98,674 |
| Western Washington Laborers Employers Pension Plan | 17 | 154,309 |
| Central Pension Fund of the IUOE | 316 | 905,425 |
| IBEW Pacific Coast Pension Fund | 6 | 87,039 |
| Western Washington Glaziers Retirement Plan | 1 | 20,323 |
| Plumbers & Pipefitters National Pension Fund | 8 | 66,481 |
| WA State Plumbing & Pipefitting Pension Fund | 8 | 51,992 |
| Western Conference of Teamsters Pension Plan | 13 | 83,131 |
| International Painters & Allied Trades | 5 | 22,796 |
| Sheet Metal Workers National Pension Fund | 1 | 7,263 |
| Northwest Sheet Metal Workers Pension Plan | 1 | 5,188 |
| IUOE Local 302/612 Employers Const. Industry Ret. Plan | 2 | 5,131 |
| Total | 387 | \$1,519,639 |

The financial reports for each of these plans 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, 2018 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 Middle School, Wainwright Intermediate, Arlington, Mary Lyon, Grant, , Browns Point, Birney, and Boze Elementary schools; modernization of Stewart Middle School, 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 was established to be made over the following four years. Interest rates range from 2.8 to 3.0 percent over the life of the loan. In 2017-18, the established payment was inadvertently not made and in addition there was no advertising revenue generated from the scoreboards to provide funding to cover the scheduled 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 on-going 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 fourth 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.

A prior period adjustment was made on the Statement of Activities to record the correction of an overstatement of the prior year fiscal year long-term liabilities.

During the year ended August 31, 2018, the following changes occurred in liabilities reported in the government-wide financial statements.

| | Beginning Balance | Adjusted 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 | 62,330,000 | 62,330,000 | - | 8,660,000 | 53,670,000 | 2,080,000 |
| 2015 Refunding of BAN | 73,145,000 | 73,145,000 | - | 18,510,000 | 54,635,000 | 24,150,000 |
| 2014 UTGO | 136,600,000 | 136,600,000 | - | - | 136,600,000 | - |
| 2015 UTGO | 271,565,000 | 271,565,000 | - | 4,850,000 | 266,715,000 | 5,670,000 |
| Long-Term Financing - Scoreboards | 425,906 | 311,873 | - | - | 311,873 | 102,107 |
| Total Bonds and Contracts Payable | <u>544,065,906</u> | <u>543,951,873</u> | <u>-</u> | <u>32,020,000</u> | <u>511,931,873</u> | <u>32,002,107</u> |
| Net Pension Liabilities: | | | | | | |
| PERS Plan 1 | 24,324,672 | 24,324,672 | - | 1,446,011 | 22,878,661 | - |
| SERS Plans 2/3 | 15,050,642 | 15,050,642 | - | 5,990,258 | 9,060,384 | - |
| TRS Plan 1 | 96,146,769 | 96,146,769 | - | 4,985,100 | 91,161,670 | - |
| TRS Plans 2/3 | 29,209,667 | 29,209,667 | - | 15,152,277 | 14,057,390 | - |
| Total Net Pension Liabilities | <u>164,731,750</u> | <u>164,731,750</u> | <u>-</u> | <u>27,573,646</u> | <u>137,158,104</u> | <u>-</u> |
| Other Liabilities: | | | | | | |
| Unamortized Bond Premium | 91,272,578 | 91,272,578 | - | 3,035,696 | 88,236,882 | 3,816,583 |
| Total OPEB Liability | 73,885,171 | 173,580,758 | 14,814,857 | 24,172,236 | 164,223,379 | 4,194,347 |
| Compensated Absences | 25,991,513 | 25,991,513 | 4,089,788 | 2,716,308 | 27,364,993 | 2,716,308 |
| Total Other Liabilities | <u>191,149,262</u> | <u>290,844,848</u> | <u>18,904,645</u> | <u>29,924,241</u> | <u>279,825,252</u> | <u>10,727,239</u> |
| GRAND-TOTAL | <u>899,946,916</u> | <u>999,528,469</u> | <u>18,904,645</u> | <u>89,517,887</u> | <u>928,915,229</u> | <u>42,729,346</u> |

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, Total OPEB Liabilities 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 | \$ 12,284,614 | \$ - | \$1,324,706 | \$ 10,959,908 |
| 2014 Unlimited Tax GO Bonds | 22,270,115 | - | - | 22,270,115 |
| 2015 Refunded Bond | 8,701,446 | - | 1,276,915 | 7,424,531 |
| 2015 Unlimited Tax GO bonds | 48,016,403 | - | 434,075 | 47,582,328 |
| | <u>\$ 91,272,578</u> | <u>\$ -</u> | <u>\$3,035,696</u> | <u>\$ 88,236,882</u> |

C. DEBT SERVICE REQUIREMENT TO MATURITY

| Year Ending August 31, | UTGO Bonds & Refunded Bonds | | |
|---------------------------|-----------------------------|---------------|----------------|
| | Principal | Interest | Total |
| 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 | \$ 511,620,000 | \$299,921,509 | \$ 811,541,509 |

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 |
| 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 ended August 31, 2018. There are no future lease obligations after August 31, 2018.

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 | |
| 2017 | 516,490 | 326,603 | 229,001 | 614,092 |
| 2018 | 614,092 | 321,139 | 151,160 | 784,071 |

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 | Beg. Balance | Industrial Insurance | | End. Balance |
|-------------|--------------|----------------------|------------|--------------|
| | | Additions | Reductions | |
| 2017 | 1,299,751 | 3,562,740 | 4,612,090 | 250,401 |
| 2018 | 250,401 | 3,865,664 | 4,384,715 | -268,650 |

In fiscal years 2017 and 2018 settlements exceeded the coverage.

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 three 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 \$3,087,421 for its annual premium contribution to WSRMP for its property and liability insurance coverage in 2017-18. 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 in any of the past three fiscal years.

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.

D. EMPLOYEE BENEFITS

The district made payments totaling \$46,564,835 in 2017-18 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.

In June, 2017, the Washington State Legislature established a plan to revise the process for funding and providing benefits to school districts in the state. As part of this plan, all benefits will be administered by the Washington State Healthcare Authority effective January 1, 2020. Trust management is preparing for this transition, however, there is no impact on the 2018 financial statements.

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 \$2,240,295 and insurance premium payments were \$44,859,255 for the year; the total contributions from participants were \$46,774,004.

The total assets and liabilities of the Sound Partnership at August 31, 2018 were respectively \$4,689,302 and \$322,569

| The Sound Partnership | | |
|---|--------------------------|--------------------------|
| Statement of Changes in Plan's Benefit Obligations | | |
| | Year Ended | |
| | 8/31/2018 | 8/31/2017 |
| Amounts Currently Payable for Claims Participants | | |
| Balance at beginning of year | \$ 76,467 | \$ 51,278 |
| Claims reported & approved for payment | 2,225,138 | 2,220,904 |
| Claims Paid | (2,224,370) | (2,195,715) |
| Balance at End of Year | <u>77,235</u> | <u>76,467</u> |
| Other Obligations for Current Benefit Coverage at Estimated Amounts | | |
| Balance at beginning of year | 140,275 | 138,339 |
| Net Change during the year | (17,461) | 1,936 |
| Balance at End of Year | <u>122,814</u> | <u>140,275</u> |
| Plan's Total Benefit Obligation at End of Year | <u>\$ 200,049</u> | <u>\$ 216,742</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 38 participants in the COBRA program as of August 31, 2018.

F. OTHER POST-EMPLOYMENT BENEFITS

The following table represents the aggregate OPEB amounts subject to the requirements of GASB Statement 75 for the year 2018

| OPEB Amounts | |
|--------------------------------|---------------|
| OPEB Liabilities | \$164,223,379 |
| Deferred Outflows of resources | 3,871,942 |
| Deferred Inflows of resources | 17,969,736 |
| OPEB expense (benefit) | 12,132,807 |

The state, through the Health Care Authority (HCA), administers an agent single-employer defined benefit other post-employment benefit (OPEB) plan. Per RCW 41.05.065, 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. The understanding by the employer and plan members is that there is no contractual obligation to continue the substantive plan as an employee benefit on an ongoing basis. However, the actuarial assumption used in the valuations presented in this note assume that this substantive plan will be carried into the future.

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 \$64.07 per month per full-time equivalent employee in the 2017-18 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.

Employers participating in the PEBB plan include the state (which includes general government agencies and higher education institutions), 76 of the state's K-12 schools and educational service districts (ESDs), and 249 political subdivisions and tribal governments. Additionally, the PEBB plan is available to the retirees of the remaining 227 K-12 school districts and ESDs. The district's retirees are eligible to participate in the PEBB plan under this arrangement. District membership in the PEBB plan consisted of the following:

| Summary of Plan Participants | |
|---|--------------|
| As of August 31, 2018 | |
| Retirees or beneficiaries currently receiving benefits | 1,919 |
| Retirees or beneficiaries entitle to but not yet receiving benefits | 0 |
| Active employees | 3,821 |
| Total | 5,740 |

Plan Description

The PEBB retiree OPEB plan is available to employees who elect at the time they retire to continue coverage and pay the administratively established premiums under the provisions of the retirements system to which they belong. Retirees' access to the PEBB plan depends on the retirement eligibility of their respective retirement system. 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. Not all employers who participate in the retirement plans offer PEBB to their retirees.

Per RCW 41.05.022, retirees who are not yet eligible for Medicare benefits may continue participation in the state's non-Medicare community-rated health insurance risk pool on a self-pay basis. Retirees in the non-Medicare risk pool receive an implicit subsidy. The implicit subsidy exists because retired members pay a premium based on a claims experience for active employees and other non-Medicare retirees. The subsidy is valued using the difference between the age-based claims costs and the premium. In calendar year 2016, the average weighted implicit subsidy was valued at \$304 per adult unit per month, and in calendar year 2017, the average weighted implicit subsidy was valued at \$327 per adult unit per month. In calendar year 2018, the average weighted implicit subsidy is projected to be \$348 per adult unit per month.

Retirees who are enrolled in both Parts A and B of Medicare may participate in the state's Medicare community-rated health insurance risk pool. Medicare retirees receive an explicit subsidy in the form of reduced premiums. Annually, the HCA administrator recommends an amount for the next calendar year's explicit subsidy for inclusion in the Governor's budget. The final amount is approved by the state Legislature. In calendar year 2016, the explicit subsidy was up to \$150 per member per month, and it remained up to \$150 per member per month in calendar years 2017 and 2018. This will increase in calendar year 2019 up to \$168 per member per month.

Upon retirement, members are permitted to receive medical benefits. Retirees pay the following monthly rates for pre-65 Medical coverage for 2018:

| Descriptions | Type of Coverage | | |
|---|------------------|-------------------|-------------|
| | Employee | Employee & Spouse | Full Family |
| Kaiser Permanente NW Classic | \$ 692.66 | \$ 1,380.30 | \$ 1,896.03 |
| Kaiser Permanente NW CDHP | 590.87 | 1,170.25 | 1,561.04 |
| Kaiser Permanente WA SoundChoice | 607.11 | 1,209.20 | 1,660.77 |
| Kaiser Permanente WA Value | 633.52 | 1,262.02 | 1,733.40 |
| Kaiser Permanente WA Classic | 718.39 | 1,431.76 | 1,966.79 |
| Uniform Medical Plan Classic | 657.86 | 1,310.70 | 1,800.33 |
| Kaiser Permanente WA CDHP | 589.18 | 1,167.37 | 1,557.27 |
| UMP Plus-UW Medicine Accountable Care Network | 600.56 | 1,196.10 | 1,642.76 |
| UMP Plus-Puget Sound High Value Network | 600.56 | 1,196.10 | 1,642.76 |
| Uniform Medical Plan CDHP | 588.91 | 1,166.83 | 1,556.52 |

Funding Policy

The funding policy is based upon the pay-as-you-go financing requirements. The plan has no assets accumulating in a qualified trust. For further information on the results of the actuarial valuation for the OPEB plan, refer to: <http://leg.wa.gov/osa/additionalservices/pages/OPEB.aspx>

Each participating employer in the plan is required to disclose additional information regarding the funding policy, the employer's annual OPEB costs and contributions made, the funded status, and funding progress of the employer's individual plan, and the actuarial methods and assumptions made.

To calculate the beginning total OPEB liability balance under GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension Plans*, an actuarial valuation was performed with a valuation date of August 31, 2016. This is the date as of which the census data is gathered and the actuarial

valuation is performed. The measurement date was August 31, 2017, which is the date as of which the total OPEB liability was determined. GASB 75 allows a lag of up to one year between the measurement date and the reporting date. No adjustment is required between the measurement date and the reporting date. The reporting date is August 31, 2018. The forward projection reflects the plan's assumed service cost, assumed interest, and expected benefit payments.

Projections of benefits for financial reporting purposes are based on the terms of 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 and the historical pattern of sharing of benefit costs between the employer and plan members (active employees and retirees) to that point. 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.

As of August 31, 2018, the District reported a total OPEB liability of \$164 million. This liability was determined based on a measurement date of August 31, 2017.

Assumptions and Other Inputs

The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

| Actuarial assumptions | |
|---------------------------------|----------------|
| Inflation rate | 3.75% per year |
| Projected salary increases | 3.75% per year |
| Post-retirement participation | 50% |
| Percentage with spouse coverage | 45% |

Mortality rates 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% 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 lifetimes.

Most demographic actuarial assumptions, including mortality and when members are expected to terminate and retire, were based on the results of the 2007-2012 Experience Study Report performed by the Washington State Public Retirement System.

In projecting the growth of the explicit subsidy, the cap is assumed to remain constant until 2019, at which time the explicit subsidy cap is assumed to grow at the healthcare trend rate. The Legislature determines the value of cap and no future increases are guaranteed, however based on historical growth patterns, future increases to the cap are assumed.

Sensitivity of the Healthcare Cost Trend Rate

| | |
|------------------------------------|---------------|
| 1% Decrease | \$135,241,990 |
| Current Healthcare Cost Trend Rate | \$164,223,379 |
| 1% Increase | \$202,568,626 |

Discount Rate. Since OPEB benefits are funded on a pay-as-you-go basis, the discount rate used to measure the total OPEB liability was set equal to the 20-year tax-exempt municipal bond yield, or 2.84 percent for the August 31, 2016, measurement date and 3.51 percent for the August 31, 2017, measurement date. The following represents the District's proportionate share of the total OPEB liability, calculated using the discount rate of 3.51%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.51%) or one percentage point higher (4.51%) than the current rate.

Sensitivity of the Discount Rate

| | |
|-------------------------------|---------------|
| 1% Decrease (2.51%) | \$195,980,685 |
| Current Discount Rate (3.51%) | \$164,223,379 |
| 1% Increase (4.51%) | \$137,591,600 |

Changes in assumptions resulted from an increase in the Bond Buyer General Obligation 20-Bond Municipal Bond Index discount rate resulting in an overall decrease in total OPEB liability for the measurement date of August 31, 2017. Additional details on assumptions and methods can be found on the Office of State Actuary's website: <http://leg.wa.gov/osa/additionalservices/Pages/OPEB.aspx>.

As of August, 31, 2018, the District reported a total OPEB liability of \$164 million.

Changes in Total OPEB Liability

The following table presents the change in the total OPEB liability as of the August 31, 2018, reporting date

| | |
|--|----------------------|
| OPEB Liability Reported as of August 31, 2017 | \$173,580,758 |
| Changes for the year | |
| Service Cost | 9,660,446 |
| Interest on total OPEB liability | 5,154,411 |
| Effect of plan changes | 0 |
| Effect of economic/demographic gains or losses | 0 |
| Effect of assumption changes or inputs | (20,651,786) |
| Expected benefit payments | (3,520,450) |
| OPEB Liability Reported as of August 31, 2018 | 164,223,379 |

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources. The following table shows components of the District's allocated annual OPEB costs reported for fiscal year 2018. The District will recognize OPEB expense of \$12.1 million

| | |
|---|-------------------|
| OPEB Expense | |
| Service cost | \$9,660,446 |
| Interest on total OPEB liability | 5,154,411 |
| Effect of plan changes | 0 |
| Recognition of Deferred Inflows/Outflows of Resources | |
| Recognition of economic/demographic gains or losses | 0 |
| Recognition of assumption changes or inputs | (2,682,050) |
| OPEB Expense | 12,132,807 |

On August 31, 2018, the District reported its share of the deferred inflows of resources and deferred outflows of resources related to OPEB from the following sources:

Deferred Inflows and Outflows of Resources

Reported for August 31, 2018

| | Deferred Inflows of Resources | Deferred Outflows of Resources |
|--|----------------------------------|-----------------------------------|
| Differences between expected and actual experience | \$0 | \$0 |
| Changes of assumptions | (17,969,736) | 0 |
| Contributions made subsequent to measurement date | N/A | 3,871,942 |
| Total | (17,969,736) | 3,871,942 |

Per paragraph 159 of GASB 75, deferred outflows of resources should be reported for benefits that come due subsequent to the measurement date, but prior to the reporting date. \$3,871,942 reported as deferred outflows of resources resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in future OPEB expense in the fiscal years ended August 31 as shown below. Note that additional future deferred inflows and outflows of resources may impact these numbers. Contributions made subsequent to the measurement date are expected benefit payments in the year between the measurement date and the reporting date.

| Future OPEB expense | |
|------------------------------|---------------|
| Fiscal Year ended August 31, | |
| 2019 | (\$2,682,050) |
| 2020 | (2,682,050) |
| 2021 | (2,682,050) |
| 2022 | (2,682,050) |
| 2023 | (2,682,050) |
| Thereafter | (4,559,486) |

A complete description of the funded status and actuarial assumptions of the State of Washington's OPEB plan is included in the Comprehensive Annual Financial Report for the State of Washington. A copy of the report may be obtained by contacting the Statewide Accounting Division of the Office of Financial Management at P.O. Box 43127, Olympia, Washington 98504-3127, or online at <http://www.ofm.wa.gov/cafr>.

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 \$1,372,364,010
Accumulated Depreciation (404,743,742)
Net \$ 967,620,269
2. Long-term liabilities of **\$928,915,229** (due within one year: \$42,729,346 due more than one year: \$886,185,883) 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.
3. Deferred inflows of resources related to refunded bonds of **\$4,774,784** (due within one year: \$2,387,392) are not reported in the fund statements, but are reported in the Statement of Net Position.
4. Deferred outflows of resources and deferred inflows of resources related to pension plan experience, assumption changes, and plan contributions:

| | |
|--------------------------------|---------------------|
| Deferred Outflows of Resources | \$15,840,685 |
| Deferred Inflows of Resources | \$30,537,685 |

5. Deferred outflows of resources and deferred inflows of resources related to Other Post Employment Benefits (OPEB) assumption changes and contributions. Both are new categories for 2017-18 GASB 75 compliance:

| | |
|--------------------------------|---------------------|
| Deferred Outflows of Resources | \$3,871,942 |
| Deferred Inflows of Resources | \$17,969,736 |
6. Property tax levies (**\$71,754,776**) that were after year-end and are not considered “available.” Therefore, they are reported as unearned revenue in governmental funds.
7. Interfund Receivables and Payables (**\$3,034,217**) – Internal transfers between governmental funds were eliminated in government-wide statements to avoid the “doubling-up” effect.
8. 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 **\$4,689,302** and **\$322,569**) of the internal service fund are included in governmental activities in the Statement of Net Position.
9. Accrued interest payable on long-term debt is not reflected in fund financial statements. **\$4,180,093.75** 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. Property tax levies that do not provide current financial resources are reported as deferred inflows of resources in the fund financial statements, but as revenue in the government-wide financial statements. An increase of **\$1,294,340** of tax revenue is recorded in the conversion from fund financial statements to the statement of activities.
2. The net amount of **-\$8,585,680** represents the current year changes in compensated absences (\$1,373,480), other post-employment benefits expense (\$8,260,865), and the net pension expense (-\$18,220,025) 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 | \$58,856,900 |
| Depreciation Expense | <u>(21,624,827)</u> |
| Difference | \$37,232,073 |
- a. Governmental Funds Financial Statements report capital outlay as expenditures while Government-Wide Financial Statements report depreciation expense (\$21,623,919) allocated to various applicable programs.
4. **\$32,020,000** - 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. **\$5,637,063** – 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 | \$ 3,035,696 |
| Accrued interest payable decrease | 213,975 |
| Deferred inflow on refunded bond decrease | <u>2,387,392</u> |
| Total | \$ 5,637,063 |

6. 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 (\$1,209,244).

Note 11. FUND EQUITY (GOVERNMENTAL FUNDS)

Fund balance as of August 31, 2018 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 | 3,747,472 | 1,232 | - | - | - |
| Restricted for C/Over of Restricted RV | 1,060,151 | - | - | - | - |
| Restricted for Construction | - | - | - | 192,326,106 | - |
| Restricted for Debt Service | 425,906 | - | 10,787,950 | - | - |
| Restricted to Fund Purposes | - | 1,938,468 | - | - | 1,525,759 |
| Restricted for Technology | - | - | - | 10,567,849 | - |
| Restricted Fund Balance | 1,486,057 | 1,939,700 | 10,787,950 | 202,893,955 | 1,525,759 |
| Committed for Contingencies | 1,000,000 | - | - | - | - |
| Committed Fund Balance | 1,000,000 | - | - | - | - |
| Assigned to other items (Encumbrances) | 213,631 | - | - | - | - |
| Assigned to Budget Carryover | 1,050,624 | - | - | - | - |
| Assigned to Future Operations | 7,600,551 | - | - | - | - |
| Assigned to Curriculum & Instruction | 2,083,677 | - | - | - | - |
| Assigned to Fund Purposes | - | - | - | 2,103,919 | - |
| Assigned Fund Balance | 10,948,483 | - | - | 2,103,919 | - |
| Unassigned for Minimum Fund Balance | 15,787,294 | - | - | - | - |
| Unassigned Fund Balance | 15,787,294 | - | - | - | - |
| Total Fund Balance | 32,969,306 | 1,939,700 | 10,787,950 | 204,997,874 | 1,525,759 |

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. PRIOR PERIOD CORRECTIONS

During the fiscal year ended August 31, 2018, a prior period adjustment was made on the Statement of Activities to record the correction of an overstatement of the prior fiscal year long-term liabilities.

(INTENTIONALLY LEFT BLANK)

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 required supplemental information presents the schedule of changes in total reported OPEB Liability and related ratios, as required by GASB 75. The amounts reported in the schedule are determined by an actuarial study performed every two years. The district updates the actuarial table in the year between the actuarial studies.

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, 2018

| | BUDGETED AMOUNTS | | ACTUAL AMOUNT | VARIANCE WITH FINAL BUDGET POSITIVE(NEGATIVE) |
|---|------------------|---------------|------------------|---|
| | ORIGINAL * | FINAL * | | |
| REVENUES | | | | |
| Local | \$ 93,365,138 | \$ 91,481,506 | \$ 94,006,738 | \$ 2,525,232 |
| State | 284,664,445 | 282,217,249 | 278,453,843 | (3,763,406) |
| Federal | 38,495,292 | 41,980,850 | 38,414,754 | (3,566,096) |
| Other | 3,305,871 | 4,151,141 | 4,088,653 | (62,488) |
| Total Revenues | 419,830,746 | 419,830,746 | 414,963,988 | (4,866,758) |
| EXPENDITURES | | | | |
| Current | | | | |
| Regular Instruction | 221,620,573 | 219,513,029 | 216,251,520 | 3,261,509 |
| Special Education | 56,662,736 | 56,958,281 | 54,509,335 | 2,448,946 |
| Career & Technical Education | 14,342,935 | 14,688,161 | 14,410,548 | 277,613 |
| Compensatory Education | 39,827,791 | 44,209,097 | 41,172,424 | 3,036,673 |
| Other Instructional Programs | 14,584,194 | 9,803,199 | 6,858,599 | 2,944,600 |
| Community Services | 536,771 | 536,771 | 1,062,654 | (525,883) |
| Support Services | 82,815,915 | 84,448,041 | 82,368,123 | 2,079,918 |
| Capital Outlay | | | | |
| Other | 839,550 | 1,073,886 | 1,172,062 | (98,176) |
| Total Expenditures | 431,230,465 | 431,230,465 | 417,805,265 | 13,425,200 |
| Excess of Revenues (Under) Expenditures | (11,399,719) | (11,399,719) | (2,841,277) | 8,558,442 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of Equipment | - | - | 44,093 | 44,093 |
| Long-Term Financing | - | - | - | - |
| Transfers | 1,765,000 | 1,765,000 | 1,730,129 | (34,871) |
| Total Other Financing Sources | 1,765,000 | 1,765,000 | 1,774,222 | 9,222 |
| Changes in Fund Balance | (9,634,719) | (9,634,719) | (1,067,055) | 8,567,664 |
| FUND BALANCE-September 1 | 34,036,362 | 34,036,362 | 34,036,362 | |
| FUND BALANCE -August 31 | \$ 24,401,643 | \$ 24,401,643 | \$ 32,969,307 | \$ 8,567,664 |

* 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, 2018

| | BUDGETED AMOUNTS | | ACTUAL | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|-----------------------------------|---------------------|---------------------|---------------------|--|
| | ORIGINAL * | FINAL * | | |
| REVENUES | | | | |
| General | \$ 1,181,861 | \$ 1,181,861 | \$ 800,957 | \$ (380,904) |
| Athletics | 287,600 | 287,600 | 233,304 | (54,296) |
| Classes | 432,470 | 432,470 | 220,897 | (211,573) |
| Clubs | 1,870,503 | 1,870,503 | 602,435 | (1,268,068) |
| Private Monies | 120,600 | 120,600 | 18,382 | (102,218) |
| Total Revenues | 3,893,034 | 3,893,034 | 1,875,974 | (2,017,060) |
| EXPENDITURES | | | | |
| General | 1,285,446 | 1,285,446 | 855,911 | 429,535 |
| Athletics | 282,782 | 282,782 | 196,596 | 86,186 |
| Classes | 356,495 | 356,495 | 215,438 | 141,057 |
| Clubs | 1,715,412 | 1,715,412 | 619,014 | 1,096,398 |
| Private Monies | 120,600 | 120,600 | 17,684 | 102,916 |
| Total Expenditures | 3,760,735 | 3,760,735 | 1,904,643 | 1,856,092 |
| Changes in Fund Balance | 132,299 | 132,299 | (28,669) | (160,968) |
| FUND BALANCE - September 1 | 1,968,369 | 1,968,369 | 1,968,369 | |
| FUND BALANCE - August 31 | \$ 2,100,668 | \$ 2,100,668 | \$ 1,939,700 | \$ (160,968) |

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

REQUIRED SUPPLEMENTARY INFORMATION
TACOMA SCHOOL DISTRICT No. 10
SCHEDULE OF THE CHANGES IN TOTAL REPORTED OPEB LIABILITY AND RELATED RATIOS
FOR REPORTING YEAR ENDED August 31, 2018
LAST 10 FISCAL YEARS *

| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 |
|--|--------------------|------|------|------|------|------|------|------|------|------|
| Total OPEB liability - beginning | \$ 173,580,758 | | | | | | | | | |
| Service cost | 9,660,446 | | | | | | | | | |
| Interest on total liability | 5,154,411 | | | | | | | | | |
| Changes of benefit terms | - | | | | | | | | | |
| Effect of economic/demographic gains or (losses) | - | | | | | | | | | |
| Effect of assumption changes or inputs | (20,651,786) | | | | | | | | | |
| Expected benefit payments | (3,520,450) | | | | | | | | | |
| Net change in total OPEB liability | (9,357,379) | | | | | | | | | |
| Total OPEB liability, ending | <u>164,223,379</u> | | | | | | | | | |
| Covered employee payroll | 255,862,000 | | | | | | | | | |
| Total OPEB liability as a % of covered payroll | 64.18% | | | | | | | | | |

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

No assets accumulated in a trust that meets the criteria in paragraph 4 of GASB 75

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

| | | | | |
|---|----------------|----------------|----------------|----------------|
| Plan: PERS 1 | 2015 | 2016 | 2017 | 2018 |
| District's proportion of the net pension liability (percentage) | 0.477932% | 0.481418% | 0.512630% | 0.512281% |
| District's proportionate share of the net pension liability (amount) | \$ 25,000,282 | \$ 25,854,426 | \$ 24,324,672 | \$ 22,878,660 |
| District's covered payroll | \$ 1,460,940 | \$ 1,191,024 | \$ 63,818,914 | \$ 67,759,077 |
| District's proportionate share of the net pension liability (amount) as a percentage of its covered payroll | 1711.25% | 2170.77% | 38.12% | 33.76% |
| Plan fiduciary net position as a percentage of the total pension liability | 59.10% | 57.03% | 61.24% | 63.22% |
| Plan: SERS 2/3 | | | | |
| District's proportion of the net pension liability (percentage) | 3.004269% | 3.030082% | 3.049930% | 3.029601% |
| District's proportionate share of the net pension liability (amount) | \$ 12,201,867 | \$ 19,900,581 | \$ 15,050,642 | \$ 9,060,384 |
| District's covered payroll | \$ 51,718,906 | \$ 56,306,976 | \$ 62,807,512 | \$ 66,936,774 |
| District's proportionate share of the net pension liability (amount) as a percentage of its covered payroll | 23.59% | 35.34% | 24.16% | 13.54% |
| Plan fiduciary net position as a percentage of the total pension liability | 90.92% | 86.52% | 90.79% | 94.77% |
| Plan: TRS 1 | | | | |
| District's proportion of the net pension liability (percentage) | 3.282951% | 3.234132% | 3.180226% | 3.121342% |
| District's proportionate share of the net pension liability (amount) | \$ 104,008,565 | \$ 110,420,948 | \$ 96,146,769 | \$ 91,161,668 |
| District's covered payroll | \$ 5,368,779 | \$ 3,662,363 | \$ 176,188,324 | \$ 184,637,237 |
| District's proportionate share of the net pension liability (amount) as a percentage of its covered payroll | 1937.29% | 3015.02% | 54.63% | 49.37% |
| Plan fiduciary net position as a percentage of the total pension liability | 65.70% | 62.07% | 65.58% | 66.52% |
| Plan: TRS 2/3 | | | | |
| District's proportion of the net pension liability (percentage) | 3.207000% | 3.198686% | 3.164840% | 3.123073% |
| District's proportionate share of the net pension liability (amount) | \$ 27,060,729 | \$ 43,927,460 | \$ 29,209,667 | \$ 14,057,390 |
| District's covered payroll | \$ 150,091,121 | \$ 160,575,063 | \$ 173,807,441 | \$ 183,213,142 |
| District's proportionate share of the net pension liability (amount) as a percentage of its covered payroll | 18.03% | 27.36% | 16.83% | 7.67% |
| Plan fiduciary net position as a percentage of the total pension liability | 92.48% | 88.72% | 93.14% | 96.88% |

* 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 *
As of August 31st

| | | | | |
|---|----------------|----------------|----------------|----------------|
| Plan: PERS 1 | 2015 | 2016 | 2017 | 2018 |
| Contractually required contribution | \$ 2,196,565 | \$ 2,725,078 | \$ 3,062,524 | \$ 3,439,664 |
| Contributions in relation to the contractually required contributions | 2,196,565 | 2,725,078 | 3,062,524 | 3,439,664 |
| Contribution deficiency (excess) | - | - | - | - |
| District's covered payroll | \$ 1,460,940 | \$ 1,121,556 | \$ 64,817,021 | \$ 68,022,470 |
| Contribution as a percentage of covered payroll | 150.35% | 229.22% | 4.72% | 5.06% |
| Plan: SERS 2/3 | | | | |
| Contractually required contribution | \$ 2,920,801 | \$ 3,850,297 | \$ 4,249,235 | \$ 5,523,532 |
| Contributions in relation to the contractually required contributions | 2,920,801 | 3,850,297 | 4,249,235 | 5,523,532 |
| Contribution deficiency (excess) | - | - | - | - |
| District's covered payroll | \$ 51,718,906 | \$ 57,265,517 | \$ 63,845,221 | \$ 67,205,486 |
| Contribution as a percentage of covered payroll | 5.65% | 6.44% | 6.66% | 8.22% |
| Plan: TRS 1 | | | | |
| Contractually required contribution | \$ 7,346,486 | \$ 9,846,959 | \$ 11,107,688 | \$ 12,962,930 |
| Contributions in relation to the contractually required contributions | 7,346,486 | 9,846,959 | 11,107,688 | 12,962,930 |
| Contribution deficiency (excess) | - | - | - | - |
| District's covered payroll | \$ 5,368,779 | \$ 3,294,657 | \$ 178,267,388 | \$ 173,962,768 |
| Contribution as a percentage of covered payroll | 136.84% | 268.38% | 6.23% | 7.45% |
| Plan: TRS 2/3 | | | | |
| Contractually required contribution | \$ 8,522,516 | \$ 11,602,040 | \$ 11,950,960 | \$ 14,712,494 |
| Contributions in relation to the contractually required contributions | 8,522,516 | 11,602,040 | 11,950,960 | 14,712,494 |
| Contribution deficiency (excess) | - | - | - | - |
| District's covered payroll | \$ 150,091,121 | \$ 162,475,444 | \$ 176,049,367 | \$ 172,715,474 |
| Contribution as a percentage of covered payroll | 5.68% | 6.50% | 6.79% | 8.52% |

* 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 | 2018 |
| Total Contribution | \$ 12,381 | \$ 11,887 |
| Plan: Carpenters Retirement Plan of Western Washington | | |
| Total Contribution | \$ 94,871 | \$ 98,674 |
| Plan: Western Washington Laborers Employers Pension Plan | | |
| Total Contribution | \$ 154,903 | \$ 154,309 |
| Plan: Central Pension Fund of the IUOE | | |
| Total Contribution | \$ - | \$ 905,425 |
| Plan: IBEW Pacific Coast Pension Fund | | |
| Total Contribution | \$ - | \$ 87,039 |
| Plan: Western Washington Glaziers Retirement Plan | | |
| Total Contribution | \$ - | \$ 20,323 |
| Plan: Plumbers & Pipefitters National Pension Fund | | |
| Total Contribution | \$ - | \$ 66,481 |
| Plan: WA State Plumbing & Pipefitting Pension Fund | | |
| Total Contribution | \$ - | \$ 51,992 |
| Plan: Western Conference of Teamsters Pension Plan | | |
| Total Contribution | \$ - | \$ 83,131 |
| Plan: International Painters & Allied Trades Industry Pension Plan | | |
| Total Contribution | \$ - | \$ 22,796 |
| Plan: Sheet Metal Workers National Pension Fund | | |
| Total Contribution | \$ - | \$ 7,263 |
| Plan: Northwest Sheet Metal Workers Pension Plan | | |
| Total Contribution | \$ - | \$ 5,188 |
| Plan: IUOE Local 302/612 Employers Construction Industry Ret. Plan | | |
| Total Contribution | \$ - | \$ 5,131 |

* 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, 2018 AND 2017

| | 2018 | 2017 |
|--|----------------------|----------------------|
| ASSETS | | |
| Cash on Hand and in Bank | 809,127 | 1,089,844 |
| Cash on Deposit with County Treasurer | 468,194 | 435,056 |
| Investments | 39,520,000 | 41,770,000 |
| Property Tax Receivable | 41,605,842 | 41,640,803 |
| Accounts Receivable | 391,104 | 39,694 |
| Accrued Interest Receivable | 2,415 | 1,185 |
| Interfund Receivable | 2,971,807 | 2,490,487 |
| Due From Other Governmental Units | 5,224,646 | 4,972,066 |
| Inventories, at Cost | 3,357,535 | 3,553,176 |
| Prepaid Items | 389,938 | 741,228 |
| TOTAL ASSETS | 94,740,607 | 96,733,539 |
| LIABILITIES | | |
| Accounts Payable | 6,657,222 | 7,151,543 |
| Accrued Wages and Benefits Payable | 13,650,784 | 13,695,075 |
| Interfund Payable | 61,514 | 816,722 |
| Unearned Revenue - Other | 918,728 | 804,440 |
| TOTAL LIABILITIES | 21,288,249 | 22,467,780 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Unavailable Revenues - Property Taxes | 40,483,050 | 40,229,397 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 40,483,050 | 40,229,397 |
| FUND BALANCES | | |
| Nonspendable | | |
| Nonspendable - Inventory & Prepaid Items | 3,747,472 | 4,294,404 |
| Restricted | | |
| Restricted for Carryover of Restricted Revenues | 1,060,151 | 655,799 |
| Restricted for Debt Service | 425,906 | 425,906 |
| Committed | | |
| Committed to Contingencies | 1,000,000 | - |
| Assigned | | |
| Assigned to Encumbrances | 213,631 | 1,361,223 |
| Assigned to Budget Carryover | 1,050,624 | 1,459,648 |
| Assigned to Future Operations | 7,600,551 | 7,564,935 |
| Assigned to Curriculum & Instruction | 2,083,677 | 2,938,537 |
| Unassigned | | |
| Unassigned for Minimum Fund Balance Policy | 15,787,294 | 15,335,910 |
| TOTAL FUND BALANCE | 32,969,306 | 34,036,362 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | \$ 94,740,607 | \$ 96,733,539 |

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, 2018
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2017)

| | 2018 | | | 2017 |
|---|----------------------|----------------------|---------------------------------|----------------------|
| | REVISED BUDGET | ACTUAL | VARIANCE POSITIVE (NEGATIVE) | ACTUAL |
| REVENUES | | | | |
| Local | \$ 91,481,506 | \$ 94,006,738 | \$ 2,525,232 | \$ 95,803,767 |
| State | \$ 282,217,249 | 278,453,843 | (3,763,406) | 250,024,989 |
| Federal | \$ 41,980,850 | 38,414,754 | (3,566,096) | 38,782,098 |
| Other | \$ 4,151,141 | 4,088,653 | (62,488) | 3,547,740 |
| Total Revenues | 419,830,746 | 414,963,988 | (4,866,758) | 388,158,595 |
| EXPENDITURES | | | | |
| CURRENT | | | | |
| Regular Instruction | 219,513,029 | 216,251,520 | 3,261,509 | 209,816,178 |
| Special Education | 56,958,281 | 54,509,335 | 2,448,946 | 50,297,078 |
| Career & Technical Instruction | 14,688,161 | 14,410,548 | 277,613 | 11,888,442 |
| Compensatory Instruction | 44,209,097 | 41,172,424 | 3,036,673 | 35,536,763 |
| Other Instructional Programs | 9,803,199 | 6,858,599 | 2,944,600 | 7,252,123 |
| Community Services | 536,771 | 1,062,654 | (525,883) | 661,350 |
| Support Services | 84,448,041 | 82,368,123 | 2,079,918 | 81,705,524 |
| CAPITAL OUTLAY | | | | |
| Other | 1,073,886 | 1,172,062 | (98,176) | 2,029,165 |
| Total Expenditures | 431,230,465 | 417,805,265 | 13,425,200 | 399,186,625 |
| Excess of Revenues Over (Under) Expenditures | (11,399,719) | (2,841,277) | 8,558,442 | (11,028,030) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of Equipment | - | 44,093 | 44,093 | 89,776 |
| Long-Term Financing | - | - | - | 290,322 |
| Transfers | 1,765,000 | 1,730,129 | (34,871) | 1,432,698 |
| Total Other Financing Sources (Uses) | 1,765,000 | 1,774,222 | 9,222 | 1,812,795 |
| Changes in Fund Balance | (9,634,719) | (1,067,055) | 8,567,664 | (9,215,234) |
| FUND BALANCE-September 1 | 34,036,362 | 34,036,362 | - | 43,251,597 |
| FUND BALANCE -August 31 | \$ 24,401,643 | \$ 32,969,308 | \$ 8,567,663 | \$ 34,036,362 |

* 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, 2018
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2017)

| DESCRIPTION | 2018 | | VARIANCE POSITIVE (NEGATIVE) | 2017 ACTUAL |
|--|-------------------|-------------------|------------------------------------|-------------------|
| | BUDGET | ACTUAL | | |
| 1000 LOCAL TAXES | | | | |
| 1100 Local Property Tax | \$ 86,000,000 | 86,090,079 | \$ 90,079 | 87,796,591 |
| 1300 Sale of Tax Title Property | 1,941 | - | (1,941) | - |
| 1900 Other Local Taxes | 611,432 | - | (611,432) | - |
| TOTAL LOCAL TAXES | 86,613,373 | 86,090,079 | (523,294) | 87,796,591 |
| 2000 LOCAL NON-TAX | | | | |
| 2100 Tuition & Fees, Unassigned | 562,710 | 1,037,000 | 474,290 | 1,256,000 |
| 2101 Regular Student Fees | 50,000 | 30,458 | (19,542) | 51,496 |
| 2102 ALE Student Fees | - | 300 | 300 | 900 |
| 2180 Convenience Fee | 42,583 | 42,756 | 173 | 38,909 |
| 2200 Sales of Goods, Supplies & Services | 485,000 | 418,423 | (66,577) | 522,556 |
| 2203 Sales of Sup. & Mat. Other | - | 250 | 250 | 1,165 |
| 2204 Sale of Recoverable Items | 90,000 | 70,091 | (19,909) | 98,866 |
| 2210 Other Storeroom Sales | 5,000 | 3,561 | (1,439) | 4,334 |
| 2220 Copy Center Reimbursements | 50,000 | 64,088 | 14,088 | 55,596 |
| 2231 Secondary CTE Sales of Goods | 40,000 | 37,255 | (2,745) | 42,857 |
| 2291 Food Service Sales | 1,592,014 | 1,717,698 | 125,684 | 1,711,973 |
| 2294 Food Serv. Sales - Special Events | - | 31,804 | 31,804 | 12,640 |
| 2296 Food Service Sales - Breakfast | 131,318 | 146,947 | 15,629 | 136,853 |
| 2299 School Bus Revenue | - | 6,556 | 6,556 | 4,710 |
| 2300 Investment Earnings | 100,000 | 418,418 | 318,418 | 250,573 |
| 2500 Gifts & Donations | 349,440 | 431,005 | 81,565 | 207,152 |
| 2600 Fines & Damages | 45,000 | 68,728 | 23,728 | 37,616 |
| 2700 Facility Rental | 754,700 | 752,183 | (2,517) | 605,143 |
| 2800 Insurance Recoveries | - | 139,851 | 139,851 | 106,850 |
| 2900 Local Non-Tax Unassigned | 2,327,000 | 2,351,567 | 24,567 | 2,705,737 |
| 2910 E-Rate | - | 65,080 | 65,080 | 88,569 |
| 2920 Commissions | 127,000 | 82,640 | (44,360) | 66,684 |
| TOTAL LOCAL NONTAX | 6,751,765 | 7,916,659 | 1,164,894 | 8,007,176 |

* 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, 2018
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2017)

| DESCRIPTION | 2018 | | VARIANCE POSITIVE (NEGATIVE) | 2017 ACTUAL |
|--|--------------------|--------------------|------------------------------------|--------------------|
| | BUDGET | ACTUAL | | |
| 3000 STATE FUNDS, GENERAL PURPOSE | | | | |
| 3100 Apportionment | \$ 194,932,463 | 194,827,788 | \$ (104,675) | 179,419,263 |
| 3121 Apportionment - Special Ed | 6,870,521 | 7,219,953 | 349,432 | 6,748,174 |
| 3300 Local Effort Assistance | 10,721,923 | 11,048,734 | 326,811 | 10,128,563 |
| TOTAL STATE, GENERAL PURPOSE | 212,524,907 | 213,096,475 | 571,568 | 196,295,999 |
| 4000 STATE FUNDS, SPECIAL PURPOSE | | | | |
| 4100 Special Purpose, Unassigned | 8,500,000 | 174,445 | (8,325,555) | (85) |
| 4121 Special Education | 28,639,459 | 29,582,185 | 942,726 | 25,562,939 |
| 4122 Special Ed - Infants & Toddlers | 1,488,812 | 1,675,472 | 186,660 | 1,304,438 |
| 4155 Learning Assistance Program | 12,892,846 | 12,950,441 | 57,595 | 8,570,832 |
| 4156 Institutes, Ctrs & Homes - Delinquents | 584,953 | 439,821 | (145,132) | 437,149 |
| 4158 Special Pilot Programs | 2,948,556 | 3,407,776 | 459,220 | 2,977,194 |
| 4159 Institutions - Juveniles in Adult Jails | 87,013 | 76,902 | (10,111) | 17,680 |
| 4165 Transitional Bilingual | 3,531,462 | 3,890,506 | 359,044 | 3,125,934 |
| 4174 Highly Capable | 646,978 | 649,568 | 2,590 | 287,166 |
| 4198 School Food Service | 225,830 | 236,315 | 10,485 | 237,241 |
| 4199 Transportation - Operations | 12,593,629 | 12,273,936 | (319,693) | 11,208,503 |
| TOTAL STATE, SPECIAL PURPOSE | 72,139,538 | 65,357,367 | (6,782,171) | 53,728,990 |
| 5000 FEDERAL FUNDS, GEN PURPOSE | | | | |
| 5200 Direct Federal Revenue - Unassigned | 429,072 | 309,799 | (119,273) | 285,410 |
| 5329 Impact Aid - Special Ed | - | - | - | - |
| 5500 Federal Forests | - | 21,128 | 21,128 | 6,507 |
| TOTAL FEDERAL, GENERAL PURPOSE | 429,072 | 330,926 | (98,146) | 291,916 |
| 6000 FEDERAL, SPECIAL PURPOSE | | | | |
| 6100 Special Purpose, Unassigned | 12,000 | 16,734 | 4,734 | 14,555 |

TACOMA SCHOOL DISTRICT No. 10
GENERAL FUND
SCHEDULE OF REVENUES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2018
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2017)

| DESCRIPTION | 2018 | | VARIANCE POSITIVE (NEGATIVE) | 2017 ACTUAL |
|---|-----------------------|-----------------------|------------------------------------|-----------------------|
| | BUDGET | ACTUAL | | |
| 6124 H/C, Supplemental, IDEA, Part B | \$ 7,432,233 | \$ 7,009,597 | \$ (422,636) | \$ 7,283,289 |
| 6138 Career & Technical Education | 257,560 | 262,547 | 4,987 | 305,845 |
| 6151 Disadvantaged, Federal Title I | 12,004,252 | 12,461,697 | 457,445 | 12,037,183 |
| 6152 School Improvement, Federal Title II | 1,248,869 | 1,573,184 | 324,315 | 2,101,887 |
| 6157 Institutions - Neglected & Delinquents | 122,387 | 111,798 | (10,589) | 95,229 |
| 6164 Limited English Proficiency | 363,432 | 548,486 | 185,054 | 588,702 |
| 6188 Child Care, Federal | - | 24,914 | 24,914 | |
| 6189 Other Community Services | 115,071 | 115,217 | 146 | 18,434 |
| 6191 Nutrition Services Reimbursement | 9,474,906 | 8,969,580 | (505,326) | 9,280,139 |
| 6261 Head Start | 5,978,898 | 5,823,204 | (155,694) | 5,390,597 |
| 6268 Indian Education | 174,149 | 175,120 | 971 | 136,854 |
| 6300 Fed Grants Thru Other Agencies | - | - | - | 31,200 |
| 6321 Special Ed Medicaid Match | - | 119,317 | 119,317 | 294,498 |
| 6998 USDA Commodities | 882,463 | 872,434 | (10,029) | 911,770 |
| TOTAL FEDERAL, SPECIAL PURPOSE | 38,066,220 | 38,083,828 | 17,608 | 38,490,182 |
| 7000 REVENUES FROM OTHER DISTRICTS | | | | |
| 7121 Special Education | 1,885,009 | 1,598,706 | (286,303) | 1,801,766 |
| 7145 CTE Skills Center | - | - | - | |
| TOTAL REVENUES FROM OTHER DISTRICTS | 1,885,009 | 1,598,706 | (286,303) | 1,801,766 |
| 8000 REVENUES FROM OTHER AGENCIES | | | | |
| 8100 Agency & Association Grants | 202,241 | 215,560 | 13,319 | 443,798 |
| 8200 Private Foundation | - | 901,488 | 901,488 | 172,767 |
| 8500 Educational Service Districts | 1,218,621 | 1,372,899 | 154,278 | 1,129,409 |
| TOTAL REVENUES FROM OTHER AGENCIES | 1,420,862 | 2,489,947 | 1,069,085 | 1,745,974 |
| TOTAL REVENUES | 419,830,746 | 414,963,988 | (4,866,759) | 388,158,595 |
| 9000 OTHER FINANCING SOURCES | | | | |
| 9300 Sale of Surplus Equipment | - | 44,093 | 44,093 | 89,776 |
| 9500 Long-Term Financing | - | - | - | 290,322 |
| 9900 Operating Transfers | 1,765,000 | 1,730,129 | (34,871) | 1,432,698 |
| TOTAL OTHER FINANCING SOURCES | 1,765,000 | 1,774,222 | 9,222 | 1,812,795 |
| TOTAL REVENUES AND OTHER FINANCING SOURCES | \$ 421,595,746 | \$ 416,738,210 | \$ (4,857,537) | \$ 389,971,390 |

TACOMA SCHOOL DISTRICT No. 10
GENERAL FUND
SCHEDULE OF EXPENDITURES BY PROGRAM
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2018

| PROGRAM NUMBER AND DESCRIPTION | 2018 | | VARIANCE POSITIVE (NEGATIVE) | PERCENT EXPENDED |
|--|-----------------------|-----------------------|------------------------------------|---------------------|
| | BUDGET | ACTUAL | | |
| 01 Basic Education | \$ 218,697,095 | 213,717,126 | \$ 4,979,969 | % 97.72 |
| 02 Basic Ed - Alternative Learning | 382,466 | 309,484 | 72,982 | 80.92 |
| 03 Basic Ed - 1418 Open Doors | 2,643,012 | 2,265,072 | 377,940 | 85.70 |
| 21 Special Education, Supplemental, State | 48,120,226 | 46,453,023 | 1,667,203 | 96.54 |
| 22 Special Ed Infants & Toddlers, Supplemental, State | 1,417,916 | 1,380,458 | 37,458 | 97.36 |
| 24 Special Education, Supplemental, Federal | 7,124,594 | 6,700,750 | 423,844 | 94.05 |
| 31 Career & Technical Education, Basic, State | 12,136,046 | 12,185,711 | (49,665) | 100.41 |
| 34 Career & Tech Ed - Middle School, State | 1,969,847 | 2,077,495 | (107,648) | 105.46 |
| 38 Career & Technical Education, Federal | 245,412 | 250,649 | (5,237) | 102.13 |
| 45 CTE Skill Centers, State | - | - | - | 100.00 |
| 51 Disadvantaged, Federal Title I | 11,438,068 | 11,857,431 | (419,363) | 103.67 |
| 52 School Improvement, Federal Title II | 1,189,966 | 1,499,109 | (309,143) | 125.98 |
| 55 Learning Assistance Program (LAP), State | 12,284,751 | 12,439,422 | (154,671) | 101.26 |
| 56 State Institutions, Centers and Homes, Delinquent | 635,258 | 719,169 | (83,911) | 113.21 |
| 57 State Institutions, Neglected & Delinquent, Federal | 116,615 | 106,522 | 10,093 | 91.35 |
| 58 Special & Pilot Programs, State | 2,904,570 | 3,278,299 | (373,729) | 112.87 |
| 59 Juveniles in Adult Jails, State | 83,107 | 34,788 | 48,319 | 100.00 |
| 61 Head Start, Federal | 5,410,767 | 5,269,551 | 141,216 | 97.39 |
| 64 Limited English Proficiency, Federal | 356,306 | 522,649 | (166,343) | 146.69 |
| 65 Transitional Bilingual, State | 5,122,448 | 5,181,419 | (58,971) | 101.15 |
| 68 Indian Education, Federal ED | 285,935 | 283,206 | 2,729 | 99.05 |
| 69 Compensatory Education, Other | - | 3,645 | (3,645) | #DIV/0! |
| 73 Summer School | 615,948 | 276,960 | 338,988 | 44.96 |
| 74 Highly Capable | 948,098 | 971,479 | (23,381) | 102.47 |
| 79 Instructional Programs, Other | 13,170,148 | 5,610,161 | 7,559,987 | 42.60 |
| 89 Other Community Services | 536,771 | 1,062,654 | (525,883) | 197.97 |
| 97 District-wide Support | 59,483,516 | 57,731,269 | 1,752,247 | 97.05 |
| 98 School Nutrition Services | 11,598,958 | 13,088,273 | (1,489,315) | 112.84 |
| 99 Pupil Transportation | 12,312,621 | 12,529,494 | (216,873) | 101.76 |
| TOTAL EXPENDITURES | \$ 431,230,465 | \$ 417,805,266 | \$ 13,425,199 | % 96.89 |

* 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, 2018

| ACTIVITY NUMBER AND DESCRIPTION | | 2018 | | VARIANCE POSITIVE (NEGATIVE) | PERCENT EXPENDED |
|------------------------------------|-----------------------------------|---------------|---------------|------------------------------------|---------------------|
| | | BUDGET | ACTUAL | | |
| ADMINISTRATION | | | | | |
| 11 | Board of Directors | \$ 1,767,216 | \$ 1,788,128 | \$ (20,912) | % 101.18 |
| 12 | Superintendent's Office | 777,725 | 688,531 | 89,194 | 88.53 |
| 13 | Business Services | 4,927,560 | 4,389,786 | 537,774 | 89.09 |
| 14 | Human Resources | 5,875,069 | 5,062,023 | 813,046 | 86.16 |
| 15 | Public Relations | 1,284,086 | 1,144,254 | 139,832 | 89.11 |
| TOTAL ADMINISTRATION | | 14,631,656 | 13,072,721 | 1,558,935 | 89.35 |
| INSTRUCTION | | | | | |
| 21 | Supervision | 13,455,752 | 11,376,780 | 2,078,972 | 84.55 |
| 22 | Learning Resources | 5,997,929 | 6,035,117 | (37,188) | 100.62 |
| 23 | Principal's Office | 28,815,537 | 29,561,489 | (745,952) | 102.59 |
| 24 | Guidance & Counseling | 12,856,437 | 13,761,868 | (905,431) | 107.04 |
| 25 | Pupil Management & Safety | 5,130,372 | 4,662,826 | 467,546 | 90.89 |
| 26 | Health Services | 20,381,033 | 20,414,717 | (33,684) | 100.17 |
| 27 | Teaching | 229,791,150 | 216,993,641 | 12,797,509 | 94.43 |
| 28 | Extra Curricular | 4,966,478 | 6,721,434 | (1,754,956) | 135.34 |
| 29 | Payments to Other Districts | 150,500 | 52,262 | 98,238 | 100.00 |
| 31 | Professional Development | 22,081,987 | 21,022,612 | 1,059,375 | 95.20 |
| 32 | Instructional Technology | 378,144 | 2,230,191 | (1,852,047) | 589.77 |
| 33 | Curriculum | 3,962,326 | 1,222,994 | 2,739,332 | 30.87 |
| TOTAL INSTRUCTION | | 347,967,645 | 334,055,929 | 13,911,716 | 96.00 |
| NUTRITION SERVICES | | | | | |
| 41 | Supervision | 958,186 | 1,018,544 | (60,358) | 106.30 |
| 42 | Food | 3,849,019 | 4,828,433 | (979,414) | 125.45 |
| 44 | Operations | 7,006,823 | 7,503,713 | (496,890) | 107.09 |
| 49 | Nutrition Services Transfers | (215,070) | (262,418) | 47,348 | 122.01 |
| TOTAL NUTRITION SERVICES | | 11,598,958 | 13,088,273 | (1,489,315) | 112.84 |
| PUPIL TRANSPORTATION | | | | | |
| 51 | Supervision | 744,039 | 1,053,134 | (309,095) | 141.54 |
| 52 | Operations | 12,295,595 | 12,628,914 | (333,319) | 102.71 |
| 53 | Maintenance | 315,000 | 2,233 | 312,767 | 0.71 |
| 59 | Transportation Services Transfers | (1,042,013) | (1,347,875) | 305,862 | 129.35 |
| TOTAL PUPIL TRANSPORTATION | | \$ 12,312,621 | \$ 12,336,405 | \$ (23,784) | % 100.19 |

* 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, 2018

| ACTIVITY NUMBER AND DESCRIPTION | | 2018 | | VARIANCE POSITIVE (NEGATIVE) | PERCENT EXPENDED | | | | |
|------------------------------------|---------------------------|--------|-------------|------------------------------------|---------------------|----|-------------|---|--------|
| | | BUDGET | ACTUAL | | | | | | |
| MAINTENANCE & OPERATIONS | | | | | | | | | |
| 61 | Supervision | \$ | 1,483,215 | \$ | 1,531,486 | \$ | (48,271) | % | 103.25 |
| 62 | Grounds Maintenance | | 2,072,190 | | 1,960,850 | | 111,340 | | 94.63 |
| 63 | Building Operations | | 15,540,660 | | 16,154,914 | | (614,254) | | 103.95 |
| 64 | Maintenance | | 5,139,790 | | 6,140,383 | | (1,000,593) | | 119.47 |
| 65 | Utilities | | 7,774,193 | | 6,982,006 | | 792,187 | | 89.81 |
| 67 | Building Security | | 1,456,902 | | 1,491,873 | | (34,971) | | 102.40 |
| 68 | Insurance | | 101,128 | | 11,414 | | 89,714 | | 11.29 |
| TOTAL MAINTENANCE & OPERATIONS | | | 33,568,078 | | 34,272,926 | | (704,848) | | 102.10 |
| OTHER SUPPORT SERVICES | | | | | | | | | |
| 72 | Information Services | | 9,639,769 | | 9,027,160 | | 612,609 | | 93.64 |
| 73 | Printing | | 471,261 | | 518,244 | | (46,983) | | 109.97 |
| 74 | Warehouse & Distributions | | 820,901 | | 840,871 | | (19,970) | | 102.43 |
| 83 | Interest | | - | | - | | - | | 100.00 |
| 84 | Principal | | - | | - | | - | | 100.00 |
| TOTAL OTHER SUPPORT SERVICES | | | 10,931,931 | | 10,386,275 | | 545,656 | | 95.01 |
| PUBLIC ACTIVITIES | | | | | | | | | |
| 91 | Public Activities | | 219,576 | | 592,737 | | (373,161) | | 269.95 |
| TOTAL GENERAL FUND | | \$ | 431,230,465 | \$ | 417,805,266 | \$ | 13,425,199 | % | 96.89 |

TACOMA SCHOOL DISTRICT No. 10
GENERAL FUND
SCHEDULE OF EXPENDITURES BY OBJECT
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2018

| OBJECT NUMBER AND DESCRIPTION | 2018 | | VARIANCE POSITIVE (NEGATIVE) | PERCENT EXPENDED |
|----------------------------------|-----------------------|-----------------------|------------------------------------|---------------------|
| | BUDGET | ACTUAL | | |
| 0 Debit Transfer | \$ 2,407,146 | \$ 2,406,876 | \$ 270 | % 99.99 |
| 1 Credit Transfer | (2,407,146) | (2,406,876) | (270) | 99.99 |
| 2 Certificated Salaries | 193,841,795 | 190,609,703 | 3,232,092 | 98.33 |
| 3 Classified Salaries | 72,603,838 | 70,424,960 | 2,178,878 | 97.00 |
| 4 Employee Benefits | 102,145,367 | 99,792,594 | 2,352,773 | 97.70 |
| 5 Supplies & Materials | 21,460,319 | 16,158,134 | 5,302,185 | 75.29 |
| 7 Contractual Services | 39,475,908 | 38,608,686 | 867,222 | 97.80 |
| 8 Travel | 863,688 | 1,039,127 | (175,439) | 120.31 |
| 9 Capital Outlay | 839,550 | 1,172,062 | (332,512) | 139.61 |
| TOTAL GENERAL FUND | \$ 431,230,465 | \$ 417,805,266 | \$ 13,425,199 | % 96.89 |

* 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, 2018 AND 2017

| | 2018 | 2017 |
|--|---------------------|---------------------|
| ASSETS | | |
| Cash on Hand and in Bank | \$ 34,155 | \$ 81,732 |
| Cash on Deposit with County Treasurer | 1,993 | 1,181 |
| Investments | 2,200,000 | 2,149,000 |
| Accounts Receivable | 6,952 | 7,128 |
| Accrued Interest Receivable | 114 | 60 |
| Interfund Receivable | 17,410 | 3,467 |
| Due From Other Governmental Units | 300 | - |
| Inventories, At Cost | 1,232 | 24,244 |
| TOTAL ASSETS | 2,262,156 | 2,266,812 |
| LIABILITIES | | |
| Accounts Payable | 147,548 | 158,969 |
| Accrued Wages & Benefits Payable | 7,167 | - |
| Interfund Payable | 6,032 | 2,416 |
| Unearned Revenue - Other | 161,709 | 137,058 |
| TOTAL LIABILITIES | 322,456 | 298,443 |
| FUND BALANCES | | |
| Non-Spendable | | |
| Non-Spendable Inventory & Prepaids | 1,232 | 24,244 |
| Restricted | | |
| Restricted to Fund Purposes | 1,938,468 | 1,944,125 |
| TOTAL FUND BALANCE | 1,939,700 | 1,968,369 |
| TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE | \$ 2,262,156 | \$ 2,266,812 |

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, 2018
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2017)

| | 2018 | | | 2017 |
|-----------------------------------|---------------------|---------------------|---------------------------------|---------------------|
| | BUDGET | ACTUAL | VARIANCE POSITIVE (NEGATIVE) | ACTUAL |
| REVENUES | | | | |
| General | \$ 1,181,861 | \$ 800,957 | \$ 380,904 | \$ 773,351 |
| Athletics | 287,600 | 233,304 | 54,296 | 227,674 |
| Classes | 432,470 | 220,897 | 211,573 | 237,165 |
| Clubs | 1,870,503 | 602,435 | 1,268,068 | 655,571 |
| Private Monies | 120,600 | 18,382 | 102,218 | 11,953 |
| Total Revenues | 3,893,034 | 1,875,974 | 2,017,060 | 1,905,714 |
| EXPENDITURES | | | | |
| General | 1,285,446 | 855,911 | 429,535 | 674,811 |
| Athletics | 282,782 | 196,596 | 86,186 | 325,057 |
| Classes | 356,495 | 215,438 | 141,057 | 252,785 |
| Clubs | 1,715,412 | 619,014 | 1,096,398 | 654,387 |
| Private Monies | 120,600 | 17,684 | 102,916 | 12,072 |
| Total Expenditures | 3,760,735 | 1,904,643 | 1,856,092 | 1,919,112 |
| Changes in Fund Balance | 132,299 | (28,669) | 160,968 | (13,398) |
| FUND BALANCE - September 1 | 1,968,369 | 1,968,369 | - | 1,981,767 |
| FUND BALANCE - August 31 | \$ 2,100,668 | \$ 1,939,700 | \$ (160,968) | \$ 1,968,369 |

* 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, 2018 AND 2017**

| | 2018 | 2017 |
|--|----------------------|----------------------|
| ASSETS | | |
| Cash on Deposit with County Treasurer | \$ 303,196 | \$ 267,114 |
| Investments | 9,748,000 | 10,887,000 |
| Property Tax Receivable | 27,293,755 | 26,440,205 |
| Accrued Interest Receivable | 504 | 304 |
| TOTAL ASSETS | 37,345,455 | 37,594,623 |
| LIABILITIES | | |
| Accounts Payable | - | - |
| TOTAL LIABILITIES | - | - |
| DEFERRED INFLOWS OF RESOURCES | | |
| Unavailable Revenues - Property Taxes | 26,557,505 | 25,543,188 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 26,557,505 | 25,543,188 |
| FUND BALANCES | | |
| Restricted | | |
| Restricted for Debt Service | 10,787,950 | 12,051,435 |
| TOTAL FUND BALANCE | 10,787,950 | 12,051,435 |
| TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE | \$ 37,345,455 | \$ 37,594,623 |

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, 2018
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2017)

| | 2018 | | | 2017 |
|--|---------------------|----------------------|---------------------------------|----------------------|
| | BUDGET | ACTUAL | VARIANCE POSITIVE (NEGATIVE) | ACTUAL |
| REVENUES | | | | |
| Local Taxes | \$ 55,901,250 | \$ 55,743,753 | \$ (157,497) | \$ 54,386,637 |
| Local Non-Tax | 28,000 | 159,119 | 131,119 | 56,556 |
| Total Revenues | 55,929,250 | 55,902,872 | (26,378) | 54,443,193 |
| EXPENDITURES | | | | |
| Debt Service | | | | |
| Principal Payment | 32,020,000 | 32,020,000 | - | 20,480,000 |
| Interest Expense | 25,895,812 | 25,895,813 | (1) | 26,754,413 |
| Bond Fees & Cost of Issuance | 750,000 | 900 | 749,100 | 1,097 |
| Total Expenditures | 58,665,812 | 57,916,713 | 749,100 | 47,235,510 |
| Excess of Revenues (Under) Expenditures | (2,736,562) | (2,013,840) | 722,722 | 7,207,683 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Bond Premium | - | - | - | - |
| Refunded Bonds | - | 750,355 | (750,355) | - |
| Deposit to Refunding Account | - | - | - | - |
| Total Other Financing Sources | - | 750,355 | (750,355) | - |
| Changes in Fund Balance | (2,736,562) | (1,263,485) | 1,473,077 | 7,207,683 |
| FUND BALANCE - September 1 | 12,051,435 | 12,051,435 | - | 4,843,752 |
| FUND BALANCE -August 31 | \$ 9,314,873 | \$ 10,787,950 | \$ 1,473,077 | \$ 12,051,435 |

* 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, 2018 AND 2017

| | 2018 | 2017 |
|--|-----------------------|-----------------------|
| ASSETS | | |
| Cash on Hand and in Bank | \$ 390,374 | \$ 39,179 |
| Cash on Deposit with County Treasurer | 1,654,800 | 1,181,188 |
| Investments | 212,650,000 | 263,375,000 |
| Cash Held by Trustee: | | |
| Construction Retainage Escrow | 3,054,611 | 2,481,760 |
| Property Tax Receivable | 4,844,986 | 4,852,180 |
| Accrued Interest Receivable | 144,834 | 173,509 |
| Interfund Receivable | 45,000 | 812,928 |
| Due From Other Governmental Units | - | - |
| Accounts Receivable | - | - |
| TOTAL ASSETS | 222,784,605 | 272,915,744 |
| LIABILITIES | | |
| Accounts Payable | 6,899,590 | 10,871,522 |
| Accrued Salaries & Benefits Payable | 151,638 | 144,200 |
| Retainage Payable | 3,054,611 | 2,481,760 |
| Interfund Payable | 2,966,670 | 2,487,745 |
| TOTAL LIABILITIES | 13,072,509 | 15,985,226 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Unavailable Revenues - Property Taxes | 4,714,221 | 4,687,851 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 4,714,221 | 4,687,851 |
| FUND BALANCES | | |
| Restricted | | |
| Restricted for Construction | 192,326,106 | 238,491,321 |
| Restricted for Technology | 10,567,849 | 12,435,846 |
| Assigned | | |
| Assigned to Fund Purposes | 2,103,919 | 1,315,501 |
| TOTAL FUND BALANCE | 204,997,874 | 252,242,668 |
| TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE | \$ 222,784,605 | \$ 272,915,745 |

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, 2018
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2017)

| | 2018 | | | 2017 |
|--|-----------------------|-----------------------|---------------------------------|-----------------------|
| | BUDGET | ACTUAL | VARIANCE POSITIVE (NEGATIVE) | ACTUAL |
| REVENUES | | | | |
| Local Taxes | \$ 9,950,000 | \$ 10,022,917 | \$ 72,917 | \$ 10,260,612 |
| Local Non-Tax | 1,829,000 | 4,122,329 | 2,293,329 | 3,551,464 |
| State, Special Purpose | - | 8,462,045 | 8,462,045 | 11,597,543 |
| Other Governmental Agencies | - | - | - | 4,238 |
| Total Revenues | 11,779,000 | 22,607,291 | 10,828,291 | 25,413,857 |
| EXPENDITURES | | | | |
| Capital Outlay | | | | |
| Sites | 838,000 | 3,351,260 | (2,513,260) | 3,770,331 |
| Buildings | 114,523,400 | 55,262,456 | 59,260,944 | 86,439,218 |
| Equipment | 15,468,000 | 10,538,833 | 4,929,167 | 15,803,150 |
| Bond Issuance | - | - | - | - |
| Sale of Real Estate | - | 33,134 | (33,134) | 49,497 |
| Lease/Rent of Property | - | 8,291 | (8,291) | 9,895 |
| Total Expenditures | 130,829,400 | 69,193,972 | 61,635,428 | 106,072,091 |
| Excess of Revenues (Under) Expenditures | (119,050,400) | (46,586,681) | 72,463,719 | (80,658,234) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of Real Property | 500,000 | 1,072,016 | 572,016 | - |
| Transfers | (1,765,000) | (1,730,129) | 34,871 | (1,432,698) |
| Sale of Bonds | - | - | - | - |
| Bonds, Premium on Sale | - | - | - | - |
| Total Other Financing Sources | (1,265,000) | (658,113) | 606,887 | (1,432,698) |
| Changes in Fund Balance | (120,315,400) | (47,244,794) | 73,070,606 | (82,090,932) |
| FUND BALANCE - September 1 | 315,795,000 | 252,242,668 | (63,552,332) | 334,333,600 |
| FUND BALANCE - August 31 | \$ 195,479,600 | \$ 204,997,874 | \$ 9,518,274 | \$ 252,242,668 |

* 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, 2018 AND 2017

| | 2018 | 2017 |
|--|---------------------|---------------------|
| ASSETS | | |
| Cash on Deposit with County Treasurer | \$ 680 | \$ 328 |
| Investments | 1,525,000 | 2,270,000 |
| Accrued Interest Receivable | 79 | 63 |
| TOTAL ASSETS | 1,525,759 | 2,270,391 |
| LIABILITIES | | |
| Accounts Payable | - | - |
| TOTAL LIABILITIES | - | - |
| FUND BALANCES | | |
| Restricted | | |
| Restricted to Fund Purposes | 1,525,759 | 2,270,391 |
| TOTAL FUND BALANCE | 1,525,759 | 2,270,391 |
| TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE | \$ 1,525,759 | \$ 2,270,391 |

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, 2018
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2017)

| | 2018 | | | 2017 |
|--|--------------------|---------------------|---------------------------------|---------------------|
| | BUDGET | ACTUAL | VARIANCE POSITIVE (NEGATIVE) | ACTUAL |
| REVENUES | | | | |
| Local Non-Tax | \$ 10,000 | \$ 20,674 | \$ (10,674) | \$ 10,719 |
| State, Special Purpose | 550,000 | 484,155 | 65,845 | 530,702 |
| Total Revenues | 560,000 | 504,829 | 55,171 | 541,421 |
| EXPENDITURES | | | | |
| Purchase of Buses | 2,300,000 | 1,249,461 | 1,050,539 | - |
| Total Expenditures | 2,300,000 | 1,249,461 | 1,050,539 | - |
| Excess of Revenues (Under) Expenditures | (1,740,000) | (744,632) | (995,368) | 541,421 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of Equipment/Buses | 10,000 | - | 10,000 | - |
| Total Other Finances Sources | 10,000 | - | 10,000 | - |
| Changes in Fund Balance | (1,730,000) | (744,631) | (985,369) | 541,421 |
| FUND BALANCE - September 1 | 2,270,390 | 2,270,390 | - | 1,728,970 |
| FUND BALANCE - August 31 | \$ 540,390 | \$ 1,525,759 | \$ 985,369 | \$ 2,270,390 |

* 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, 2018
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2017)

| | 2018 TOTAL | 2017 TOTAL |
|--|-------------------|-------------------|
| ASSETS | | |
| Cash on Hand and in Bank | \$ 51,708 | \$ 3,373 |
| Cash on Deposit with County Treasurer | 694 | 519 |
| Investments | 775,000 | 652,000 |
| Accounts Receivable | - | - |
| TOTAL ASSETS | 827,402 | 655,893 |
| LIABILITIES | | |
| Accounts Payable | 149,046 | 141,957 |
| Unearned Revenue - Other | 79 | 3,023 |
| TOTAL LIABILITIES | 149,125 | 144,980 |
| NET POSITION | | |
| Held in Trust for Scholarships and Student Aid | 678,277 | 510,913 |
| TOTAL NET POSITION | \$ 678,277 | \$ 510,913 |

TACOMA SCHOOL DISTRICT No. 10
PRIVATE-PURPOSE TRUSTS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED AUGUST 31, 2018
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2017)

| | 2018 TOTAL | 2017 TOTAL |
|--|-------------------|-------------------|
| ADDITIONS | | |
| Donations | \$ 408,283 | \$ 262,496 |
| TOTAL ADDITIONS | 408,283 | 262,496 |
| DEDUCTIONS | | |
| Scholarships | 68,580 | 68,424 |
| Tuition and Fees | 6,761 | 7,479 |
| Supplies & Materials | 92,329 | 78,247 |
| Field Trips & Travel | 43,232 | 61,968 |
| Purchased Services | 25,131 | 16,812 |
| Salaries & Benefits | 4,886 | 4,548 |
| TOTAL DEDUCTIONS | 240,919 | 237,477 |
| CHANGE IN NET POSITION | 167,364 | 25,019 |
| Net Position, Beginning of the year | 510,913 | 485,894 |
| Net Position, End of the year | \$ 678,277 | \$ 510,913 |

TACOMA SCHOOL DISTRICT No. 10
SCHEDULE OF CHANGES IN LONG-TERM DEBT
FOR THE FISCAL YEAR ENDED AUGUST 31, 2018

| | BALANCE | ADJUSTED | | | BALANCE |
|---|-----------------------|--------------------|----------------------|----------------------|-----------------------|
| | 9/1/2017 | BALANCE | INCREASES | DECREASES | 8/31/2018 |
| | | 9/1/2017 | | | |
| Unlimited Tax General Obligation Bonds | \$ 543,640,000 | \$ 543,640,000 | \$ - | \$ 32,020,000 | \$ 511,620,000 |
| Long-Term Financing (Daktronics Scoreboard) | 425,906 | 311,873 | - | - | \$ 311,873 |
| Compensated Absences | 25,991,513 | 25,991,513 | 4,089,788 | 2,716,308 | 27,364,993 |
| Unamortized Bond Premium | 91,272,578 | 91,272,578 | - | 3,035,696 | 88,236,882 |
| OPEB Obligation | 73,885,172 | 173,580,758 | 14,814,857 | 24,172,236 | 164,223,379 |
| Net Pension Liability - PERS Plan 1 | 24,324,672 | 24,324,672 | - | 1,446,011 | 22,878,660 |
| Net Pension Liability - SERS Plans 2/3 | 15,050,642 | 15,050,642 | - | 5,990,258 | 9,060,384 |
| Net Pension Liability - TRS Plan 1 | 96,146,769 | 96,146,769 | - | 4,985,100 | 91,161,668 |
| Net Pension Liability - TRS Plans 2/3 | 29,209,667 | 29,209,667 | - | 15,152,277 | 14,057,390 |
| TOTAL | \$ 899,946,916 | 999,528,469 | \$ 18,904,645 | \$ 89,517,887 | \$ 928,915,229 |

TACOMA SCHOOL DISTRICT No. 10
OUTSTANDING GENERAL OBLIGATION INDEBTEDNESS
AUGUST 31, 2018

| DUE DATE | AMOUNT: \$78,905,000 2012 REFUNDED BOND DATED: 11/06/2012 | | AMOUNT: \$152,625,000 2014 UTGO DATED: 11/6/2014 | | AMOUNT: \$273,050,000 2015 UTGO DATED: 10/21/2015 | | AMOUNT: \$95,225,000 2015 Refunded Bond DATED: 10/21/2015 | | TOTAL DEBT SERVICE | TOTAL BY YEAR |
|--------------|--|----------------------|---|-----------------------|--|-----------------------|--|---------------------|--------------------------|-----------------------|
| | PRINCIPAL | INTEREST | PRINCIPAL | INTEREST | PRINCIPAL | INTEREST | PRINCIPAL | INTEREST | | |
| 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 | |
| Jun. 1, 2018 | 55,000 | 1,156,375 | - | 3,458,831 | - | 6,667,875 | 11,500,000 | 1,430,525 | 24,268,606 | 57,915,813 |
| Dec. 1, 2018 | 2,020,000 | 1,155,550 | - | 3,458,831 | 5,670,000 | 6,667,875 | 11,500,000 | 1,258,025 | 31,730,281 | |
| Jun. 1, 2019 | 60,000 | 1,115,150 | - | 3,458,831 | - | 6,526,125 | 12,650,000 | 970,525 | 24,780,631 | 56,510,913 |
| Dec. 1, 2019 | 1,655,000 | 1,114,250 | - | 3,458,831 | 7,095,000 | 6,526,125 | 12,650,000 | 717,525 | 33,216,731 | |
| Jun. 1, 2020 | 3,890,000 | 1,081,150 | - | 3,458,831 | - | 6,348,750 | 8,920,000 | 401,275 | 24,100,006 | 57,316,738 |
| 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 | |
| Jun. 1, 2021 | 2,560,000 | 970,650 | - | 3,458,831 | - | 5,990,875 | - | - | 12,980,356 | 48,879,163 |
| Dec. 1, 2021 | 6,850,000 | 919,450 | - | 3,458,831 | 4,635,000 | 5,990,875 | - | - | 21,854,156 | |
| Jun. 1, 2022 | - | 775,500 | - | 3,458,831 | - | 5,875,000 | - | - | 10,109,331 | 31,963,488 |
| Dec. 1, 2022 | 10,795,000 | 775,500 | - | 3,458,831 | 3,820,000 | 5,875,000 | - | - | 24,724,331 | |
| Jun. 1, 2023 | - | 505,625 | - | 3,458,831 | - | 5,779,500 | - | - | 9,743,956 | 34,468,288 |
| Dec. 1, 2023 | 11,705,000 | 505,625 | - | 3,458,831 | 3,640,000 | 5,779,500 | - | - | 25,088,956 | |
| Jun. 1, 2024 | - | 297,500 | - | 3,458,831 | - | 5,688,500 | - | - | 9,444,831 | 34,533,788 |
| Dec. 1, 2024 | 12,500,000 | 297,500 | - | 3,458,831 | 3,440,000 | 5,688,500 | - | - | 25,384,831 | |
| Jun. 1, 2025 | - | - | - | 3,458,831 | - | 5,602,500 | - | - | 9,061,331 | 34,446,163 |
| Dec. 1, 2025 | - | - | 3,045,000 | 3,458,831 | 13,665,000 | 5,602,500 | - | - | 25,771,331 | |
| Jun. 1, 2026 | - | - | - | 3,382,706 | - | 5,260,875 | - | - | 8,643,581 | 34,414,913 |
| Dec. 1, 2026 | - | - | 3,195,000 | 3,382,706 | 14,350,000 | 5,260,875 | - | - | 26,188,581 | |
| Jun. 1, 2027 | - | - | - | 3,302,831 | - | 4,902,125 | - | - | 8,204,956 | 34,393,538 |
| Dec. 1, 2027 | - | - | 3,355,000 | 3,302,831 | 15,065,000 | 4,902,125 | - | - | 26,624,956 | |
| Jun. 1, 2028 | - | - | - | 3,218,956 | - | 4,525,500 | - | - | 7,744,456 | 34,369,413 |
| Dec. 1, 2028 | - | - | 3,520,000 | 3,218,956 | 15,825,000 | 4,525,500 | - | - | 27,089,456 | |
| Jun. 1, 2029 | - | - | - | 3,130,956 | - | 4,129,875 | - | - | 7,260,831 | 34,350,288 |
| Dec. 1, 2029 | - | - | 3,700,000 | 3,130,956 | 16,610,000 | 4,129,875 | - | - | 27,570,831 | |
| Jun. 1, 2030 | - | - | - | 3,038,456 | - | 3,714,625 | - | - | 6,753,081 | 34,323,913 |
| Dec. 1, 2030 | - | - | 8,955,000 | 3,038,456 | 12,370,000 | 3,714,625 | - | - | 28,078,081 | |
| Jun. 1, 2031 | - | - | - | 2,814,581 | - | 3,405,375 | - | - | 6,219,956 | 34,298,038 |
| Dec. 1, 2031 | - | - | 9,390,000 | 2,814,581 | 13,000,000 | 3,405,375 | - | - | 28,609,956 | |
| Jun. 1, 2032 | - | - | - | 2,579,831 | - | 3,080,375 | - | - | 5,660,206 | 34,270,163 |
| Dec. 1, 2032 | - | - | 9,855,000 | 2,579,831 | 13,655,000 | 3,080,375 | - | - | 29,170,206 | |
| Jun. 1, 2033 | - | - | - | 2,333,456 | - | 2,739,000 | - | - | 5,072,456 | 34,242,663 |
| Dec. 1, 2033 | - | - | 10,000,000 | 2,333,456 | 14,690,000 | 2,739,000 | - | - | 29,762,456 | |
| Jun. 1, 2034 | - | - | - | 2,083,456 | - | 2,371,750 | - | - | 4,455,206 | 34,217,663 |
| Dec. 1, 2034 | - | - | 14,755,000 | 2,083,456 | 11,165,000 | 2,371,750 | - | - | 30,375,206 | |
| Jun. 1, 2035 | - | - | - | 1,714,581 | - | 2,092,625 | - | - | 3,807,206 | 34,182,413 |
| Dec. 1, 2035 | - | - | 15,495,000 | 1,714,581 | 11,725,000 | 2,092,625 | - | - | 31,027,206 | |
| Jun. 1, 2036 | - | - | - | 1,327,206 | - | 1,799,500 | - | - | 3,126,706 | 34,153,913 |
| Dec. 1, 2036 | - | - | 16,270,000 | 1,327,206 | 12,310,000 | 1,799,500 | - | - | 31,706,706 | |
| Jun. 1, 2037 | - | - | - | 920,456 | - | 1,491,750 | - | - | 2,412,206 | 34,118,913 |
| Dec. 1, 2037 | - | - | 17,085,000 | 920,456 | 12,925,000 | 1,491,750 | - | - | 32,422,206 | |
| Jun. 1, 2038 | - | - | - | 471,975 | - | 1,168,625 | - | - | 1,640,600 | 34,062,806 |
| Dec. 1, 2038 | - | - | 17,980,000 | 471,975 | 13,570,000 | 1,168,625 | - | - | 33,190,600 | |
| Jun. 1, 2039 | - | - | - | - | - | 829,375 | - | - | 829,375 | 34,019,975 |
| Dec. 1, 2039 | - | - | - | - | 33,175,000 | 829,375 | - | - | 34,004,375 | |
| Jun. 1, 2040 | - | - | - | - | - | - | - | - | - | 34,004,375 |
| | \$ 62,330,000 | \$ 13,001,650 | \$ 136,600,000 | \$ 119,439,031 | \$ 271,565,000 | \$ 186,770,125 | \$ 73,145,000 | \$ 6,606,525 | \$ 869,457,331 | \$ 869,457,331 |

TACOMA SCHOOL DISTRICT No. 10
SCHEDULE OF CAPITAL ASSETS BY LOCATION
August 31, 2018

| PROPERTY | LOCATION | LAND | BUILDINGS & IMPROVEMENTS | EQUIPMENT | TOTALS |
|----------------------------|-----------------------|--------------|-----------------------------|------------|---------------|
| SENIOR HIGH SCHOOLS | | | | | |
| Foss | 2112 S. Tyler St. | \$ 1,053,377 | \$ 48,469,766 | \$ 813,724 | \$ 50,336,867 |
| Lincoln | 701 S. 37th St. | 1,006,499 | 94,176,497 | 1,727,587 | 96,910,583 |
| Lincoln Bowl | S. 37th & G St. | 1,979,476 | 1,815,685 | - | 3,795,161 |
| Mount Tahoma (New) | 4634 S. 74th St. | 7,071,355 | 73,867,196 | 1,115,462 | 82,054,013 |
| Oakland | 3319 S. Adams St. | 99,270 | 1,541,978 | 123,939 | 1,765,187 |
| Re-Engagement Center | 1818 Tacoma Ave. | 91,963 | 48,100 | 11,915 | 151,978 |
| IDEA | 6701 S. Park Ave. | | 195,378 | 124,083 | 319,461 |
| Science & Math Inst. | 5501 N. Pearl St. | | 2,120,338 | 319,576 | 2,439,914 |
| School of the Arts | 1950 Pacific Ave. | 401,122 | 12,329,945 | 202,112 | 12,933,179 |
| Stadium | 111 North E St. | 4,272,371 | 114,849,493 | 1,518,942 | 120,640,806 |
| Stadium Bowl | N. 1st & E St. | 4,825,151 | 1,515,475 | - | 6,340,626 |
| Wilson | 1202 N. Orchard St. | 378,979 | 36,869,919 | 1,017,253 | 38,266,151 |
| MIDDLE SCHOOLS | | | | | |
| Baker | 8320 S. I St. | 2,408,821 | 50,442,736 | 337,997 | 53,189,554 |
| Gault | 1115 E. Division Lane | 67,314 | 2,966,740 | 19,205 | 3,053,259 |
| Giaudrone | 4902 S. Alaska St. | 58,279 | 23,446,569 | 366,905 | 23,871,753 |
| Gray | 6229 S. Tyler | 708,404 | 39,749,529 | 330,438 | 40,788,371 |
| Hunt | 6501 S. 10th St. | 60,230 | 3,745,464 | 248,039 | 4,053,733 |
| Jason Lee | 602 N. Sprague Ave. | 1,918,440 | 26,333,632 | 406,911 | 28,658,983 |
| Mason | 3901 N. 28th St. | 103,379 | 23,798,879 | 536,548 | 24,438,806 |
| Meeker | 4402 Nassau Ave NE | 1,416,692 | 15,602,237 | 382,570 | 17,401,499 |
| Stewart | 5010 Pacific Ave. | 176,943 | 4,121,338 | 458,080 | 4,756,361 |
| Truman | 5801 N. 35th St. | 18,860 | 24,408,604 | 369,742 | 24,797,206 |
| First Creek | 1801 E. 56th St. | 167,722 | 42,024,761 | 224,871 | 42,417,354 |
| ELEMENTARY SCHOOLS | | | | | |
| Arlington | 3002 S. 72nd St. | 73,264 | 1,404,206 | 125,954 | 1,603,424 |
| Birney | 1202 S. 76th St. | 97,147 | 3,234,093 | 141,597 | 3,472,838 |
| Blix | 1302 E. 38th St. | 932,339 | 12,028,262 | 300,041 | 13,260,642 |
| Boze | 1140 E. 65th St. | 76,181 | 4,860,292 | 151,789 | 5,088,262 |
| Browns Point | 1526 - 51st. St. NE | 71,147 | 3,817,727 | 188,664 | 4,077,538 |
| Bryant | 717 S. Grant Ave. | 149,325 | 1,571,897 | 58,530 | 1,779,752 |
| Crescent Heights | 4410 Nassau Ave NE | 533,450 | 13,775,938 | 254,168 | 14,563,556 |
| DeLong | 4901 S. 14th St. | 34,905 | 6,204,907 | 158,959 | 6,398,771 |
| Downing | 2502 N. Orchard St. | 107,558 | 2,012,109 | 238,667 | 2,358,334 |
| Edison | 5830 S. Pine St. | 724,068 | 15,653,953 | 297,012 | 16,675,033 |
| Fawcett | 126 E. 60th St. | 71,679 | 5,367,116 | 171,545 | 5,610,340 |
| Fern Hill | 8442 S. Park Ave. | 79,816 | 18,833,973 | 400,631 | 19,314,420 |
| Franklin | 1402 S. Lawrence | 1,733,534 | 11,871,973 | 198,911 | 13,804,418 |
| Geiger | 621 S. Jackson Ave. | 455,146 | 24,889,636 | 91,147 | 25,435,929 |
| Grant | 1018 N. Prospect St. | 133,229 | 2,088,310 | 155,509 | 2,377,048 |
| Jefferson | 4302 N. 13th St. | 59,160 | 11,893,936 | 241,989 | 12,195,085 |
| Larchmont | 8601 E. B St. | 234,613 | 8,402,711 | 240,898 | 8,878,222 |
| Lister | 2106 E. 44th St. | 704,349 | 12,343,981 | 165,402 | 13,213,733 |
| Lowell | 810 N. 13th St. | 119,300 | 2,403,868 | 208,726 | 2,731,895 |
| Lyon | 101 E. 46th St. | 49,032 | 2,237,447 | 98,127 | 2,384,606 |
| Manitou Park | 4430 S. 66th St. | 778,177 | 10,494,667 | 193,240 | 11,466,084 |
| Mann | 1002 S. 52nd. St. | 1,052,818 | 9,299,694 | 166,438 | 10,518,950 |
| McCarver | 2111 S. J St. | 296,583 | 3,341,764 | 378,528 | 4,016,875 |
| McCarver Primary | 2141 S. J St. | | 119,529 | | 119,529 |
| Northeast Tacoma | 5412 29th St. NE | 158,628 | 8,120,258 | 277,889 | 8,556,775 |
| Point Defiance | 4330 N. Visscher St. | 266,166 | 7,247,178 | 247,591 | 7,760,935 |

TACOMA SCHOOL DISTRICT NO. 10
SCHEDULE OF CAPITAL ASSETS BY LOCATION
August 31, 2018

| PROPERTY | LOCATION | LAND | BUILDINGS & IMPROVEMENTS | EQUIPMENT | TOTALS |
|---------------------------------|------------------------------|----------------------|--------------------------|-------------------|-------------------------|
| Reed | 1802 S. 36th St. | \$ 143,309 | \$ 5,849,069 | \$ 153,344 | \$ 6,145,722 |
| Roosevelt | 3550 E. Roosevelt Ave. | 257,632 | 7,543,040 | 69,313 | 7,869,986 |
| Sheridan | 6317 McKinley Ave. | 1,061,019 | 8,294,000 | 217,115 | 9,572,134 |
| Sherman | 4415 N. 38th St. | 20,000 | 10,582,611 | 338,635 | 10,941,246 |
| Skyline | 2301 N. Mildred St. | 96,603 | 1,750,202 | 301,960 | 2,148,765 |
| Stafford | 1615 S. 92nd St. | 9,714 | 15,818,980 | 229,404 | 16,058,098 |
| Stanley | 1712 S. 17th St. | 137,380 | 8,144,902 | 57,852 | 8,340,134 |
| Wainwright | 130 Alameda Ave. | 143,892 | - | 50,928 | 194,820 |
| Washington-Hoyt | 2615 N. Adams | 89,594 | 30,513,536 | 200,068 | 30,803,198 |
| Hoyt | 2708 N. Union Ave. | | 256,857 | | 256,857 |
| Whitman | 1120 S. 39th St. | 71,095 | 8,031,054 | 124,119 | 8,226,268 |
| Whittier | 777 Elm Tree Lane | 101,469 | 3,509,446 | 271,511 | 3,882,426 |
| OTHER BLDGS. & SITES | | | | | |
| Madison - Head Start Use | 3102 S. 43rd St. | 143,962 | 1,443,280 | 221,055 | 1,808,297 |
| McKinley | 3702 McKinley | 89,259 | 1,830,143 | 52,451 | 1,971,853 |
| Willard | 3201 South D St. | 2,299 | 1,346,352 | 156,543 | 1,505,194 |
| Park Avenue Center | 6701 Park Ave. | 153,329 | 1,294,773 | - | 1,448,102 |
| Remann Hall | 5501 6th Ave. | | 27,502 | 12,781 | 40,283 |
| Pearl Street Center | 815 S. Pearl St. | | | | - |
| District Wide | | | | 54,267 | 54,267 |
| Central Administration Bldg. | 1601 S. 8th St. | 84,380 | 9,303,763 | 13,045,417 | 22,433,560 |
| CAB Annex | 708 S. G St. | | 135,706 | 78,789 | 214,495 |
| Professional Development Ctr | 6501 N. 23rd St. | 107,352 | 4,650,901 | 410,485 | 5,168,738 |
| Camp Joshua Taylor | 19607 Bay Rd KP 98351 | 30,000 | 27,872 | | 57,872 |
| Blueberry Farm | E. 80th & D St. | 365,680 | 48,239 | | 413,919 |
| Lincoln Tree Farm | 28001 Mountain Highway 98387 | 1,986 | 5,431,488 | 109,443 | 5,542,917 |
| Transportation | 4002 S. Cedar | 280,880 | 364,485 | 9,325,288 | 9,970,653 |
| Purchasing/Food Services | 3321 S. Union Ave. | | 258,047 | 868,380 | 1,126,427 |
| Maintenance & Operations | 3223 S. Union Ave. | 86,188 | 9,187,239 | 5,024,046 | 14,297,473 |
| SOTA-Parking Garage | 909-915 Market St. | 365,255 | 1,039,575 | | 1,404,830 |
| SOTA-9th & Broadway | 302 S. 9th St. | 1,631,612 | 7,172,655 | | 8,804,267 |
| VACANT SITES | | | | | |
| Construction-in-Progress | | | 290,617,414 | | 290,617,414 |
| TOTALS | | \$ 42,750,150 | \$ 1,282,432,816 | 47,181,044 | \$ 1,372,364,010 |

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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

C – Debt Capacity

- XI. Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total
General Fund Expenditures
- XII. Ratio of Net Bonded Debt to Assessed Value and Net Bonded Debt Per Capita
- XIII. Statement of Direct and Overlapping Debt
- XIV. Constitutional Limit of Indebtedness
- XV. Legal Debt Margin Information

D – Demographic and Economic Information

- XVI. Demographic and Economic Statistics
- XVII. Principal Employers
- XVIII. Miscellaneous Statistics
- XIX. Contributing Staff

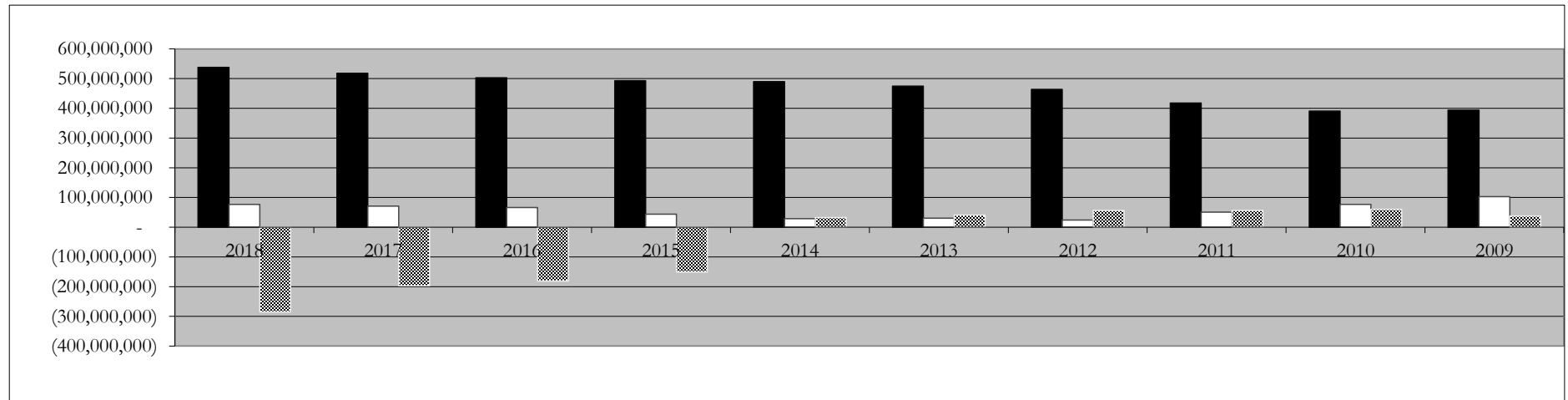
E – Operating Information

- XX. Full Time Equivalent District Employees by Program
- XXI. Certificated Instructional Staff Statistics
- XXII. Operating Statistics
- XXIII. Buildings & Properties

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.

| | Fiscal Year | | | | | | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
| Governmental Activities | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 537,878,529 | \$ 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 |
| Restricted | 76,771,652 | 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 |
| Unrestricted | (285,352,710) | (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 |
| Total Governmental Activities Net Position | \$ 329,297,469 | \$ 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 |



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

Table II

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.

| | Fiscal Year | | | | | | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|----------------------|
| | 2,018 | 2,017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
| EXPENSES | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Regular Instruction | \$ 238,135,937 | \$ 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 |
| Federal Stimulus | - | - | - | 12,901 | 176,527 | 2,712,607 | 3,595,817 | 15,819,024 | 16,381,307 | 12,689,246 |
| Special Instruction | 55,478,874 | 52,989,814 | 51,855,865 | 48,295,312 | 46,538,041 | 45,199,346 | 42,916,763 | 43,070,486 | 37,471,143 | 42,166,389 |
| Career & Technical Instruction | 14,770,067 | 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 |
| Compensatory Instruction | 41,583,845 | 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 |
| Other Instructional Programs | 6,894,909 | 7,640,290 | 7,099,430 | 6,555,962 | 5,545,242 | 4,285,329 | 4,366,029 | 4,567,290 | 3,926,777 | 3,938,143 |
| Community Services | 1,102,011 | 689,265 | 622,495 | 569,669 | 536,295 | 417,267 | 433,295 | 492,726 | 493,678 | 474,692 |
| Support Services | 85,672,999 | 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 |
| Extracurricular Activities (ASB) | 1,906,191 | 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 |
| Interest on Long-Term Debt | 20,259,650 | 23,257,320 | 35,772,576 | 13,429,084 | 9,925,834 | 2,240,457 | 12,983,037 | 11,717,080 | 12,048,130 | 12,951,711 |
| Total Governmental Activities Expenses | 465,804,482 | 465,881,764 | 454,501,984 | 396,890,383 | 387,248,475 | 369,062,612 | 364,479,546 | 374,981,567 | 361,194,058 | 369,327,557 |
| PROGRAM REVENUES | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Charges for Services: | | | | | | | | | | |
| Regular Instruction | \$ 2,236,616 | \$ 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 |
| Federal Stimulus | - | - | - | - | - | - | - | - | - | - |
| Special Instruction | 1,600,376 | 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 |
| Career & Technical Instruction | 78,091 | 204,413 | 74,446 | 137,817 | 145,804 | 140,185 | 126,490 | 533,577 | 42,150 | 213,596 |
| Compensatory Instruction | 8,315 | 8,900 | 6,850 | 8,042 | 9,750 | 8,525 | 9,400 | 14,550 | 9,599 | 3,700 |
| Other Instructional Programs | 949,809 | 1,044,796 | 1,148,790 | 961,123 | 906,697 | 763,198 | 776,168 | 724,126 | 413,810 | 416,539 |
| Community Services | 752,183 | 605,129 | 646,077 | 640,639 | 685,744 | 587,554 | 658,743 | 716,019 | 678,450 | 645,545 |
| Support Services | 5,129,348 | 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 |
| Extracurricular Activities (ASB) | 1,904,643 | 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 |
| Operating Grants and Contributions | 139,982,337 | 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 |
| Capital Grants and Contributions | 1,172,062 | 2,029,165 | 2,923,620 | 412,640 | 1,653,062 | 671,852 | 1,208,706 | 197,045 | 135,941 | 79,914 |
| Total Governmental Activities Program | 153,813,780 | 120,874,303 | 143,752,788 | 207,938,825 | 128,509,680 | 120,557,924 | 119,477,009 | 129,404,089 | 1,127,618,978 | 132,758,267 |
| NET (EXPENSE)/REVENUE | (311,990,703) | (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) |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Taxes: | | | | | | | | | | |
| Property Taxes for Maintenance & | \$ 86,090,079 | \$ 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 |
| Property Taxes for Debt Service | 55,743,753 | 54,386,637 | 49,619,143 | 42,648,706 | 33,534,564 | 30,069,252 | 29,829,399 | 28,469,965 | 31,805,847 | 37,226,743 |
| Property Taxes for Capital Projects | 10,022,917 | 10,260,612 | 10,130,137 | 13,065,701 | 18,116,612 | 19,187,006 | 16,608,950 | 8,155,985 | 36 | 315 |
| Unallocated State Apportionment & Others | 188,817,605 | 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 |
| Interest and Investment Earnings | 4,527,624 | 3,307,689 | 3,186,404 | 474,073 | 245,630 | 153,864 | 109,360 | 238,154 | 448,055 | 2,513,752 |
| Total Governmental Activities | 345,201,978 | 348,622,434 | 313,698,216 | 211,034,566 | 264,050,188 | 250,095,502 | 264,742,355 | 242,817,190 | 226,265,999 | 244,881,077 |
| Change in Net Position | \$ 33,211,276 | \$ 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 |

TACOMA SCHOOL DISTRICT No. 10

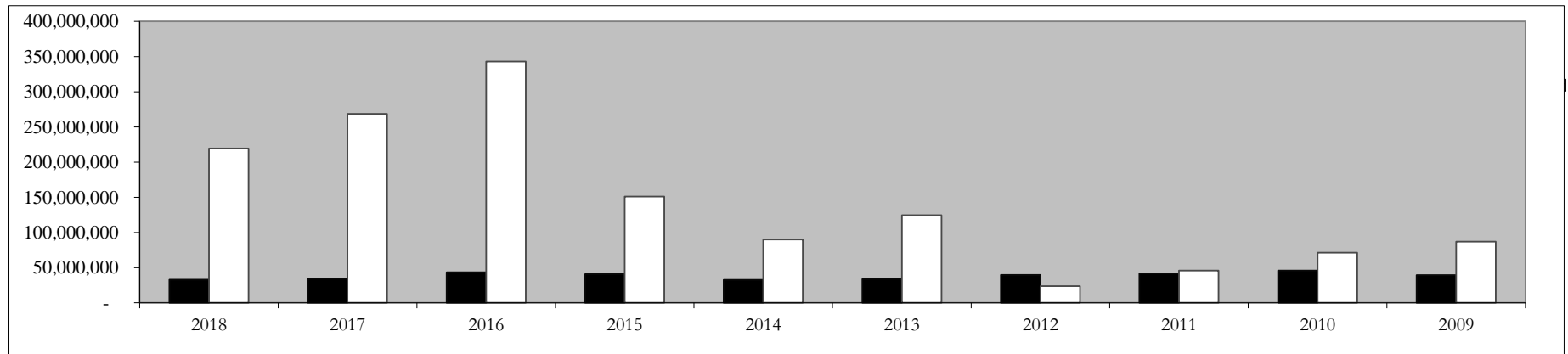
Table III

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.

| | FISCAL YEAR | | | | | | | | | |
|---|--------------------|--------------------|-----------------------|-----------------------|----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
| General Fund | | | | | | | | | | |
| Nonspendable | \$ 3,747,472 | \$ 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 |
| Restricted | 1,486,057 | 1,081,705 | 633,566 | 753,170 | 859,610 | 604,556 | 150,569 | 2,129,678 | 2,039,119 | 3,290,695 |
| Committed | 1,000,000 | - | - | 1,000,000 | 13,138,279 | 12,058,267 | 10,833,433 | 10,739,785 | 9,848,216 | 10,009,490 |
| Assigned | 10,948,483 | 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 |
| Unassigned | 15,787,294 | 15,335,910 | 14,635,856 | 14,184,280 | - | - | - | - | - | - |
| Total General Fund | 32,969,307 | 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 |
| All Other Governmental Funds | | | | | | | | | | |
| Nonspendable | \$ 1,232.00 | \$ 24,244.00 | - | - | 58,065 | 82,037 | 113,323 | 43,107 | 44,607 | 88,895 |
| Restricted | 217,146,132 | 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 |
| Committed | - | - | - | - | - | - | 3,724,333 | 11,975,218 | 24,474,174 | 702,549 |
| Assigned | 2,103,919 | 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 |
| Total All Other Governmental Funds | 219,251,283 | 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 |



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.

| | FISCAL YEAR | | | | | | | | | |
|--|---------------------|---------------------|-----------------------|----------------------|------------------------|----------------------|------------------------|------------------------|-----------------------|------------------------|
| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
| REVENUES | | | | | | | | | | |
| Local Taxes | \$ 151,856,749 | \$ 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 |
| Local Non-Tax | 12,218,781 | 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 |
| State Funds, General Purpose | 213,096,475 | 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 |
| State Funds, Special Purpose | 74,303,567 | 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 |
| Federal Funds, General Purpose | 330,926 | 291,916 | 339,873 | 337,953 | 372,025 | 439,342 | 408,403 | 359,651 | 370,471 | 450,453 |
| Federal Funds, Special Purpose | 38,083,828 | 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 |
| Revenues from Other Districts | 1,598,706 | 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 |
| Revenues from Other Agencies | 2,489,947 | 1,750,212 | 1,313,939 | 1,229,148 | 1,683,548 | 1,525,833 | 398,610 | 654,495 | 243,813 | 297,477 |
| Miscellaneous | 1,875,974 | 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 |
| TOTAL REVENUES | 495,854,954 | 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 |
| EXPENDITURES | | | | | | | | | | |
| Regular Instruction | 216,251,520 | 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 |
| Federal Stimulus | - | - | - | 2,818 | 154,555 | 2,550,190 | 3,511,395 | 15,164,242 | 15,708,343 | 12,096,304 |
| Special Instruction | 54,509,335 | 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 |
| Career & Technical Instruction | 14,410,548 | 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 |
| Compensatory Education | 41,172,424 | 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 |
| Other Instructional Programs | 6,858,599 | 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 |
| Community Services | 1,062,654 | 661,350 | 602,358 | 553,050 | 517,033 | 398,150 | 428,850 | 485,678 | 486,859 | 447,585 |
| Support Services | 82,368,123 | 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 |
| Student Activities | 1,904,643 | 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 |
| Capital Outlay | 71,615,495 | 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 |
| Debt Service: | | | | | | | | | | |
| Interest | 25,896,713 | 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 |
| Principal | 32,020,000 | 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 |
| TOTAL EXPENDITURES | 548,070,054 | 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 |
| Excess of Revenues Over/(Under) | (52,215,100) | (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) |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | |
| Sale of Equipment & Property | 1,116,109 | 89,776 | 90,802 | 34,199 | 130,934 | 113,725 | 779,418 | 45,320 | 1,632,226 | 23,196 |
| Long-Term Financing | - | 290,322 | - | - | - | - | - | 182,608 | - | - |
| Sales of Bonds | 750,355 | - | 368,275,000 | 80,000,000 | - | 98,865,000 | - | - | - | - |
| Bond Premium/(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) | 1,866,464 | 380,098 | 319,340,447 | 175,070,815 | 130,934 | 101,038,844 | 779,418 | 227,928 | 1,632,226 | 23,196 |
| NET CHANGE IN FUND BALANCES | (50,348,636) | (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) |
| Debt Service as a Percentage of Noncapital Expenditures | | | | | | | | | | |
| | 12.16% | 10.58% | 13.42% | 27.30% | 8.52% | 8.59% | 10.55% | 7.17% | 7.99% | 11.35% |

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 |
|------------------------|------------------------|------------------------|--------------------------|--------------------------------------|
| 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 |
| 2018 | 86,090,079 | 278,453,842 | 38,414,754 | 7,916,659 |

| FISCAL YEAR | PAYMENTS FROM OTHER DISTRICTS | PAYMENTS FROM OTHER AGENCIES AND ASSOC. | TOTAL REVENUES GENERAL FUND |
|------------------------|--|--|--|
| 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 |
| 2018 | 1,598,706 | 2,489,947 | 414,963,988 |

| FISCAL YEAR | SPECIAL REVENUE FUNDS | DEBT SERVICE FUND | *CAPITAL PROJECTS FUNDS | TOTAL ALL FUNDS |
|------------------------|--------------------------------------|----------------------------------|--|----------------------------|
| 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 | 391,943,760 |
| 2015 | 1,875,430 | 42,668,905 | 16,421,600 | 415,892,952 |
| 2016 | 1,955,752 | 49,643,648 | 23,942,808 | 455,701,711 |
| 2017 | 1,905,714 | 54,443,193 | 25,955,278 | 470,462,780 |
| 2018 | 1,875,974 | 55,902,872 | 23,112,120 | 495,854,954 |

* 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 |
| 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 |
| 2018 | 13,072,721 | 334,055,929 | 13,088,273 | 12,336,405 | 34,272,926 |

| FISCAL YEAR | INFORMATION SERVICES | PRINTING | WAREHOUSE DISTRIBUTION | OTHER SERVICES (1) | TOTAL GENERAL FUND |
|--------------------|-----------------------------|-----------------|-------------------------------|---------------------------|---------------------------|
| 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 | 336,884,414 |
| 2015 | 7,112,404 | 164,486 | 718,166 | 218,324 | 347,088,682 |
| 2016 | 8,386,747 | 203,278 | 839,622 | 232,432 | 378,116,103 |
| 2017 | 8,551,173 | 302,411 | 831,375 | 190,200 | 399,186,629 |
| 2018 | 9,027,160 | 518,244 | 840,871 | 592,737 | 417,805,266 |

| 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 |
| 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 | 376,216,939 |
| 2014 | 2,018,381 | 31,409,429 | 56,682,917 | 722,169 | 427,717,311 |
| 2015 | 1,869,533 | 130,891,410 | 40,293,016 | 1,571,020 | 521,713,660 |
| 2016 | 1,915,322 | 58,473,526 | 140,803,004 | 1,250,924 | 580,558,880 |
| 2017 | 1,919,112 | 47,235,510 | 106,072,091 | - | 554,413,342 |
| 2018 | 1,904,643 | 57,916,713 | 69,193,972 | 1,249,461 | 548,070,054 |

(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 |
|---------------|-------------------|-------------------------------|-------------------------|---------------------------|---------------------------|
| 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 |
| 2018 | 153,693,003 | (475,864) | 150,909,756 | 98.19 | 2,417,056 |

| CALENDAR YEAR | TOTAL TAX COLLECTIONS | TOTAL COLLECTIONS AS PERCENT OF CURRENT LEVY |
|---------------|-----------------------|--|
| 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 | 151,258,602 | 99.42 |
| 2018 | 153,326,812 | 99.76 |

@ 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 |
| 2009 | 22,171,379,203 | 3.0695 | 1.6959 | - | 0.0013 |
| 2010 | 22,966,978,151 | 3.1474 | 1.6545 | - | - |
| 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 | - |
| 2018 | 24,513,501,701 | 3.5378 | 2.3252 | 0.4118 | - |

| CALENDAR YEAR | STATE SCHOOL | CITY | METRO PARK | PORT OF TACOMA | COUNTY | TOTAL |
|------------------|-----------------|--------|---------------|----------------------|--------|---------|
| 2009 | 2.0234 | 2.8107 | 0.7203 | 0.1829 | 1.0815 | 11.5852 |
| 2010 | 2.0674 | 2.9902 | 0.7666 | 0.1840 | 1.1599 | 11.9701 |
| 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 |
| 2018 | 2.9068 | 3.3949 | 1.5471 | 0.1837 | 1.1832 | 15.4905 |

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

| TAXPAYER | TYPE OF BUSINESS | 2018 | | | | 2009 | | | |
|--|-----------------------|-------------------------------|------|---|-------------|-------------------------------|------|--|-------------|
| | | 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 | \$ 282,717,301 | 1 | % | 1.15 | \$ 208,473,516 | 1 | % | 0.94 |
| Rocktenn CP LLC | Manufacturer | 205,590,800 | 2 | | 0.84 | | | | - |
| Puget Sound Energy/Gas | Utilities | 119,473,189 | 3 | | 0.49 | 66,049,352 | 7 | | 0.30 |
| Targa Sound Terminal LLC | Energy Supplier | 90,827,700 | 4 | | 0.37 | | | | - |
| IPT Tacoma Logistics Center LLC | Real Estate | 80,797,300 | 5 | | 0.33 | | | | |
| Point Ruston Baker Building LLC | Real Estate | 67,199,800 | 6 | | 0.27 | | | | |
| CSC of Tacoma LLC | Correctional Services | 67,113,400 | 7 | | 0.27 | 79,333,100 | 3 | | 0.36 |
| Fairfield Fairways WA LLC | Property Management | 63,311,200 | 8 | | 0.26 | | | | - |
| GRE Northpoint LLC | Real Estate | 59,418,800 | 9 | | 0.24 | | | | |
| AT&T Mobility LLC | Telecommunications | 59,284,651 | 10 | | 0.24 | 69,613,949 | 6 | | 0.31 |
| Simpson Tacoma Kraft | Paper Products | | | | - | 128,186,578 | 2 | | 0.58 |
| Qwest Corporation | Telecommunications | | | | | 70,174,227 | 5 | | 0.32 |
| Simpson Lumber Company LLC | Timber | | | | - | 70,745,800 | 4 | | 0.32 |
| Fred Meyer Stores Inc #615 | Retail | | | | - | 52,057,653 | 9 | | 0.23 |
| NGP Centennial Tacoma LLC | Real Estate | | | | - | 55,488,100 | 8 | | 0.25 |
| 909 A Street LLC | Real Estate | | | | - | 50,093,700 | 10 | | 0.23 |
| * Percentage of total assessed value of \$24,513,501,701 | | \$ 1,095,734,141 | | % | 4.47 | \$ 850,215,975 | | % | 3.83 |

TACOMA SCHOOL DISTRICT No. 10
ASSESSED & ESTIMATED ACTUAL PROPERTY VALUE AND CONSTRUCTION
LAST TEN FISCAL YEARS
(CALENDAR YEAR)

This table shows the actual assessed valuations and estimates used to calculate the district's property tax revenues over the past ten years. Additional information is provided on the number and value of the building permits issued in the City of Tacoma for the same period of time.

| CALENDAR YEAR | ASSESSED VALUATION OF REAL PROPERTY | ESTIMATED ACTUAL TAXABLE PROPERTY | PROPERTY TAX RATE | BUILDING PERMITS | | | |
|------------------|---|---|----------------------|----------------------|------------|---------------------|-------------|
| | | | | RESIDENTIAL UNITS | VALUE | COMMERCIAL UNITS | VALUE |
| 2009 | 22,966,978,151 | 22,967,000,000 | 11.6205 | 896 | 45,309,886 | 900 | 169,220,515 |
| 2010 | 21,961,694,749 | 21,961,000,000 | 11.8225 | 908 | 44,535,987 | 630 | 252,177,640 |
| 2011 | 20,129,053,134 | 20,129,000,000 | 14.4090 | 1,065 | 62,437,154 | 628 | 189,274,033 |
| 2012 | 18,649,828,373 | 18,650,000,000 | 15.7254 | 906 | 49,186,682 | 673 | 257,626,062 |
| 2013 | 16,863,514,338 | 16,864,000,000 | 17.4548 | 3,420 | 78,204,392 | 1,945 | 254,158,007 |
| 2014 | 17,336,065,582 | 17,436,066,000 | 17.1161 | 1,418 | 90,668,713 | 1,231 | 295,192,283 |
| 2015 | 18,827,396,629 | 18,827,397,000 | 17.2983 | 1,525 | 83,409,875 | 1,447 | 261,495,508 |
| 2016 | 20,038,528,844 | 20,038,529,000 | 16.7854 | 1,156 | 58,160,990 | 1,298 | 452,635,118 |
| 2017 | 21,882,718,200 | 21,883,000,000 | 14.8761 | 3,385 | 92,297,983 | 1,599 | 683,557,174 |
| 2018 | 24,513,501,701 | 24,514,000,000 | 15.4905 | 3,179 | 75,798,138 | 1,676 | 618,418,710 |

Source data: Pierce County Assessor's Office and City of Tacoma. Building permits and values for years 2002 - 2006 available as totals only.

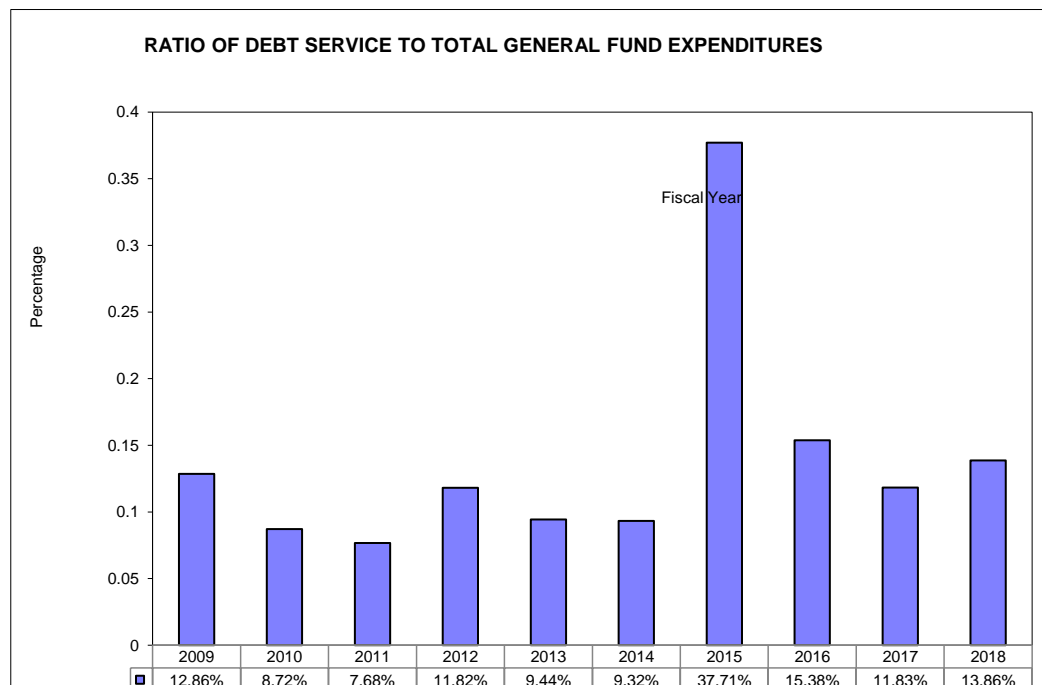
TACOMA SCHOOL DISTRICT No. 10
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL BONDED DEBT TO TOTAL GENERAL FUND EXPENDITURES
LAST TEN FISCAL YEARS
(Unaudited)

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 GENERAL FUND EXPENDITURES | RATIO OF DEBT SERVICE TO TOTAL GENERAL FUND EXPENDITURES |
|----------------|-------------------|-------------|-------------|---------------------------------------|---|
| | PRINCIPAL(1) | INTEREST(2) | TOTAL | | |
| 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 |
| 2018 | 32,020,000 | 25,895,813 | 57,915,813 | 417,805,265 | 13.86 |

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

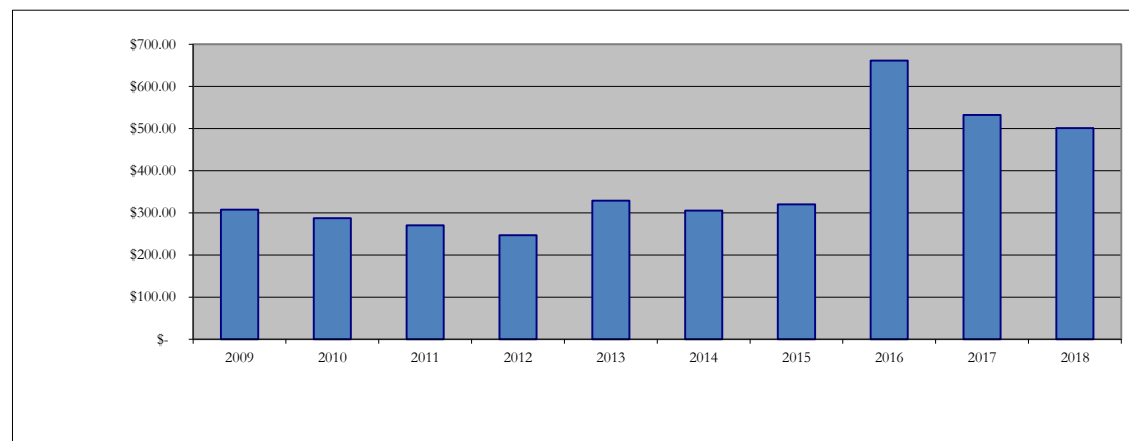
(2) Excludes bond issuance and other costs.



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 |
|-------------|------------|-------------------|-------------------|-------------------------------------|-----------------------------------|-----------------|--|---|----------------------------|
| 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 |
| 2018 | 209,100 | \$ 24,513,501,701 | \$ 511,620,000 | \$ 311,873 | \$ 10,787,950 | \$ 501,143,923 | 2.0444% | 4.8699% | \$ 2,396.67 |

Net Bonded Debt

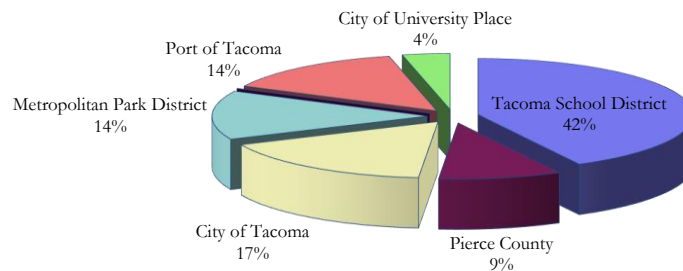


Source data: Office of Financial Management, Pierce County Assessor's Office, and Tacoma School District CAFR Schedule D-1 and Notes to the Financial Statements (Note 7)

TACOMA SCHOOL DISTRICT No. 10
STATEMENT OF DIRECT AND OVERLAPPING DEBT
August 31, 2018
(Unaudited)

| | AREA DEBT OUTSTANDING | PERCENT APPLICABLE DISTRICT* | DEBT WITHIN DISTRICT BOUNDARY |
|--|--------------------------------|------------------------------------|-------------------------------------|
| <u>DIRECT BONDED DEBT:</u> | | | |
| Tacoma School District | <u>\$ 511,931,873</u> | % | <u>\$ 511,931,873</u> |
| <u>OVERLAPPING BONDED DEBT:</u> | | | |
| Pierce County | 111,615,000 | 26.96 | 4,140,022 |
| City of Tacoma | 203,934,000 | 100.00 | 2,039,340 |
| Metropolitan Park District | 170,165,000 | 100.00 | 1,701,650 |
| Port of Tacoma | 171,089,000 | 26.96 | 6,346,031 |
| City of University Place | 43,367,160 | 2.13 | 20,360,169 |
| | <u>700,170,160</u> | | <u>34,587,212</u> |
| TOTAL OVERLAPPING BONDED DEBT | <u>700,170,160</u> | | <u>34,587,212</u> |
| TOTAL DIRECT AND OVERLAPPING BONDED DEBT | <u>\$ 1,212,102,033</u> | | <u>\$ 546,519,085</u> |

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, 2018

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) | \$ 91,925,631 |
| Less: Limited Tax G.O. Bonds | - |

| | |
|--|-------------------|
| DEBT CAPACITY AVAILABLE FOR NON-VOTED DEBT | <u>91,925,631</u> |
|--|-------------------|

BY 3/5 OF THE PEOPLE AUTHORIZATION VOTE

FOR GENERAL PURPOSES(1)

| | |
|---------------------------------|----------------------|
| 2 1/8% of Assessed Valuation(2) | 520,911,911 |
| Add: Bond Fund Cash | 10,051,196 |
| Bond Fund Taxes Receivable | 27,293,755 |
| Less: Bonds Outstanding | <u>(511,620,000)</u> |

| | |
|--|-------------------|
| BOND CAPACITY AVAILABLE FOR GENERAL PURPOSES | <u>46,636,862</u> |
|--|-------------------|

FOR ADDITIONAL CAPITAL OUTLAY(1)

| | |
|-----------------------------------|--------------------|
| Add: 2 1/2% of Assessed Valuation | <u>612,837,543</u> |
|-----------------------------------|--------------------|

| | |
|---|-------------|
| BOND CAPACITY FOR ADDITIONAL CAPITAL OUTLAY | 612,837,543 |
|---|-------------|

UNUSED PORTION OF INDEBTEDNESS LIMIT

| |
|-----------------------|
| <u>\$ 751,400,036</u> |
|-----------------------|

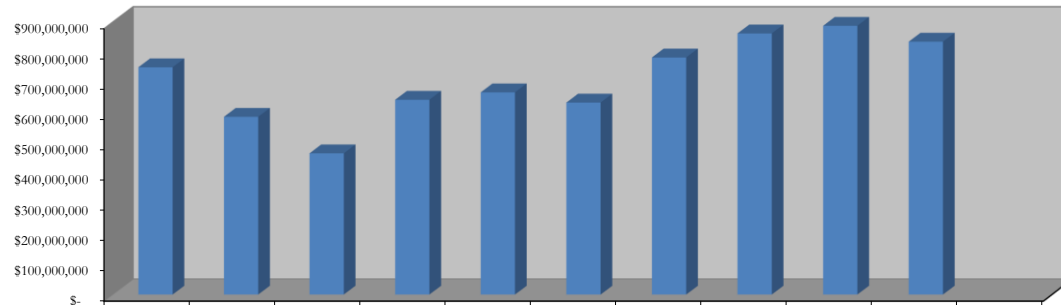
(1) Per 39.36.015 and 39.36.020 Revised Code Of Washington

(2) 2017 Assessment for 2018 Tax Base \$24,513,501,701 (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.

| | FISCAL YEAR | | | | | | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Debt Limit: | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
| Non-Voted Debt | \$ 91,925,631 | \$ 82,060,193 | \$ 75,144,483 | \$ 70,602,737 | \$ 70,628,777 | \$ 69,936,856 | \$ 75,483,949 | \$ 82,356,355 | \$ 86,126,168 | \$ 83,142,672 |
| Voted Debt/General Purposes | 520,911,911 | 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 |
| Voted Debt/Additional Capital Outlay | 612,837,543 | 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 |
| Total Debt Limit | 1,225,675,085 | 594,135,910 | 1,001,926,442 | 941,369,831 | 941,717,026 | 932,491,418 | 1,006,452,656 | 1,098,084,737 | 1,148,348,908 | 1,108,568,960 |
| Total Net Debt Applicable to Limit | 751,400,036 | 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 |
| Legal Debt Margin | \$ 751,400,036 | \$ 588,090,229 | \$ 467,663,448 | \$ 644,192,852 | \$ 668,724,900 | \$ 635,013,786 | \$ 783,718,158 | \$ 863,022,446 | \$ 888,192,053 | \$ 835,826,921 |
| Total Net Debt Applicable to the Limit as a Percentage of Debt Limit | 61.30% | 85.17% | 53.32% | 39.76% | 28.99% | 31.90% | 22.13% | 21.41% | 22.65% | 24.60% |
| Assessed Valuation (Revenue Base) | 24,513,501,701 | 21,882,718,200 | 20,038,528,844 | 18,827,396,929 | 17,436,065,582 | 16,863,514,338 | 18,649,828,373 | 20,129,053,134 | 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) |
|-------------|---------------------------|---|---|---|--|--|
| 2009 | 202,700 | 31,228,180 | 39,208 | 9.29% | 28,649 | 58.80% |
| 2010 | 203,400 | 31,625,073 | 39,761 | 9.20% | 28,088 | 57.00% |
| 2011 | 204,200 | 33,117,849 | 40,992 | 9.10% | 27,828 | 60.00% |
| 2012 | 198,900 | 35,232,946 | 44,174 | 8.50% | 27,806 | 63.90% |
| 2013 | 199,600 | 36,054,002 | 45,900 | 7.50% | 27,562 | 63.20% |
| 2014 | 200,400 | 36,282,818 | 41,855 | 7.20% | 27,531 | 63.30% |
| 2015 | 200,900 | 37,640,095 | 40,387 | 6.10% | 28,011 | 63.50% |
| 2016 | 202,300 | 40,228,355 | 44,600 | 6.00% | 28,323 | 60.60% |
| 2017 | 208,100 | 43,148,793 | 46,706 | 4.70% | 28,307 | 58.00% |
| 2018 | 209,100 | N/A | 49,214 | 5.30% | 28,335 | 56.10% |

(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 | 2018 | | | | 2009 | | | |
|--|----------------|------|----------|---------------------|----------------|------|---|---------------------|
| | EMPLOYEES | RANK | | PERCENTAGE OF TOTAL | EMPLOYEES | RANK | | PERCENTAGE OF TOTAL |
| Federal Government | 54,336 | 1 | % | 48.04 | 58,037 | 1 | % | 51.52 |
| Local Government | 34,644 | 2 | | 30.63 | 34,019 | 2 | | 30.20 |
| MultiCare Health Systems | 7,705 | 3 | | 6.81 | 6,204 | 3 | | 5.51 |
| Franciscan Health Systems | 6,786 | 4 | | 6.00 | 4,406 | 4 | | 3.91 |
| Emerald Queen Casino | 2,165 | 5 | | 1.91 | 1,915 | 6 | | 1.70 |
| Safeway & Albertsons | 1,680 | 6 | | 1.49 | 1,261 | 9 | | 1.12 |
| State Farm Insurance | 1,637 | 7 | | 1.45 | - | | | - |
| Boeing Company | 1,550 | 8 | | 1.37 | 1,537 | 8 | | 1.36 |
| Fred Meyer Stores | 1,364 | 9 | | 1.21 | 2,321 | 5 | | 2.06 |
| Goodwill of the Olympica \$ Rainier Region | 1,243 | 10 | | 1.10 | - | | | - |
| Wal-Mart | | | | | 1,820 | 7 | | 1.62 |
| Costco | | | | | 1,134 | 10 | | 1.01 |
| Total | 113,110 | | % | 100.00 | 112,654 | | | 100.00 |

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

| | |
|--|--------------------|
| Year Incorporated (Tacoma School District) | 1878 |
| Population (City of Tacoma) | 209,100 |
| Total Personal Income (Pierce County) | 43,148,793 |
| 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) | 14,036 |
| | Middle School (Grades 6-8) | 6,315 |
| | High School (Grades 9-12) | 7,717 |
| | Alternative Learning Sites | 751 |
| Average FTE (District Total) | | <hr/> 28,818 |

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

Khanh-Trang Nguyen

Wanda Moore

Alice Shaw

Cheryll Collins

Natasha Edwards

Ginny Adams

FINANCE

Rob Bryant

Allison Deskins

Robin Mason

Anne Cumings

PRINTING AND ART WORK

Kathy Chase

Mike Griswold

Greg Weber

Eckert and Eckert Architectural Photography

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

| Program Description | FISCAL YEAR | | | | | | | | | |
|--------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
| Regular Instruction | | | | | | | | | | |
| Certificated | 1494.141 | 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 |
| Classified | 262.968 | 254.347 | 235.526 | 227.078 | 226.575 | 224.991 | 217.115 | 147.552 | 225.080 | 222.436 |
| Federal Stimulus | | | | | | | | | | |
| Certificated | - | - | - | - | - | 22.969 | 32.355 | 62.683 | 129.456 | - |
| Classified | - | - | - | - | - | 0.724 | 2.676 | 90.732 | 48.778 | - |
| Special Instruction | | | | | | | | | | |
| Certificated | 329.520 | 329.229 | 310.027 | 307.455 | 307.277 | 300.301 | 303.773 | 301.980 | 274.661 | 308.579 |
| Classified | 172.389 | 184.401 | 181.674 | 177.653 | 169.289 | 165.316 | 175.023 | 181.176 | 151.997 | 195.082 |
| Career & Technical Instruction | | | | | | | | | | |
| Certificated | 107.392 | 96.214 | 94.569 | 89.192 | 94.557 | 100.814 | 97.850 | 94.004 | 91.283 | 90.754 |
| Classified | 7.010 | 7.160 | 7.967 | 7.023 | 7.876 | 7.261 | 8.876 | 7.876 | 8.468 | 7.822 |
| Compensatory Instruction | | | | | | | | | | |
| Certificated | 209.176 | 199.985 | 197.229 | 190.169 | 157.102 | 149.498 | 171.298 | 158.048 | 189.615 | 284.069 |
| Classified | 76.535 | 77.978 | 82.242 | 82.057 | 88.582 | 83.580 | 94.381 | 99.365 | 101.416 | 105.145 |
| Other Instructional Programs | | | | | | | | | | |
| Certificated | 15.756 | 21.096 | 18.800 | 22.332 | 16.726 | 14.400 | 16.270 | 15.506 | 15.200 | 15.000 |
| Classified | 18.276 | 17.586 | 12.277 | 15.087 | 14.016 | 13.459 | 16.067 | 14.848 | 13.603 | 14.190 |
| Other Community Services | | | | | | | | | | |
| Classified | | | - | - | - | - | - | 0.688 | 0.688 | - |
| Support Services | | | | | | | | | | |
| Certificated | 4.000 | 3.000 | 3.000 | 2.000 | 3.000 | 2.000 | 2.000 | 2.000 | 4.000 | 4.000 |
| Classified | 428.679 | 406.074 | 387.902 | 375.505 | 368.312 | 354.468 | 354.244 | 353.312 | 368.486 | 374.065 |
| Food Services | | | | | | | | | | |
| Classified | 96.929 | 96.497 | 95.483 | 102.484 | 102.049 | 105.758 | 103.536 | 106.439 | 111.193 | 108.278 |
| Transportation | | | | | | | | | | |
| Classified | 46.764 | 45.419 | 43.198 | 41.883 | 42.490 | 38.865 | 41.079 | 40.991 | 44.842 | 43.883 |
| Planning & Construction (CPF) | | | | | | | | | | |
| Certificated | 8.000 | 10.000 | 8.000 | 6.000 | 8.000 | 3.000 | 2.000 | 2.100 | 1.600 | 1.401 |
| Classified | 35.390 | 27.952 | 32.163 | 31.003 | 31.079 | 16.308 | 16.650 | 18.263 | 15.413 | 17.834 |
| TOTAL | 3,312.925 | 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 |

Source data:
State of Washington's Office of Supt. 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, occupation 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) |
|-------------|---|------------------------------------|------------------------------------|---------------------------------------|--|--|
| 2018 | 2,022.985 | 35,906 | 55,412 | 20,447 | 14.10 | 58.00% |
| 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% |

(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 |
|--------------------|---------------------|-----------------------------------|-----------------------|--------------------------|-------------------------------|----------------------------|
| 2009 | 369,327,557 | 28,088 | 13,149 | 23.55 | 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 |
| 2018 | 465,804,482 | 28,335 | 16,439 | (0.12) | 1,733 | 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, 2018

| PROPERTY | LOCATION | YEAR BUILT | YEAR OF ADDITION/ MODERNIZATION | SQUARE FOOTAGE | ACREAGE |
|--------------------------------|-----------------------|---------------|------------------------------------|-------------------|---------|
| SENIOR HIGH SCHOOLS | | | | | |
| Foss | 2112 S. Tyler St. | 1972 | 2005 | 256,013 | 34.29 |
| | | | 1956, 1967, 1973, 1979, | | |
| Lincoln | 701 S. 37th St. | 1913 | 1997, 2007 | 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 |
| 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 | 2018 | | 60,331 | 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 |
| Hoyt Early Learning Center | 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. | 2018 | | 58,146 | 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 |
| | | | 1920, 1946, 1957, 1979, | | |
| Point Defiance | 4330 N. Visscher St. | 1911 | 1980, 1987 | 55,944 | 12.44 |

TACOMA SCHOOL DISTRICT NO. 10
BUILDINGS & PROPERTIES
August 31, 2018

| 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 Alamenda 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, 2018 | 43,832 | 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 |



www.tacomaschools.org

Board of Directors

Karen Vialle, President

Scott Heinze, Vice President

Debbie Winskill

Enrique Leon

Andrea Cobb

Carla J. Santorno, Superintendent

CAMBODIAN

ផ្ញើភ្ជាប់មកជាមួយនេះគឺជាឯកសារដ៏សំខាន់មកពីសាលារៀនរបស់កូនអ្នក ។ សូមមេត្តារកគេជួយបកប្រែឯកសារនេះឲ្យអ្នក ។ សូមអរគុណ ។

LAOTIAN

ຂັດຕິດມາພ້ອມນີ້ແມ່ນເອກະສານສຳຄັນ ຈາກໂຮງຮຽນຂອງລູກທ່ານ. ກະລຸນາຮັບເອົາເອກະສານຊຶ່ງພວກເຮົາໄດ້ແປໃຫ້ທ່ານແລ້ວນີ້ໄວ້ດ້ວຍ. ຂອບໃຈ.

SPANISH

Adjunto encontrará un documento importante de la escuela de su hijo/a. Si corresponde, sírvase pedir que se lo traduzcan. Muchas gracias.

KOREAN

귀댁 자녀의 학교에서 보내 드리는 본 서류는 중요합니다. 자녀에게 서류에 있는 내용을 설명해 달라고 하십시오. 감사합니다.

RUSSIAN

В приложении Вы найдете важный документ из школы, где учится Ваш ребенок. Пожалуйста, попросите, чтобы Вам его перевели. Спасибо!

VIETNAMESE

Kèm theo đây là giấy tờ quan trọng của nhà trường con em quý vị. Xin hãy nhờ người giải thích những giấy tờ này cho quý vị. Cảm ơn.

Attached is an important document from your child's school. Please have this document translated for you. Thank you.

Tacoma Public Schools does not discriminate in any programs or activities on the basis of sex, race, creed, religion, color, national origin, age, veteran or military status, sexual orientation, gender expression or identity, disability, or the use of a trained dog guide or service animal and provides equal access to the Boy Scouts and other designated youth groups.

The following employees have been designated to handle questions and complaints of alleged discrimination:

Civil Rights Coordinator: Lisa Nolan, 253-571-1252, lnolan@tacoma.k12.wa.us;

Title IX Coordinator: Eric Hogan, 253-571-1191, ehogan1@tacoma.k12.wa.us;

504 Coordinator, Elementary: Steven Mondragon, 253-571-1173, smondra@tacoma.k12.wa.us; and

504 Coordinator, Secondary: Jon Bell, 253-571-1225, jbelle2@tacoma.k12.wa.us.

Mailing address: P.O. Box 1357, Tacoma, WA 98401-1357.

To request ADA accommodation for disabilities or printed materials in a format for visually impaired, call 253-571-1021.



Instagram

YouTube

